

Vasakronan

Annual Report 2022





Cover: Magasin X, Uppsala

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The Corporate Governance, Risks and Risk Management, and Financial Statements sections are part of the statutory Annual Report. The scope of the Sustainability Report is available on page 138.



Welcome to Vasakronan

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Sweden's leading property company

Vasakronan is one of Sweden's largest property companies and one of the world's most sustainable. The company is owned by the First, Second, Third and Fourth Swedish national pension funds.

We own, manage and develop 2.4 million square metres across 166 properties in prime locations and areas in Sweden's four largest growth regions – Stockholm, Uppsala, Gothenburg and Malmö.

Our vision is to create future-proof cities for everyone, where people and companies thrive.

Contracted rent
SEK billion

8.6

Property value
SEK billion

188

Occupancy rate

91%

Loan-to-value (LTV) ratio

40%

Environmental certification
share of market value

93%

Interest coverage ratio
multiple

4.8

Energy intensity
Purchased energy, kWh/sq. m.

75

Primary energy demand
kWh/sq. m.

82

[Read more about how we work with urban development, p. 38](#)



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Vasakronan's assignment

is to generate a **high, risk-weighted return** for our owners the First, Second, Third and Fourth Swedish national pension funds. Though never at the expense of the environment and people. A return that will benefit Sweden's current and future pensioners.

We take responsibility

for our environmental impact and for all of the people who are affected by our business. We do so by **creating good work and urban environments** and **applying fair work conditions**. It goes without saying that we also say no to any form of discrimination.

We create value

by developing our **properties, neighbourhoods** and **areas** with the goal of making them attractive and sustainable. We work strategically over the long term and take responsibility for creating environments that people want to be in. This creates significant value for our customers, our owners and society at large.



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Q1

- A ten-year lease was signed with the consultants ARC for 6,500 square metres at the project development Grev Tureplan in Stockholm. With this, the property's office space is fully let.
- Nya Kronan in Sundbyberg, leased by the Swedish Tax Agency, was named Building of the Year for 2022 by the magazine Byggindustrin.
- Science Based Targets Initiative, SBTi, evaluated Vasakronan's new climate goal and confirmed that it is well in line with the 1.5°C goal according to the Paris Agreement.

Q3

- McKinsey has leased all the office space, 6,300 square metres, in the Hästskon 9 project development in Stockholm City. The redevelopment of the property began during the second quarter.
- Scania signed a lease for just over 1,000 square metres in the Smart & Klart concept at Sergelhusen in Stockholm. A solution for Scania employees to meet physically at offices outside the head office in Södertälje.
- The Kurland 11 property in Stockholm was sold to Gillesvik for SEK 155 million.
- Vasakronan participated in Håll Nollan's safety push, a demonstration for an accident-free construction industry.

New lettings
annual rent, SEK m

915

Result of
renegotiations

5%

Net lettings
SEK m

279

Completed
projects
total investment
SEK billion

5.7

Q2

- Inauguration of Platinan in Gothenburg, Magasin X in Uppsala and Nattugglan in Stockholm, properties with a total investment volume of SEK 4 billion.
- Construction started at the Lumi project development in Södra City in Uppsala where lettings totalling 10,900 square metres were made with Försäkringskassan (the Swedish Social Insurance Agency) and Gyros Protein Technologies.
- Moody's affirmed Vasakronan's strong rating of A3 with a stable outlook.
- Uppsala Stadsteater extended its 10,300 square metre lease at the Dragarbrunn 28:5 property on Kungsgatan in Uppsala for another 15 years.

Q4

- The Diktaren 1 property in Solna was sold to SBB at an underlying property value of SEK 410 million.
- Vasakronan was named one of the world's most sustainable property companies in its sector according to the Global Real Estate Sustainability Benchmark (GRESB).
- Länsförsäkringar Stockholm signed a lease for 4,200 square metres at the Tre Vapen 2 property in Östermalm.
- A ten-year lease was signed with the Swedish Red Cross for 3,000 square metres at the Lyckan 10 property in Västra Kungsholmen, Stockholm.



Successful year despite the turbulent operating environment

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Despite several challenges in our operating environment, 2022 was another successful year for Vasakronan with continued improvement in the underlying performance. The completion of several major development projects contributed to an increase in rental revenue and the volume of new lettings for the year was record high.

2022 was another successful year for Vasakronan.

"It was indeed. In the shadow of Russia's invasion of Ukraine, it's easy to forget that there was actually an ongoing pandemic in the beginning of the year. Recommendations to work from home, and restrictions for meetings and restaurant visits, weren't lifted until 9 February. This was naturally a long-awaited event that many of us were happy to see. Unfortunately, that happiness was exchanged for shock, anger and sorrow when Russia invaded Ukraine only a few weeks later. The conflict has had grave consequences, primarily for Ukraine and its people, but also for the rest of Europe. In Sweden, the clearest effects have been the dramatic increases in energy prices, inflation and interest rates. It has had a major impact on people, society at large and, naturally, our operations."

How has Vasakronan managed this turbulent year?

"It was intense in many ways and the organisation worked hard to navigate a changing operating environment. The macroeconomic conditions are outside of our control, which is why we focused on what we can actually influence. This means that the needs of our customers, the operation of our buildings and the continued development of our projects and areas remained our top priority. Dedicated employees and active management mean we reported strong earnings with an increased operating surplus, both in total and in comparable property holdings. We are maintaining a high pace of new lettings and rental revenue increased 10%. At the same time, rising market interest rates affected our net interest and property values decreased over 4% in the second half of the year."

What is the explanation for the increase in rental revenue?

"It's a combination of successful lettings and raised rents due to indexing and renegotiations. We also completed four major development projects – Magasin X in Uppsala, Nya Kronan in Sundbyberg, Platinan in Gothenburg and Nattugglan in Stockholm – all of which are essentially fully let. New lettings totalled 159,000 square metres for a collected annual rent of SEK 915 million."

Office properties dominate Vasakronan's holdings. How has the market for offices been affected by developments over the last few years, when many have been working from home?

"The big question that many companies and organisations are asking right now is what the work life of tomorrow will look like. For us it's obvious that the answer will be different depending on operations, corporate culture and leadership. It's clear that offices now have another role as a meeting places for employees, and that a workplace's location and what an office can offer has become increasingly important. There is more activity in the office market than before, and the demand is for premises in a wider context that are modern and flexible, with good public transport links."

Which requirements do your customers have for the premises themselves?

"For our office premises to be attractive, they need to be modern, flexible and fill several functions. In addition to this, we also need to offer



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our customers a stress-free experience by providing a high level of service and by making it easy for them to book office space or other shared resources in the building through simple digital interfaces.

“In these times, when many tenants are unsure of how their premises needs will develop over the long term, our range of products is a genuine strength. It means we can offer customers an office solution that is tailored to their specific needs. But there are also ready-made offices, where the customer only needs to think about furnishings and Smart & Klart offices– where everything is already in place and the customers are ready for move-in on short notice. To complement this, we also have our own co-working alternative, Vasakronan Arena. Our customers can choose to use one of the alternatives, or a combination of several or even all of them, which provides maximum flexibility.”

Location, context and good public transport links are becoming increasingly important.

What does this mean for your properties in the suburbs?

“It means that it is even more important for us to develop an urban environment that has an overall appeal. In the suburbs we almost always have our properties in clusters to strengthen them, independently as well as in partnership with other property owners. In Kista in northern Stockholm for example, we’re working together with several actors who share our high ambitions for the area in a project called Kista Limitless.”

One question that has been garnering a lot of attention in the last few years is the growing challenges for city retail.

“Yes, physical retail has experienced serious challenges in the last few years. Rising interest rates and inflation are very trying on personal finances, and they continue to put pressure on all kinds of retail. At the same time, we note a large difference in profitability not only between industries but also brands. We also note that people have returned to city centres and that there are now as many people on the streets in city centres as before the pandemic.

“We expanded the occupancy rate at our street levels during the year and sales are back at 2019 levels, though I’m well aware that the difficulties will continue for some of our tenants.”

Vasakronan has been a sustainability leader in the property industry for several years. What did you focus on in 2022?

“Our focus has remained on long-term efforts that have extended for several years and which we are continuing to work on unflaggingly. In the last ten years, we reduced our energy consumption 40% – and 10% in 2022 alone. At the same time, we are continuing our investment in on-site produced electricity. We now have a total of 86 solar photovoltaic systems that collectively produce the equivalent of 12% of the property electricity that we use.

“In a pilot project together with Svenska kraftnät, we installed four batteries where we can store electricity to deliver it later through the power grid. We’re also looking at how we can shift electricity use across our entire property portfolio to hours when society’s total consumption is low.”

“We’re very aware that we will need to adapt our actions according to how the economy and other factors develop during the new year.”

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Solar photovoltaics on the roof and facade and borehole heat exchangers for heating and cooling are some of the features that made Nya Kronan in Sundbyberg Building of the Year for 2022.

How important is sustainability for your customers?

“It is becoming ever more important. Many companies are affected by the EU Taxonomy and the insight that their office accounts for a large portion of a service organisation’s climate impact. This includes issues like energy consumption, material and waste management, and proximity to public transport. It is now more or less self-evident that letting premises in an environmentally certified property is essential.

“We usually say that we don’t need to be the best in the world, but the best for the world. Still, I’m proud to say that Vasakronan once again topped the 2022 list from GRESB, the property industry’s international sustainability ranking. It’s proof that we’re on the right path and supports us in our work to become more sustainable.”

Sustainability isn’t just about the environment and climate for Vasakronan, is it?

“No, it isn’t. It’s becoming more and more essential for us to also accept even larger social responsibility. After all, our operations affect thousands of people. Some spend time in and around our buildings, others work on our behalf through our suppliers. We know that the risks for corruption, illegal employment and other crimes are common in services like construction, cleaning and maintenance. Comprehensive agreements and codes of conduct aren’t enough to address this. We need to take greater responsibility ourselves through better follow-up and site visits.”

We’re now entering a year with an approaching recession, while inflation is still high and interest rates continue to climb. How will Vasakronan act in 2023?

“We’re very aware that we will need to base our actions on how the economy and other factors develop during the new year. Our customers represent a cross section of the Swedish economy, so how things are going for our tenants also affects our performance to a high degree. At the same time, it is our assessment that the movement we saw towards modern and efficient offices in attractive locations and contexts in 2022 will also continue this year.

“Project development is still good business, even if there is some pressure on profitability due to rising construction costs. Volumes are decreasing after several years of high levels of project activity, but we still see potential in our development rights portfolio in Lilla Bommen in Gothenburg and Södra City in Uppsala, to name a few.”

You’re entering 2023 with a new organisation.

What do you want to accomplish with it?

“The new organisation consists of three units in order to face an increasingly complex reality that requires constant development and high levels of delivery. The Customers and Market Unit is responsible for our customers and our customer offering, while the Technology and Property Unit focuses on technological development, energy savings and the quality of the properties. The third unit handles investments and projects, as in the development of land and major projects as well as transactions.”

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What do rising interest rates mean for Vasakronan's access to financing?

"Vasakronan has a strong capital structure with long loan-to-maturity and fixed interest periods. This is a boon for us right now, when uncertainty in the market is unusually high in terms of interest rates, prices and the economy at large. While borrowing costs are rising, our access to funding remains healthy thanks to our high credit rating. This year, the Board also proposed that we not distribute any dividend to our owners. In the current market conditions, this is both responsible and professional. For us, this means a reduced borrowing requirement in the short term but also the ability to invest if the opportunity arises."

Can a recession even mean opportunities for Vasakronan?

"A turbulent market also entails advantages for a long-term investor like Vasakronan with a strong balance sheet and stable owners. This can be opportunities to start projects as well as completing acquisitions when others cannot. Our approach is clear – growth in itself isn't our goal, but instead to always conduct long-term profitable business."

"To date, we haven't noted any significant slowdown in completions in the transaction market and it's possible that it will take some more time. But we will definitely be more on our toes this year and evaluate every opportunity that arises."

In conclusion, as you look forward, what opportunities and challenges do you see in 2023?

"How long the turbulence in our operating environment will last or what effects it may have on the property market and our operations, remains to be seen. Regardless, it is perfectly clear that 2023 will be challenging. We know from experience that good times are always followed by more difficult periods and have made preparations for such. We have a robust capital structure and a strong offering of modern properties in locations that are only growing more attractive. We have a stable project portfolio with good occupancy rates and an organisation with a high level of professionalism and commitment that I find reassuring in the face of the future."

"In 2023 we will continue to maintain a high pace of activity, develop our operations and leverage the new business opportunities that often arise in more challenging times. This is how we remain successful and create long-term value for our stakeholders. Not least our owners and, by extension, Sweden's pensioners."

Stockholm, March 2023

Johanna Skogestig
Chief Executive Officer

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A sustainable and stable company

With strong owners and Sweden's best property portfolio, Vasakronan is a safe, long-term and sustainable company.

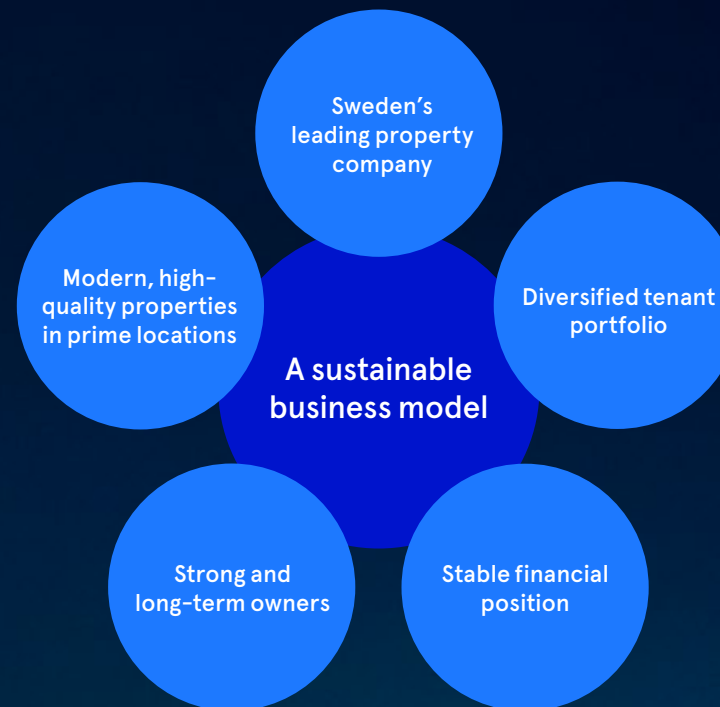
Vasakronan was once again recognised as one of the world's most sustainable property companies in GRESB 2022. Vasakronan was assessed in two categories

- Investment Properties and Project Development
- in the office/retail segment.

Read more on page 24. ➞

A strong credit rating of A3, stable outlook, from Moody's provides access to financing even in turbulent times.

Read more on page 53. ➞





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Operating environment

General societal trends have a major impact

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Sustainability in everything, comprehensive digitalisation and a shift towards servicification in the property industry are trends that affect Vasakronan. The developments require changes in the customer offering, business models and internal processes. This means challenges – as well as major opportunities.



Sustainability in focus for everyone

Sustainability is now essential for business and drives investments as well as development. It is essential in relationships with customers as well as investors, who are choosing to allocate their capital to more sustainable assets. Classic business models are being challenged and are putting companies' future earnings potential to the test.

Polarisation in society has increased following the pandemic, war and an overall shortage of resources. This means that social sustainability is growing in importance, particularly safety and security.

The transformative power of digitalisation

Digitalisation is changing basic behaviour patterns. We live, work and communicate differently. Our shopping habits and consumption patterns are changing. This enables new actors with new business models to enter the scene, leading to a technology shift where everything is more connected, analysed and monitored. The development of PropTech is accelerating within the property industry.



Servicification increasing in the property industry

New technology, new innovations and digitally driven platform companies are accelerating the growth of new business models with a focus on delivering products as packaged services. Demand for offerings with a high level of service and related services that create value for the customer is growing, and premises as a service has become a concept. Hybrid work and changing ways of working are creating new kinds of office needs, challenging the traditional workplace design. The new standard among customers is now a focus on making efficient use of resources at premises as well as flexibility in spaces, workplaces and rental agreements.

Impact

- This favours companies with a sustainable offering and transparent communication.
- These trends affect how we plan and build our cities. The importance of places in society, and how they affect us, are being re-evaluated. This increases the need for resource efficiency and creating comfortable environments.
- The smart city, with a digitalised property portfolio, is a precondition for the sustainable city.
- Interfaces with customers are becoming increasingly digital and an integrated part of a company's way of working. This requires new and advanced expertise from property companies.
- Increased online shopping has given rise to new preconditions that affect the composition of our city centres.

Consequences for Vasakronan

- Sustainability is an important part of our business model to meet increased demand for sustainable solutions from customers and investors alike.
- The transformation of the street level in our city centres is continuing, with an extra focus on safe environments.
- We prioritise reuse and renovations over new construction, and energy efficiency measures remain a high priority.
- Servicification in the customer offering is increasing and creating conditions for better resource use.
- The digitalisation of the property portfolio requires investments and collaboration between industry colleagues to create shared infrastructure and establish standards.

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Economic environment



Vasakronan's property portfolio is concentrated in the four largest growth regions in Sweden – a country with a robust economy that has good conditions for growth. Sweden has the highest possible credit rating (Aaa, stable outlook) from Moody's.

Operating environment

In the beginning of the year, many countries eased their pandemic restrictions. The reopening of society had positive effects on economic activity and a recovery continued in the global economy until February, when Russia invaded Ukraine. There were major consequences, primarily for Ukraine and its people, but also for the rest of the world, particularly Europe, in the form of a serious energy crisis and interruptions in the supply chain. As an effect of several factors in the operating environment, inflation rose, more widely and for longer than expected, with interest rate hikes from central banks as a result. Despite everything, economic activity has been resilient. The labour market in the US and Europe at the end of the year was strong, even if there were signals that the global economy had started to slow.

Sweden

The Swedish economy is also headed toward a recession. Sentiment among Swedish households worsened during the year, becoming very poor by the end of the year, which had a negative impact on consumption.

The labour market has demonstrated resilience to date, and in several industries there is even a labour shortage. At the same time, businesses are scaling down their hiring plans.

Higher interest rates have also led to falling prices for homes and a slowdown in housing investments. The stock market, particularly for listed property companies, declined significantly during the year.

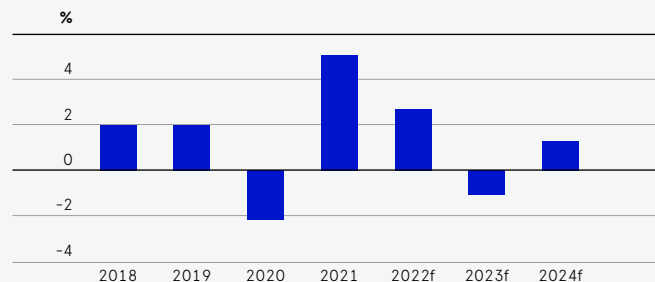


Trends

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Diminishing GDP growth



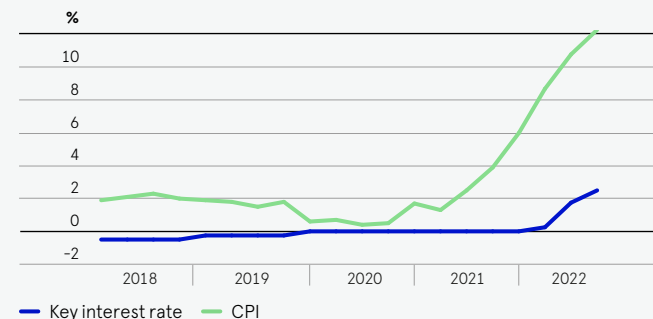
GDP growth in Sweden, annual change in %, fixed prices.

Source: National Institute of Economic Research. Forecast published December 2022.

GDP

In the beginning of the year, GDP increased in Sweden as a result of high demand for goods and services. In conjunction with increasing inflation, the strengthening in the economy noted in the first half of 2022 subsided. High food and energy prices, higher interest expenses, a decrease in real disposable income and falling asset prices meant that households reduced their consumption during the second half of the year. Willingness to invest and housing construction also declined. Many believe that Sweden will enter into a recession, with falling GDP in 2023. The scope and duration of the recession is currently hard to predict, since it depends on the political measures taken and on developments in the operating environment.

Drastically rising inflation and high interest rates

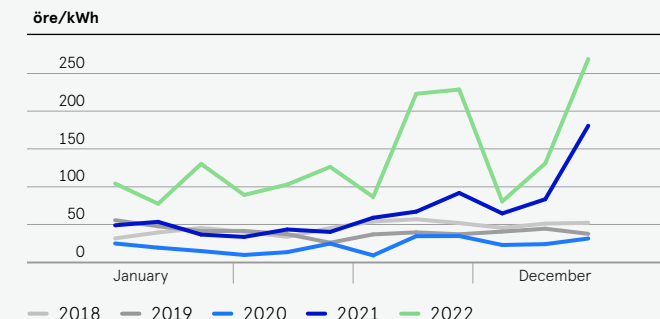


Source: National Institute of Economic Research.

Inflation and interest rates

During the year, Sweden reported the highest inflation for the country in over 30 years. This is based on increased demand for goods and services, a limited offering, delivery problems and high energy prices. The highest inflation reported during the year was 12.3% in December. To bring inflation down, Riksbank raised the policy rate 2.5 percentage points during the year. Hikes are expected to continue during 2023. However, many believe that inflation will decline moving forward and that the Riksbank will cut interest rates again at the end of 2023.

Inflation driven by high energy prices



Electricity spot prices, monthly averages for the SE3 electricity area.

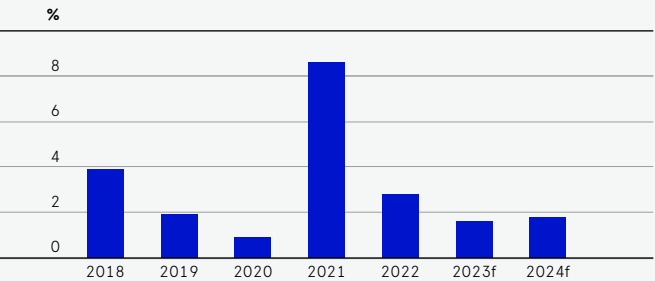
Source: The Swedish Energy Agency.

Energy prices

In 2022, energy prices rose substantially and energy supply was uncertain, due in part to Russia shutting down the Nord Stream pipeline to the EU. The EU has worked actively to reduce its dependence on Russian gas, primarily through increased deliveries from other countries, such as the US and Norway. Compared with the rest of Europe, Sweden produces a high proportion of the energy to meet its own needs. However, the open electricity market means that Sweden is affected by the prices in neighbouring countries.

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Continued robust office employment

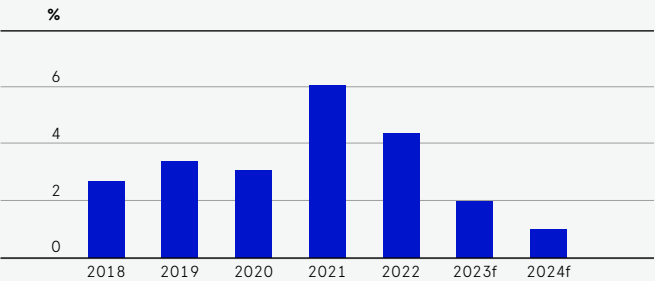


Office employment, annual change in %, change in metropolitan regions.
Source: Statistics Sweden and Evidens. Forecast published March 2023.

Office lettings market

Despite a weakening economy, demand remained healthy for modern office premises in central locations in all of Vasakronan's regions during the year. Tenants continued to return to the office during the year after a high rate of working from home during the pandemic and office employment rose 2.8% in 2022. There has been demand from new customer groups that previously had offices outside the city centre, a sign that office location has become even more important for companies. Demand for flexible office solutions and new offerings also increased. Rent levels increased and a moderate increase in office employment is expected during the coming year.

Waning sales in retail

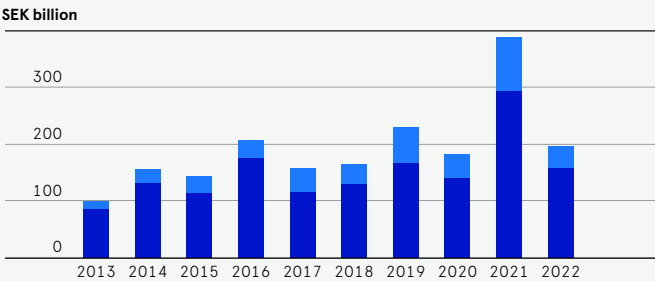


Retail sales performance, current prices.
Source: HUI Research. Forecast published March 2023.

Retail lettings market

People returned to the city centres in 2022 and physical retail increased after the pandemic. This was also confirmed by Vasakronan's own city retail index. To some extent, the increase in physical retail has been at the expense of online shopping, which is declining according to the E-Barometer. Consumer durables in physical stores that were negatively impacted by digitalisation and the pandemic faced new challenges in the form of cost increases and reduced purchasing power for households. Vacancies remained low in urban locations in Vasakronan's areas, but rents decreased somewhat during the last few years. According to HUI Research's December prognosis, retail sales are expected to increase in 2023 and 2024 by 2.0% and 1.0%, respectively, measured in current prices.

Cautious transaction market



Transaction volumes. ■ Swedish investors ■ Foreign investors
Source: Cushman & Wakefield.

Transaction market

There were two clear parts of the transaction year, with record-setting high levels of activity in the first half of the year and a significantly more cautious market in the second half. Properties were sold for a total of SEK 195 billion in 2022, which is a high level from a historical perspective, albeit a lower volume than the record year of 2021. By the end of the first half of the year, buyers and sellers had difficulty reaching agreement. Individual transactions at lower yields were carried out in the autumn, but many sales processes were paused or halted entirely.

Vasakronan's sub-markets

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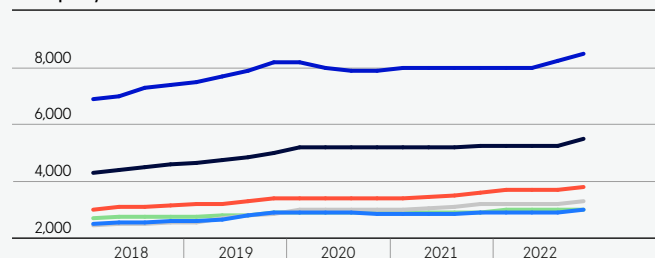
Market

During the year, market rents increased for offices in all sub-markets, though not in line with inflation. The strongest was the increase in Stockholm's CBD, where the prime rent at the end of the year was assessed at SEK 8,500 per square metre. In retail, however, there was a slight decline in market rents. Changing interest rates increased yield requirements

for offices and retail in all sub-markets. Yield requirements for offices rose 30 to 45 points during the year in Vasakronan's regions and, by the end of the year, were estimated at 3.5% for Stockholm's prime locations and products. The increase in yield requirements was greatest for offices in Stockholm's suburbs.

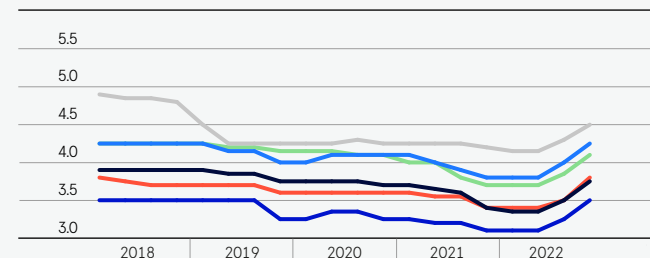
Rising office rents by the end of the year

SEK/sq.m./year



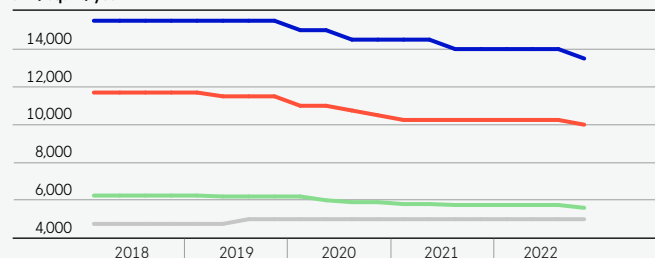
Increased yield requirements for offices

%



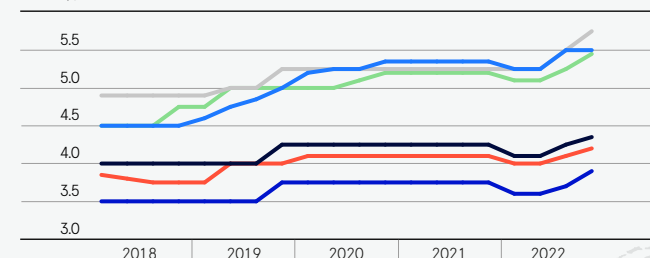
Continued pressure on market rents for retail

SEK/sq.m./year



Increased yield requirements for retail

%



— Stockholm's CBD — Central Stockholm (excl. CBD) — Stockholm Suburbs — Central Uppsala — Gothenburg's CBD — Malmö's CBD

Source: Cushman & Wakefield and Forum Fastighetsekonomi.





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Property development

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Customer strategy

The preferred choice for our customers

Customer offering

Financing

Financing strategy

Good access to financing

Employees

Employee strategy

Attractive employer

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A sustainable business model

Vasakronan’s vision is to “create future-proof cities for everyone, where people and companies thrive.” Clear strategies for investments, customers, financing and employees allow us to create the best preconditions for offerings, properties and areas that are sustainable today and tomorrow.

Operating environment

[Read more on pages 11–16](#)

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Our financial, environmental and social responsibility

[Read more on pages 19–24](#)

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[Read more on pages 25–45](#)

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Financial, environmental and social

[Read more on pages 62–68](#)

Planning, governance and follow-up

[Read more on pages 70–76](#)

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Financial



Average total
return on capital¹
%

11

Average return
on equity¹
%

19

Cases of
corruption
number

0

¹⁾ Average annual return on total capital and average annual return on equity over a ten-year period.

Vasakronan is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds and is one of their largest property investments. The assignment from our owners is to deliver a high and long-term risk-weighted return without harming people, the communities in which we operate or the environment.

Vasakronan creates value

The company has been tasked by its owners with creating and delivering a high and stable long-term return. But it is not just the company's owners, and therefore Sweden's pensioners, who benefit from the financial value created by Vasakronan. By offering employment and income for employees and suppliers, we also create value for them. Other groups that benefit from the company's created value are financiers, in the form of interest rates, as well as the public, through taxes and other fees. Vasakronan therefore needs to conduct operations that are financially sustainable over the long term. An important component of this work is counteracting all forms of corruption. There were no cases of corruption registered or noted in 2022.

Value created and distributed in 2022

In 2022, operations created value of SEK 15,450 million (sum of revenue, changes in

value and investments). Of this, SEK 4,000 million was distributed to the company's owners in the form of dividends distributed for 2021, SEK 3,430 million to suppliers, SEK 2,303 million to the public, SEK 1,291 million to financiers and SEK 227 million to employees. Vasakronan also donated a total of SEK 1 million to volunteer organisations working with pressing issues in society. The largest donation went to Löparakademin and the next largest to various initiatives for Ukrainian refugees.

Total return

Return on total capital amounted to 6% in 2022. Over a ten-year period, the average annual total return on capital was 11%, compared with the industry index of 9.5% (excluding Vasakronan). Return on equity was 15% for 2022. Over a ten-year period, the average annual return on equity was 19%.

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Environment



Average
energy intensity
kWh per sq. m.

75

On-site produced
electricity
%

12

Charging
stations
number

1,467

The construction and property sector accounts for 21% of all greenhouse gas emissions, 34% of all energy consumption and 40% of all waste generated in Sweden. Vasakronan has identified energy and material use as well as waste and transportation, both from tenants and from development activities, as the four most important environmental topics for the company.

Energy

The goal for energy is to become self-sufficient. This is to be achieved through energy-saving measures in existing properties and in development projects as well as by increasing our own production and energy storage.

Waste

The EU waste hierarchy governs our waste policy. Step one is to prevent waste from being generated by not renovating more than necessary.. Step two is to reuse construction material on a larger scale and step three is to recycle as much as possible through efficient waste management. The goal is to minimise the amount of waste sent to landfill and incineration.

Materials

Large amounts of materials are used in new construction and redevelopment projects. This can lead to high levels of resource consumption, an adverse impact on the climate and loss of biodiversity. The goal is to only use reused, renewable or recycled material that does not contain any hazardous substances.

Transportation

Transportation can lead to climate change, local air and noise pollution, and congestion. That is why we strive to minimise transportation needs for ourselves and for our customers. The goal is for none of the transportation to use fossil fuel.

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Social



Pay ratio
men/women, %

0

Sick leave
%

2.3

Safety measures
number

92

Our operations affect thousands of people: our employees, suppliers and everyone in and around our properties. Our operations are only sustainable if we ensure safe, secure and healthy work environments with good working conditions where everybody receives equal treatment.

Health and well-being

Buildings have a major impact on people's health and well-being. Our goal is for our areas and buildings to be aesthetically pleasing, with a high level of light, acoustic and air quality, and for them to promote movement and an active life. Another important health factor is ensuring that the construction materials we use do not contain hazardous substances that can harm people's health.

Safety and security

Our goal is for people to feel safe and secure in our properties and neighbourhoods. To achieve this we work with different safety measures, for example better physical design and more public operations on street level that are ideally active during evenings and on weekends. We also collaborate with municipalities and other property owners, such as City i Samverkan and Centrum för AMP in central Uppsala.

Work environment

Everyone has the right to a safe work environment in order to avoid unnecessary sick leave, accidents and illness. Vasakronan's goal is that everyone who works on our behalf has a good work environment – physically, organisationally and socially – and to avoid workplace accidents. To achieve this, we need to focus on our construction sites in particular.

Diversity and equal treatment

Our goal is an organisation and suppliers' organisations that are characterised by diversity and inclusion and are free from discrimination. To achieve this, we focus on diversity and inclusion during recruitments. Our supplier code of conduct includes anti-discrimination requirements. Our buildings and areas also need to be designed to ensure accessibility and inclusion for everyone.

Reaching for new goals. Yesterday. Today. And tomorrow.

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We have always had high ambitions for our operations. This has led to results, but our aim is always to become even better. We work on several fronts and strive to conduct the company's operations based on long-term sustainability. This is good for people, the environment and it is profitable.

Environmental certifications – an important tool

Vasakronan decided early on to environmentally certify its buildings and by 2009 Pennfåktaren in Stockholm became Sweden's first LEED-certified building. The company then became the first in Europe to certify existing properties according to the LEED Volume Program. 93% of the property portfolio is currently environmentally certified. Environmental certifications is a proof of our properties' low environmental impact. They allow us to fulfil our tenants' growing environmental requirements and are a base for our green financing.



Pennfåktaren

Pioneer in green financing

Vasakronan's initiatives in sustainability have opened up room for entirely new products in the financial market. In 2013 we issued the world's first green corporate bond, something that paved the way for loans from both the Nordic Investment Bank and the European Investment Bank. To further broaden the investor base, we then issued the world's first green commercial paper and Europe's first digital green Namensschuldverschreibung (NSV).

Showing the way with a sustainable offering

In addition to an offering of premises in environmentally certified properties, Vasakronan has been a driving force in several other initiatives that make it easier for our customers to take steps towards increased sustainability. For example, the company was early to offer green leases, and in 2010 we signed the first such lease in Sweden, something that later became an industry standard through the Swedish Property Federation. Since 2017, all of Vasakronan's leases have been green and measures that promote the environment are natural components. Examples of other sustainable solutions include Smart & klart, our fully-furnished office offering that was launched around ten years ago, and Arena, our co-working offering that makes it possible to use space more efficiently.



Smart & Klart

Climate neutrality 2030

For Vasakronan, the commercial benefits of reducing our climate impact are clear, and we see no conflict between profitability and sustainability. We conducted our first annual climate reporting back in 2006, and since then we have reduced our direct emissions approximately 90%. In 2019, the company refined its climate goals, deciding to become climate-neutral by 2030. Vasakronan has developed a road map which describes ways to reach this target and how any remaining emissions will be compensated to achieve neutrality.



Magasin X

Role model in sustainable construction

In renovations or new construction, one of Vasakronan's long-term goals is to only use renewable, recycled or reused material. Magasin X in Uppsala was completed in 2022, Sweden's largest office property with a structure made entirely of wood. The building is a guidepost in the climate transition, as wooden buildings take us to a new, desirable level of sustainable construction and a low CO₂ footprint. The Lumi project, which just recently started in Uppsala, has a focus on large-scale reuse and circularity.

The best electricity is the electricity we don't need to use

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Properties account for just over 30% of energy consumption in Sweden and there is a great deal of potential to reduce this energy need. This became apparent in 2022, a year when the energy situation in Sweden and Europe was under extreme strain, resulting in high electricity prices. Vasakronan has worked long and successfully with the issue, both through building performance optimisation and by investing in on-site produced electricity.

Energy efficiency is profitable

Energy efficiency measures can lead to significant gains, in the form of both better profitability and increased sustainability. High electricity prices during the year meant that some measures became even more profitable. Our tenants are also more enthusiastic about working with us to make improvements.

Building performance optimisation and smart control systems

We are conducting energy projects in several areas, including ventilation, indoor climate and good lighting. We work continuously with building performance optimisation and introducing smarter controls for existing systems. This means new opportunities for digital development. We also work together with our tenants to help them reduce their energy consumption at their premises.

Energy in focus during renovation and new construction

We carry out renovations and new construction as energy-efficiently as possible. Our goal for new construction is for the energy consumption to be half of the minimum energy intensity requirement according to the National Board of Housing, Building and Planning's building regulations.

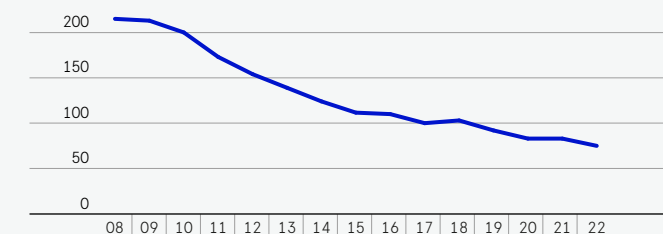


On-site produced electricity

Our solar photovoltaic systems produce a total of approximately 9 GWh of electricity annually. This represents 12% of Vasakronan's property electricity needs. Half of this energy comes from our 80,000 square metre solar park in Fyrislund in Uppsala.

Energy consumption more than halved

Average energy consumption kWh/sq. m., entire property portfolio



Since 2008, Vasakronan has reduced the use of purchased energy (property electricity, heating, cooling) from 200 to 75 kWh per square metre and year.

Industry initiatives and awards that we are particularly proud of

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During the years, we have taken several initiatives to move ourselves and the industry onwards and upwards. Everything has been based on our assignment and aimed at achieving our ambitious goals and vision. It has often been difficult, but it was also rewarding.

- In 2011, Vasakronan participated in the Global Real Estate Sustainability Benchmark (GRESB) for the first time, and in 2013 we were the first and, at the time, only company in Sweden to receive a Green Star ranking. We were named an industry leader in 2018, and Vasakronan was placed at the very top of the list in 2021 and 2022 in terms of both of its existing properties and of its project development.
- In 2016, Vasakronan was named Corporate Green Bond Pioneer of the Year by Climate Bonds Initiative and the London Stock Exchange. The company won the award because our green framework clearly illustrates the connection between a successful sustainability initiative and how we act in the capital market. This was considered groundbreaking.
- In 2021, Serghelhusen in Stockholm earned Sweden's Betonggalan's ("Concrete Gala's") annual environmental prize. Vasakronan won the award based on the company's decision to retain Serghelhusen's concrete frame during the building's transformation. The property also earned the LEED Building/Project of the Year award from the Sweden Green Building Council (SGBC) in 2021. Other awards received from SGBC are Existing LEED Building of the Year 2021 for Hötorgshus 3 and 4 in Stockholm and LEED New Construction Project of the Year 2022 for Celsius in Uppsala.
- In 2021, Vasakronan won the "Miljöstrategipriset" award. The prize is awarded by the magazine Miljö & Utveckling to organisations with a clear sustainability strategy that is deeply integrated into management and carried out in an exemplary way. The company received the award for our climate agenda, which has led to significant long-term results thanks to our clear goals and measures.

Industry initiatives and partnerships



Founder of SGBC, a membership organisation for sustainable construction.



One of the founders of Centrum för Cirkulärt byggande (CCBuild), with the goal of increasing reuse and material recycling in the construction industry.



One of the initiators of Håll Nollan, a collaboration for zero accidents in the construction industry.



One of the initiators of Byggsvarubedömningen, the building materials assessment system, which assesses and provides information about construction materials to encourage development towards a non-toxic and healthy built environment.



Together with the City of Stockholm, Ragn-Sells and Bring, we started the #Älskade Stad (Beloved city) initiative to coordinate deliveries and waste shipments.



Founder of UUA, Universal Design of Workplaces. The goal is to design a model for how modern workplaces can successfully accommodate everyone.



Co-founder of the Centrum för AMP, a knowledge centre for developing neighbourhoods and a model for increasing safety in Swedish cities.



Active member of LFM30, Uppsala klimatprotokoll, Klimatarena Stockholm and Klimatneutralt byggande Göteborg.



Sustainable investments in long-term attractive markets and areas

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Growth markets

The focus is on locations with strong economic growth and highly liquid transaction markets.

Attractive areas

The holdings comprise centrally located, sustainable properties in areas with excellent communication links.

Workplaces, retail and service

The holdings are focused on attractive premises for offices, city retail and local services.

Urban development and active management

Continuous development of our neighbourhoods and our property portfolio to meet demand and to improve quality.

Transactions and project development

The size of the project portfolio, and acquisitions and divestments of properties are based on market conditions.

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Properties in prime locations

Vasakronan's holdings are focused on modern, sustainable, flexible and centrally located office and retail properties in parts of Sweden with healthy economic growth.

Market value
SEK billion

188

Properties
number

166

Environmental certification
per cent

93

Environmental certification, of investment portfolio, share of market value.

Lettable area
sq. m., million

2.4

Well positioned property holdings

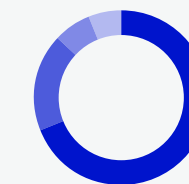
Our property holdings are concentrated in Stockholm, Gothenburg, Uppsala and Malmö – metropolitan areas with conditions for strong economic growth and good liquidity in the transaction market. All of these cities have been found to have the country's best prerequisites for good rental growth in terms of factors such as population growth and employment, particularly in the service sector.

In all of these cities, Vasakronan is the largest property owner in the city centre. This benefits the company, since centrally located premises with good local service and public transport are in demand.

To leverage of our strong presence in our areas, we develop our properties, streets and neighbourhoods as a cohesive whole. Through actively developing and supplementing the property portfolio, we meet customer needs and make the area more attractive, which increases earnings and helps us achieve our vision of future-proof cities for everyone, where people and companies thrive.

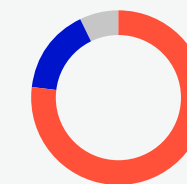
At the end of the year, property holdings amounted to 166 properties with a market value of SEK 188 billion.

Market value by location



Stockholm, 69%
Gothenburg, 18%
Malmö, 7%
Uppsala, 6%

Breakdown by property type



Offices, 77%
Retail, 16%
Other, 7%

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Market value of properties

In 2022, the value of the property portfolio increased just over SEK 6 billion, of which the change in value accounted for SEK 5 billion. The value increase in the first six months was 7.3%. During the second half of the year, property values fell due to increased uncertainty in the market and rising interest rates. Positive value changes of 2.8% for the year are due to upward adjustments of market rent assessments, which was partially offset by higher direct yield requirements. The percentage increase in value was greatest for office properties in Stockholm’s CBD and Central Stockholm.

Quarterly valuations

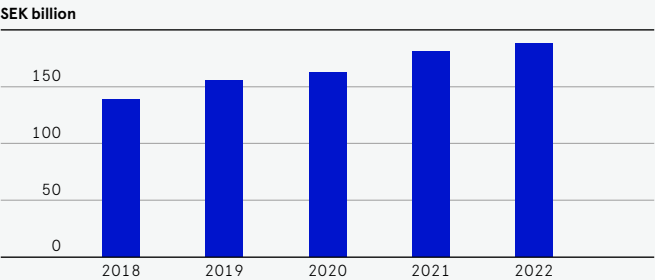
Every year and mid year, the entire property portfolio is valued by external valuation experts. The valuations are made according to RICS Red Book guidelines and MSCI Sweden Annual Property Index. Internal valuations of the entire property portfolio are carried out in other quarters, based on the most recent external valuation.

The market values are primarily assessed using a yield-based valuation method that utilises cash-flow statements with a horizon of at least ten years. The valuation principles remain unchanged since 1997. For more information about valuation of the property portfolio, refer to page 114.

High percentage of environmentally certified properties

Vasakronan aims high when it comes to 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, 93% of our investment portfolio was environmentally certified, of which 88% was rated LEED Gold or higher.

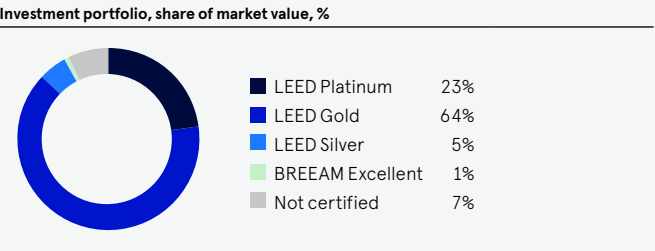
Property values continue to rise



Factors impacting value

	Value impact, %
Yield requirement	2.06
Market rents	7.41
Vacancies and other valuation parameters, e.g., changed cost and investment assumptions	-2.58
Total	2.76

High ambitions for environmental certifications



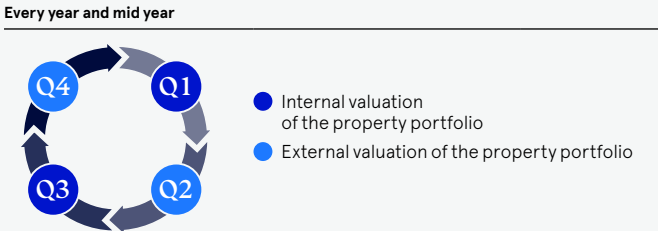
Change in property values

SEK m	2022	2021
Opening value, 1 January	181,575	162,420
Investments	2,366	4,137
Acquisitions	0	214
Sales	-543	-449
Change in value	4,917	15,255
Closing value, 31 December	188,317	181,575

Change in value by city

	Change in value, %	Contribution to change in value, percentage points
Stockholm	4.08	2.77
Gothenburg	-0.29	-0.05
Uppsala	1.90	0.12
Malmö	-0.93	-0.07
Total		2.76

Quarterly valuations



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Stockholm central



Lettable area



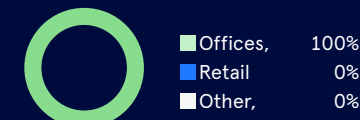
Contracted rent



Market value



Breakdown by property type



Property owners, Central Stockholm



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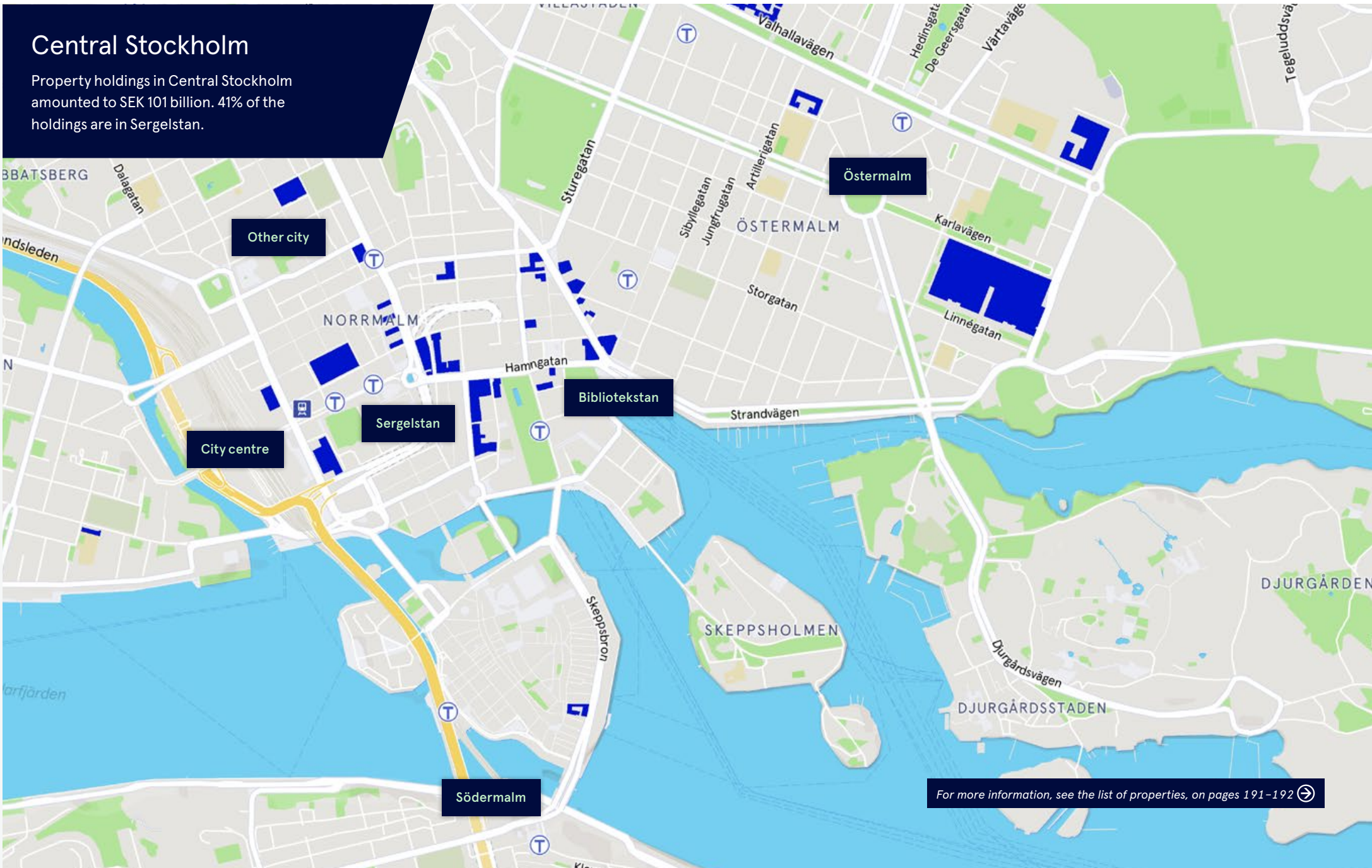
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Central Stockholm

Property holdings in Central Stockholm amounted to SEK 101 billion. 41% of the holdings are in Sergelstan.



For more information, see the list of properties, on pages 191–192 [➔](#)

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Stockholm inner suburbs



Lettable area



Contracted rent



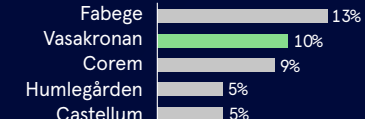
Market value



Breakdown by property type

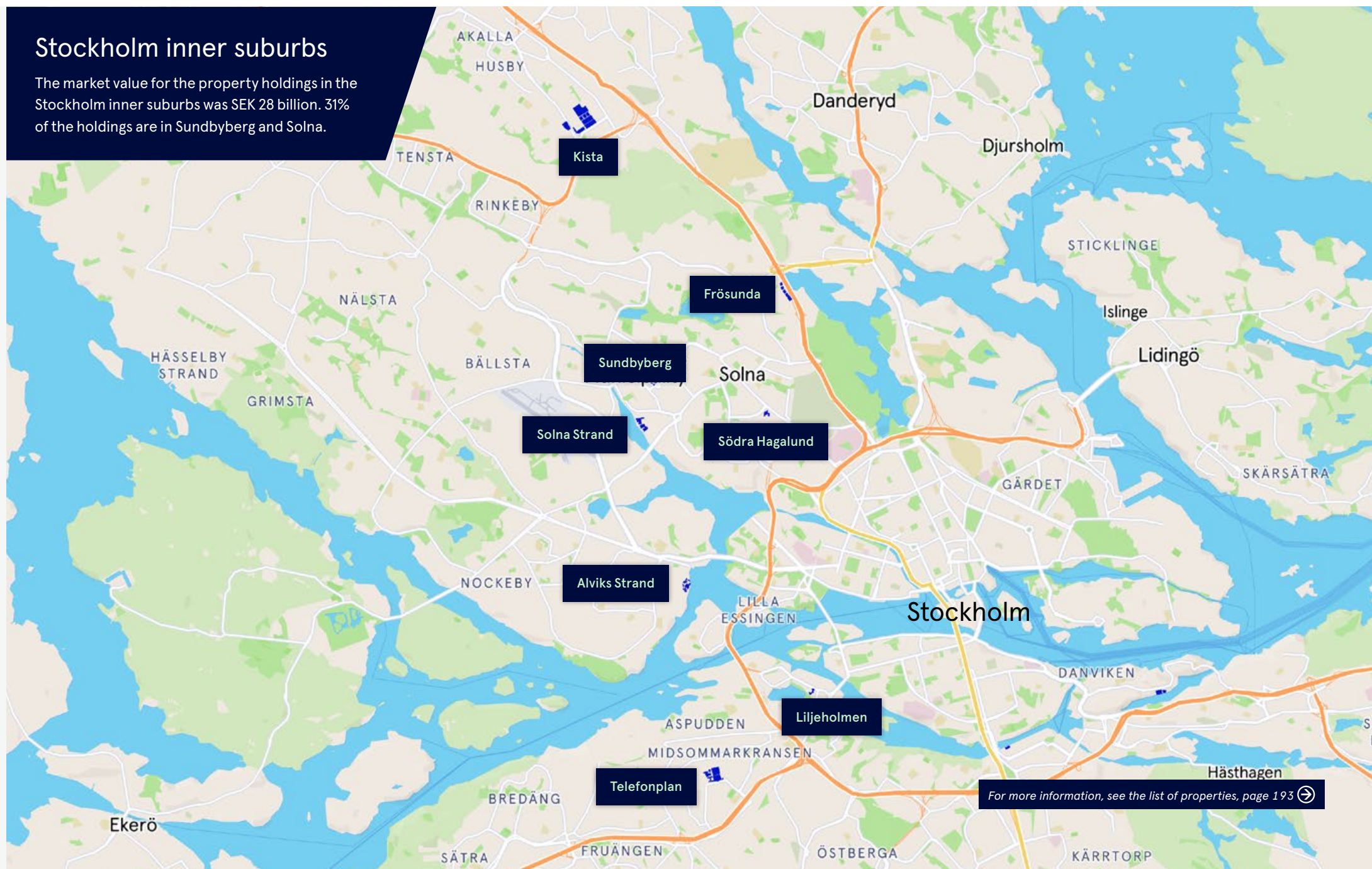


Property owners, Stockholm inner suburbs



Stockholm inner suburbs

The market value for the property holdings in the Stockholm inner suburbs was SEK 28 billion. 31% of the holdings are in Sundbyberg and Solna.



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Lettable area



Contracted rent



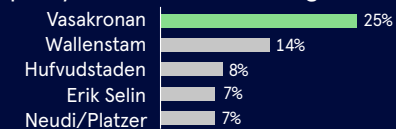
Market value



Breakdown by property type



Property owners, Gothenburg



Gothenburg

The property holdings in Gothenburg amounted to SEK 33.6 billion. 27% of the holdings are in Ullevi and 25% are in Fredstan.

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Letttable area



Contracted rent



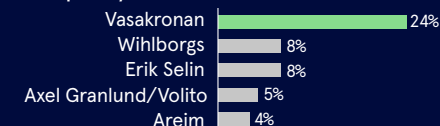
Market value



Breakdown by property type



Property owners, Malmö



Malmö

The property holdings in Malmö amounted to SEK 13.7 billion. 30% of the holdings are in the area around Triangeln.



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Uppsala

Lettable area



Contracted rent



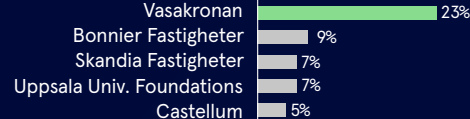
Market value



Breakdown by property type



Property owners, Uppsala



Uppsala

The property holdings in Uppsala amounted to SEK 11.7 billion. 66% of the holdings are in Central Uppsala and Södra City.

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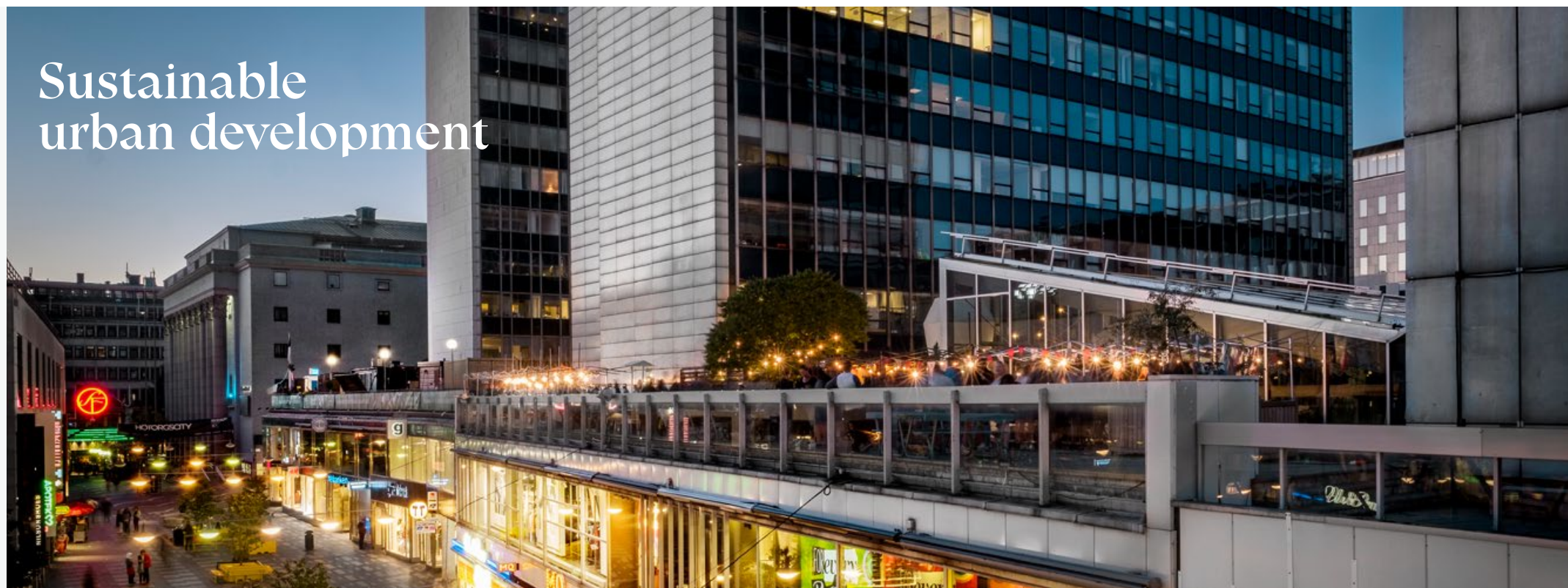
Attractive employer

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For more information, see the list of properties, page 196

Sustainable urban development



Places where people want to be

As a city developer, Vasakronan wants to create the best conditions for organisations who want to be seen and operate in the city. We do this in a variety of ways. Sometimes through major structural changes, such as the area around Sergelhusen in central Stockholm. Other times by creating a robust mix of activity, services, retail and cultural spaces at street level. The actors and businesses at street level are very important for the total experience of our neighbourhoods and, subsequently, our business. What happens at eye level is always intended to attract people and create a context where people and operations want to be, which also strengthens our

ability to let premises higher up in the building.

When we develop our areas, we base our decisions on our vision of future-proof cities for everyone, where people and companies thrive. We work strategically and over the long term, based on the insight that every street or area has its character and its potential. We also take active responsibility for creating comfortable green urban environments that are accessible and inclusive. They should feel comfortable and safe at all hours of the day and we take people as well as the environment into account.

To create attractive neighbourhoods, we need to mix. Mixing offices, residences, services and retail that attract a variety of people and operations is what creates a dynamic city. And that is where we can contribute. Vasakronan's property portfolio is in prime locations in Sweden's largest growth regions. Often with good access to public transport. We often own several properties in the same neighbourhood, which gives us good opportunities to take responsibility for actively developing the entire area, independently or in partnerships with property owners, municipalities or other actors in the area.

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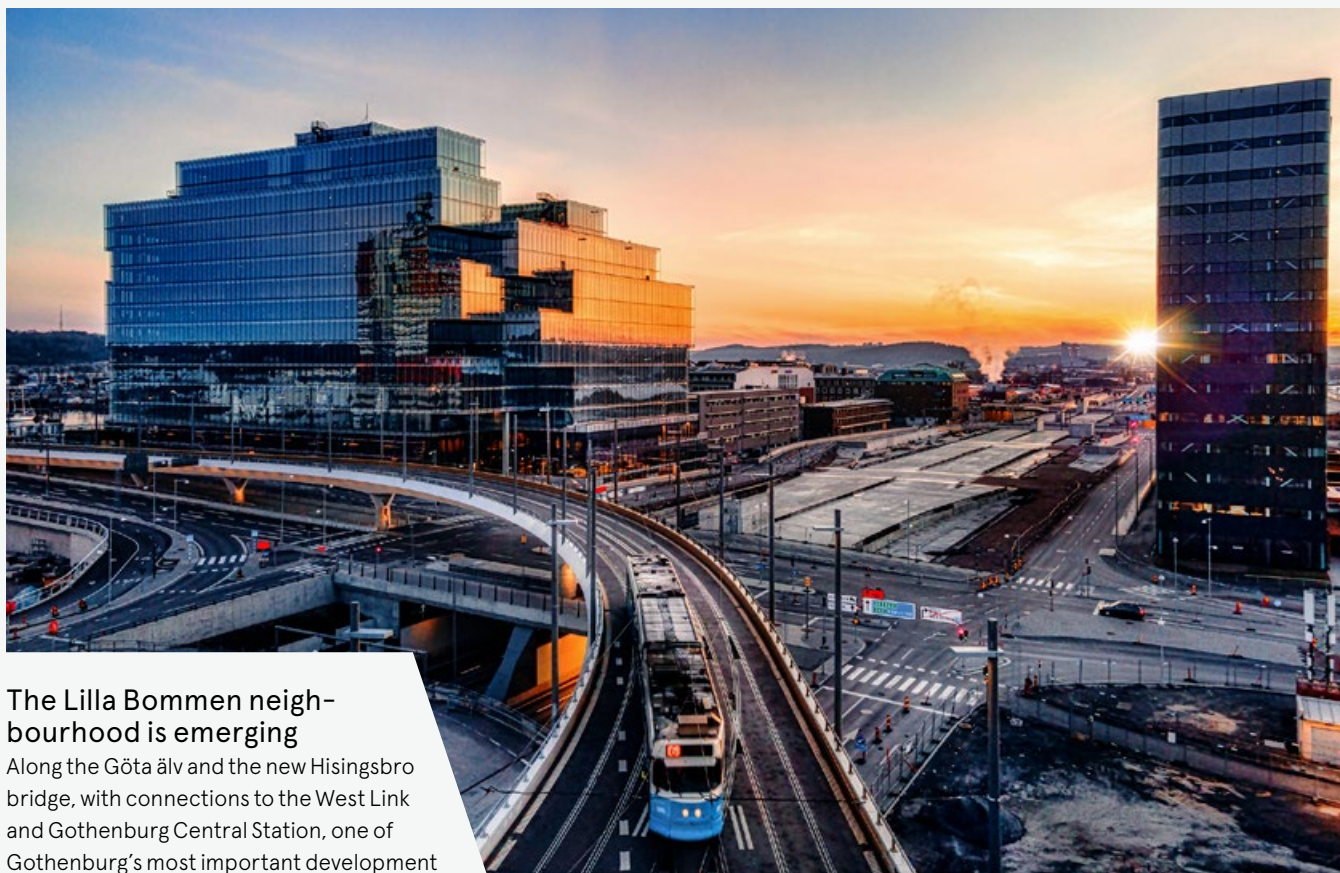
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The Lilla Bommen neighbourhood is emerging

Along the Göta älv and the new Hisingsbro bridge, with connections to the West Link and Gothenburg Central Station, one of Gothenburg's most important development areas is taking form: the Lilla Bommen neighbourhood. With proximity to the river and the coming quayside street, development of Lilla Bommen will give Gothenburg locals better access to the water. The area will transform from predominantly offices to a lively part of the city centre with a mixed composition of homes, offices and services.

Vasakronan is one of the largest property owners in the area. One of the first puzzle pieces in the neighbourhood's development is our new property Platinan, which was completed in 2022. It houses offices, co-working,

retail and the Scandic Göteborg Central hotel. Now we're planning for the next stage of development, the Kaj 16 project, which will include offices, restaurants and homes.



Södra City tying the city together

Uppsala is an expansive municipality. As it grows, so has the need for attractive, centrally located homes and workplaces. That is why Södra City is being developed. Upon completion, the area will extend the city centre further south by linking Uppsala Central Station together with Fyrisån in an east-to-west direction, and central Uppsala and Kungsängen in a north-to-south direction. Our ambition is to create a green, lively and dynamic neighbourhood with plenty of space for people, companies and biodiversity.

The development of Södra City is in full swing. Vasakronan's Juvelen and Magasin X properties are already complete on either side of Uppsala Central Station. In 2022, we took the next step by starting the Lumi project, which will primarily house offices and laboratories. Södra City includes approximately 70,000 square metres of project opportunities in the form of offices, homes, hotels and preschools. The detailed development plan covers several city blocks and a green area being developed with the Municipality of Uppsala.

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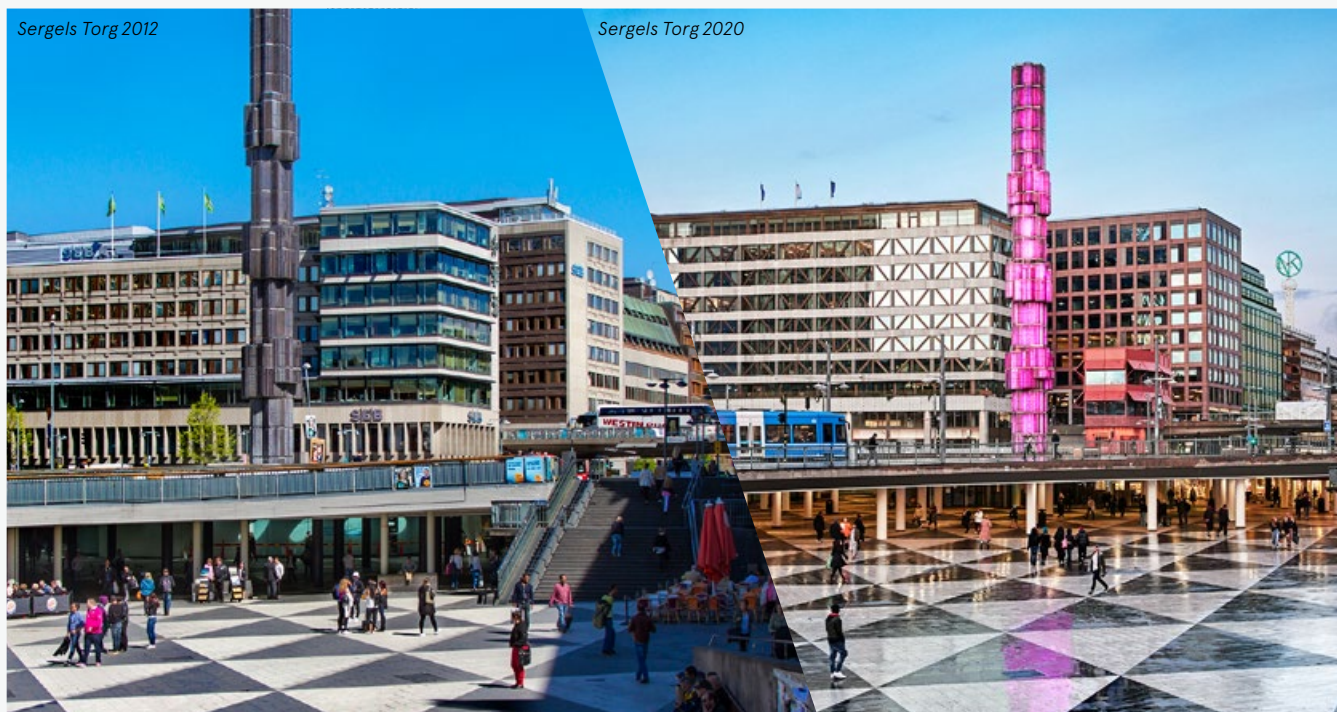
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Stockholm, the new heart of Stockholm city

In 2014, transformation began of what we currently call Sergelstan. In the blocks around Sergels Torg and Brunkebergstorg, by Hötorget, Sergelgatan and along Hamngatan, buildings from the 1950s and 1960s have been renovated and expanded. They now offer an attractive city core with stores, restaurants, services, activities and experiences. Sergelstan is one of Stockholm City's largest redevelopment projects in modern times. It is a historic change of the cityscape, where property owners and the City of Stockholm have collectively invested just over SEK 15 billion. It is a project that has changed the heart of Stockholm into more comfortable environments. Places that were once closed have opened up and become accessible to everyone, connecting the city together and creating new flows.

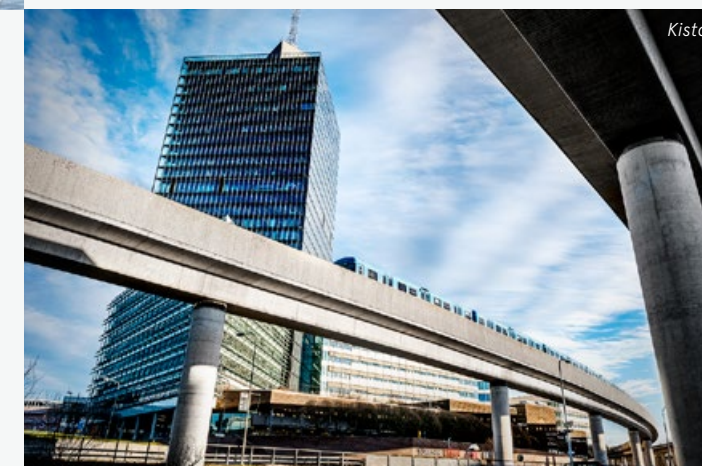
The ambition was to create a welcoming place for everyone and Vasakronan played a significant role in the development. Not least with the redevelopment of Sergelhusen. The area around Malmskillnadsgatan, Sveavägen and Hamngatan has changed, with new connections and streets, restaurants and ground floors filled with activities. Anonymous, closed buildings have received new functions, contents and appearances. The goal was to create a more comfortable, accessible and secure urban environment for everyone who visits the area. During the last few years we developed and converted the street level and created green oases of terraces along Sergelgatan and around Hötorgetshusen. Parts of this project were completed in 2022.

A changing Kista

Kista is undergoing a major change where commercial and residential areas are being tied together. The goal is to create a dynamic and vibrant urban environment – round the clock. Thousands of new homes will be built and the service offering expanded.

Vasakronan is one of the players who has long been present in Kista. Now the rate of development is accelerating. Together with the City of Stockholm, Region Stockholm, KTH and Stockholm University, a number of companies with a strong presence in Kista have developed a joint action plan. The ambition is to create the conditions for 8,000 new jobs and 8,000 new homes. By the end of 2035, Vasakronan and other property owners in Kista will have collectively invested a total of SEK 20 billion in new and renovated infrastructure and added commercial space, public sector properties such as schools and health and social care, and homes. All with the goal of strengthening the area.

Right now, Vasakronan is focusing on developing the Hekla block, located in the centre of Kista and bordered by Grönlandsparken and Kistagången. There are plans to build offices as well as homes here.



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Property development

When we renovate or build new properties, we do so sustainably and with the goal of developing the best products in the best locations – and always from a holistic perspective.

Occupancy rate major projects

70%

Investment volume, major projects
SEK billion

5.7

Share capitalised, major projects

59%

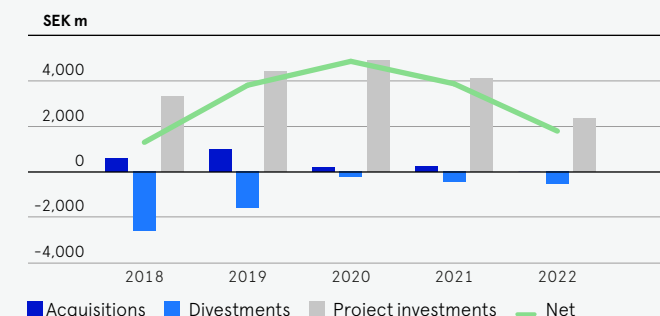
High level of project activity in the last few years

The investment strategy focuses on return and quality, taking prevailing market conditions into consideration. During the last few years, the market has been favourable for project investments. Since 2018, a total of SEK 19.1 billion has been invested in new construction, extensions and redevelopments, of which SEK 2.3 billion was invested in 2022. A few transactions have been carried out, primarily property sales. In 2022, five major property projects were completed with a total investment volume of SEK 5.7 billion. All projects were nearly fully let at the time of completion. Read more on page 43.

Property projects during the year

The first phase of the development of the Södra City area of Uppsala, Lumi, began in 2022. The project is scheduled for completion by the end of 2024 and encompasses 15,000 square metres of office space and a total investment of SEK 740 million. The occupancy rate had reached 70% when construction started. The redevelopment of Hästskon 9 in Stockholm also began in 2022. The property, encompassing a net floor area of 9,100 square metres, will be renovated and

Investment decisions based on market conditions



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modernised. The total investment amounts to SEK 570 million and the project is scheduled for completion by the end of 2024. The property's office space is fully let.

Good market knowledge lowers risks

Property development entails financial risk taking. This risk is curbed by investing only in markets where Vasakronan has good knowledge about the market and where there is a strong demand for premises. To further limit risk, new property projects are not started until the majority of premises are let. The size of the project portfolio is determined by prevailing market conditions.

Property development

As tenants' requirements change over time, Vasakronan develops new types of premises either by way of new construction or upgrades to existing properties. The goal is to design premises that are as flexible and general as possible, without too many customisations for a specific tenant's needs. Premises that can be modified with a minimum of effort to meet changing needs save time, money and the environment.

Urban development

It is not just the property, the entire surroundings are also important to tenants. We help create future-proof cities through new construction, extensions and redevelopments for properties. As one of the major property companies, Vasakronan often contributes to the development of entire neighbourhoods or areas where we conduct operations. Read more about urban development on pages 38–40.



Bankpalatset at Kungsträdgården in Stockholm is an example of an existing property that underwent a carefully considered total renovation several years ago, including a wooden extension with a sheet metal and glass facade.

Property development with low environmental impact

Offering premises that are produced and maintained with as little environmental impact as possible is a given. Vasakronan environmentally certifies all projects in accordance with LEED and our aim is to achieve the highest level – Platinum.

The goal for Vasakronan's property development is to reduce total use of resources. For construction materials, it is crucial that they are free from hazardous substances and that they have a low environmental impact. All waste is to be separated and, if possible, recycled. Read more on pages 167–169.

Safety and security in focus

To manage project risks, Vasakronan places great emphasis on quality-assuring processes. The company's employees take responsibility for managing and monitoring projects, even when external project managers and contractors are hired for the actual work. All suppliers must also comply with our supplier code of conduct. Audits are carried out regularly to ensure that the suppliers live up to their obligations. Vasakronan's ambition is to have no accidents or severe injuries at our building sites.

Completed property projects 2022

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Nya Kronan, Sundbyberg

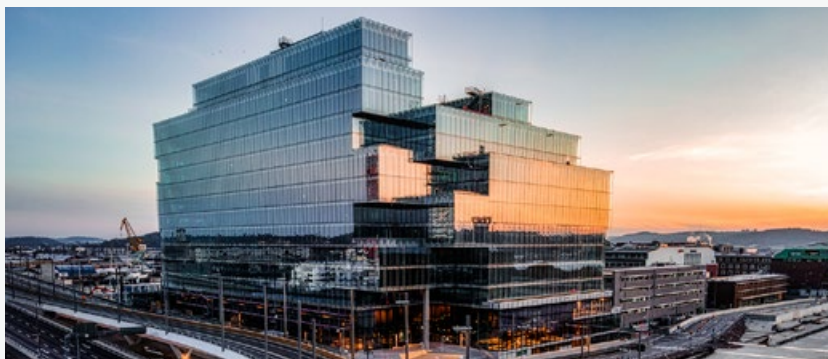
Total investment
volume, completed
projects

5.9

SEK billion



Magasin X, Uppsala



Platinan, Gothenburg



Nattugglan, Stockholm

City	Property	Total investment, SEK m	Area of premises, sq. m.	Occupancy rate 31 Dec 2022, %	Rental value, SEK m	Environmental certification
Stockholm	Nya Kronan	1,490	44,400	100	147	LEED Platinum
Gothenburg	Platinan	2,787	53,700	95	152	LEED Platinum ¹
Stockholm	Nattugglan	771	15,000	100	81	LEED Platinum ¹
Uppsala	Magasin X	527	11,500	94	41	LEED Platinum ¹
Gothenburg	Strömshuset	287	10,450	99	44	LEED Platinum ¹
Total		5,862	135,050	97	465	

1) Forecast certification

Ongoing property projects

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Sergelgatan, Stockholm



Hästskon 9, Stockholm

Total investments in ongoing projects

5.7
SEK billion



Lumi, Uppsala



Hötorgshus 2, Stockholm



Sperlingens Backe 47, Stockholm



Sperlingens Backe 45, Stockholm

Investments in ongoing property projects

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Occupancy date	Occupancy rate, % ¹	Rental value, SEK m ²	Estimated completion date	Environmental certification ⁵⁾
Stockholm	Sergelgatan	1,925	1,759	91	15,500	N/A	83	100	Mar 2023	LEED Gold
Uppsala	Lumi	740	161	22	15,000	Q4 2024	73	50	Dec 2024	LEED Platinum
Stockholm	Sperlingens Backe 47	610	157	26	8,500	Q4 2023	95	85	Jul 2024	LEED Platinum
Stockholm	Hästskon 9	570	40	7	9,100	Q4 2024	63	75	Dec 2024	LEED Platinum
Stockholm	Hötorgshus 2	460	317	69	8,000	Q3 2022	7	70	Apr 2023	LEED Platinum
Stockholm	Sperlingens Backe 45	370	368	99	3,700	N/A	85	40	Apr 2023	LEED Gold
Gothenburg	Kronhusgatan	90	2	2	2,540	Q3 2024	100	N/A ⁴	Jul 2024	LEED Gold
Total major property projects (>SEK 75 million)		4,765	2,804	59	62,340		70	-		
Other projects		915	584							
Total		5,680	3,388							

1) Calculated based on area. 2) For fully let properties. 3) Forecast at completion. 4) Not reported due to one or few tenants.

Future projects

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Lilla Bommen, Gothenburg. Approximately 90 thousand sq. m. of development rights.



Södra City, Uppsala. Approximately 70 thousand sq. m. of development rights.



Kista, Stockholm. Approximately 180 thousand sq. m. development rights.

Approved and planned development rights

	Development rights (thousand sq. m. GFA)	Approved (thousand sq. m. GFA)	Planned, not approved (thousand sq. m. GFA)
Central Stockholm	132	6	126
Stockholm inner suburbs	1,408	99	1,309
Gothenburg	173	94	79
Malmö	9	6	3
Uppsala	217	167	50
	1,939	372	1,567

In addition to the existing property portfolio, Vasakronan has significant future potential in the form of development rights. There is an active effort to refine and develop the portfolio that amounts to a total of approximately 1,939 thousand square metres of development rights, of which 372 thousand square metres are approved. The portfolio is spread over all sub-markets, but the largest share of approved development rights are in Södra City in Uppsala, Lilla Bommen in Gothenburg and Kista in Stockholm.

Read more about how we develop cities on pages 38–40





We follow our customers in their development and offer solutions to meet their needs

Customer strategy

Attractive products

An offering that meets everyone's needs, everything from customised to fully furnished premises.

Sustainability

Choosing a premises solution from Vasakronan is the most socially and environmentally sustainable alternative in the market.

Technological solutions

Technological solutions that simplify customers' daily tasks and enhance resource efficiency.

Consultancy

Customers receive active support and inspiration on how to best design their premises based on their challenges and development needs.

Services

Full responsibility for the delivery of premises solutions with packaged services.

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The preferred choice for our customers

With the customer's needs at the centre, we continuously explore and develop new solutions to achieve our goal of being the preferred choice for tenants looking for office or retail premises.

Occupancy rate
%

91

Contracted rent
SEK billion

8.6

Remaining lease term
average, years

3.7

A strong offering

The basis of Vasakronan's offering comprises flexible premises in great properties, attractive locations and good transport links. We also offer consultancy services and a range of services. This enables us to reach a broad customer base, and to almost always meet customers' changing needs from within our own property portfolio. This requires close and frequent dialogue between our business team and customers. By being responsive to their needs, we can support their development and proactively propose solutions tailored to their operations. Doing so makes us competitive.

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2023	1,123	1,140	13
2024	877	1,416	17
2025	842	1,843	21
≥2026	1,265	3,889	45
Total	4,107	8,287	96

Maturity structure of contracted rent excluding SEK 108 million for housing and SEK 243 million for garages.

Our largest customers

	Share in %	Contracted rent, SEK m
Ericsson	3	236
Swedish Police Authority	3	231
Swedish Prison and Probation Service	2	165
The Swedish Tax Agency	2	156
H&M	2	146
King	2	140
Försäkringskassan (Social Insurance Agency)	2	128
EY	1	88
Scandic Hotels	1	84
The Riksdag Administration	1	82
Total	19	1,456

Largest tenants, share of contracted rent.

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Regular follow-up of customer initiatives

To stay profitable, we strive for high customer satisfaction. To monitor customer satisfaction and identify areas for improvement, we carry out the customer satisfaction survey “Tyck om Vasakronan” at the beginning of every year. The most recent was conducted in the beginning of 2023 and indicated minor improvements over the previous year. The score was 77 (77) for offices and 75 (71) for retail. The scale of the survey is from 1 to 100, where a score of at least 80 corresponds to a grade of Very good.

Green leases and customer-centric sustainability work

The premises often account for a large share of tenants’ own environmental impact. Consequently, environmentally certified premises are increasingly in demand. By renting premises in an environmentally certified property and, jointly with Vasakronan, reviewing and minimising the environmental impact of their own premises, our customers can take a step toward improving the sustainability of their operations. Since 2016, all of our new leases have been green. This entails a shared commitment between us and the tenant to promote a smaller environmental impact.

Diversified maturity structure and sectors

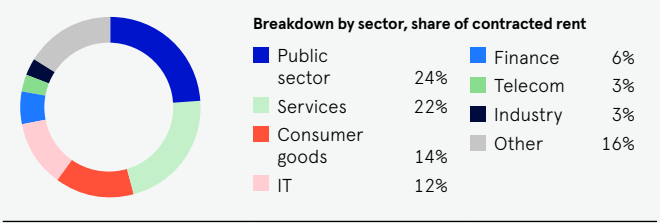
The considerable diversity of our tenants, industries and maturity structure limits the scope of risk in the lease portfolio. No individual tenant accounts for more than 3% of the total contracted rent, and the ten largest tenants account for only 19%. Broken down by sector, public sector tenants account for 24% of the contracted rent and the average remaining lease term is nearly 6 years. For the lease portfolio as a whole, the average remaining lease term is 3.7 years.



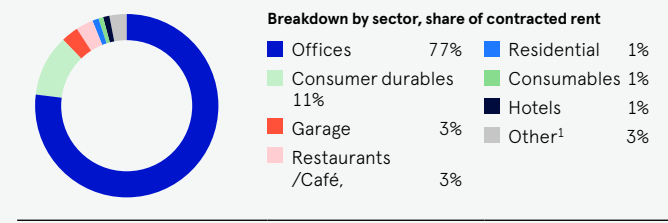
Consultancy regarding workplace strategy

It is becoming more common to view the premises as a tool for change and development. Vasakronan provides strategic and specialist workplace strategy consultancy services. This means that we can advise when it comes to selecting and designing premises so that they support and develop the company in the best possible way based on different needs. A successful workplace strategy creates the right interaction between the physical location, people and technology, while concurrently meeting the needs of the company.

Public sector comprises largest share of tenants



Predominantly office tenants



1) “Other” encompasses sectors including health and social care, sports and recreation facilities, and warehouses.

Customer-centric offering

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Office solutions for full flexibility

Vasakronan can meet tenants' specific needs through its solid knowledge in workplace design. The starting point is the collaboration between people, place and technology. With the three components in focus, we deliver not only walls, ceilings and connections, but also services and content that promote the corporate culture and sustainability.

Flexibility is central and we offer a palette of office solutions that meet varied customer needs. In addition, we maintain close dialogue with customers and can assist with value-adding services, such as advice on workplace strategy, office services, waste management and bicycle servicing.

Customised

Customised offices based entirely on the customer's business and requests are built and adapted according to a customer's needs and the premises' preconditions. In partnership with the customer, we invest time and resources to achieve a long-term sustainable solution.



Ready-made

Demand for ready-made offices is increasing. The premises are complete, with a predetermined floor plan and much already in place. The customer only needs to bring furniture and other furnishings. Everything else is finished. Ready-made premises decrease the time until occupancy and come with contractually agreed flexibility.

Fully furnished

All of the functions, furniture and furnishings are in place in a Smart & Klart fully furnished office. Customers can move in and out on very short notice. Suitable for companies in an expansion phase or companies that need to establish themselves right away in a new neighbourhood.

Co-working

Arena is Vasakronan's own co-working concept, where we offer workplaces, offices and meeting rooms. It works as a smart complement when an existing office is inadequate, and offers flexibility when customers need to reduce or expand their operations, for example. Full service and a leading-edge work environment.

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Retail premises in prime locations

Retail, restaurants, culture and experiences are important components for creating attractive city centres where people thrive and want to be. We believe in a mix of businesses at the street level, where new establishments are side by side with well-known ones, and large and small businesses have the right conditions for meeting their customers.

Vasakronan's retail premises are located in attractive areas and shopping centres. Our work is based on well-conceived street and neighbourhood strategies and offers a wide variety of flexible solutions. Independently and together with other contributors, we develop spaces, locations and streets, and explore new concepts.

Customised

The customer decides over most things, such as floor plans, flooring, lighting and installations. The premises are built and adapted according to a customer's needs and the premises' preconditions. In partnership with the customer, we invest time and resources to achieve a long-term sustainable solution.



Ready-made

There's increasing demand for ready-made stores that are essentially fully equipped to start trading. All the customer needs to provide is their own concept and furnishings. Ready-made stores provide lease-term flexibility and enable a customer's quick establishment.

Pop-up stores in prime locations

Open Spot is our concept for designed and furnished pop-up stores in prime locations in Stockholm, Gothenburg, Malmö and Uppsala. The premises contain everything from shelf systems, furnishings, lighting and digital screens to easily adaptable basic furniture. Open Spot can be rented from two weeks up to three months.

Restaurant and coffee shop premises

Restaurant and coffee shop premises have specific requirements, both from the authorities and based on their operations. Our premises are designed to meet them all.



Financing strategy

Low financial risk through active debt management and a long-term green financing strategy

Balanced interest-rate risk

Actively working with the fixed-interest structure to leverage the prevailing market conditions.

Spread of maturities

Reduced refinancing risk through spread maturities for loans

Diversified sources of finance

A diversified financing structure in terms of sources of finance and markets.

Green financing

Gradual raising of the share of green financing and continuously raising requirements in the company's green framework.

Strong rating

Active efforts to maintain a credit rating of A3 with a stable outlook, from Moody's.

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Good access to financing

Access to financing on favourable terms is critical for property sector operations with long-term high yields over time.

Credit rating

A3 *stable outlook*

Loan-to-value (LTV) ratio
per cent

40

Liabilities
SEK billion

77

Interest coverage ratio,
multiple

4.8

Average interest rate
per cent

2.1

Green financing
percentage

82

Numerous financing sources widely spread

Vasakronan is financed through owners' equity and through external borrowings. This division is decided by weighting the requirements for returns and financial stability. External borrowings are mainly raised in the capital market, through bonds or commercial paper. A smaller part of the borrowing comes from Nordic banks via secured loans or unsecured loans from the Nordic Investment Bank and the European Investment Bank. At the end of the year, the share of capital market financing was 76% (82), the share of secured bank financing 14% (11) and the share of unsecured bank financing including bilateral loans 10% (7).

Funding sources

	Carrying amount, SEK m	Share, %
Commercial paper	4,886	6%
Bonds, SEK	26,457	34%
Bonds, NOK	13,424	17%
Bonds, EUR, AUD, USD, HKD, CHF, JPY	14,572	19%
NSV (Namensschuldverschreibung), EUR	559	1%
Secured bank loans	11,131	14%
NIB and EIB	6,396	9%
Total	77,425	100%

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Financial market during the year.

The global rise in inflation and interest rates has resulted in highly volatile capital markets. Bond market activity was low during the year and corporate borrowing costs have risen, albeit from a record low level. Among property companies, it was primarily companies with links to state ownership, such as Vasakronan, that issued bonds during the year. Other property companies in the BBB segment have instead financed themselves through banks. The assessment is that although the capital market was not closed to these companies, prices were too high compared with the financing available to them through secured bank loans.

Good access to the capital market

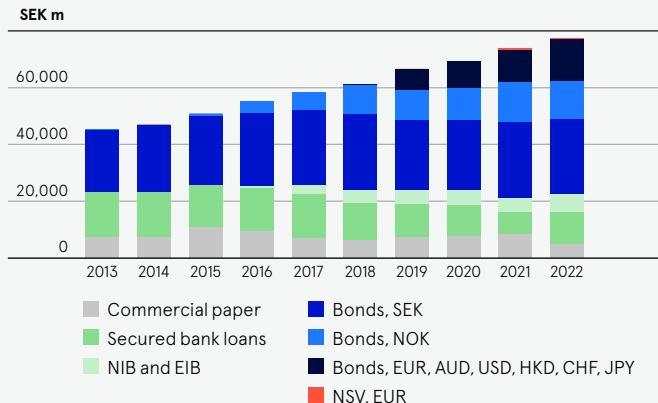
Vasakronan is one of the largest corporate issuers in the Swedish and Norwegian capital markets. In total, Vasakronan has issued bonds for SEK 7.8 billion (11.9) during the year. More-

over, all bonds issued during the year were green. Of the total liability at the end of the period, 37% (35) consisted of borrowings in currencies other than SEK. Liabilities in foreign currency are recognised at the closing exchange rate. The total loss from changes in exchange rates was SEK 1,654 million (gain: 249) at the end of the period. No currency exposure is accepted and since the loans are hedged with cross-currency basis swaps, there is a corresponding gain on the derivatives. The net earnings effect is therefore zero for the period.

Low share of secured bank loans

During the year, bank financing of SEK 8.9 billion (–) was raised, of which SEK 6.9 billion (–) comprised secured bank loans. Of these, SEK 3.6 billion comprised existing loans maturing in 2023, which were refinanced early with new maturities of between five and six years. Total secured bank loans amounted to 5% (4) of the company's total assets at the end of the period.

Development, funding sources



A strong credit rating from Moody's provides access to financing, even in turbulent times.

In April, Moody's affirmed Vasakronan's rating of A3 with a stable outlook. A strong rating is a 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 property portfolio's high quality and high percentage of environ-

mentally certified properties as well as by the high proportion of public sector tenants. Since the public rating was issued in 2018, the company has gained investors from other parts of Europe and even Asia. Access to a broad investor base and several different markets has further decreased financing risk. Investors consider Vasakronan a safe option since the company has a strong rating and long-term owners in the form of the four Swedish national pension funds.

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Increase in share of green financing

In 2013, Vasakronan was first in the world to offer the capital market the opportunity to invest in green bonds that lead to lower energy consumption and less climate impact. In 2018, the company issued the world’s first green commercial paper and in December 2021, Vasakronan issued its first green Namensschuldverschreibung (Eng: registered bond) (NSV), the first of its kind in Europe.

The company’s green financing falls under the “Vasakronan – Green Finance Framework,” which follows the Green Bond Principles. This states that all borrowing in line with the framework is earmarked for green investments.

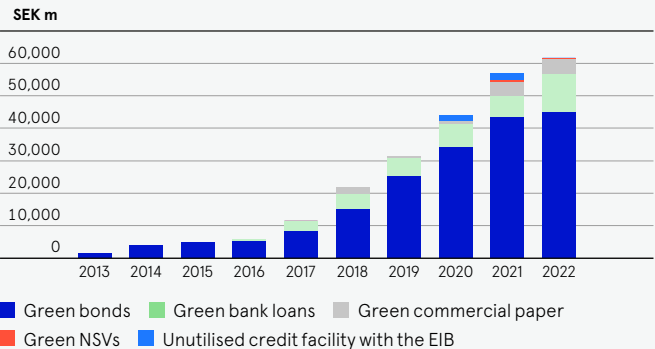
For a number of years, the company has also had green secured bank loans and green unsecured loans from the Nordic Investment Bank (NIB) and the European Investment Bank (EIB), which are both niche in terms of financing projects that improve the environment in Nordic and European countries.

The percentage of green financing, consisting of green bonds, green commercial paper, green NSVs and green bank loans, increased to 82% (74) of the total loan portfolio.

The ambition is to eventually have 100% green financing.

[Read more about green financing on pages 180–188.](#)

Green financing growth



New Policy for financial counterparties

Vasakronan has long imposed stringent sustainability requirements, both within the organisation and for suppliers and partners. We want to act as a role model for the industry while contributing to a society in which we and other companies take financial, environmental and social responsibility. In order to show that we value companies that work actively with these areas, we have developed a policy for financial counterparties in 2022.

Financial policy ensures balanced risk

Vasakronan’s financing is governed by a financial policy aimed at ensuring effective risk management and internal control. The policy is adopted annually by the Board of Directors, and regulates the risk mandate and the principles for following up financial risks. Read more about the financial policy on page 118. The table below shows the risk mandates and outcomes at the end of 2022.

Financial policy

Financial policy in brief		Outcome 31 Dec 2022
Financing risk		
Loan-to-maturity	min. 2 years	5.4 years
Loan-to-maturity, including unutilised credit commitments.	–	5.7 years
Loans maturing, 12 months	max. 40%	14%
Credit commitments and cash/loans maturing 12 months	min. 100%	192%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	4.8x
Fixed-interest period	min. 2 years	4.0 years
Fixed-interest maturity within 12 months	max. 55%	29%
Credit risk		
Counterpart’s rating	min. A-, or BBB+ with CSAs	met
Currency risk		
Currency exposure	No exposure	met



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Maturity structure, funding sources

INTEREST RATE MATURITY STRUCTURE			LOAN-TO-MATURITY			
Year	Total, SEK m	Share, %	Total, SEK m	Capital market, SEK m	Bank loans, SEK m	Share, %
0–1 year	22,825	29	10,941	10,941	–	14
1–2 years	4,898	6	8,961	7,520	1,441	12
2–3 years	3,194	4	8,757	7,757	1,000	11
3–4 years	6,447	8	5,679	5,066	613	7
4–5 years	14,751	19	11,163	6,823	4,340	15
5–6 years	8,400	11	6,297	947	5,350	8
6–7 years	7,800	10	4,066	2,805	1,261	5
7–8 years	3,100	4	4,587	3,062	1,525	6
8–9 years	3,350	5	3,087	3,087	–	4
9–10 years	200	1	2,519	521	1,998	3
10 years or more	2,460	3	11,368	5,686	5,682	15
Total	77,425	100	77,425	59,898	17,527	100

Reduced proportion of floating interest

Interest-rate derivatives and fixed-interest loans are used to achieve a preferred fixed-interest tenor. The strategy is to have a portion of the loan portfolio with floating interest and the remainder with fixed interest rates at longer tenors, in some cases as long as 15 years. Interest rate sensitivity decreased during the year and fixed-interest maturity within 12 months amounted to 29% (43) of interest-bearing liabilities at year end, while the average fixed-interest tenor decreased slightly to 4.0 years (4.6).

Increased loan-to-maturity

At the end of the year, the proportion of loans maturing within the next 12 months amounted to 14% (20). To minimise financing risk and secure its access to capital, the company has an unutilised 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 2,984 million (3,521) and the unutilised credit facility from the owners together correspond to 192% (162) of loans maturing over the next 12 months. The average loan-to-maturity, including the above credit facilities, had increased to 5.7 years (5.5) at the end of the period.

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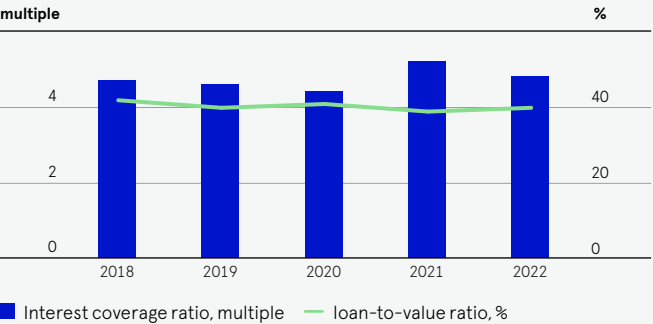
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LTV and interest coverage ratio



Continued, high interest coverage ratio

The increase in market interest rates has resulted in the average interest rate for loans and derivatives increasing to 2.1% at the end of the year, compared with 1.3% at the previous

year end. The LTM interest coverage ratio decreased to a multiple of 4.8 (5.2), primarily due to higher net financial items. Net interest-bearing liabilities in relation to EBITDA show net debt in relation to the business's earnings and amounted at year end to a multiple of 12.8 (13.0). The decrease was due to the completion of project developments and their subsequent generation of cash flows. Our aim is to further improve this key metric over the long term.

Low loan-to-value ratio

At the end of the period, interest-bearing liabilities less cash and cash equivalents amounted to SEK 74,441 million, compared with SEK 70,317 million at the end of 2021. The loan-to-value ratio was thus 40% (39). The target threshold is for the loan-to-value ratio over a business cycle to have a maximum level of 55% expressed as net debt in relation to the fair value of investment properties.

Responsible dividend policy

Vasakronan strives to create a capital structure that fulfils the owners' expectations of healthy returns on equity, as well as the owners' and other stakeholders requirement on financial stability. When the dividend level is determined, expectations regarding future earnings, value development and investment needs are taken into account.

In the event of a sharp rise in property values, Vasakronan may issue a larger dividend to prevent the overcapitalisation of the company. Correspondingly, the dividend may be lower or absent in times of unfavourable trends in property values.

In view of the uncertain market conditions and despite Vasakronan's healthy financial position, the Board of Directors has proposed to the Annual General Meeting that no dividend be distributed for 2022.

EU TAXONOMY

The Taxonomy Regulation is part of the EU Action Plan: Financing Sustainable Growth and aims to create a common classification system for defining economic activities that are to be considered environmentally sustainable. For an activity to be considered sustainable according to the Taxonomy Regulation, it needs to contribute significantly to at least one of the six established environmental objectives. Vasakronan's

assessment is that its operations are primarily exposed to both of the climate-related environmental objectives. From 1 January 2022, the Taxonomy Regulation is applicable for two out of six environmental objectives.

Although Vasakronan is yet to be encompassed by the requirement for reporting pursuant to the Taxonomy Regulation, due to requests for information from the majority of stakeholders, the company has chosen, where reasonably

possible, to report in accordance with the Taxonomy Regulation and the delegated acts (Taxonomy). The proportion of the company's operations covered by the EU Taxonomy for the 2022 financial year is reported in the table "Proportion of Taxonomy-eligible economic activities." Work is underway to compile the extent to which the business is Taxonomy-aligned. However, there is still uncertainty about how the Taxonomy is to be interpreted and reported. Therefore, Vasakronan is



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holding off on detailed reporting on the proportion of the company’s assets, turnover, operating expenses (OpEx) and capital expenditure (CapEx) that are Taxonomy-aligned. The economic activities that mainly pertain to Vasakronan are 7.7 “Acquisition and ownership of buildings.” According to the Taxonomy’s technical screening criteria, buildings built before 31 December 2020 must have an energy performance certificate of at least class A. Alternatively, the building must be within the top 15% most energy efficient, in terms of primary energy, of the national or regional building stock. For buildings built after 31 December 2020, the building must meet the Taxonomy’s screening criteria applicable to activity 7.1 “Construction of new buildings.” The majority of Vasakronan’s buildings are office buildings and according to the report published by the Swedish Property Federation in December 2022¹, the threshold primary energy demand for an office building built before 31 December 2020 is 80 kilowatt hours for all of Vasakronan’s buildings. The average primary energy demand was 82.4 kWh/sq. m on 31 December 2022. Based on the buildings’ primary energy demand, which Vasakronan has calculated according to the method for energy performance certificates, and based on their measured energy intensity on 31 December 2022, 38% of the market value of the investment properties and 43% of the lettable area meet the criteria for activity 7.7. For more information about the buildings’ primary energy demand at the end of the year, refer to the list of properties per sub-market on pages 191–196.

1) Top 15% and 30% of the best buildings – Primary energy demand for premises and homes (fastighetsagarna.se).

For the respective economic activity to be considered Taxonomy-aligned, the activity is also subject to the requirement that it does no significant harm to any of the other environmental objectives. For an activity under 7.7 to be considered Taxonomy-aligned, the building needs to be analysed for the specific climate-related risks it will be exposed to during its lifetime. Vasakronan conducted its first climate-risk analyses more than ten years ago and since then, has updated the analyses whenever new climate data is received. However, these analyses were not conducted by reason of the Taxonomy and the documentation was not compiled in a manner that is currently deemed acceptable in terms of reporting. Work is therefore underway to document and develop the analyses on a building-by-building basis, which is expected to be completed in 2023. The company also needs to ensure that its operations are conducted in accordance with minimum social safeguards. This entails having processes in place to ensure that operations throughout the value chain are conducted in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct, and the UN Guiding Principles for Business and Human Rights. Work is underway to develop the company’s competence, governance and compliance to ensure societal responsibility throughout the value chain, including through employee participation in a training programme on the UN Global Compact on human rights in the supply chain.

The accounting principles underlying the key metrics presented in the table “Eligible” follow the principles that apply to the company’s financial statements. Turnover includes total rental revenue and follows the definition of turnover provided in Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings. Refer to Note 2.2 on page 107 for more information. Operating expenditure (OpEx) includes costs for repairs and maintenance, meaning costs associated with the properties’ continuous and intended function. Investments (CapEx) in the table are based on the same definitions from the IFRS and include new construction, extensions and redevelopments, other value-generating investments, property acquisitions and investments in tangible and intangible assets. For more information about which accounting principles are applied for our investments, refer to Note 4.2 on pages 114–115.

Proportion of Taxonomy-eligible economic activities

	Jan–Dec 2022 (SEK m)	Proportion of taxonomy-eligible economic activities (%)	Proportion of taxonomy-non-eligible economic activities (%)
Turnover	8,167	100	0
OpEx	100	100	0
CapEx	2,455	100	0



Employee strategy

At Vasakronan, our employees develop as we develop as a company

Strong values

Strong values provide a context that brings out the best in each and everyone.

Attractive offering

Modern workplaces and work methods, as well as decent conditions, are prerequisites for the peak performance and satisfaction of employees.

Commitment

Strong innovative power and high sustainability ambitions in everything we do.

Continuous learning

Creates the conditions for everyone to put their mind and skills toward a greater pool of shared knowledge.

Modern leadership

Inquisitive leadership that sets clear goals and builds strong teams.

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Attractive employer

Vasakronan strives to be an attractive employer for dedicated and highly motivated personnel. Cultivating dedication and motivation is not only a key to success, but also our responsibility as an employer.

Number of employees	Proportion of women/men, %	NPS
294	45/55	45

Good results in employee survey

Vasakronan has a good reputation as an employer and is a popular workplace. This is evident from the employee surveys, which continue to show good results. The survey measures factors such as employee commitment, and the results for 2022 showed a commitment index of 87 (88), which is comparable with 87 among other high-performing companies and 81 among all companies. Commitment is measured based on a selection of questions about enthusiasm and the clarity of work assignments. The survey findings indicate that initiatives to engage and motivate employees are undertaken in a good manner, and that they also greatly impact how others regard Vasakronan as a company. Another example is the result of the Net Promoter Score (NPS), which was 45 (50), comparable with an average of 54 for other high-performing companies and 16 for all companies included in Brilliant Future’s survey. The NPS index measures the probability of employees recommending Vasakronan as a workplace to a friend and is driven by factors such as pride in working at Vasakronan. The NPS index uses a scale from -100 to +100, where a score of +30 is considered very good and around +50 as excellent.

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A positive work climate where employees thrive and develop contributes to an effective organisation and the continuous development of Vasakronan. Therefore, it is important that we create the right conditions for employees and meet their needs at all levels of the needs ladder. In-person meetings are central to us and our offices are provided for this purpose.



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We believe in openness. By being open to each other and our surroundings, we can both share and receive knowledge. We can also learn more and help to create an understanding of the whole. It is invaluable to feel secure in our roles and in our assignment, and to come up with smart new ideas.

Enthusiasm is an excellent motivator. If we enjoy ourselves at work, and with our tasks and our colleagues, everything becomes so much easier and more fun. This is when smart thinking and new ideas are conceived, which develops both the individual and the company.

We avoid getting too theoretical. It is better to do something tangible, launch a pilot project, and then evaluate the results. We encourage each other to try new things and help each other to make what we believe in become a reality, even if this can sometimes be challenging.

Being fair and honest doesn't mean being weak. It just means that we are fair and honest to each other and our stakeholders – even when we are engaged in challenging and business-related discussions.

We use a holistic approach and include all perspectives in our work. We do not focus solely on our generated financial values, but also on other results and consequences associated with our operations. All employees understand the whole and the importance of their own role as a part of this whole.

Employee Code of Conduct

Our values, along with the UN Global Compact principles, lay the groundwork for the company's code of conduct for employees. This means that all employees and job applicants must be treated equally, given equal opportunities for growth, development and promotion and receive equal pay for equal work.

[Read more about our values at Vasakronan's website.](#)



Our goals

Financial targets

Vasakronan’s ambition is to be Sweden’s leading property company by generating a high total yield that should also exceed that of the industry in general.

LONG-TERM FINANCIAL TARGETS	Target fulfilment												
A total yield of at least 6.5% per year (rolling average over ten years)¹. A total yield of at least 0.5 percentage points higher than the industry.².	Over the past ten-year period, Vasakronan’s total yield averaged 10.8%, compared with the industry average of 9.5% excluding Vasakronan. For 2022, the total yield for Vasakronan was 6.0%, where the average for the industry was 1.8% excluding Vasakronan. Vasakronan thus exceeded the industry average by 4.2 percentage points. For the past decade, Vasakronan has outperformed the industry average by 1.3 percentage points per year. Total yield, % <table><tr><td>2022</td><td>6.0</td></tr><tr><td>2021</td><td>12.8</td></tr><tr><td>2020</td><td>4.2</td></tr></table> The industry’s total yield , % MSCI Property index excluding Vasakronan <table><tr><td>2022</td><td>1.8</td></tr><tr><td>2021</td><td>14.6</td></tr><tr><td>2020</td><td>6.0</td></tr></table>	2022	6.0	2021	12.8	2020	4.2	2022	1.8	2021	14.6	2020	6.0
2022	6.0												
2021	12.8												
2020	4.2												
2022	1.8												
2021	14.6												
2020	6.0												

1) Based on an average assumed inflation of 1.5%.
2) Measured against MSCI outcome, excluding Vasakronan.

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LONG-TERM FINANCIAL TARGETS

A total yield of at least 6.5% per year (rolling average over ten years)¹.

A total yield of at least 0.5 percentage points higher than the industry.².

Targets 2022

An increase in operating surplus for comparable property holdings of 2.0% compared with 2021.

An occupancy rate of at least 91% at the end of 2022.

Net lettings of SEK 200 million.

A lower percentage of premises (>24 months) with long-term vacancies than at the end of 2021.

The cost of leasehold improvements in conjunction with new office lettings should average less than SEK 2,500 per square metre.

At least 50% of new lettings in offices with low or no leasehold improvements (SEK 0–500 per sq. m.).

Target fulfilment

The operating surplus for comparable property holdings was 3.2% (2.2) for 2022.

At the end of 2022, the occupancy rate was 91.2%.

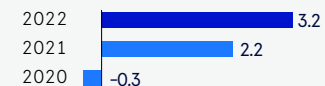
Net lettings amounted to SEK 279 million (negative: 56) for the full-year 2022.

The percentage of premises (>24 months) with long-term vacancies exceeded last year's level.

The cost of leasehold improvements in conjunction with new office lettings increased to SEK 4,310 per square metre.

The share of offices with minor or no leasehold improvements was 33%.

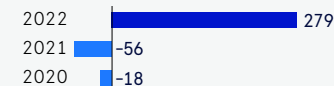
Operating surplus growth for comparable property holdings, %



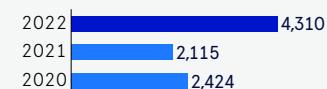
Occupancy rate, %



Net lettings



Leasehold improvements in conjunction with new office lettings, SEK/sq. m.



Targets 2023

An increase in operating surplus for comparable property holdings of 10% compared with 2022.

An occupancy rate of at least 92% at the end of 2023.

Net lettings of SEK 225 million.

A lower percentage of premises (>24 months) with long-term vacancies than at the end of 2022.

The cost of leasehold improvements in conjunction with new office lettings should average less than SEK 2,500 per square metre.

The proportion of leasehold improvements in new lettings that cost less than SEK 500 per square metre must exceed 50%.

1) Based on an average assumed inflation of 1.5%.

2) Measured against MSCI outcome, excluding Vasakronan.

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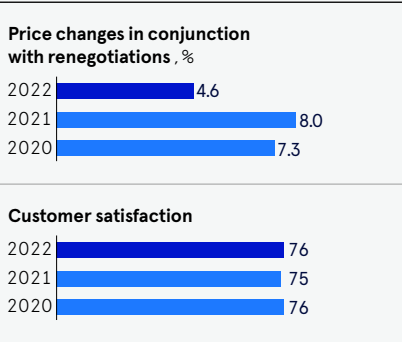
<i>cont.</i> <i>A total yield of at least 6.5% per year (rolling average over ten years)¹.</i> <i>A total yield of at least 0.5 percentage points higher than the industry.².</i>
All of our financing is green.

Targets 2022

Price changes in conjunction with renegotiations should exceed 5.5%.
Overall customer satisfaction should exceed 75.
We broadened our financing by including social aspects as well.

Target fulfilment

Price changes in conjunction with renegotiations totalled 4.6%. Read more on page 92.
The customer satisfaction score was 76 (75)
The work to broaden our financing by including social aspects was not completed in 2022 and will continue in 2023.



Targets 2023

Price changes in conjunction with renegotiations should exceed 2%. The repurchase rate must exceed 75%. Overall customer satisfaction should exceed 75%.
We broadened our financing by including social aspects as well.

1) Based on an average assumed inflation of 1.5%.
 2) Measured against MSCI outcome, excluding Vasakronan.

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Vasakronan's long-term overarching goal is to be climate neutral across the entire value chain by 2030. We can reach that by focusing on long-term targets in four areas: energy, material, waste and transportation.

LONG-TERM ENVIRONMENTAL TARGETS FOR 2030	Targets 2022	Target fulfilment	Contribution to SDGs	Targets 2023
We are self-sufficient and do not need to purchase any energy	Decrease purchased energy by 5%.	Energy intensity, or purchased energy, amounted to an average of 75 kWh/sq. m. (83) for 2022, down 10% on the previous year. Read more on pages 157–158.	Annual energy intensity, kWh/sq. m. 2022 75 2021 83 2020 83 	Decrease purchased energy by 5%.
	At least 85 solar photovoltaic systems in operation.	At the end of the year, 86 (77) solar photovoltaic systems were in operation, producing a total of 9,263 MWh (8,029) of energy. Read more on pages 157–158.	On-site produced electricity, MWh 2022 9,263 2021 8,029 2020 3,749 	At least 96 solar photovoltaic systems in operation.
100% circular use of materials	Increase the share of reused, renewable and recycled material in construction projects.	The share of renewable material used in new construction projects amounted to 3% and the share of reused and recycled material amounted to 4% (comparative figures for 2021 unavailable, as no new construction projects were completed in the previous year). The share of renewable material used in redevelopment projects completed for the year increased to 15% (11). The share of reused and recycled material amounted to 5% (2). Read more on pages 155–156 and 167–169	Share of renewable and reused/recycled material in redevelopment projects, % 2022 15 Renewable material 2021 11 2020 4 2022 5 Renewable and recycled material 2021 2 2020 4 	Increase the share of reused, renewable and recycled material in construction projects by at least 10%.

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LONG-TERM ENVIRONMENTAL TARGETS FOR 2030

	Targets 2022	Target fulfilment	Contribution to SDGs	Targets 2023
100% circular waste management	Increase the sorting of food waste among our tenants	The share of food waste in relation to total household waste was approximately 28% (15), based on actual amounts of food waste measured from properties in Gothenburg, Malmö and the majority of properties in Stockholm. Read more on page 168.	Share of sorted food waste among our tenants, % 2022 28 2021 15 	At least 10% of customers use our waste collection services and thereby have access to their waste statistics. Waste reports are submitted in all leasehold improvement projects. Reduce CO ₂ emissions by 10% (per sq. m.).
	Reduce waste in our construction projects.	In 2022, the average amount of waste in completed new construction projects amounted to 427 kg/sq. m.; no comparative figures were available for 2021, as no new construction projects were completed that year. The average amount of construction waste in completed redevelopment projects was 71 kg/sq. m., compared with 387 kg/sq. m. the previous year. Read more on pages 167-169.	Waste in redevelopment projects, kg/sq. m. 2022 71 2021 386 2020 296 Refers to the average waste per square metre of GFA in redevelopment projects completed during the year. 	
100% fossil-free transportation	Increase the number of charging stations to 1,300.	At the end of 2022, there were 1,467 (1,177) charging stations in operation. During the year, 290 charging stations were put into operation.	No. of charging stations 2022 1,467 2021 1,177 	Increase the number of charging stations to 1,700.

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Our responsibility

Global leaders in sustainability

Industry initiatives and distinctions

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Investment strategy

Property holdings

Sustainable urban development

Property development

Customers

Customer strategy

The preferred choice for our customers

Customer offering

Financing

Financing strategy

Good access to financing

Employees

Employee strategy

Attractive employer

Goals

Social targets

We affect thousands of people in a variety of ways through our operations. To reduce the negative impact that our operations can have, we have long-term goals in four areas: health and well-being, work environments, diversity and equal treatment, and safety and security.

LONG-TERM SOCIAL TARGETS FOR 2030	Targets 2022	Target fulfilment	Contribution to SDGs	Targets 2023
Everyone who works for Vasakronan has acceptable working conditions and a good physical, organisational and social work environment free from worksite accidents.	Our employees would agree that we have a good organisational and social work environment.	This year's employee survey showed that 69% (73) of the employees would say that they have a reasonable level of stress and 75% (77) would say that they can recover between workdays.	Reasonable workload Share of employees, % 2022 69 2021 73 2020 78 Opportunity to recover Share of employees, % 2022 75 2021 77 2020 85	Audits of the work environment and code of conduct must be performed at all major construction sites and at least three of the prioritised service suppliers Reduced number of worksite accidents in construction projects.
	Reduced number of worksite accidents in construction projects.	The accident frequency in major new construction and redevelopment projects rose to 26.7 (14.2 ¹). Read more on pages 172–173.	Accident frequency in major projects Per million hours worked 2022 26.7 2021 14.2 ¹	

1) To enable comparability between years, a new calculation method (Håll Nollan's standard model) has been used for the number of hours worked. This entails that the accident frequency for 2021 has been adjusted from 12.4 to 14.2. The new calculation method has the same number of accidents as the basis, i.e., 50.

Social targets, cont.

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LONG-TERM SOCIAL TARGETS FOR 2030

Targets 2022

Target fulfilment

Contribution to SDGs

Targets 2023

Our company and our suppliers are diverse and have an inclusive corporate culture, and help individuals who are far removed from the labour market to find employment.	Our employees would agree that we have an inclusive culture.	In this year's survey, 93% (96) responded that they believe all employees have equal opportunities and obligations regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. In relation to other property companies we end up at a higher level.	Inclusive culture Share of employees, % 2022 93 2021 96		At least five per 100 employees of Vasakronan's trainees or summer workers come from under-represented groups. All of our contractor procurements must include the requirement to employ those from groups far removed from the labour market. The same requirement is placed on at least three prioritised service suppliers.
	Our employees know how to act in cases of discrimination.	This year's survey shows that 94% (91) of employees know how to respond to discrimination. Read more on page 174.	Responding to discrimination Share of employees, % 2022 94 2021 91	 	
Our areas and properties are aesthetically pleasing and are designed to support: – occupational health and safety – health and well-being – inclusivity for everyone	We intend to create an overall safety strategy for the property portfolio.	The work to develop an overall safety strategy was not completed in 2022 and will continue in 2023. Read more on page 178.		 	At least 75% of the ground floors in our city areas comprise public operations. Improve how safe our neighbourhoods feel.
We have committed employees and are one of the market's most attractive employers.					Our employees are at least as committed as was indicated by the previous year's commitment index. We have excellent leadership, with a leadership index on par with the top 10 companies.



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Clear structure provides control

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Corporate governance comprises the foundation for how a company should be owned and controlled. Good corporate governance ensures that the business is run sustainably, responsibly and as efficiently as possible to be able to realise the company's strategies and to create maximum value and returns for its stakeholders. Vasakronan's corporate governance is based on external and internal regulatory frameworks, clearly formulated goals and strategies as well as sound values. To support the operations, appropriate controls and continuous follow-up are in place.

The Swedish Corporate Governance Code

Vasakronan AB is a public limited company. In view of the general interest in the company's operations, and since the company's bonds are listed on the Stockholm stock exchange, the Swedish Corporate Governance Code has been applied. The company also has bonds listed on the Oslo Stock Exchange and Euronext Dublin, and has chosen Ireland as its home Member State. Accordingly, the Central Bank of Ireland is responsible for supervision pursuant to the Transparency Directive.

Deviations from the Code

As a consequence of its small group of owners, Vasakronan deviates from the Code in the following ways: notices of general meetings and minutes from general meetings are not published on the company's website. None of the members of the Nomination Committee are independent in relation to the owners. Neither the Nomination Committee members nor the Nomination Committee instruction nor the Nomination Committee's proposals for board members are presented on the website. The information is made available to the Board, which includes representatives of all shareholders, via a separate web platform.

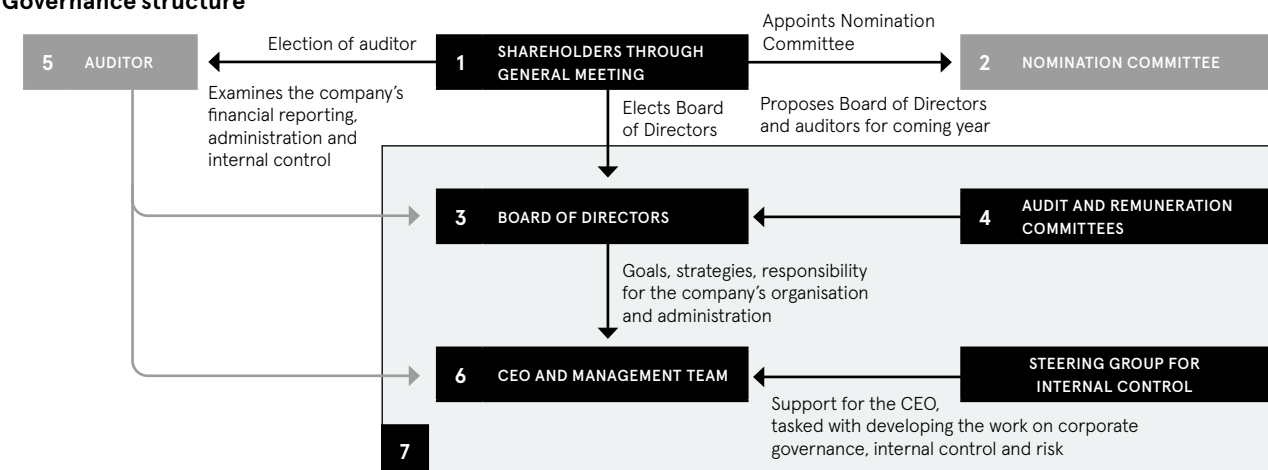
Selected important external regulations:

- The Swedish Companies Act
- Accounting policies, legislation and recommendations
- GRI Standards
- Nasdaq Stockholm Rule Book for Issuers
- The Issuer Rules for Oslo Børs
- Euronext Dublin's Rule Book for Issuers
- The Prospective Directive under Irish law
- The EU Market Abuse Regulation (MAR)
- The Swedish Corporate Governance Code
- UN Global Compact
- Planning and Building Act (PBA), and BBR requirements
- Boverket's Building Regulations (BBR)
- UN Guiding Principles on Business and Human Rights

Selected important internal regulations:

- The Articles of Association
- The Rules of Procedure for the Board of Directors and committees, and the CEO's Instruction
- Internal guidelines and policies such as a financial policy, decision-making and delegation processes, an anti-corruption policy, an environmental policy and a Code of Conduct for employees and suppliers
- Green Finance Framework
- Policy for financial counterparties

Governance structure



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1. SHAREHOLDERS THROUGH GENERAL MEETING

Vasakronan is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds. Shareholders exercise their influence through participation in the annual general meetings (AGMs), which are the highest decision-making body. Under the Articles of Association, the AGM of shareholders must be held within six months of the end of the financial year. The Companies Act and the Articles of Association regulate what is to be resolved at the AGM. Extraordinary general meetings are held if any of the owners so request, or if the Board of Directors considers there is reason to do so.

The tasks of the AGM include:

- Adopting the income statements and balance sheets for the Parent Company and the Group
- Discharging the Board members and CEO from liability
- Resolving on the proposed distribution of profit
- Resolving on fees for the members of the Board and the committees, as well as the auditors
- Electing Board members, members of the Audit and Remuneration committees, and auditors
- Establishing principles for remuneration and other employment terms and conditions for senior executives

The most recent AGM was held on 27 April 2022. All shares and votes were represented and the auditors were present.

2. NOMINATION COMMITTEE

Vasakronan's Nomination Committee comprises representatives of the respective owners and is tasked with presenting proposals ahead of the AGM regarding:

- The number of Board members
- The election of Board members and Chairman of the Board
- The fees for the Board of Directors and members of the Board Committees
- The auditors and auditors' fees
- The instruction for the Nomination Committee

Ahead of its tasks, the Nomination Committee studies the internal evaluation of the work of the Board, the Chairman's account of the work of the Board and the company's strategy, and interviews individual Board members as part of its work. In the Committee's work on producing proposals for Board members, an equal gender distribution must be taken into account, and that the Board in general should be characterised by diversity based on competence, experience and background. The goal of the Committee is to propose a composition of Board members that complement each other in order to thereby create the best value for Vasakronan.

The Nomination Committee consists of representatives from the owners. The Nomination Committee held four minuted meetings in 2022. No fees were paid to the Nomination Committee.

3. BOARD OF DIRECTORS*Composition of the Board*

The Articles of Association stipulate that the Board is to comprise at least three and at most ten members, along with

at most five employee representatives. The owners can, but do not need to be, represented on the Board. In addition to the owner representatives, the ambition of the owners is that the Board of Directors consist of members who are independent in relation to the company and the owners. The independent members will supplement the Board with specific industry competence. The CEO is not a member of the Board, but is present at all Board meetings.

The AGM on 27 April 2022 elected two new members of the Board: Pablo Bernengo and Hannes Hasselrot. They replaced Kerstin Hessius and Christel Kinning, who declined re-election.

Tasks and responsibilities of the Board

The overall task of the Board is to be responsible for organisation and administration of operations, and financial reporting. It also decides on the company's strategy, establishes overarching goals for the company, and is responsible for establishing efficient and appropriate systems for governance, internal control and risk management. The work of the Board is regulated through rules of procedure that are established at the statutory Board meeting every year. These rules include instructions on the Board's areas of responsibility and limitations in relation to the committees and the CEO.

The Chairman of the Board monitors the Board's performance of its tasks. The Chairman also monitors operations in dialogue with the CEO and is responsible for ensuring the other members receive the information necessary to maintain a high level of quality in discussions and decisions. The Chairman is also responsible for evaluating the work of both the Board and the CEO.

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Standing items on the Board’s agenda comprise the report from the CEO, incl. market and business conditions, ongoing projects and transactions, market valuations, financing, ongoing disputes and reporting from the Audit and Remuneration Committees. In addition to these items, the following items were addressed at the past year’s Board meetings.

Scheduled Board meeting Decision on adoption of the Annual Report and remuneration report.			Extraordinary Board Meeting Decision on approval of the prospectus for the 2022 EMTN programme.		Scheduled Board Meeting Focus Gothenburg.		Scheduled Board Meeting Decision on Q2 interim report, investment decisions.		Scheduled Board meeting Final report on Magasin X and Platinan, investment decision.		Scheduled Board Meeting Decision on adjustment of the financial policy, focus on sustainability, investment decisions.
January	February	March	April	May	June	July	August	September	October	November	December
Scheduled Board Meeting Decision on the strategic plan, incl. goals for 2022, evaluation of the work of the Board, report from auditors on the year’s audit, decisions on year-end report, proposed appropriation of profit, report from the Compliance Officer, remuneration review for CEO and management, focus on sustainability (EU Taxonomy).				Annual General Meeting Ratification of income statement and balance sheet, decisions on appropriation of profit and discharge of Board and CEO from liability, establishment of remuneration for Board and auditor, election of Board and auditor. Statutory Board Meeting Decisions on authorised signatories, establishment of Rules of Procedure for the Board of Directors and instructions for the CEO and rules of procedure for the Audit and Remuneration Committees, determination of guidelines and policies. Scheduled Board Meeting Decision on Q1 interim report and review of financing and investment strategy.				Scheduled Board meeting Decision on Q3 interim report.			

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Composition of the Board

	Elected	Indep. of company	Indep. of major owners	Board and Committee fees, KSEK	ATTENDANCE		
					Board meetings	Audit Committee	Remuneration Committee
Pablo Bernengo ¹	2022	No	No	No remuneration	7/7		
Ann-Sofi Danielsson	2017	Yes	Yes	447	11/11	6/6	
Niklas Ekvall	2016	No	No	No remuneration	10/11		4/4
Ulrika Francke	2018	Yes	Yes	820	11/11	6/6	4/4
Eva Halvarsson	2006	No	No	No remuneration	11/11	6/6	
Hannes Hasselrot ¹	2022	Yes	Yes	150	7/7		
Kerstin Hessius ²	2004	No	No	No remuneration	3/4		
Christel Kinning ²	2014	Yes	Yes	145	4/4		
Kristin Magnusson Bernard	2021	No	No	No remuneration	10/11		
Magnus Meyer	2019	Yes	Yes	295	11/11		
Kia Orback Pettersson	2019	Yes	Yes	295	11/11		

1) Elected May 2022. 2) Stepped down May 2022.

Work of the Board of Directors in 2022

The work of the Board of Directors follows an annual cycle of scheduled meetings on fixed dates, adjusted for such matters as the Board needing to adopt the financial statements.

The CEO, CFO and General Counsel (in the capacity of the secretary of the Board) attended the scheduled meetings. Other persons from the organisation such as the Chief Investment & Projects Officer, Chief Sustainability Officer, Group Treasurer and Chief Human Resources Officer have participated as needed, presenting reports on particular cases. Extraordinary Board meetings are held when needed.

The scheduled Board meetings follow a fixed agenda on which the CEO's information on general operations are a standing point. In cases where committee meetings have been held, the chairpersons of the respective committees report on their work. Vasakronan's Compliance Officer (the company's General Counsel) reports to the Board on cases that have

come in to the company's whistle-blower function. Each meeting also addresses whether there is any potential conflict of interest in relation to any of the issues to be discussed at the meeting.

Issues of strategy and risk management are always high on the Board's agenda. Over the past year, the primary focus has been on questions pertaining to the capital markets, property investments and lettings. In addition, sustainability is always high on the Board's agenda.

In total, the Board held ten scheduled meetings in 2022, one of which was statutory. One extra Board meeting was held during the year. In addition to the Board meetings, the Board also conducted one strategy conference that was held together with part of the Management Team. For more information, refer to the section CEO and Management Team.

Evaluation of the Board of Directors

According to the Rules of Procedure, the Board of Directors must conduct an annual evaluation of its work. An evaluation was conducted in 2022 through online questionnaires for each Board member, managed by the Chairman. The results were then followed up by the Board. The purpose of the evaluation is to ensure that the Board is focused on the correct area, that the Board has the correct competence and that it is correctly composed. The results of the evaluation are also used as the basis for the Nomination Committee's work with bringing forward new candidates for the Board of Directors and as a basis for developing the Board's work.

Remuneration to the Board

The AGM passes resolutions on remuneration to the Board. Board fees are not paid to members who represent any of the owners. For the period until and including the 2023 General Meeting, the AGM resolved that the Chairman will receive SEK 750,000 and the other independent members SEK 300,000 in fees. For the Audit Committee, it was resolved that a fee to its Chairman of SEK 155,000 and to independent members of SEK 58,000 would be paid, and a fee of SEK 40,000 to the Chairman of the Remuneration Committee.

4. AUDIT AND REMUNERATION COMMITTEES

In order to enhance the efficiency of its work, the Board has established an Audit Committee and a Remuneration Committee. The primary task of these committees is to prepare the decisions of the Board in these two areas.

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Audit Committee

The Board of Directors has appointed an Audit Committee consisting of three Board members. The Committee’s areas of responsibility are regulated in the rules of procedure established by the Board and include:

- Preparing the work of the Board on quality assurance of the financial reporting, including the sustainability reporting, which in turn comprises addressing material accounting issues
- Monitoring the work of company management on internal control, tax management and risk and corporate governance issues
- Evaluating the audit work and preparing the election of an auditor
- Issuing guidelines concerning the advance approval of non-audit related services performed by the elected external auditor

The Audit Committee receives continual information about the orientation, scope and results of the audit. This take place through the Committee studying the auditor’s written reporting and the auditor being present at certain Committee meetings.

For 2022, the Audit Committee consisted of Ann-Sofi Danielsson, who was also the Chairman, Eva Halvarsson and Ulrika Francke. All members have the competence in accounting required under the Companies Act.

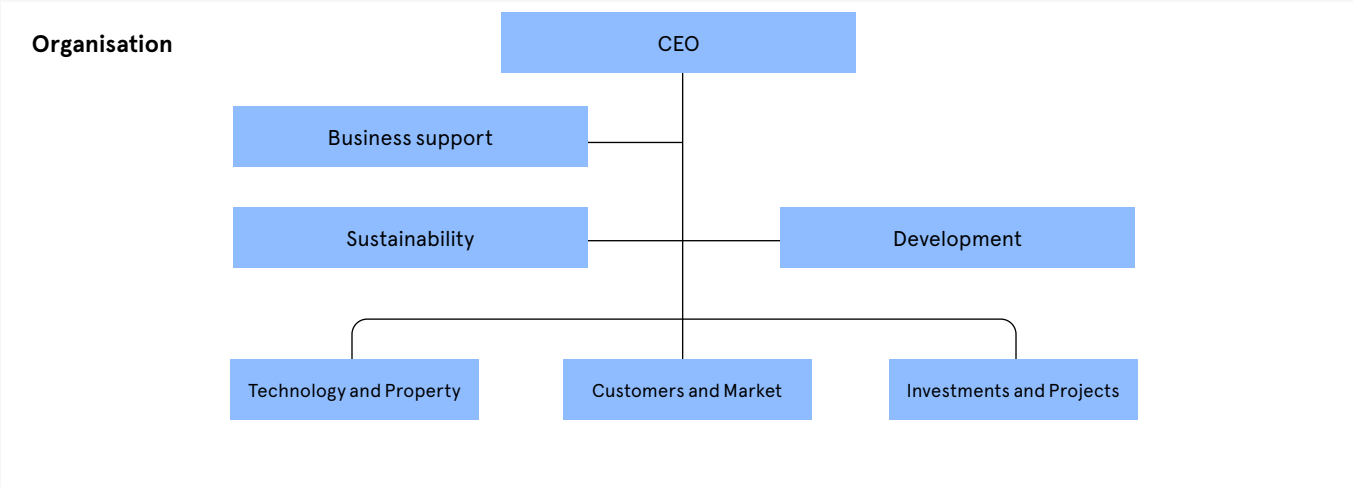
The Committee held six meetings during the year. The company’s auditors attended four of these meetings, two of which pertained to the report on the audit. Moreover, the Committee discussed, inter alia, the company’s financial statements, sustainability reporting and the work of the Management Team on risk and internal control. The CEO, the CFO and SVP for Group Control (the secretary of the Committee) participated in the meetings.

Remuneration Committee

The Board of Directors has appointed a Remuneration Committee consisting of two Board members. The Committee’s areas of responsibility are regulated in a rules of procedure established by the Board and consists primarily of:

- Preparing the work of the Board of Directors on remuneration for senior executives and in the profit-sharing programme for other employees
- Monitoring and evaluating compliance with the “Guidelines for Terms of Employment for Senior Executives in state-owned Companies” that Vasakronan is to comply with as regards remuneration and other terms of employment for company management (refer to Point 6 below for more information).

In 2022, the Remuneration Committee consisted of Ulrika Francke as Chairman and Niklas Ekvall. During the year, the Committee held six meetings, of which three were per capsulam, at which issues of remuneration for senior executives, pensions and principles for profit-sharing for other employees were primarily discussed. The CEO and the Chief Human Resources Officer, who is the secretary of the Committee, participated in all the meetings and the company’s auditors submitted their report from the review of remuneration for senior executives.



5. EXTERNAL AUDIT

In accordance with the Articles of Association, the general meeting must appoint at least one and at most two authorised public accountants with an equal number of deputies. If an auditing company is appointed as auditor, deputies will not be appointed. The auditor is elected for one year at a time.

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The Board of Directors has decided that the selection of an auditor will be preceded at least once every four years by a procurement to be prepared by the Audit Committee.

In addition to issuing the Auditors' report, the selected auditor examines the annual accounts, the consolidated financial statements and accounting records, the Board's and the CEO's administration of the company and the annual accounts of the subsidiaries. The auditor also conducts limited assurance engagements of the Sustainability Report and the Impact Report. The audit and the limited assurance engagements are conducted in accordance with the Companies Act, international auditing standards and generally accepted auditing principles in Sweden.

At the 2022 AGM, Ernst & Young AB was elected as auditor for the coming year, with Katrine Söderberg as Auditor in Charge. More information about the auditors can be found on Page 80. Information about the auditors' fees can be found in Note 2.3 on page 108.

6. CEO AND MANAGEMENT TEAM

The CEO is appointed by the Board of Directors and is responsible for operating activities in Vasakronan, in accordance with the Board's instructions established each year. The CEO is responsible for keeping the Board continually updated on operations and ensures that the Board is provided with the necessary basis for decisions in order to take well-founded decisions.

The CEO has formed a Management Team that, in addition to the CEO at the end of 2022, consisted of eight directly subordinate managers; refer to the presentation on pages 81–82. The Management Team meets regularly in order to handle Group-wide and strategic issues. Six scheduled meetings were held in 2022. At four of them, the interim reports and

operational monitoring were discussed, and two were longer strategy meetings. One strategy meeting is held in the spring, and focuses on the trends and operating environment factors that impact the company. The other strategy meeting is held in the autumn, and the strategic portion of the business plan is developed with focus areas and key issues for operations.

In autumn 2022, the CEO also formed a business management team comprising, in addition to the CEO, the CFO the Chief Marketing Officer, Chief Technology Officer, Chief Investment & Projects Officer and Chief Information & Development Officer. The business management team meets on a monthly basis to discuss business-centric issues.

The principles of remuneration for the CEO and the Management Team are decided by the AGM. Salaries and other benefits for the Management Team, including the CEO, consist only of fixed salaries with no variable remuneration. Vasakronan applies the Government's "Guidelines for Terms of Employment for Senior Executives in state-owned Companies" as regards remuneration and other terms of employment for company management. The company can, however, deviate from the guidelines if there is reason to do so. Vasakronan deviates from the Government's guidelines with regard to remuneration for the Management Team, exclusive of remuneration for the CEO, which is not reported at the individual level in the annual report.

From 1 October 2022, Vasakronan is organised as three units: Customers and Market, Technology and Properties, and Investments and Projects. As support for the organisation, there are central units for business support, which include accounting and finance, communications and, legal and HR. One development unit is responsible for the company's central development initiatives. A Chief Sustainability Officer has been

appointed to govern and monitor the company's work on sustainability topics.

7. GOVERNANCE AND CONTROL

The Board of Directors is responsible for the company having satisfactory and relevant risk management and internal control. The purpose is to ensure that operations are pursued efficiently and sustainably, that external reporting maintains a good level of quality, and that applicable laws and regulations are observed.

Planning, governance and monitoring of operations follows the organisational structure, with a clear delegation of responsibilities and authorisations. The business planning conducted every year creates clear, well-supported plans for how operations are to be pursued in all sections of the company.

Vasakronan's business planning process starts with the Management Team's strategy days in the spring and concludes with the Board of Directors deciding on the strategy plan at its December meeting. In between, business plans are developed for both underlying units and for the company as a whole. The plans formulate both short- and long-term financial, environmental and social goals. The business plan is thereafter monitored continually during the subsequent year.

A risk inventory and risk assessment are conducted every year in conjunction with business planning. The material risks identified are managed in separate action plans. The work on risk management is described in more detail on pages 83–90. A framework of guidelines, policies and instructions established by the Board of Directors and the CEO govern the organisation and its employees for the purpose of ensuring long-term value creation. The framework is to be followed by all employees, and monitoring is conducted continuously.

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As support for the CEO, a special steering group has been established in order to develop the work on corporate governance, internal control and risk. In addition to the CEO, the group consists of the Chief Legal Officer (CLO), the CFO and the Group Controllers. The work in the group is conducted in close collaboration with the Audit Committee, which is responsible for monitoring the quality of internal control. Since existing structures for evaluation and monitoring have so far been deemed sufficient to provide a basis for evaluation by the Board, no separate unit for internal auditing has been established. The decision is, however, taken up annually for re-examination.

SUSTAINABILITY GOVERNANCE

Vasakronan's sustainability governance aims to ensure an effective organisation that develops the company's work and responsibility. The UN's 17 Sustainable Development Goals (SDGs) comprise important starting points, as do the company's own long-term goals.

Work of the Board of Directors with sustainability topics

Each year, Vasakronan's Board of Directors adopts a sustainability policy and codes of conduct. It also holds ongoing discussions, and follows up sustainability work and target achievement. The Board, together with management, bears ultimate responsibility for adopting Vasakronan's sustainability goals. The company's risk analysis is reported to the Board each year, which means that sustainability risks, including risks pertaining to the climate and to human rights, as well as opportunities and actions are also reviewed. Together with the CEO, the Board approves Vasakronan's Sustainability Report each year in conjunction with its signing. The Board has no

separate committee for sustainability topics. Significant deviations from and actions linked to Vasakronan's sustainability policies and codes of conduct are reported to the Board as they arise. During the year, no significant deviations linked to sustainability policies and codes of conduct were reported to the Board. In addition to continuous work with sustainability, the Board received training on sustainability topics linked to Vasakronan's operations on two occasions in 2022, in conjunction with the strategy conference and at the last scheduled Board meeting of the year.

Management's work with sustainability topics

Vasakronan's CEO bears ultimate responsibility for ensuring operations are conducted sustainably, with clear delegation to the Chief Sustainability Officer to drive and develop sustainability initiatives for the entire company. The CEO and Management Team annually approve the materiality review when it is updated and monitor compliance with all sustainability policies as well the fulfilment of sustainability targets.

Governance of work with sustainability

All operations at Vasakronan are encompassed by the sustainability ambitions and the work is governed in the same manner as the rest of the business with the help of a management system consisting of shared policies, guidelines, long-term and short-term goals, and annual business plans. Vasakronan is guided by the precautionary principle, which is integrated into Vasakronan's environmental policy and environmental management system, established in accordance with ISO 14001. Work builds on committed and knowledgeable employees who receive ongoing training in sustainability

topics. All new employees receive training in sustainability as well as the company's policies and codes of conduct.

In 2022, Vasakronan has not been fined in any form, neither related to breaches of environmental legislation nor other legislation.

The starting point for sustainability work

Vasakronan is a responsible actor in the development of society and will contribute to sustainable development. Vasakronan views the precautionary principle and society's requirements in the form of laws and regulations as minimum requirements. Well-functioning work with sustainability requires that Vasakronan:

- Acts in accordance with the UN Global Compact; and
- Contributes to the UN SDGs and the Paris Agreement.
- Follow Vasakronan's Code of Conduct and supplier code of conduct. All Vasakronan's employees and business partners must understand and comply with the respective codes of conduct.
- Continuously raise skills in sustainability through training and communication on sustainability topics.
- Regularly monitor, report and improve the company's work with sustainability.

Internal control of financial reporting

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This report was prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code, and is limited to describing how internal control regarding financial reporting is organised. Vasakronan's goals for internal control regarding financial reporting are to make it relevant and efficient, that is results in reliable reports, and that it ensures that relevant laws and regulations are observed. The report contains no statements on how well internal control functioned during the past financial year, and it has not been audited by the company's auditors.

Control environment

The basis for internal control in Vasakronan consists of a control environment with a clear organisation, clear decision-making paths and a clear allocation of responsibilities. Vasakronan's Board of Directors has overall responsibility for internal control of financial reporting. The Board annually ratifies a number of steering documents such as the Rules of Procedure for the Board of Directors, instructions for the CEO, and financial policy in order to establish and clarify the allocation of responsibilities and authorisations in the organisation. The Board has also appointed an Audit Committee with particular responsibility for preparing quality assurance by the Board of the financial reporting as well as monitoring the work of company management on internal control. The control environment also encompasses the culture and values that both the Board and company management communicate and work from as conveyed by such documents as Vasakronan's Code of Conduct, which is ratified yearly by the Board of Directors. A whistle-blower function has been established to which the company's employees or other stakeholders can turn with

suspicions of improper conduct or crime. A Compliance Officer (Vasakronan's General Counsel) is tasked with managing issues of improper conduct and deficient compliance with regulations in the company. Reporting to the Board of Directors takes place annually.

Based on the steering documents that concern accounting and financial reporting, the CEO is responsible for formulating internal processes and for establishing policies and instructions.

The CFO is responsible for guidelines for financial reporting and ensuring that they are prepared in accordance with applicable accounting standards, and the legal and listing requirements in force.

Risk assessment

As part of business and operations planning, Vasakronan annually conducts an overall risk evaluation. Risks in all the company's key processes are then evaluated based on likelihood and impact. For more detailed information on the company's risk evaluation process, refer to page 84. In addition, risks are continually assessed based on the company's income statement and balance sheet, where every item is evaluated based on its existence, appraisal and completeness.

Risks linked to tax, legal issues or other non-current transactions are evaluated regularly for preventive purposes. Risks are built on management's best assessment of impact and likelihood. The risks in the financial reporting are routinely discussed with the company's auditors.

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Control activities

Control activities are formulated based on the findings of risk assessments. At Vasakronan, there are controls built into all key processes through standardised system solutions, documented and well-established routines and a clear allocation of responsibilities in a centralised financial function. Control activities comprise a mix of preventive measures and monitoring functions, which can be both manual and automatic.

The financial reporting process is constantly reviewed.

The finance function has a clear responsibility for adapting the process as needed to ensure quality in the reporting and that laws and external requirements are observed.

Information and communication

Employees' understanding of Vasakronan's risk situations is an important part of the work of internal control. Awareness of the risks in the financial reporting is created through discussion and dialogue with employees being a natural element both in annual business and operations planning and in routine work.

This communication is facilitated by a centralised finance function, with which employees are in close contact on a daily basis. Guidelines and instruction of essential importance for financial reporting are routinely updated and communicated to the employees concerned. All the routine descriptions and tools needed are available on Vasakronan's intranet together with Group-wide policies and instructions.

Monitoring of internal control

The Board of Directors of Vasakronan has overall responsibility for monitoring internal control. The Audit Committee has particular responsibility for preparing quality assurance by the Board of the financial reporting. Monitoring of the financial reporting takes place continually through the controls and analyses performed by the Board of Directors, the Audit Committee, management and the finance function. These controls and analyses also capture the need for measures or proposals for improvements. Monitoring also takes place through the audit performed by the company's external auditors. The observations from this audit are reported to the Board of Directors, the Audit Committee and company management as well as to the employees concerned.

The company's external auditors regularly report back on the results of their audit to the CFO and to the Audit Committee.

The Board of Directors and auditors

Corporate Governance Report

Internal Control

The Board of
Directors and auditors

Senior executives



Ulrika Francke

Chairman since 2018



Kristin Magnusson Bernard

Board member since 2021



Ann-Sofi Danielsson

Board member since 2017 Member of the Audit Committee since 2018 and Chairman since 2019



Niklas Ekvall

Board member since 2016



Eva Halvarsson

Board member since 2006 and member of the Audit Committee since 2008

Born

1956

1979

1959

1963

1962

Gender

Female

Female

Female

Male

Female

Education

University studies

Ph.D. in Macroeconomics

M.Sc. Economics

Ph.D. Financial Economics and
M.Sc. Industrial Engineering

M.Sc. Economics

Other assignments

Board member of Hexagon, Circura, SIS (Swedish Standards Institute), Sven Tyréns Foundation, SGBC, VREF, Liquid Wind AB and ISO.

CEO of the First National Pension Fund. Board member of Swedish House of Finance, member of the European Central Bank's contact group for financial stability (FSCG).

Board member of Pandox, Nordomatic, Netel and Rusta.

CEO Fourth National Pension Fund. Board member of the Hans Dalborg Stiftelse för Bank- och Finansforskning, the KVA Investment Committee, Polhem Infra and Swedish House of Finance.

CEO Second National Pension Fund. Board member of UN-PRI, Finans-KompetensCentrum, the WIN WIN Award and Misum.

Previous experience

President and CEO of Tyréns, CEO SBC (Sveriges Bostadsrättscentrum AB), Director of Administration and City Commissioner City of Stockholm, President and CEO of Fastighets AB Brommastaden.

Leading positions at the International Monetary Fund (IMF), the European Central Bank and Nordea.

CFO at Bonava, CFO and other executive positions at the NCC Group.

CEO Nordea Investment Management, Vice President Third National Pension Fund, various management positions at Nordea, Carnegie and Handelsbanken.

Tax auditor and manager State governance.

Independent

Independent in relation to the owners, the company and company management.

Not independent in relation to the owners.

Independent in relation to the owners, the company and company management.

Not independent in relation to the owners.

Not independent in relation to the owners.

The Board of Directors and auditors, continued

Corporate Governance Report

Internal Control

The Board of
Directors and auditors

Senior executives



Hannes Hasselrot

Board member since 2022

Born

1980

Gender

Male

Education

University studies in Biochemistry in education

Other assignments

CEO Oriola Sweden and CCO (Chief Commercial Officer) Oriola.

Previous experience

CEO Kronans Apotek, and senior positions at Peak Performance, Liberty London, Bestseller and H&M.

Independent

Independent in relation to the owners, the company and company management.



Pablo Bernengo

Board member since 2022

1974

Male

M.Sc. Economics

CIO (Chief Investment Officer) Third National Pension Fund.

CEO Öhman Fonder, CIO Öhman Fonder, Portfolio Manager DNB and Skandia. Carlson Investment Management.

Not independent in relation to the owners.



Magnus Meyer

Board member since 2019

1967

Male

Licentiate of Engineering in Real Estate Economics and M.Sc. in Civil Engineering

Board member of HiQ, Fagerhult, Infranord, Coor, Kinnarps and Slättö Förvaltning.

Technical attaché in Los Angeles, various management positions at the Ljungberg group and GE Real Estate and Tengbom and WSP

Independent in relation to the owners, the company and company management.



Kia Orback Pettersson

Board member since 2019

1959

Female

M.Sc. Economics

Board member of SVT, ÅWL Arkitekt, ChefAkademin, Knowit, the Karl Adam Bonnier Stiftelse, RO-gruppen and Aqua Dental.

Marketing Director Dagens Nyheter, Deputy CEO Guldfynd and CEO Sturegallerian, as well as several years of experience from Board assignments within the property, retail, service and healthcare sectors.

Independent in relation to the owners, the company and company management.

AUDITORS

Ernst & Young AB

Katrine Söderberg

Auditor in charge

Born: 1981

Other important assignments:

Auditor of Axfast, Corem, Einar Mattson, John Mattson, Micasa Fastigheter and SGAF.

Senior executives

Corporate Governance Report

Internal Control

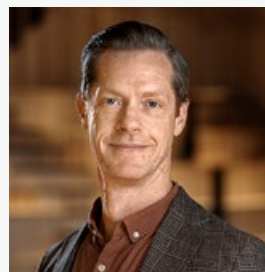
The Board of
Directors and auditors

Senior executives



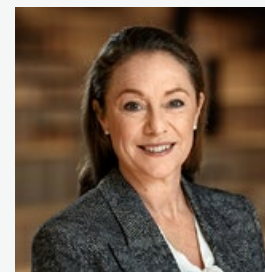
Johanna Skogestig

CEO



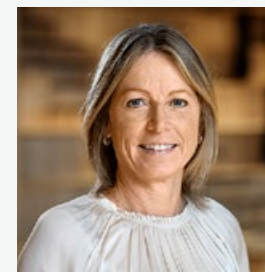
Bo de Besche

Chief Marketing Officer (CMO)



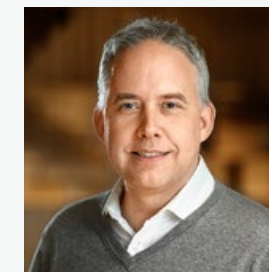
Anna Denell

Chief Sustainability Officer
(CSO)



Sheila Florell

Chief Legal Officer (CLO)



Jan-Erik Hellman

Chief Investment & Projects
Officer (CIPO)

Born

1974

1967

1972

1965

1975

Employed:

2015

2002

1999

2005

2010

**Joined
Management Team**

2015¹

2020

2022

2006

2017

Education

M.Sc. in Surveying

M.Sc. in Surveying

M.Sc. in Civil Engineering

Law degree and
Estate Agent exam

M.Sc. in Surveying

Previous experience

AP Fastigheter, Sveafastigheter
and Areim.

Linköpings kommunala
fastigheter AB.

Locum, Haninge Bostäder and
AP Fastigheter.

If Skadeförsäkring and the Asso-
ciation of Swedish Real Estate
Agents.

JLL and ICA Fastigheter.

Other assignments

Board member of Hemsö.

Board member of
Uppsala Citysamverkan.

Chairwoman of "Hall Nollan"
(Zero Accidents in the
Construction Industry), Board
member of Mistra Carbon Exit,
LFM30 and Fria Byggakademien.

Board member of Hydda Work
AB, Hydda AB and Hydda Hold-
ing AB.

Board member of Stora Ursvik
AB and KB, Järvastaden AB and
subsidiaries, Kista Limitless AB
and Stadsutvecklingarna i
Värtahamnen.

¹) Member of the Management Team since November 2019 in the capacity of CEO.

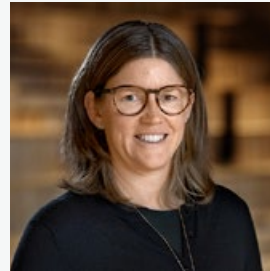
Senior executives, continued

Corporate Governance Report

Internal Control

The Board of
Directors and auditors

Senior executives



Sandra Jonsson

Chief Technology Officer (CTO)



Christer Nerlich

Chief Financial Officer (CFO)



Cecilia Söderström

Chief Human Resources Officer
(CHRO)



Nicklas Walldan

Chief Information &
Development Officer (CIDO)

Born

1980

1961

1962

1971

Employed:

2017

1995

2008

2001

**Joined
Management Team**

2022

1998

2008

2008

Education

M.Sc. in Civil Engineering

Graduate in Economics

Graduate studies in personnel
and labour market

M.Sc. in Civil Engineering

Previous experience

Schneider Electrics.

Newsec and FastighetsRenting.

Svenska Spel and Ericsson.

Tyréns.

Other assignments

Board Member of BIM Alliance.

Board Member of
Akademiska Hus.

Board member of Almega
tjänsteförbunden and
Almega AB.

Board member of
Svensk Byggtjänst.



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Process for risk efforts

Risk areas

Risk descriptions and
management

Risks and risk management



Reasonable and desirable levels for risk taking

Process for risk efforts

Risk areas

Risk descriptions and management

Vasakronan has been tasked with delivering a high and stable, long-term return to its owners. At the same time, consideration needs to be given to people, the environment and professionalism. To best reach these goals, several external and internal factors that affect our operations need to be taken into consideration and managed.

All business operations are associated with risks, which when managed correctly can give rise to opportunities. When managed incorrectly, risks can have considerable negative consequences in the form of lower revenue, higher costs or reduced credibility. Efforts to identify, analyse, manage and follow up risks are therefore a prioritised area at Vasakronan.

Ultimately, it is the Board's responsibility to establish appropriate and effective systems for risk management and internal control. The Board has delegated day-to-day responsibility to the CEO and has established guidelines in terms of how to conduct these efforts. The CEO is supported by a steering committee for internal control that, in addition to the CEO, comprises the CFO, General Counsel and Group Controllers. The steering committee's responsibilities include follow up and ongoing development of internal control. Vasakronan's day-to-day risk efforts involve all employees and follow a structured process.



Our risk areas

Process for risk efforts

Risk areas

Risk descriptions and management

Vasakronan's material risks are divided into 14 risk areas. Descriptions of the risk areas are provided on pages 86–90.

Rising energy prices	Likelihood ●	Impact ●	Trend ↗
Financing – access	Likelihood ●	Impact ●	Trend ↗
Financing – interest rates	Likelihood ●	Impact ●	Trend ↗
Projects	Likelihood ●	Impact ●	Trend ↗
Suppliers	Likelihood ●	Impact ●	Trend →
Unsafe neighbourhoods	Likelihood ●	Impact ●	Trend ↗
Lettings – retail	Likelihood ●	Impact ●	Trend ↗
Lettings – offices	Likelihood ●	Impact ●	Trend ↗
Changed needs of tenants	Likelihood ●	Impact ●	Trend ↗
Information and data security	Likelihood ●	Impact ●	Trend ↗
Regulatory compliance	Likelihood ●	Impact ●	Trend →
Employees	Likelihood ●	Impact ●	Trend ↗
Climate changes	Likelihood ●	Impact ●	Trend →
Sustainability	Likelihood ●	Impact ●	Trend →

Vasakronan's assessment and management

All of the risk areas are ranked based on their impact on operations and the likelihood of the risk occurring.

- Low impact or likelihood
- Moderate impact or likelihood
- High impact or likelihood

The trend arrows show whether risk's future significance is unchanged, more important or less important compared to today.

- ↗ Trending upwards
- Unchanging
- ↘ Trending downwards

Vasakronan's strategies encompass all material risks. The ongoing work on strategy conducted by operations enables the company to minimise material risks.

Material risks

Process for risk efforts

Risk areas

Risk descriptions and managementa

Risk description	Assessment, analysis and exposure	Management
Energy prices	Likelihood ● Impact ● Trend ↗	
The management of properties is an energy-intensive operation. Accordingly, the cost of energy has a considerable impact on property companies' earnings, but also impacts tenants and their payment capacity.	Energy prices rose sharply in 2022, with increasing costs for Vasakronan. At the same time, price hedging of electricity supplies has limited the scope of the increase, and agreements with tenants also entail onward invoicing of energy costs. Indirectly, however, Vasakronan may be impacted in the event tenants' payment capacity deteriorates, but in 2022 there were no such indications. A price increase of SEK 0.10 per kwh has an impact of approximately SEK 8 million on Vasakronan's costs.	• Investments in energy efficiency, read more on page 23 • On-site produced electricity, mainly by solar photovoltaics, read more on page 23 • Monitoring and adapting to market trends and our own energy needs • Price hedging of electricity derivatives • Onward invoicing of energy costs under leases
Financing – access	Likelihood ● Impact ● Trend ↗	
Property is a capital-intensive industry and it is important to secure access to borrowed capital. An increasingly turbulent operating environment and/or system problems as a result of company-specific problems in the financial sector could lead to new financing or refinancing becoming more expensive or impossible.	Vasakronan has a stable ownership structure, a strong financial position and an LTV of 40%. The company's A3 rating from Moody's provides wider access to more sources of finance as well as financing with longer tenors. The company strives for an even maturity structure for its liabilities, with a low portion of short-term financing. Altogether, this reduces the risk in new financing and refinancing.	• Active efforts to diversify sources of financing • The average maturity of interest-bearing liabilities is not permitted to be lower than two years • Not more than 40% of interest-bearing liabilities are permitted to mature within the next 12 months and all maturities within 12 months are covered either by cash and cash equivalents or confirmed credit facilities • Maintaining an A3 rating from Moody's • Credit facility from owners
Financing – interest rates	Likelihood ● Impact ● Trend ↗	
Interest on borrowed capital is a large cost item for property companies. Rising interest rates negatively affect borrowing costs and financial key metrics. Moreover, they lead to higher yield requirements and a consequent decline in property values.	In 2022, the average interest rate on Vasakronan's borrowing rose as a result of rising market interest rates. However, the increase was limited due to long fixed-interest tenors, which at the end of 2022 were 4.0 years. The interest coverage ratio remained healthy at a multiple of 4.8, well above the target of not less than 2.0. Vasakronan holds a strong credit rating of A3 stable outlook, which creates possibilities for continued funding at a relatively low cost. A one percentage point hike in interest rates would have an impact on Vasakronan's earnings of SEK 256 million.	• The average fixed-interest tenor of interest-bearing liabilities is not permitted to be lower than two years • Not more than 55% of interest-bearing liabilities are permitted to have fixed-interest maturities within 12 months • A fixed-interest structure is to be pursued that ensures that the interest coverage ratio never falls below a multiple of 2.0

Process for risk efforts

Risk areas

Risk descriptions and
managementa

Risk description	Assessment, analysis and exposure	Management
Projects	Likelihood ● Impact ● Trend ↗	
Redevelopments, extensions and new construction projects entail risks across all phases, which increases with the project's complexity. Risks in construction projects are primarily financial, technical or time-related.	Vasakronan has a large number of ongoing projects, several of which are complex, extend over a long period of time and involve many different parties. Calculation errors, delivery delays, lack of resources and competence or increased expense due to unforeseen events or carelessness can lead to substantial financial consequences. Construction costs rose sharply in 2022 due to high material prices and high transport and energy costs. The increase in construction costs has resulted in cost increases for Vasakronan's ongoing projects. Residential construction halted at year end and as a result, construction prices began to level off.	• Quality assurance of internal processes including risk analysis, project reviews and exchanging experiences • Structured evaluations are conducted during the project period with all parties involved • Highly skilled project organisation • Contractual agreements with partners • The Code of Conduct as well as clear and proactive supplier procurement process • Competitive procurement • Reuse inventories at project starts
Suppliers	Likelihood ● Impact ● Trend →	
Violations of human rights, unethical behaviour or operations that are not conducted according to good business practice from any of our partners or anyone acting on behalf of Vasakronan can lead to reduced confidence in Vasakronan and therefore entail harm to financial performance and the brand.	Vasakronan is one of Sweden's largest property companies and there is considerable public interest in Vasakronan's operations. We have many suppliers and partners, often in several parts of the supply chain. Violations of human rights or unethical behaviour at any of them can lead to reduced confidence from stakeholders and therefore to financial damage.	• Supplier code of conduct • Framework agreement and procurement policy • Site visits and sample tests in projects • Regular reviews/audits • Whistle-blower function • Stakeholder dialogues with suppliers, page 139 • GRI 308-1, page 171 • GRI 414-1, page 177 • GRI 205-3, page 154

Process for risk efforts

Risk areas

Risk descriptions and
managementa

Risk description	Assessment, analysis and exposure	Management
Unsafe neighbourhoods	Likelihood ● Impact ● Trend ↗	
Neighbourhoods that are perceived as unsafe due to crime, graffiti, planning or negative reputation are less attractive.	Neighbourhoods that are perceived as unsafe lose appeal, which in turn leads to increased vacancies and declining property values. Vasakronan works actively with neighbourhood and street strategies, which includes developing action plans for various neighbourhoods and streets. The goal is to invigorate places and create neighbourhoods where people want to spend their days as well as their evenings.	• Street strategy for creating attractive neighbourhoods • Safety measures such as outdoor lighting, alarms and surveillance • Comfortable outdoor environments with landscaping and paving • Citysamverkan projects • Invigorating neighbourhoods and encouraging activity there after office and store hours • Focus on safety and security, page 178 • Stakeholder dialogues with tenants and society, page 139 • GRI 416-A, page 178
Lettings – retail	Likelihood ● Impact ● Trend ↗	
Digitalisation, the economy and new consumption patterns are affecting the lettings market for retail premises and resulting in downward pressure on rents and increased vacancies.	Lower demand for store space means lower rental revenue and higher vacancies for Vasakronan. Vasakronan's retail locations are primarily in central locations with heavy foot traffic. The company believes demand will remain firm for these types of properties, even for other uses, which will reduce the negative effect of the decline in shopping in physical stores.	• Competitive intelligence • Offer flexible solutions • Close and proactive dialogues with existing tenants • Clear concepts for shopping precincts • Broad distribution of tenants and durations • Conversion of retail to offices or other uses
Lettings – offices	Likelihood ● Impact ● Trend ↗	
Technological development, the economy and new work patterns are affecting the lettings market for office premises and resulting in downward pressure on rents and increased vacancies.	Lower demand for office space means lower rental revenue and higher vacancies for Vasakronan. Vasakronan's office premises are located in attractive areas in growth areas. The company offers products that are in demand in the market and continuously broadens its offering, which reduces the negative impact of a waning demand for office premises.	• Vasakronan benefits from prime locations and high quality • The transition to hybrid working means that Vasakronan's flexible offering (Arena, Smart & Klart) is an increasingly important part of the customer offering • Increased tendencies for companies to move generates business opportunities • Vasakronan strives to limit exposure to any one sector or tenant and to have an even spread of lease durations

Process for risk efforts

Risk areas

Risk descriptions and
managementa

Risk description	Assessment, analysis and exposure	Management
Changed needs of tenants	Likelihood ● Impact ● Trend ↗	
Changed patterns of working and increased digitalisation set new requirements for premises and the offering. Companies who do not adapt their operations and offerings to new conditions risk losing customers and market shares, which in the long run can lead to becoming unprofitable.	Vasakronan aims to be at the forefront as regards the use of modern technical solutions, and of service and product offerings. This requires the company to identify trends and demand as well as to develop and try new and unproven solutions. Vasakronan strives to develop the right skills in combination with close partnerships with customers, suppliers and other companies.	• Competitive intelligence • Organisation that focuses on and promotes change and development, that is bold enough to test new solutions • New innovative solutions in, for example, prop-tech and energy • Collaboration with relevant parties
Information and data security	Likelihood ● Impact ● Trend ↗	
In pace with increasing property sector digitalisation, there is a growing vulnerability to data hacking, virus attacks and fraud.	Well-functioning information and data security is essential for operations. Development in these areas is rapid and is becoming increasingly complex. If critical information is lost or falls into the wrong hands as a result of a computer crash, data hacking or inadequate IT security, the financial consequences could be considerable and the company's credibility may be damaged.	• IT security policy • High degree of security awareness among employees through regular training and internal communication • The highest level of back-up solutions, firewalls, access solutions, antivirus programmes and incident reporting systems • Regular penetration tests
Regulatory compliance	Likelihood ● Impact ● Trend →	
All companies must adhere to the applicable laws, rules and regulations, which are often extensive and complex. At the same time, non-compliance with regulations can lead to economic consequences or damaged confidence.	To ensure regulatory compliance, Vasakronan continuously strives to stay updated vis-à-vis current and new regulations as well as to monitor compliance. No material deviations from applicable regulations were noted in 2022.	• Continuously follow developments in terms of laws, rules and regulations in relevant areas • Analysis of the possible effects of changes in rules and acting with the above in mind • Active participation in debates in various forums • Internal training in applicable regulations • Expert internal competence and clear allocation of responsibility and authorities

Process for risk efforts

Risk areas

Risk descriptions and
managementa

Risk description	Assessment, analysis and exposure	Management
Employees	Likelihood ● Impact ● Trend ↗	
Employees with the right skills are essential if operations are to function and deliver the desired results, where technological developments impose new requirements. Retaining and developing existing employees as well as recruiting new staff is therefore critical.	The development of operations and remaining relevant for the market requires that the company continuously adds new skills in the form of further training and new recruitments. Vasakronan strives to be an attractive employer for qualified personnel. The strong brand together with the innovative, values-driven corporate culture engender considerable interest in working at the company.	• Sustainable operations in every dimension • Development plans for employees and succession planning for key personnel • Collaboration with universities • Corporate culture that promotes curiosity, diversity, innovation and flexibility • Regular needs analyses • Stakeholder dialogues with employees, page 139
Climate changes	Likelihood ● Impact ● Trend →	
Higher temperatures, extreme weather events and rising sea levels entail risks that properties and/or buildings will be damaged. In the long term, properties in areas that are close to the sea risk permanent flooding.	Climate change poses new demands on properties, which comprise our largest asset. Vasakronan needs to monitor climate issues and work proactively to minimise the risk that, in the future, some properties will be unusable or the cost of rectifying the damage will be high.	• Climate scenario analyses every five years • Monitoring external trends in research and the consequences of climate change • Inventorying the existing property portfolio, surveying risks and developing action plans • Risk analyses for new construction and acquisitions as well as preventive measures • Risk analysis, page 146 • GRI 201-2, page 153
Sustainability	Likelihood ● Impact ● Trend →	
Sustainability is a relatively young area. It lacks traditional concepts and definitions. Legal requirements are constantly changing or growing more stringent. This entails high requirements for internal and external communication as well as solid monitoring.	Vasakronan has high sustainability ambitions and goals. A large share of the company's financing is green, which has stringent requirements for accurate information and reporting. It is critical that at any given moment, Vasakronan complies with the applicable legal requirements as well as the requirements set by other partners. If the company does not meet these requirements, stated promises and goals, there is a risk of damage to the company's reputation and a loss of trust from stakeholders. This will also lead to higher interest expenses if the company no longer meets the terms for green financing.	• Clearly defined sustainability goals • Practise what we preach • Skills development • Developing the building management system • Communication plans • Preparation of a sustainability report subject to review

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of changes in equity](#)[Consolidated cash-flow
statement](#)[Parent Company
financial statements](#)[Note contents](#)[Notes](#)[Quarterly overview](#)[Five-year overview](#)[Board of Directors' signatures](#)[Auditors' report](#)

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Five-year overview

Board of Directors' signatures

Auditors' report

The Board of Directors and CEO of Vasakronan AB (publ), corporate registration number 556061-4603, hereby present the 2022 Annual Report for the Group and Parent Company.

ABOUT VASAKRONAN

Vasakronan is Sweden's leading property company. The property portfolio comprises 166 properties with a total area of about 2.4 million square metres and a market value of SEK 188 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's head office is located in Stockholm.

Property-related key metrics

	2022	2021	2020	2019	2018
Number of properties	166	168	171	174	174
Lettable area, thousand sq. m.	2,398	2,348	2,339	2,322	2,372
Rental value, SEK m	9,612	8,592	8,187	7,785	7,403
Economic occupancy rate, %	91.2	91.4	91.9	94.1	93.1
Surplus ratio, %	73	75	74	74	73
Net lettings, SEK m	279	-56	-18	426	19
Environmental certification of investment portfolio, proportion of market value, %	93	94	92	92	92
Energy intensity on closing date, kWh/sq. m.	75	83	83	92	103

REVENUE, COSTS AND EARNINGS

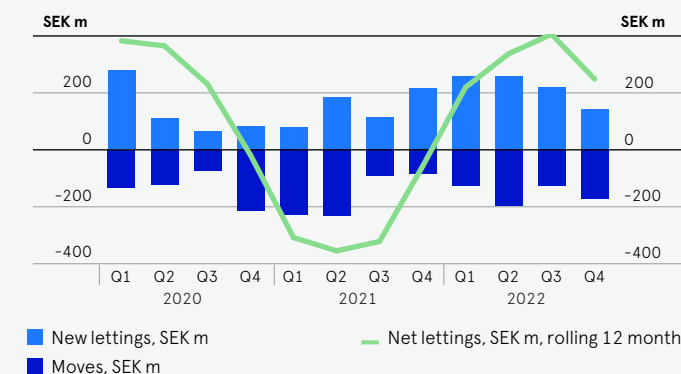
Rental revenue

Rental revenue for the year increased 10% (6) to SEK 8,167 million (7,425). For comparable property holdings, the increase in rental revenue was 6% (2). The increase was primarily due to increased onward invoicing of property tax and electricity as well as to indexation. Most of Vasakronan's leases include indexation clauses, primarily with quarterly settlement. The indexation largely follows the consumer price index. The increase in revenue during the year was offset by increased loss of revenue due to higher vacancies.

New lettings corresponding to 159,000 square metres (124,000) and an annual rent of SEK 915 million (592) were contracted during the year, of which 17% (13) of the annual rents impacted on revenue in 2022. Of the new lettings for the year, SEK 301 million (124) pertained to project developments. Notices to vacate were received during the year corresponding to annual rent of SEK 637 million (648) and net lettings thus amounted to SEK 279 million (negative: 56).

Lettings corresponding to 282,000 square metres (384,000) and an annual rent of SEK 1,078 million (1,326) were renegotiated during the year. These renegotiations resulted in an increase on the previous rent payable of 5% (8). The result of renegotiations for the year for office leases amounted to 6% (10) and for retail the result was down 1% (negative: 3). Of all the contracts up for renegotiation over the last twelve months, including those that have moved within the property portfolio, almost 70% (75) have chosen to remain a tenant of Vasakronan.

Strong net lettings



The occupancy rate at the end of the year was 91.2%, compared with 91.4 at the end of the year-earlier period. Of total vacancies, 1.2 percentage points (1.1) were attributable to ongoing project developments and development properties.

Property expenses

Property expenses increased 16% during the period to SEK 2,199 million (expense: 1,892). For comparable property holdings, the increase in property expenses was 14% (2). The increase was mainly due to increased property tax and higher electricity costs compared with last year. Excluding property tax, costs rose 11%.

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Operating surplus and yield

Operating surplus for the year increased 8% (7) to SEK 5,968 million (5,533). For comparable property holdings, the increase in operating surplus was 3% (2). The surplus ratio was 73% (75) as a result of higher costs. The yield for the year amounted to 3.2% (3.4) for the total property portfolio and 3.5% (3.7) for investment properties. The yield has been calculated as the operating surplus with the add back of ground rents in relation to the market value of the properties at the start of the year.

Administration

Administration costs totalled SEK 495 million (488) for the period, of which property administration costs were SEK 379 million (364) and central administration costs SEK 116 million (124). The increase in administration costs was due to higher costs primarily resulting from a larger investment portfolio in 2022 compared with 2021.

Net financial items

Net financial items for the year declined to an expense of SEK 1,208 million (expense: 1,051), due to increased interest-bearing liabilities and higher interest rates. The average interest rate for loans and derivatives increased to 2.1% (1.3) at the end of the year. The interest coverage ratio for the year increased to a multiple of 4.8 (5.2), primarily due to higher net financial items. The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 for the corresponding period.

Income from property management

Income from property management increased 7% to SEK 4,481 million (4,193). The increase was explained by a rising operating surplus, which was concurrently offset by a deterioration in net financial items.

Change in value of investment properties

On 31 December 2022, the entire property portfolio had been valued externally. Altogether, the change in the property value amounted to SEK 4,917 million (15,255), which corresponded to a 2.8% (9.5) increase in value for the year. Changes in value for the investment portfolio amounted to an increase of SEK 3,640 million (11,968), corresponding to an increase of 2.3% (8.8), and for project developments and development properties to an increase of SEK 1,362 million (3,408), corresponding to an increase of 5.6% (13.0). The percentage increase in value was greatest for office properties in Stockholm's CBD and Central Stockholm. The value increase in the project portfolio was due primarily to reduced completion risk and good occupancy rates.

The average yield requirement used for valuation of the property portfolio was 3.95%, compared with 3.87% for corresponding properties at the end of 2021.

Change in value of financial instruments

The positive value change in derivatives increased to SEK 1,291 million (938), which was mainly due to the substantial increase in long-term market interest rates during the year. Derivatives

are used to adjust interest-rate risk in the loan portfolio and to hedge borrowings in foreign currencies. At the end of the year, the derivative portfolio amounted to SEK 82,755 million compared with SEK 75,474 million at year-end 2021, of which SEK 54,200 million (49,580) comprised interest-rate swaps and SEK 28,555 million (25,894) cross-currency basis swaps.

Tax

The Group reported a total tax expense of SEK 2,067 million (expense: 4,213). Of the tax expense, SEK 135 million (expense: 223) was current tax expense and SEK 1,932 million (expense: 3,990) was deferred tax expense resulting from temporary differences attributable to investment properties and financial instruments. The effective tax rate for the period amounted to 19.6% (20.5).

On 31 December 2022, the deferred tax liability was SEK 28,212 million, compared with SEK 26,273 million at year-end 2021. The deferred tax liability pertained primarily to investment properties. The change in tax liabilities was due to the period's unrealised value increases in the investment properties.

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

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PROPERTY HOLDINGS

At year end, the property portfolio comprised 166 properties (168) with a total lettable area of 2.4 million sq. m. (2.3). On 31 December 2022, the entire property portfolio had been valued by external appraisers with an assessed market value of SEK 188,317 million compared with SEK 181,575 million at year-end 2021. The change in value during the period amounted to SEK 4,917 million (15,255), corresponding to an increase in value of 2.8% (9.5). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 11.1 billion/positive SEK 12.6 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 external 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.

Change in property values

SEK m	2022	2021
Opening value, 1 January	181,575	162,420
Investments	2,366	4,137
Acquisitions	0	214
Sales	-543	-449
Change in value	4,917	15,255
Closing value, 31 December	188,317	181,575

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 year, some 93% (94) of our investment portfolio based on its market value was environmentally certified, of which 88 percent (82) was rated according to LEED Gold or higher. During the year, a number of properties underwent recertification, which resulted in higher classifications due to the effect of the energy saving measures implemented at the properties.

PROPERTY DEVELOPMENT

Over the year, SEK 2.4 billion (4.1) was invested in new construction, extension and redevelopment. At year end, the total investment volume of ongoing property projects amounted to SEK 5,680 million (10,134), of which SEK 5,680 million (7,932) had been capitalised. The occupancy rate for major projects was 70%. The changes in investment volume and occupancy rate were primarily attributable to the completion of the properties Platinan in Gothenburg, Kronan in Sundbyberg, Magasin X in Uppsala, Strömshuset in Gothenburg and Nattugglan in Stockholm with a total investment volume of SEK 5,700 million.

In total, contracts have been signed in major ongoing projects equivalent to SEK 270 million in annual rent. The total contracted annual rent for these projects when fully let amounts to SEK 400 million.

Vasakronan continuously improves its property portfolio by buying and divesting properties, which creates the preconditions for an increased long-term return. During the year, the Kurland 11 and Diktaren 1 properties were divested for a total consideration of SEK 565 million.

Property divestments 2022

Property	City	Buyer	Purchase price, SEK m	Transfer date
Kurland 11	Stockholm	Gillesvik	155	Aug 2022
Diktaren 1	Solna	SBB	410	Oct 2022
Total agreed property value			565	
Transaction costs			-22	
Total purchase price			543	

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FINANCING

Since 2018, Vasakronan has held a rating of A3 with a stable outlook from Moody's. The rating confirms the high quality of the company's properties and its diversified tenant portfolio over many sectors that contains a high percentage of public sector tenants. Moody's also highlighted Vasakronan's high proportion of environmentally certified properties in its assessment of the company.

Vasakronan's strong credit rating not only provides Vasakronan with access to longer tenors – it also makes financing accessible in the majority of markets. In total during the year, Vasakronan raised borrowings of SEK 16.7 billion (11.9), of which SEK 7.8 billion (11.9) comprised bonds issued to investors in the Nordic region, Central Europe and Asia. Vasakronan has bonds denominated in eight currencies and 37% (35) of the total liability at the end of the year consisted of borrowing in currencies other than SEK.

The change in value on foreign currency borrowings is recognised against interest-bearing liabilities in the balance sheet. At the end of the year, the negative change in value on foreign currency borrowings amounted to SEK 1,654 million (positive: 249). Borrowing in foreign currencies is fully hedged through cross-currency basis swaps, which eliminate currency risk during the tenor of the loans. A corresponding positive effect can thus also be found in the balance sheet in underlying derivatives.

During the year, bank financing of SEK 8.9 billion (–) was raised, of which SEK 6.9 billion (–) comprised secured bank loans. Of these, SEK 3.6 billion comprised loans maturing in 2023, which were refinanced early with maturities of between

five and six years. Total secured bank loans amounted to 5% (4) of the company's total assets at the end of the year.

At the end of the year, interest-bearing liabilities net of cash and cash equivalents amounted to SEK 74,441 million, compared with SEK 70,317 million at the previous year end. The loan-to-value ratio was thus 40% (39). Interest rate sensitivity decreased during the year and fixed-interest maturity within 12 months amounted to 29% (43) of interest-bearing liabilities at year end, while the average fixed-interest tenor decreased slightly to 4.0 years (4.6). The increase in market interest rates has resulted in the average interest rate for loans and derivatives increasing to 2.1% at the end of the year, compared with 1.3% at the previous year end.

To minimise financing risk and secure its access to capital, the company has a credit facility with its owners, namely the First, Second, Third and Fourth Swedish national pension funds, that 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 year. Cash and cash equivalents of SEK 2,984 million (3,521) and the unutilised credit facility from the owners together correspond to 192% (162) of loans maturing over the next 12 months. The average loan-to-maturity, including the above credit facilities, had increased to 5.7 years (5.5) at the end of the year.

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 year were green. The volume of green bonds had increased to

SEK 44,819 million (43,317) at the end of the year. In 2018, Vasakronan issued the world's first green commercial paper.

At the end of the year, the volume outstanding of green commercial paper increased to SEK 4,400 million (4,280). The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank increased to SEK 6,396 million (4,940) at the end of the year, and green secured bank loans amounted to SEK 5,603 million (1,760). The percentage of green financing, consisting of green bonds, green commercial paper, green Namensschuldverschreibung (NSVs) (Eng: registered bond) and green bank loans, increased to 82% (74) of the total loan portfolio.

A more comprehensive description of the company's green financing and the investments made under Vasakronan's Green Finance Framework is available in the Impact Report – Green financing on pages 180–187 of Vasakronan's 2022 Annual Report.

Equity

Equity increased to SEK 89,767 million as of 31 December 2022, compared with SEK 85,290 million at year-end 2021. Comprehensive income for the year amounted to SEK 8,468 million, compared with SEK 16,365 million last year. The minority share of equity amounted to negative SEK 9 million, compared with SEK 6 million at year-end 2021. The change was mainly due to the sale of the subsidiary Tmpl Work.

At the end of the year, the equity/assets ratio was 43%, unchanged compared with year-end 2021.

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Cash flow for the year

Cash flow from operating activities before changes in working capital increased to SEK 5,903 million (5,431) as a result of a higher operating surplus and lower taxes paid.

Investments in existing properties decreased during the year to SEK 2,366 million (4,137) as a result of a lower project volume. In total, net borrowing for the year amounted to SEK 1,650 million (3,132). Altogether, cash and cash equivalents decreased SEK 537 million (963) and totalled SEK 2,984 million (3,521) at year end.

OTHER INFORMATION

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 year was SEK 582 million (510), which primarily consisted of the Parent Company's invoices to the subsidiaries for services rendered.

Profit from participations in subsidiaries of SEK 14,464 million (2,538) pertained primarily to tax free dividends received from subsidiaries.

The value change in financial instruments was SEK 1,291 million (938) as a result of the substantial increase in market interest rates during the period. Profit before tax thus amounted to SEK 15,136 million (2,673). Closing cash and cash equivalents amounted to SEK 2,975 million (3,513).

Personnel

As of 31 December 2022, the number of employees was 294 (290). In 2022, the average number of employees was 288 (294) of these 129 (133) were women and 159 (161) men. At the balance-sheet date, the gender breakdown of the senior executives was as follows: 5 (5) women and 4 (7) men, and for the Board: 5 (7) women and 4 (2) men.

Vasakronan endeavours to be a company where the diversity of society is reflected in the composition of its personnel. All employees and job applicants will be treated equally, and no discrimination will be accepted. Further information related to staff composition can be found on pages 174–176.

Sustainability Report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Vasakronan has chosen to prepare its statutory Sustainability Report separately from its Annual Report. The scope of the Sustainability Report is available on page 138. There are two exceptions, the description of the company's business model on page 18 and the information on risk management on pages 84–90.

Climate risks

Since 2017, Vasakronan has described its climate work based on TCFD guidelines. This year's description is on pages 141–147 and the aim is primarily to provide investors with information about the risks and possibilities that a transition to a society with lower carbon emissions entails. They are also intended to provide a description for stakeholders of how operations will

be affected by climate changes and the potential financial impact that these are deemed to have on the company's financial performance and position. Based on the risks and analyses in our TCFD report, the assessment is that the climate risks identified for our operations will not have any significant impact on Vasakronan's financial position in the short term. For more information about governance, strategy and risk management in this area, refer to pages 141–147.

Appropriation of profit

The Board proposes that the profits available for disposal of SEK 19,774,669,552 be carried forward in their entirety.

Future performance

The ongoing conflict in Ukraine together with the uncertain geopolitical situation in the world will continue to impact both on financial markets and on monetary policy, but it is impossible to predict how serious and how long-term these effects may be. Vasakronan's offering remains strong and comprises wonderful properties in markets and locations in high demand, with a range of products that meet customers' needs. In combination with strong cash flows, both from the existing property portfolio and from projects, this will ensure healthy earnings even in 2023. The target for 2023 is an increase in net operating surplus in comparable property holdings of 3.2%. Vasakronan's property portfolio will continue to develop with planning for new projects and we expect to invest approximately SEK 2.3 billion in projects during 2023 with the aim of developing the property portfolio.

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Amounts in SEK million	2022	2021	Note
Rental revenue	8,167	7,425	2.1-2
Operating expenses	-864	-760	
Repairs and maintenance	-117	-100	
Property administration	-379	-364	2.3
Property tax	-839	-668	
Total property expenses	-2,199	-1,892	2.3
Operating surplus	5,968	5,533	
Central administration	-116	-124	2.3
Result from participations in associates and joint ventures	-151	193	7.2
Financial income	30	4	2.5
Financial expenses	-1,238	-1,055	2.5
Interest expense lease liability; ground rents and land leases	-160	-160	
Profit before value changes and tax	4,333	4,391	
<i>– Of which, income from property management</i>	<i>4,481</i>	<i>4,193</i>	
Change in value of investment properties	4,917	15,255	4.2
Depreciation of right-of-use assets	-7	-7	4.3
Change in value of financial instruments	1,291	938	6.5

Amounts in SEK million	2022	2021	Note
Divested/impaired goodwill	-2	-5	4.1
Profit before tax	10,532	20,572	
Current tax	-135	-223	3.1
Deferred tax	-1,932	-3,990	3.1
Profit for the year	8,465	16,359	
Of which, attributable to non-controlling interests	-3	-6	
Of which, attributable to the Parent Company shareholders	8,468	16,365	
Other comprehensive income¹			
<i>Items that may not be reclassified²</i>			
Pensions, revaluation	81	73	2.4
Restriction for surplus in pension plan with asset cap	-49	-2	2.4
Income tax on pensions	-7	-15	
Other comprehensive income for the year, net of tax	25	56	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,493	16,421	

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

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

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Amounts in SEK million	2022	2021	Note
ASSETS			
Non-current assets			
Intangible assets	2,018	2,044	4.1
Property, plant and equipment (PPE)			
Investment properties	188,317	181,575	4.2
Right-of-use assets, leaseholds and land leases	5,150	5,157	4.3
Equipment	153	102	4.4
Total property, plant and equipment (PPE)	193,620	186,834	
Financial assets			
Participations in associates and joint ventures	711	971	7.2
Receivables from joint ventures	0	20	7.3
Derivatives	6,173	1,062	6.4
Other non-current receivables	1,436	231	6.4
Total financial assets	8,320	2,284	
Total non-current assets	203,958	191,162	
Current assets			
Accounts receivable	67	45	5.1
Receivables from joint ventures	41	1	
Current tax assets	52	79	
Derivatives	255	78	6.4
Other current receivables, prepaid expenses and accrued income	1,228	1,308	5.2
Cash and cash equivalents	2,984	3,521	6.3
Total current assets	4,627	5,032	
TOTAL ASSETS	208,585	196,194	

Amounts in SEK million	2022	2021	Note
EQUITY AND LIABILITIES			
Equity			
Share capital	4,000	4,000	
Other contributed capital	4,227	4,227	
Retained earnings	81,550	77,057	
Non-controlling interests	-9	6	
Total equity	89,767	85,290	
Non-current liabilities			
Interest-bearing liabilities	66,484	59,342	6.2
Lease liability, leaseholds and land leases	5,151	5,158	4.3
Deferred tax liability	28,212	26,273	3.2
Derivatives	3,874	1,957	6.4
Other non-current liabilities	78	69	6.4
Provision for pensions	10	45	2.4
Total non-current liabilities	103,809	92,844	
Current liabilities			
Interest-bearing liabilities	10,941	14,496	6.2
Accounts payable	71	57	
Liabilities joint ventures	23	22	
Current tax liabilities	-	-	
Derivatives	18	38	6.4
Other current liabilities, accrued expenses and deferred income	3,956	3,447	5.3
Total current liabilities	15,009	18,060	
TOTAL EQUITY AND LIABILITIES	208,585	196,194	

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Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Equity, opening balance on 1 Jan 2021	4,000	4,227	62,636	70,863	6	70,869
Profit for the year	–	–	16,365	16,365	–6	16,359
Other comprehensive income	–	–	56	56	–	56
<i>Comprehensive income for the year</i>	–	–	16,421	16,421	0	16,415
<i>Transactions with owners</i>						
Non-controlling interests	–	–	–	–	6	6
Dividend	–	–	–2,000	–2,000	–	–2,000
Equity, closing balance on 31 Dec 2021	4,000	4,227	77,057	85,284	6	85,290
Equity, opening balance on 1 Jan 2022	4,000	4,227	77,057	85,284	6	85,290
Profit for the year	–	–	8,468	8,468	–3	8,465
Other comprehensive income	–	–	25	25	–	25
<i>Comprehensive income for the year</i>	–	–	8,493	8,493	–3	8,490
<i>Transactions with owners</i>						
Non-controlling interests	–	–	–	–	–12	–12
Dividend	–	–	–4,000	–4,000	–	–4,000
Equity, closing balance on 31 Dec 2022	4,000	4,227	81,550	89,777	–9	89,767

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Amounts in SEK million	2022	2021	Note
Operating activities			
Operating surplus	5,968	5,533	
Central administration	-116	-124	
Add back amortisation and depreciation	45	27	
Adjustment for other non-cash items	6	-5	6.7
Cash flow from operating activities before interest and tax	5,903	5,431	
Interest paid ¹	-1,418	-1,543	
Interest received	27	4	
Taxes paid	-240	-320	
Cash flow before changes in working capital	4,272	3,572	
Increase (-)/decrease (+) in operating receivables	-48	119	
Increase (+)/decrease (-) in operating liabilities	212	256	
Cash flow from operating activities	4,436	3,947	
Investing activities			
Investments in existing properties	-2,366	-4,137	4.2
Property acquisitions	0	-214	4.2
Property divestments	543	449	4.2
Other PPE, net	-87	-78	
Acquisition of intangible assets	-3	-10	4.1
Disposals of net assets in Group companies	18	-	
Transactions with associates and joint ventures	107	182	
Other financial assets, net	-4	-50	7.2
Cash flow from investing activities	-1,792	- 3,858	
Cash flow after investing activities	2,644	89	

Amounts in SEK million	2022	2021	Note
Financing activities			
Dividend	-4,000	-2,000	9
Raised debt: interest-bearing liabilities	39,821	34,422	
Repayment of debt: interest-bearing liabilities	-38,171	-31,290	
Change in collateral	-633	-21	
Redemption of financial instruments	-198	-241	
Transactions with non-controlling interests	0	4	
Cash flow from financing activities	-3,181	874	
Cash flow for the period	-537	963	
Opening balance, cash and cash equivalents	3,521	2,558	
Cash flow for the period	-537	963	
Closing balance, cash and cash equivalents	2,984	3,521	6.3

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

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Income statement

Amounts in SEK million	2022	2021	Note
Net sales	582	510	8.1
Operating expenses	-761	-703	2.3-4
Capital gain on sales	0	0	4.2
EBIT	-179	-193	
Financial items			
Profit from participations in subsidiaries	14,464	2,538	8.2
Result from participations in joint ventures	0	0	7.2
Interest income	1,098	826	2.5
Interest expense	-1,338	-1,200	2.5
Profit before value changes and tax	14,045	1,971	
Change in value of financial instruments	1,291	938	6.5
Appropriations	-200	-236	8.3
Profit before tax	15,136	2,673	
Tax	-438	-419	3.1
Profit for the year	14,698	2,254	

Statement of comprehensive income

Profit for the year recognised in profit or loss	14,698	2,254
Other comprehensive income	-	-
Total comprehensive income for the year	14,698	2,254

Balance sheet

Amounts in SEK million	2022	2021	Note
ASSETS			
Non-current assets			
Equipment	113	65	4.4
Shares and participations in subsidiaries	37,586	37,829	7.1
Receivables from subsidiaries	50,469	38,972	8.4
Shares and participations in joint ventures	0	1	7.2
Receivables from joint ventures	0	20	7.3
Deferred tax assets	0	125	3.2
Derivatives	6,173	1,062	6.4
Other non-current receivables	1,426	225	6.4
Total non-current assets	95,768	78,299	
Current assets			
Accounts receivable	6	2	5.1
Receivables from subsidiaries	9,974	9,498	
Receivables from joint ventures	41	0	
Current tax assets	87	43	
Derivatives	255	78	6.4
Other current receivables, prepaid expenses and accrued income	823	908	5.2
Cash and cash equivalents	2,975	3,513	6.3
Total current assets	14,161	14,042	
TOTAL ASSETS	109,929	92,341	

Amounts in SEK million	2022	2021	Note
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	4,000	4,000	
	4,000	4,000	
<i>Unrestricted equity</i>			
Retained earnings	5,077	6,823	
Profit for the year	14,698	2,254	
	19,775	9,077	
Total equity	23,775	13,077	
Untaxed reserves	1,122	922	8.3
Non-current liabilities			
Interest-bearing liabilities	66,484	59,342	6.2
Liabilities to subsidiaries	712	723	8.4
Deferred tax liability	182	-	
Derivatives	3,874	1,957	6.4
Other non-current liabilities	67	66	6.4
Provision for pensions	6	6	
Total non-current liabilities	71,325	62,094	
Current liabilities			
Interest-bearing liabilities	10,941	14,496	6.2
Accounts payable	3	4	
Current tax liabilities	0	-	
Liabilities to subsidiaries	1,564	1,024	
Derivatives	18	38	6.4
Other current liabilities, accrued expenses and deferred income	1,181	686	5.3
Total current liabilities	13,707	16,248	
TOTAL EQUITY AND LIABILITIES	109,929	92,341	

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Change in equity

Amounts in SEK million	Share capital ¹	Retained earnings	Total equity
Equity, opening balance on 1 Jan 2021	4,000	8,823	12,823
Profit for the year	–	2,254	2,254
<i>Comprehensive income for the year</i>	–	2,254	2,254
Dividend	–	-2,000	-2,000
Equity, closing balance on 31 Dec 2021	4,000	9,077	13,077
Equity, opening balance on 1 Jan 2022	4,000	9,077	13,077
Profit for the year	–	14,698	14,698
<i>Comprehensive income for the year</i>	–	14,698	14,698
Dividend	–	-4,000	-4,000
Equity, closing balance on 31 Dec 2022	4,000	19,775	23,775

1) 40,000,000 shares with a quotient value of SEK 100 per share.

Cash-flow statement

Amounts in SEK million	2022	2021	Note
Operating activities			
EBIT	-179	-193	
Add back amortisation and depreciation	29	16	
Adjustment for other non-cash items	0	0	6.7
Cash flow from operating activities before interest and tax	-150	-177	
Interest paid	-1,243	-1,214	
Interest received	896	826	
Taxes paid	-240	-267	
Cash flow before changes in working capital	-737	-832	
Increase (-)/decrease (+) in operating receivables	-9,407	-179	
Increase (+)/decrease (-) in operating liabilities	-460	591	
Cash flow from operating activities	-10,604	-420	
Investing activities			
Acquisitions of equipment	-77	-77	4.4
Divestments of equipment	0	0	
Acquisition of shares in subsidiaries	0	–	
Divestment of shares in subsidiaries	0	–	
Dividends received from subsidiaries	13,324	607	
Shareholders' contributions paid	0	-13	7.1
Cash flow from investing activities	13,247	517	
Cash flow after investing activities	2,643	97	
Financing activities			

Amounts in SEK million	2022	2021	Note
Dividends and Group contributions to Parent Company	-4,000	-2,000	9
Raised debt: interest-bearing liabilities	39,821	34,422	
Repayment of debt: interest-bearing liabilities	-38,171	-31,290	
Change in collateral	-633	-21	
Redemption of financial instruments	-198	-241	
Cash flow from financing activities	-3,181	870	
Cash flow for the period	-538	967	
Opening balance, cash and cash equivalents	3,513	2,546	
Cash flow for the period	-538	967	
Closing balance, cash and cash equivalents	2,975	3,513	6.3

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NOTE 1 GENERAL INFORMATION AND ACCOUNTING POLICIES

1.1 General information

Vasakronan AB (publ), corporate registration number 556061-4603, is the Parent Company of the Vasakronan Group and is domiciled in Stockholm. The address of its registered office is Malmkillnadsgatan 36, Box 30074, SE-104 25 Stockholm, Sweden. Vasakronan AB is owned by Vasakronan Holding AB, corporate registration number 556650-4196, which is owned in turn in equal shares by the First, Second, Third and Fourth Swedish national pension funds.

The Vasakronan Group's operations comprise the ownership, management and development of properties with the aim of providing owners with a high and stable long-term return. The Parent Company Vasakronan AB (publ) has personnel employed to manage and administer the Group's properties. The Parent Company's assets mainly comprise shares and participations in the companies that own the properties.

The annual accounts and consolidated accounts were approved by the Board for publication on 23 March 2023 and will be submitted to the Annual General Meeting for adoption on 28 April 2023.

1.2 Accounting policies

This section provides an overview of the policies applied in the preparation of these financial statements. Refer to the respective note for information about specific items. All amounts are stated in SEK million, unless otherwise stated. Amounts pertain to the 1 January to 31 December period for income-statement items and 31 December for balance-sheet items.

Basis for preparation of the financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as determined on 31 December 2022 and as adopted by the EU together with the interpretations issued by the IFRS Interpretations Committee (IFRIC), and in accordance with the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Annual Accounts Act. These policies were consistently applied for all years presented, unless otherwise stated. In the Annual Report, items have been measured at cost except with regard to the remeasurement of investment properties and financial instruments, which are measured at fair value. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant, are disclosed in more detail in the respective note.

Consolidated accounts

The consolidated financial statements have been prepared applying a historical cost convention, except for the measurement of investment properties, and certain financial assets and liabilities, which are measured at fair value.

Group companies are entities over which Vasakronan exercises a controlling influence. Subsidiaries are companies owned directly by Vasakronan AB (publ). A "controlling influence" entails that the Parent Company is exposed to, or is entitled to, variable returns from its investment, and can also affect the returns from the subsidiary by means of its influence. Group companies are consolidated from the date on which controlling influence is transferred to the Group, and they are deconsolidated from the date that control ceases.

Initial recognition of Group companies in the consolidated financial statements follows the acquisition method. Any surplus comprising the difference between compensation paid and the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill.

When a company is acquired, the acquisition meets the criteria for either an asset acquisition or a business combination. A transaction qualifies as an asset acquisition if it pertains to properties, with or without leases, but excluding an organisation and the administrative processes required for property management. Other acquisitions are business combinations. The management determines for each acquisition which criteria have been met. The assessment is that all acquisitions in 2021 and 2020 were asset acquisitions.

Intra-Group transactions, balances, and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

Joint ventures

All joint arrangements are classified as joint ventures since the agreement terms or the entities' legal forms entitle the participants to the net assets of the related arrangement. Joint ventures are companies where, through partnership agreements with one or more parties, Vasakronan shares controlling influence with one or more parties.

Holdings in joint ventures are recognised using the equity method. This means that the consolidated carrying amount of the holding is adjusted with Vasakronan's share of profit for the year and any dividends received, and accordingly, the Group's participation in joint ventures is thus recognised in the consolidated income statement. When losses in a joint venture exceed the Group's share, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.

Intra-Group gains and losses as a result of transactions with these companies are eliminated in relation to the Group's holding. Adjustments have been made where the accounting policies of joint ventures do not correspond with those of the Group.

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Associates

Associates are all entities over which Vasakronan has significant influence but not control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Participations in associates are recognised according to the equity method in the consolidated accounts from the time when significant influence is obtained. The equity method entails that the value of the shares in the associate recognised for the Group corresponds to the Group’s interest in the associate’s equity plus Group-related goodwill as well as any other residual values of Group-related surplus or shortfall in value. The recognised value of the holding is adjusted with Vasakronan’s share of profit for the year, which is adjusted via profit or loss, and any dividends received. The equity method is applied until the time that significant influence ceases.

Leases

Until 31 December 2018, leases of assets where the Group comprised the lessee were essentially classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. Due to the transition to IFRS 16 from 1 January 2019, all material leases that extend for more than 12 months are recognised as right-of-use assets and financial liabilities. For Vasakronan these leases comprise land leases and ground rent agreements. Lease payments are allocated between amortisation and interest, with the interest recognised in profit or loss over the lease period pursuant to the effective interest method.

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. 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. Payments associated with short-term leases of less than 12 months for equipment or vehicles, and all leases of low-value assets are recognised as expenses in profit or loss.

State aid and rent discounts

State aid received in connection with the government’s temporary rent support package is recognised in compliance with IAS20 Accounting for Government Grants and Disclosure of Government Assistance. This entails recognition of the aid as rental revenue in profit or loss in the same period as the foregone rent in the form of discounts that the state aid is intended to compensate. The aid was recognised to the extent it is deemed likely to be received. State-aid-linked rent discounts provided are not considered to comprise adjustments of existing leases and have therefore not been allocated over the duration of the lease. Instead, these rent discounts have been recognised in the rent period to which the discount pertains.

Provisions

Provisions comprise reliable estimates of amounts that reflect formal or constructive obligations for the Group as a result of earlier events. Provisions are classified as current liabilities if payment can be deferred for up to 12 months after the balance-sheet date, otherwise provisions are classified as non-current liabilities.

Critical judgements in applying the Group’s accounting policies

The preparation of financial statements in accordance with generally accepted accounting principles requires that the management and Board make judgements and assumptions that affect the amounts recognised for assets, liabilities, income and expenses, as well as other information disclosed. These judgements are based on experience and assumptions that are considered reasonable in view of the prevailing circumstances. The most significant in preparing the company’s financial statements are as follows:

- Fair value of investment properties, Note 4.2 on pages 114–116.
- Criteria for business combinations and asset acquisitions, Note 1.2 on pages 104–105.
- Recoverable amount for goodwill, Note 4.1 on page 114.

New or amended accounting standards

No new or amended accounting standards with a material impact on the Group have entered force. Moreover, none of the other IFRSs or IFRIC interpretations that are not yet effective are expected to have a material impact on the Group.

NOTE 2 REVENUE, INCOME AND EXPENSES

2.1 Segment reporting

§ Accounting policies – segment reporting

Segmentation is based on how the management and the chief operating decision-maker (CODM) monitor and control operations. Vasakronan conducts operations in four regions: Stockholm, Gothenburg, Malmö and Uppsala, which correspond to the operating segments reported.

The management is responsible for allocating resources and assessing the performance of the operating segments. Vasakronan has determined that the CODM is the CEO of the Parent Company and the Group’s management collectively as the Management Team.

The allocation of results by segment is conducted down to net operating income level, and thereafter only items pertaining directly to investment properties. Other revenue and costs are assessed as Group-wide and are not allocated by segment. Items directly attributable to investment properties are also segmented in the balance sheet. Other assets, and equity and liabilities, are assessed as essentially Group-wide.

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	Stockholm		Gothenburg		Malmö		Uppsala		Group-wide		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
INCOME STATEMENT												
Rental revenue	5,297	4,819	1,462	1,293	777	712	631	601	0	0	8,167	7,425
Operating expenses	-524	-463	-138	-114	-119	-111	-83	-72	0	0	-864	-760
Repairs and maintenance	-75	-64	-21	-17	-10	-10	-11	-9	0	0	-117	-100
Property administration	-205	-202	-79	-70	-49	-49	-46	-43	0	0	-379	-364
Property tax	-583	-441	-144	-128	-66	-61	-46	-38	0	0	-839	-668
Property expenses	-1,387	-1,170	-382	-329	-244	-231	-186	-162	0	0	-2,199	-1,892
Operating surplus	3,910	3,649	1,080	964	533	481	445	439	0	0	5,968	5,533
Central administration	0	0	0	0	0	0	0	0	-116	-124	-116	-124
Result from participations in associates and joint ventures	0	0	0	0	0	0	0	0	-151	193	-151	193
Financial income	0	0	0	0	0	0	0	0	30	4	30	4
Financial expenses	0	0	0	0	0	0	0	0	-1,238	-1,055	-1,238	-1,055
Interest expense lease liability: ground rents and land leases	-150	-150	-2	-2	-8	-8	0	0	0	0	-160	-160
Profit before value changes and tax											4,333	4,391
Change in value of investment properties	4,949	11,172	-111	2,716	-131	671	210	696	0	0	4,917	15,255
Depreciation of right-of-use assets	0	0	-7	-7	0	0	0	0	0	0	-7	-7
Change in value of financial instruments	0	0	0	0	0	0	0	0	1,291	938	1,291	938
Divested/impaired goodwill	0	0	0	0	-2	-5	0	0	0	0	-2	-5
Profit before tax											10,532	20,572
BALANCE SHEET												
Investment properties	129,240	123,250	33,650	33,317	13,725	13,719	11,702	11,289	0	0	188,317	181,575
<i>of which, investments during the year</i>	<i>1,583</i>	<i>2,451</i>	<i>444</i>	<i>1,210</i>	<i>136</i>	<i>119</i>	<i>203</i>	<i>357</i>	<i>0</i>	<i>0</i>	<i>2,366</i>	<i>4,137</i>
<i>of which, acquisitions/sales during the year</i>	<i>-543</i>	<i>-173</i>	<i>0</i>	<i>26</i>	<i>0</i>	<i>-85</i>	<i>0</i>	<i>-3</i>	<i>0</i>	<i>0</i>	<i>-543</i>	<i>-235</i>
Right-of-use assets: leaseholds and land leases	4,859	4,859	29	35	262	262	0	0	0	0	5,150	5,156
Goodwill	1,047	1,047	435	435	339	341	80	80	0	0	1,901	1,903
Other assets	0	0	0	0	0	0	0	0	13,217	7,560	13,217	7,560
Total assets	135,146	129,156	34,114	33,787	14,326	14,322	11,782	11,369	13,217	7,560	208,585	196,194

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2.2 Rental revenue

§ Accounting policies – rental revenue

The Group's revenue primarily consists of rental revenue and additional rental charges, which are invoiced in advance and allocated over a straight line so that only the portion that falls due during the period is recognised as revenue. Additional rental charges pertaining to media, property tax and other expenses are treated as an integrated part of rental revenue, since they are not independent services. In those cases where Vasakronan acts as the tenant's representative, the services are invoiced for separately. When applicable, recognised revenue is reduced by the cost of incentives. Larger rent discounts are allocated in a straight line over the term of the agreement. Surrender premia paid by tenants in conjunction with vacating leases prior to lease expiry are recognised as revenue in conjunction with the termination of the agreement and when no commitments remain for Vasakronan, which generally arises on vacation of the premises.

Rental agreements classified as operating leases and properties leased out under operating leases are included in investment properties.

Change in the Group's rental revenue

Income statement 2021	7,425
Change in comparable property holdings	404
Project developments	339
Acquired properties	0
Properties sold	-1
Income statement 2022	8,167

Lease portfolio expiry structure	No. of contracts	Annual rent
Expires within 1 year ¹	2,292	1,248
2024	877	1,416
2025	842	1,843
2026	398	989
2027	174	1,020
More than 5 years	693	2,122
Total	5,276	8,638

1) Of which, 1,169 residential leases with annual rents amounting to SEK 108 million.

At year end, the average remaining term to maturity for the lease portfolio was 3.7 years (3.8). Of contracted rents, 95% (95) pertained to commercial leases and 5% (5) to leases for residential and parking facilities.

There are some 4,107 commercial leases (4,003) allocated across tenants in a number of different industries, no single tenant accounts for more than 3% of rental revenue. Public sector tenants account for 24% (25) of contracted rents. Credit loss exposure is reduced through analysis of tenants' credit ratings for new lettings and on an ongoing basis; when needed, requirements are set for collateral.

2.3 Costs

The Group's costs mainly encompass direct property expenses and administration costs.

Costs recognised in profit or loss	Group	
	2022	2021
Property expenses excl. admin.	-1,820	-1,528
Property administration	-379	-364
Central administration	-116	-124
Total	-2,315	-2,016
Expenses allocated by category	Group	
	2022	2021
Repairs and maintenance	-117	-100
Property tax	-839	-667
Other direct property expenses	-851	-750
Personnel costs	-406	-405
Depreciation	-21	-16
Other external expenses	-81	-78
Total	-2,315	-2,016

The operations of the Parent Company consist of Group-wide functions and management of properties owned by other Group companies. The property management costs are invoiced to the property-owning Group companies as property administration. Central administration costs are recognised in the Parent Company and relate to the costs associated with the Group management, property investments, financing and central marketing.

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	Group	
Administration	2022	2021
Personnel costs	-240	-243
Procured services	-152	-144
IT	-49	-56
Marketing	-18	-16
Depreciation, equipment	-8	-5
Other	-28	-24
Total	-495	-488

	Group/ Parent Company	
Auditors' fees	2022	2021
EY		
Audit engagement	2.0	1.8
Audit activities other than the audit engagement	0.7	0.5
Tax advice	2.2	1.8
Total	4.9	4.1

The audit engagement refers to the statutory audit required of the auditors in order to be able to submit an auditors' report. Ernst & Young AB were elected as auditors at the 2020 AGM and were re-elected at the 2022 AGM.

2.4 Employees, personnel costs and remuneration to the Board

§ Accounting policies – Employee compensation

Remuneration of employees is recognised as vested and comprises salaries, paid holiday, paid sick leave and other benefits as well as pensions. Pensions are based on defined-contribution or defined-benefit pension plans. For defined-contribution pension plans a fixed premium is paid to a separate legal entity and the Group expenses the resulting cost as the benefit is vested. For defined-benefit pension plans, the employee is guaranteed an amount on retirement.

Vasakronan applies IAS 19 in its accounting. The recognised commitment for defined-benefit obligations is calculated by an independent actuary at the present value of future disbursements discounted by the interest rate on high-quality mortgage bonds with corresponding maturities to the term of the actual pension obligation. Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise.

Employees

All of the Group's staff are employed by the Parent Company, Vasakronan AB. In 2022, the average number of employees was 288 (294) of these 129 (133) were women and 159 (161) men. More details regarding the number of employees are available in the Group's sustainability reporting.

Vasakronan's senior executives refers to the Chief Executive Officer and the other individuals who, together with the CEO, comprise the Management Team, refer to pages 81–82. At the balance-sheet date, the gender breakdown of the Group's senior executives was as follows: 5 (5) women and 4 (7) men, and for the Board: 5 (7) women and 4 (2) men.

Salaries and other benefits

Salaries and other benefits for the CEO and other senior executives consist only of fixed salaries. Variable compensation can be paid to other employees based on the operational focus areas, which for 2022 were operating surplus, net lettings and customer satisfaction. The Group has a standardised model for variable compensation, whereby the maximum outcome is capped at two months' salary. A provision has been made in the annual accounts for an estimated outcome corresponding to one month's salary and was established on an individual basis in Q1 2023. Variable compensation for the 2021 financial year was distributed during the year and was also capped at two months' salary. The average outcome corresponded to 0.8 months' salary.

	Group/ Parent Company	
Salaries and other benefits	2022	2021
Senior executives	27	29
Other employees	200	195
Total salaries and benefits	227	224
Pension costs	79	88
Social security costs	97	92
Total	403	404

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Remuneration to the Board

Remuneration to the Board is determined by resolution of the AGM and is disbursed as salary. Board members employed at one of the Swedish national pension funds or at Vasakronan receive no Board fees.

Senior executives 2022 (SEK 000)	Basic salary/ Board and committee fees ¹	Other benefits ²	Pension costs	Total
Chairman of the Board				
Ulrika Francke	820	0	0	820
Other Board members				
Ann-Sofi Danielsson	447	0	0	447
Hannes Hasselrot	150	0	0	150
Christel Kinning	145	0	0	145
Magnus Meyer	295	0	0	295
Kia Orback Pettersson	295	0	0	295
	2,152	0	0	2,152
Chief Executive Officer Johanna Skogestig	5,722	44	1,576	7,342
Other senior executives ³	19,385	368	12,598	32,351
	25,107	412	14,174	39,693
Total	27,259	412	14,174	41,845

1) Pertains to fees paid.

2) Other benefits pertain primarily to costs for group health insurance and group life insurance.

3) Average of 10

Senior executives 2021 (SEK 000)	Basic salary/ Board and committee fees ¹	Other benefits ²	Pension costs	Total
Chairman of the Board				
Ulrika Francke	795	0	0	795
Other Board members				
Ann-Sofi Danielsson	410	0	0	410
Christel Kinning	285	0	0	285
Magnus Meyer	285	0	0	285
Kia Orback Pettersson	285	0	0	285
	2,060	0	0	2,060
Chief Executive Officer Johanna Skogestig	5,288	52	1,475	6,815
Other senior executives ³	21,958	707	13,673	36,338
	27,246	759	15,148	43,153
Total	29,306	759	15,148	45,213

1) Pertains to fees paid.

2) Other benefits pertain primarily to costs for group health insurance and group life insurance.

3) Average of 11

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Pensions

The pension rights of salaried employees are covered pursuant to the BTP pension plan (the occupational pension plan for Swedish bank employees), which is financed through payments to SPP and, according to a statement from the Swedish Financial Reporting Board UFR 10, this comprises a multi-employer plan. Employees engaged after 1 August 2022 are encompassed by a defined-contribution plan within BTP, while other employees are covered by a defined-benefit plan.

For the CEO, pensionable salary consists of the applicable base salary and holiday pay. The pension provision is to comprise 30% of pensionable salary with a pension age of 65.

Other senior executives have a "10-pointer" pension solution through the BTP plan, which is calculated based on a retirement age of 65.

Terms and conditions

In the event of termination of employment for the CEO; a mutual notice period of six months applies. In the event of notice being given by the company, for a reason that does not warrant immediate dismissal, further severance pay corresponding to 12 months' salary is due in addition to the benefits during the notice period.

Other senior executives are subject to a mutual notice period of six months. If employment is terminated by the company, the senior executive is entitled to severance pay of 12 months' salary. Senior executives who joined the Management Team prior to 2020 and who are aged over 50 at the time notice is given, will receive severance pay of 18 months' salary.

If the CEO or other senior executives receive remuneration from other employment, the severance pay is reduced by a corresponding amount. If the employment is terminated by the CEO or other senior executive, no severance pay is due.

Provision for pensions

The pension solutions primarily encompass retirement, disability and survivors' pensions, and are held in either defined-contribution or defined-benefit pension plans. Defined-contribution pension plans consist of BTP, BTPK and ITPK, and defined-benefit plans comprise BTP and BTPK, which is secured through insurance with SPP, as well as a number of retirement and survivors' obligations secured with Skandia.

When Vasakronan was founded as a company in 1993, it took over the defined-benefit pension obligations from Byggnadsstyrelsen, which were administered by the National Government Employee Pensions Board (SPV) and have mainly been secured with KPA. Moreover, Vasakronan has a defined-benefit ITP secured through insurance with Alecta, which is recognised in accordance with the Swedish Financial Reporting Board's statement UFR10 as a defined-contribution pension. The obligation in Alecta has been agreed previously and no new premiums or fees were paid. At the end of the financial year, Alecta had a consolidation ratio of 172% (172).

Under IAS19, all defined-benefit pension rights are vested on a straight-line basis over the period of employment. This means that the pension costs in the consolidated income statement consist of an estimated value which could differ from the actual paid-up pension premiums recognised in the Parent Company. The present value of pension obligations and the fair value of plan assets are recognised net in the consolidated balance sheet.

Pension costs in the income statement	Group		Parent Company	
	2022	2021	2022	2021
Pension costs, defined-contribution	60	62	32	34
Pension costs, defined-benefit	18	22	49	54
Separate payroll tax on pension costs	19	21	19	21
Total pension costs in the income statement	97	105	100	109
<i>Of which recognised as property administration</i>	<i>78</i>	<i>83</i>		
<i>Of which recognised as central administration</i>	<i>19</i>	<i>22</i>		
Pension costs in other comprehensive income, excl. tax				
Actuarial gains(-)/losses(+), incl. payroll tax	-81	-73		
Restriction for surplus in pension plan with asset cap, incl. payroll tax	49	2		
Total pension costs in other comprehensive income, excl. tax	-32	-71		

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	Group	
	2022	2021
Net debt defined-benefit pensions, Group		
Change in the defined-benefit obligation		
Present value of the pension obligation, opening balance	472	520
Pension rights vested through service ¹	18	21
Interest on pension obligation ¹	9	6
Pension disbursements	-20	-20
Actuarial gains(-)/losses(+) on pension obligations ²	-127	-55
Present value of the obligation, closing balance³	352	472
Change in plan assets		
Fair value of plan assets, opening balance	-446	-433
Interest income ¹	-9	-5
Paid-in premiums	-21	-25
Pension disbursements	19	20
Return on plan assets excluding interest income ²	63	-3
Fair value of plan assets, closing balance	-394	-446
Restriction for surplus in pension plan with asset cap	45	6
Other pension obligations	5	5
Separate payroll tax on net pension debt	2	8
Net debt, defined-benefit pensions	10	45

1) Recognised in profit or loss. 2) Recognised in other comprehensive income.

3) Expected weighted-average duration for the obligation's present value on 31 Dec 2022 is 14.64 years (17.28).

The plan assets mainly comprise shares, interest-bearing securities and participations in funds.

The difference between the actual and the expected return amounted to SEK 63 million (3) and was recognised as the return on plan assets excluding interest income.

Net actuarial gains (-) and losses (+) after tax amounted to SEK -25 million (-56) and were recognised in other comprehensive income under the alternative rule in IAS 19.

The Group's payments to defined-benefit plans are expected to amount to SEK 18 million in 2023.

	Group	
	2022	2021
Actuarial and financial assumptions (%):		
Discount rate	3.60	1.90
Inflation	2.00	2.00
Expected annual wage growth	3.50	3.50
Expected annual increase in pension disbursements	2.00	2.00
Expected annual increase in income base amount	3.00	3.00

The discount rate corresponds to the interest rate on mortgage bonds and is the single assumption that has the largest impact on the size of the pension obligation. A 1 percentage point increase in the discount rate would, for example, result in a SEK 48 million change in the present value of the pension obligation.

2.5 Financial income and expenses

\$ Accounting policies – Financial income and expenses

Financial income encompasses interest income on bank funds, receivables, financial investments and dividend income. Expenses consist of interest expense and other costs arising in conjunction with borrowing, such as arrangement fees and administrative expenses. The net effect of exchange-rate differences on financial items is recognised as an income or expense depending on the outcome. Financial income and expenses are recognised in profit or loss in the period in which they arise. Financial expenses pertaining to major new construction, extensions and redevelopments are capitalised in the balance sheet as investments during the production period.

Net financial items

Net financial items is not affected by the market values of contracted interest-rate derivatives, which are used to adjust fixed-interest periods, since they are recognised as changes in value under their own item. Refer to Note 6.4 for more information.

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	Group		Parent Company	
Financial income and expenses	2022	2021	2022	2021
Interest income	30	4	29	4
Interest income from subsidiaries	–	–	1,069	822
Other financial income	0	0	0	0
Total financial income	30	4	1,098	826
Interest expense	-1,274	-1,134	-1,274	-1,134
Interest expense to subsidiaries	–	–	-17	-17
Capitalised interest	83	128	–	–
Other financial expenses	-47	-49	-47	-49
Total financial expenses	-1,238	-1,055	-1,338	-1,200
Net financial items	-1,208	-1,051	-240	-374

The average interest rate for the loan portfolio over the period is used for capitalising interest expense.

The interest rate applied for capitalisation purposes in 2022 was in the 1.4–2.3% range.

NOTE 3 TAX

§ Accounting policies – Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except where the underlying transaction is recognised in other comprehensive income or directly in equity, in these cases the accompanying tax effect is also included.

The current tax charge is calculated on the taxable income for the period and recognised as an expense or income in profit or loss. Taxable income differs from profit in the form of adjustments for non-taxable income and non-deductible items.

Current tax is tax that is to be paid or received in the current year adjusted with any current tax attributable to previous periods.

Deferred tax is recognised according to the balance sheet method, and deferred tax liabilities and tax assets are recognised in the balance sheet for all temporary differences that arise between the carrying amount and the tax base of an asset or liability. The carrying amounts for deferred tax assets and tax losses are tested at each reporting date and reduced if it is no longer likely that sufficient taxable profits will be available to be utilised fully or in part.

Deferred income tax is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the balance-sheet date and, which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The temporary difference that arises from the initial recognition of assets or liabilities in an asset acquisition is not recognised as deferred tax.

	Group		Parent Company	
Tax on profit for the year	2022	2021	2022	2021
Current tax	-135	-223	-131	-176
Deferred tax	-1,932	-3,990	-307	-243
Total tax on profit for the year	-2,067	-4,213	-438	-419

3.1 Summary of tax expense/income

	Group		Parent Company	
Tax expense	2022	2021	2022	2021
Recognised profit before tax	10,532	20,572	15,136	2,673
Tax on profit according to applicable tax rate	-2,170	-4,238	-3,118	-551
Tax attributable to previous fiscal years	-3	0	0	0
Tax effect of:				
Non-taxable sale of subsidiaries	66	14	0	0
Divested goodwill	0	0	0	0
Result from participations in associates and joint ventures	-25	36	0	0
Non-taxable dividend	–	–	2,745	125
Impairment of participations	–	–	-50	37
Non-deductible interest expenses	-15	-26	-13	-29
Other non-taxable income/non-deductible costs	-1	0	-2	-1
Tax reduction for equipment	84	0	0	0
Other adjustments	-3	1	0	0
Tax expense recognised	-2,067	-4,213	-438	-419
Effective tax rate, %	19.6	20.5		

Properties can be divested directly or indirectly through the divestment of the property-owning subsidiary. Gains from the sale of property are taxable while gains from the sale of companies are in most cases free of taxes.

The result from participations in associates and joint ventures is recognised in profit or loss net of any deduction/addition of estimated tax.

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3.2 Deferred tax

	Opening balance		Recognised in profit or loss		Recognised directly in equity		Closing balance	
Deferred tax liability	2022	2021	2022	2021	2022	2021	2022	2021
Group								
Derivatives	-125	-368	307	243	0	0	182	-125
Investment properties	26,088	22,934	1,591	3,694	0	0	27,679	26,088
Untaxed reserves	241	192	41	49	0	0	282	241
Tax losses	0	0	0	0	0	0	0	0
Other temporary differences	69	51	-7	3	7	15	69	69
Total deferred tax	26,273	22,269	1,932	3,989	7	15	28,212	26,273
Parent Company								
Derivatives	-125	-368	307	243	0	0	182	-125
Total deferred tax	-125	-368	307	243	0	0	182	-125

3.3 Market value of deferred tax

The deferred tax liability is calculated in the balance sheet using a nominal tax rate and in the case of a market valuation of the deferred tax liability would probably result in a lower value than the carrying amount in the balance sheet. When calculating the key metric EPRA Net Tangible Assets (EPRA NTA), the fair value is calculated at 30% of the nominal tax rate of 20.6%, in other words 6.2%, which results in deferred tax of SEK 9,019 million. For more guidance, refer to the key metrics on page 130 and the definition for EPRA NTA on page 197.

3.4 Depreciation

Vasakronan recognises investment properties at fair value in the consolidated accounts. However, tax legislation permits depreciation of 2–5% for buildings, 5% for land improvements and 20–30% of the fixtures and fittings of a building or of the type of land improvement that constitutes the building and land inventory. Land may not be depreciated.

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NOTE 4 ASSETS

4.1 Intangible assets

§ Accounting policies – intangible assets

Goodwill

The goodwill that arises when preparing the consolidated accounts comprises the difference between any consideration paid and the fair value of the net assets acquired. The Group's goodwill mainly arose from business acquisitions performed by Vasakronan and is recognised in accordance with IFRS 3 Business Combinations. In the Group, goodwill is mainly attributable to the difference between nominal and calculated tax for business combinations and is thus entirely linked to the deferred tax. This item changes if a property with goodwill is divested. When a property is sold, or alternatively if a need for impairment arises, goodwill attributable to the property is eliminated and recognised as "divested/ impaired goodwill."

Other intangible assets

In addition to goodwill, the Group's intangible assets include the Vasakronan brand and investments in certain new technical platforms. The brand was acquired through a business combination and is valued at fair value at the acquisition date.

Impairment testing

The useful lives for goodwill and the brand have been assessed as indefinite and therefore not subject to amortisation. Instead, their values are tested annually or on any indication of a need for impairment. Goodwill arising on acquisitions that are not considered asset acquisitions is tested for each property or balance-sheet item for which goodwill was allocated at the acquisition date.

Goodwill

The value of goodwill is tested each quarter to ensure the carrying amount for the property does not exceed the recoverable amount. The recoverable amount is mainly impacted by the assessed market value of deferred tax. The company management bases its assessment mainly on observable market data for completed transactions. When establishing the fair value for goodwill at the end of 2022, deferred tax has been measured at an average of 6.2% (6.2).

Other intangible assets

Investments in technical platforms are amortised on an ongoing basis. The residual value of the technical platforms and the brand are tested annually, or on any indication of a decline in value, to identify any need for impairment and to then recognise at cost less any accumulated impairments. At the end of 2022, there was no need for impairment.

Intangible assets	Group					
	Goodwill		Other intangible assets		Total	
	2022	2021	2022	2021	2022	2021
Opening balance	1,903	1,908	141	136	2,044	2,044
Divestments/impairment	-2	-5	-28	0	-30	-5
Acquisitions for the year	0	0	10	11	10	11
Amortisation for the year	0	0	-6	-6	-6	-6
Closing balance	1,901	1,903	117	141	2,018	2,044

4.2 Investment properties

§ Accounting policies – investment properties

Vasakronan's properties are held to generate rental revenue and capital appreciation, and are therefore classified as investment properties. The term investment properties includes land and buildings, land improvements, building and land installations, and ongoing projects. Investment properties are recognised at fair value in the balance sheet, which is determined by the management based on the properties' market values. Changes in the fair value are recognised as realised and unrealised value changes in profit or loss. Vasakronan applies IFRS 13 Fair Value Measurement – Level 3 Unobservable inputs for the asset or liability.

On initial recognition, property is recognised at cost, including directly attributable transaction costs, and thereafter at fair value at each reporting date.

Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will accrue to the Group, in other words, when the expenditure adds value. Other repairs and maintenance costs are expensed when incurred.

In the case of major new construction, extensions and redevelopments, interest expense during the production period is capitalised in accordance with IAS 23 Borrowing Costs, see Note 6.2.

Measurement

Fair value comprises the market value based on the most likely outcome of a sale with a normal marketing period in the open property market.

To establish the properties' fair value at each reporting date, market valuations are conducted for all properties. The valuation process is governed by a valuation policy under which all properties are valued by external parties at year end and mid year, and valued internally at the end of the first and third quarters. If an agreement has been signed regarding the purchase and sale of a property, the agreed property value is used as the market value in the next quarterly accounts.

External valuations are conducted pursuant to RICS Valuation – Global Standards [the Red Book]. In parallel with the external valuation, an internal control of the reasonableness of this valuation is carried out. In 2022, the external valuation was conducted by Cushman & Wakefield in Gothenburg and Stockholm, and by Forum Fastighetsekonomi in Malmö and Uppsala.

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Valuation assumptions

The market values are primarily assessed using a yield-based valuation method that utilises market-based cash-flow statements with a horizon of at least ten years, and which is primarily applicable for investment properties in normal operation and project developments with contracted tenants. In the case of development rights and other properties for which cash-flow valuation is not appropriate, the market values are instead determined using the location-price method, or alternatively, a development calculation after taking into consideration assessed market uncertainties.

The cost of capital and requirements for yields are based on the valuers' experience-based assessments of market return requirements for comparable properties. The projections of future cash flows take into consideration the use of the object, its age and maintenance status. Rent payments are based on existing rental contracts and on their expiry, rent levels at market rates are assumed. Cost for operation, maintenance and administration are based on actual costs in combination with projections, assessments and experience from comparable objects. Future investments have been assessed based on actual requirements. The external valuers inspect each property every three years.

Yield requirements by property type	Interval, %	2022 average, %	2021 average, %
Offices	3.20–5.70	3.92	3.84
Retail	3.50–5.75	4.28	4.15
Other	4.90–5.75	5.24	5.02
Total	3.20–5.75	3.95	3.88

Valuation assumptions	2022 average
Inflation assumption	2.0%
Cost of capital – cash flow	6.00%
Cost of capital – residual value	6.16%
Yield requirement – residual value	3.95%
Long-term vacancy rate	4.94%
Operating and maintenance costs, year 1	SEK 480 sq. m.
Investments, year 1	SEK 1,155 sq. m.
Market rent (at zero vacancies)	SEK 3,904 sq. m.

Yield requirement – residual value per sub-market	Interval, %	Average, %
Central Stockholm	3.20–5.00	3.64
Stockholm inner suburbs	3.65–5.75	4.68
Gothenburg	3.50–4.10	3.81
Malmö	3.90–5.75	4.61
Uppsala	4.15–5.65	4.78

	Group	
Change in value of investment properties	2022	2021
Project developments and development properties	1,362	3,404
Transactions	17	18
Investment properties:		
Changed yield requirement	-1,604	6,735
Change in market rents	5,142	5,098
Total change in value	4,917	15,255

The properties sold in 2022 are detailed on page 94. The total rental value for properties sold was SEK 22 million. Over the year, sales in a corporate wrapper have resulted in a gain of SEK 0 million (0) in the Parent Company.

	Group	
Investment properties	2022	2021
Opening balance	181,575	162,420
Investments	2,366	4,137
Acquisitions, consideration	0	214
Sales	-543	-449
Change in value	4,917	15,255
Closing balance	188,317	181,575
Fiscal values	50,979	51,963

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Sensitivity analysis

The following table illustrates the effects on the market value of changes in each factor.

Sensitivity analysis	Change in assumption	Value impact, SEK m	Value impact, %
Yield requirement and cost of capital	+1 percentage point	-37,531	-20.2
Yield requirement and cost of capital	-1 percentage point	62,940	33.8
Long-term vacancy rate	+/-1 percentage point	-/+2,046	-/+1.1
Operating and maintenance costs	+/- SEK 25 sq. m.	-/+1,314	-/+0.7
Market rents	+/- SEK 50 sq. m.	+/-2,628	+/-1.4
Undertakings		2022	2021
Capital expenditure investment properties		2,292	1,939

4.3 Right-of-use assets and lease liabilities**§ Accounting policies – Right-of-use assets and lease liabilities**

In accordance with IFRS 16, all material leases that extend for more than 12 months are recognised as right-of-use assets and financial liabilities. For Vasakronan these leases comprise land leases and ground rent agreements. Lease payments are allocated between amortisation and interest, with the interest recognised in profit or loss over the lease period pursuant to the effective interest method.

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 3.00 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. Payments associated with short-term leases of less than 12 months for equipment or vehicles, and all leases of low-value assets are recognised as expenses in profit or loss.

Right-of-use assets	Ground rent agreements	Land leases	Total
Cost:			
As of 1 January 2022	5,092	85	5,177
Divestments/acquisitions	0	0	0
As of 31 December 2022	5,092	85	5,177
Depreciation:			
As of 1 January 2022	0	-20	-20
Depreciation for the year	0	-7	-7
As of 31 December 2022	0	-27	-27
Recognised assets as of 31 December 2022	5,092	58	5,150

Right-of-use assets	Ground rent agreements	Land leases	Total
Lease liabilities			
Cost:			
As of 1 January 2022	5,092	85	5,177
Divestments/acquisitions	0	0	0
As of 31 December 2022	5,092	85	5,177
Principal repayments:			
As of 1 January 2022	0	-19	-19
Principal repayments for the year	0	-7	-7
As of 31 December 2022	0	-26	-26
Recognised lease liabilities as of 31 December 2022	5,092	59	5,151

Contracted future ground rents ¹	31 Dec 2022
Contracted ground rents year 1	147
Contracted ground rents, 2–5 years	298
Contracted ground rents, > 5 years	201
Closing balance	646

1) Calculated until future renegotiation dates

4.4 Equipment**§ Accounting policies – equipment**

Equipment mainly comprises office equipment, which is recognised at cost less accumulated depreciation and any impairment losses. Equipment is depreciated using the straight-line method over a five-year period and residual values are assessed as negligible and not taken into consideration. Depreciation is calculated from the time the asset is taken into use.

Assets that are subject to depreciation are reviewed for impairment whenever an indication arises that the carrying amount may not be recoverable. The impairment is established as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

	Group		Parent Company	
Equipment	2022	2021	2022	2021
Cost:				
Opening balance	216	140	128	53
Acquisitions	89	88	77	77
Sales and disposals	0	-12	0	-2
Closing balance – cost	305	216	205	128

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Equipment	Group		Parent Company	
	2022	2021	2022	2021
Depreciation:				
Opening depreciation	-114	-93	-63	-49
Depreciation for the year	-37	-22	-29	-16
Sales and disposals	-1	1	0	2
Closing balance – depreciation	-152	-114	-92	-63
Closing balance	153	102	113	65

NOTE 5 OPERATING RECEIVABLES AND LIABILITIES

Accounts receivable are recognised net after provisions for doubtful receivables and the amount reflects the sum expected to be recovered based on the circumstances known at the balance-sheet date. The payment period for accounts receivable is short and fair value corresponds to amortised cost less accumulated impairment.

Other current receivables, prepaid expenses and accrued income are recognised at carrying amounts as the payment period is short.

5.1 Accounts receivable

	Group		Parent Company	
	2022	2021	2022	2021
Tenant receivables	99	72	6	2
Provision for doubtful receivables	-32	-27	0	0
Closing balance	67	45	6	2
Aging report, accounts receivable, Group			2022	2021
Current			47	25
1–30 days past due			11	4
31–90 days past due			11	0
More than 90 days past due			30	43
Total			99	72

The Group reported losses of SEK 11 million (1) for the impairment of tenant receivables.

5.2 Other current receivables, prepaid expenses and accrued income

	Group		Parent Company	
	2022	2021	2022	2021
Accrued interest income	467	324	467	324
Accrued rent discounts	129	127	0	0
Deposit account	307	282	307	282
VAT adjustment	15	10	0	0
Prepaid operating expenses	39	45	0	0
CSA receivables	0	261	0	261
VAT in projects	76	64	0	0
Other items	195	195	49	42
Closing balance	1,228	1,308	823	908

5.3 Other current liabilities, accrued expenses and deferred income

	Group		Parent Company	
	2022	2021	2022	2021
Prepaid rental revenue	1,652	1,385	1	0
Accrued interest expense	755	546	755	546
Accrued expenses for ongoing projects	236	652	0	0
Deposits, CSAs	307	0	307	0
VAT	310	250	5	10
Deposits	307	282	0	0
Property tax	103	68	0	0
Vacation pay, social security expenses and employee with-holding taxes	54	58	54	58
Other items	232	206	59	72
Closing balance	3,956	3,447	1,181	686

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NOTE 6 FINANCING AND CAPITAL STRUCTURE

6.1 Goals for financing activities

Owning and developing properties is a capital-intensive business. Interest expense is one of the Group's major cost items and access to cost-efficient financing is strategically important. Vasakronan finances its activities through owners' capital or through external borrowing, the division being decided by weighting the requirements for returns and financial stability.

Vasakronan's financial objective is, within set frameworks and with restrictions, to diversify its financing structure in terms of tenors and financing sources to thereby secure its required funding at the lowest possible cost.

Credit rating

In April 2022, Moody's confirmed the rating of A3 with a stable outlook. The rating is based on the high quality of the property portfolio, healthy financial key metrics and the links to the company's owners, the First, Second, Third and Fourth Swedish national pension funds.

§ Accounting policies – Financial instruments

Financial instruments

Financial instruments are defined as any form of agreement or contract that gives rise to a financial asset or liability. Financial assets in the balance sheet are: accounts receivable, receivables from joint ventures, cash and cash equivalents, and derivatives. Financial liabilities comprise: accounts payable, borrowings and derivatives.

The Group's financial assets are assigned the following categories in accordance with IFRS 9:

- Equity instruments: measured at FVTOCI
- Derivatives: measured at FVTPL
- Debt instruments: measured at FVTPL, or through the other comprehensive income alternative, in accordance with the cost since the aim of the instrument is the basis for its classification.

Fair value estimation

The fair value of financial instruments traded on an active market is based on market valuations obtained from current market data. The bid price is used for financial assets and the put price for financial liabilities.

Method and decision data

- Derivatives are calculated by discounting future contracted cash flows with the actual market interest rate for the respective tenor.
- Financial liabilities are calculated by discounting future contracted cash flows at the current market interest rate.
- Accounts receivable and accounts payable are based on their nominal values, in other words, consideration is taken to any estimated credits.

Financial risks and reporting

Financing and financial risks are managed pursuant to guidelines set by Vasakronan's Board. The Group is exposed to financing risk, interest-rate risk, credit risk and currency risk in its financing activities.

Financial policy

Goals, governing principles and allocation of responsibilities across treasury operations are set in Vasakronan's financial policy and an instruction to Treasury. The steering documents regulate the risk mandate. The policy regulates the risk mandate and the principles for calculating, reporting, following up and controlling financial risks. In accordance with the steering documents, the duality principle applies in conjunction with transactions in so far as the individual who conducts and registers a transaction does not have authority to control and administer the funds pertaining to the transaction. Authority to conclude business transactions is regulated through powers of attorney with the respective counterparty. The financial policy and the instruction to Treasury are evaluated on an ongoing basis and adopted each year by the Board.

All financing activities are conducted by a central finance function to ensure efficient management and control of the company's financial risks and to enable the utilisation of economies of scale.

Summary, compliance with financial policy	Policy	31 Dec 2022
Financing risk		
Loan-to-maturity	min. 2 years	5.4 years
Loan-to-maturity, including unutilised credit commitments.	–	5.7 years
Loans maturing, 12 months	max. 40%	14%
Credit commitments and cash/loans maturing 12 months	at least 100%	192%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	4.8x
Fixed-interest period	min. 2 years	4.0 years
Fixed-interest maturity within 12 months	max. 55%	29%
Currency risk		
Currency exposure with no foreign currency assets	No exposure	met
Currency exposure with foreign currency assets	max 1% of total assets	met
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	met

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6.2 Breakdown of funding sources, share of total loan portfolio

	Loan limit	Nominal amount base currency	Amount utilised	Share, %
Commercial paper	25,000	–	4,886	6
Bonds, SEK	67,130 ¹	–	26,457	34
Bonds, NOK	–	12,631	13,424	17
Bonds, EUR	–	487	5,444	7
Bonds, JPY	–	18,400	1,467	2
Bonds, AUD	–	230	1,635	2
Bonds, USD	–	505	5,266	7
Bonds, HKD	–	400	534	1
Bonds, CHF	–	20	226	0
NSV, EUR	–	50	559	1
Secured bank loans	11,131	–	11,131	14
NIB and EIB	6,396	–	6,396	9
Credit facility from owners	18,000	–	0	0
Total			77,425	100

1) The amount corresponds to EUR 6 billion and encompasses all currencies.

Summary of liabilities arising from financing activities – Group	Opening balance	Loan repay- ments	New borrow- ings	Repayment premiums/ discounts	Exchange- rate differences	Closing balance
Commercial paper	8,140	-26,439	23,163	22	0	4,886
Bonds	52,379	-7,617	7,821	13	1,857	54,453
NSVs	513	0	0	0	46	559
Bank loans	12,806	-4,115	8,836	0	0	17,527
Total	73,838	-38,171	39,821	35	1,903	77,425

Exchange-rate differences and repayment premiums/discounts are non-cash items.

Loan terms and conditions

- Agreements for commercial paper and bank loans contain an ownership covenant that allows lenders to terminate the loan and require repayment unless the First, Second, Third and Fourth Swedish national pension funds collectively or separately own at least 51% of Vasakronan. A similar ownership covenant is included in bond agreements whereby the bondholder can require repayment if a change in ownership, as above, should lead to a downgrade of the company's rating by at least one level.
- The bank loan agreements also contain a covenant specifying that the interest coverage ratio may not fall below a multiple of 1.5
- Unsecured loan agreements also include covenants stating that the LTV may not exceed 65%
- The bond is subject to a covenant that covered financing may not exceed 40% of the Group's total assets.

Carrying amount

Interest-bearing liabilities are recognised at amortised cost, which is reported in the above tables.

6.3 Financial risks**Currency risk**

Currency risk pertains to unfavourable changes in exchange rates that impact the Group's financial position. Where assets in foreign currency exist, currency exposure (net of assets and liabilities in foreign currencies) is permitted corresponding to a maximum of 1% of the company's total assets. All currency risk must be eliminated if no assets are held in foreign currency. As Vasakronan holds no assets denominated in foreign currency, payments of interest and principal on foreign currency borrowings are hedged using cross-currency basis swaps. Foreign currency borrowings are recognised in the balance sheet at amortised cost and are translated at the closing rate at the balance-sheet date. This means that a gain or loss will arise if the exchange rate at the time the loan was contracted differs from the current exchange rate. The exposure to interest and exchange rates for cross-currency basis swaps is the same as for the underlying loans. In accordance with the IFRS 9 accounting rules, derivatives are marked to market, resulting in a gain or a loss depending on whether the contracted interest rate and exchange rates differ from the interest rates or exchange rates at the balance-sheet date. Vasakronan does not apply hedge accounting and therefore, the balance sheet and income statement do not fully reflect the hedge in the event of a gain or loss on cross-currency basis swaps due to changed interest rates, and which is not taken into account in the measurement of foreign currency borrowings. As of 31 December 2022, the negative change in value on foreign currency borrowings amounted to SEK 1,654 million. A corresponding asset of SEK 1,654 million is reported for the underlying cross-currency basis swaps. The negative market value for derivatives linked to changed interest rates for foreign currencies amounted to SEK 3,269 million. This effect is not reflected in the balance sheet or income statement for the underlying borrowings.

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Financing and liquidity risk

Financing risk pertains to the long-term risk that fulfilling the Group's capital requirements and refinancing loans outstanding becomes more difficult or expensive, for example through limitation to several different types of financing sources. This risk is limited since the average remaining tenors for interest-bearing liabilities may not be less than two years.

Vasakronan has a credit facility that extends indefinitely from the First, Second, Third and Fourth Swedish national pension funds, whereby the owners commit to supply the company with liquidity. The agreement has a volume of SEK 18 billion and a notice period of 24 months.

Cash and cash equivalents are recognised at nominal values and include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Liquidity risk pertains to Vasakronan's risk of having insufficient cash funds or credit to meet its payment obligations. The risk is balanced since the relationship between credit commitments, cash funds and loans maturing within 12 months must be not less than 100%.

The maturity analysis is based on amounts for future undiscounted cash flows related to financial receivables and liabilities, including interest, allocated over the period until the contractual maturity date. The closing interest rates for the respective loans and derivatives form the basis for estimating future cash flows for all liabilities. The closing exchange rate is used for currency derivatives.

Interest-rate risk

Interest-rate risk pertains to the risk of exposure to changes in market interest rates and credit margins. Vasakronan's finance function limits the risk by maintaining an average fixed-interest tenor of at least two years. Interest-rate risk is reflected by the interest coverage ratio which, pursuant to the financial policy, should always exceed a multiple of 2.0 over the last 12 months.

Liquidity risk – maturity analysis GROUP	2022				2021			
	0–1 year	1–2 years	2–5 years	>5 years	0–1 year	1–2 years	2–5 years	>5 years
Assets								
Accounts receivable	67	0	0	0	45	0	0	0
Other receivables	1,428	0	0	0	1,308	0	0	0
Cash and cash equivalents	2,984	0	0	0	3,521	0	0	0
Total	4,479	0	0	0	4,874	0	0	0
Liabilities¹								
Bonds	-6,706	-8,591	-22,122	-25,230	-7,116	-7,299	-19,041	-25,842
Bank loans	-1,098	-2,497	-6,123	-10,703	-654	-4,208	-4,169	-4,200
Commercial paper	-4,900	0	0	0	-8,140	0	0	0
NSVs	0	0	0	0	0	0	0	0
Interest-rate derivatives	-96	-63	-5	-21	-320	-310	-845	-802
Currency derivatives – inflows	500	979	5,589	18,657	1,353	527	3,539	13,251
Currency derivatives – outflows	-667	-1,135	-5,907	-18,808	-1,214	-355	-3,130	-12,858
Accounts payable	-71	0	0	0	-57	0	0	0
Total	-13,038	-11,307	-28,568	-36,105	-16,148	-11,645	-23,646	-30,451

1) Excluding lease liability, leaseholds and land leases.

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	Group		Parent Company	
Cash and cash equivalents	2022	2021	2022	2021
Cash and cash equivalents	2,984	3,521	2,975	3,513
Closing balance	2,984	3,521	2,975	3,513

	Group/Parent Company			
Maturity structure of current and non-current interest-bearing liabilities in the Group and Parent Company, years	Fixed-interest		Loan-to-maturity	
	Amount	Share, %	Amount	Share, %
0-1	22,825	30	10,941	14
1-2	4,898	6	8,961	12
2-3	3,194	4	8,757	11
3-4	6,447	8	5,679	7
4 years or more	40,061	52	43,087	56
Closing balance	77,425	100	77,425	100

Of which:

<i>Interest-bearing liabilities – floating rate</i>	<i>18,947</i>
<i>Interest-bearing liabilities – fixed rate</i>	<i>58,478</i>

1) The credit facility from owners of SEK 18,000 million and cash and cash equivalents of SEK 2,984 million corresponded to a total of 192% of loans maturing in the next 12 months, see page 55 for more information.

6.4 Derivatives

Derivatives are recognised in the balance sheet at the contract date and are measured on an ongoing basis at fair value pursuant to Level 2 in IFRS 13. All derivatives are recognised as assets when fair value is positive and as liabilities when negative. Gains or losses arising from changes in value are recognised in profit or loss. Derivatives may only be used for risk management within the framework of the financial policy and the electricity trading policy, and are used primarily for controlling fixed-interest tenors and balancing the following risk areas:

Risk area	Derivative contracts
Interest-rate risk	Interest-rate swaps, inflation-linked swaps
Currency risk	Cross-currency basis swaps
Price risk – electricity	Electricity forwards

Derivative contracts in the consolidated and Parent Company balance sheets

Derivatives – financial assets	2022	2021
Interest-rate swaps, cross-currency basis swaps	6,258	1,067
Electricity derivatives	170	72
Closing balance	6,428	1,139
Derivatives – financial liabilities	2022	2021
Interest-rate swaps, cross-currency basis swaps, inflation-linked swaps	-3,891	-1,995
Closing balance	-3,891	-1,995
Net Derivatives	2,537	-856

To reflect counterparty risk, derivatives are adjusted to fair value through the CVA (Credit Value Adjustment) and DVA (Debt Value Adjustment) components. The CVA shows Vasakronan's credit risk in the event of the counterparty defaulting while the DVA reflects the company's own risk of default. Calculation of the valuation adjustment is based on the expected exposure, probability of default and recovery rates for exposed credits. As of 31 Dec 2022, the net value was SEK 99 million (7) and is included in the value of interest-rate swaps.

Credit risk

Credit risk pertains to the risk that Vasakronan's counterparty is unable to discharge its commitments in conjunction with liquidity management and using financial derivatives. This risk is limited by working with a number of different counterparties. The financial policy also states that:

- Derivative agreements are signed with counterparties that have a credit rating of at least A- on Standard & Poor's rating scale or BBB+ with CSAs
- Cash and cash equivalents may only be invested with selected counterparties that have a credit rating of at least BBB on NCR or Standard & Poor's rating scale or alternatively Baa2 on Moody's rating scale
- The duration of liquidity investments may not exceed six months
- ISDA agreements are required that allow offsetting of payables and receivables from the same counterparty

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Counterparty risk – derivative contracts

As part of managing counterparty risks in derivative contracts, the Group has entered into credit support annexes (CSAs) to International Swaps and Derivatives Association (ISDA) agreements. The annexes are mutual and both parties undertake to post cash collateral for deficit and surplus values in derivative contracts outstanding. As of 31 December 2022, the Group has received and posted such collateral.

	Group		Parent Company	
Non-current receivables	2022	2021	2022	2021
Deposits, CSAs	1,371	171	1,371	171
Other non-current receivables	65	57	55	54
Closing balance	1,436	228	1,426	225

	Group		Parent Company	
Other non-current liabilities	2022	2021	2022	2021
Deposits, CSAs	13	12	13	12
Liabilities to subsidiaries	–	–	712	723
Other non-current liabilities	65	57	54	55
Closing balance	78	69	779	790

6.5 Financial instruments

Fair value corresponds to carrying amounts for the following financial instruments: accounts receivable, accounts payable, derivatives and cash and cash equivalents. Fair value for other financial instruments is established using the current yield curve along with a borrowing margin, which currently results in a higher interest rate than that contracted for the loan. Recognition at fair value would reduce the Group's liabilities by SEK 6,618 million and increase equity by SEK 5,255 million. All investments in financial instruments are intended to be held till maturity.

Classification of financial instruments, Group	Financial assets/liabilities at amortised cost		Financial assets/liabilities at FVTPL		Carrying amount		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets								
Accounts receivable	67	45	0	0	67	45	67	45
Deposits, CSAs	1,371	158	0	0	1,371	155	1,371	155
Derivatives	0	0	6,428	1,134	6,428	1,134	6,428	1,134
Cash and cash equivalents	2,984	3,521	0	0	2,984	3,521	2,984	3,521
Total	4,422	3,721	6,428	1,134	10,850	4,855	10,850	4,855
Financial liabilities								
Bonds	54,453	52,379	0	0	54,453	52,379	48,069	52,745
Bank loans	17,527	12,806	0	0	17,527	12,806	17,304	12,998
Commercial paper	4,886	8,140	0	0	4,886	8,140	4,883	8,140
NSVs	559	513	0	0	559	513	551	512
Lease liability, leaseholds and land leases	5,151	5,158	0	0	5,151	5,158	5,151	5,158
Accounts payable	71	57	0	0	71	57	71	57
Deposits, CSAs	13	0	0	0	13	0	13	0
Derivatives	0	0	3,891	1,995	3,891	1,995	3,891	1,995
Total	82,660	79,053	3,891	1,995	86,551	81,048	79,933	81,605

	Group/ Parent Company	
Change in value of financial instruments	2022	2021
Interest-rate derivatives	1,391	1,108
Early settlement of derivatives	-198	-241
Valuation allowances for foreign currency loans	-1,903	-1,392
Valuation allowances for currency derivatives	1,903	1,392
Electricity derivatives	98	71
Total	1,291	938

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6.6 Pledged assets and contingent liabilities

Property deeds are pledged as collateral for the Group's interest-bearing liabilities.

Vasakronan is a limited partner in Stora Ursvik KB and its responsibility for the company's undertakings is limited to an amount equivalent to the invested capital of SEK 46 million (46).

For the Järvastaden AB joint venture, Vasakronan has issued surety of SEK 241 million (241) for the performance of the implementation agreement with Svenska Kraftnät.

Pledged assets and contingent liabilities	Group		Parent Company	
	2022	2021	2022	2021
Property deeds	11,180	7,894	None	None
Contingent liabilities	287	287	None	None

6.7 Adjustment for non-cash items

Adjustment for non-cash items	Group		Parent Company	
	2022	2021	2022	2021
Estimated defined-benefit pension costs	6	-5	-	-
Equipment sales	0	0	0	0
Total	6	-5	0	0

NOTE 7 GROUP STRUCTURE**7.1 Shares and participations in subsidiaries**

Shares and participations in subsidiaries	Parent Company	
	2022	2021
Opening balance	37,829	37,636
Shareholders' contributions	0	13
Impairment	-312	-213
Reversed impairment	69	393
Closing balance	37,586	37,829

Companies in the Vasakronan AB Group	Shares/ participations ¹	Share of equity,% ²	Carrying amount in Parent Company	
			2022	2021
Civitas Holding AB, 556459-9164, Stockholm	500	100	30,106	30,106
Vasakronan Fastigheter AB, 556474-0123, Stockholm	500	100	-	-
Vasakronan Holdingfastigheter AB, 556611-6850, Stockholm	1,000	100	-	-
Vasakronan Inom Vallgraven 22:3 AB, 556879-7012, Malmö	500	100	-	-
Vasakronan Malmöfastigheter AB, 556376-7267, Stockholm	5,000	100	-	-
Handelsbolaget Gotic, 969622-2844, Trelleborg	100	100	-	-
Fastighets AB Luxor, 556059-7139, Stockholm	2,000	100	-	-
Vasakronan Vattenled AB, 556577-9088, Stockholm	1,000	100	-	-
Vasakronan Priorinnan 5 AB, 559073-2151, Stockholm	500	100	-	-
Mabrabo AB, 556339-0227, Stockholm	10,000	100	-	-
Vasakronan Kista Science Tower AB, 556649-8043, Stockholm	1,000	100	-	-
Kymlinge Utvecklings A, 556647-7583, Stockholm	1,000	100	-	-
Vasakronan Kista Science Tower KB, 969660-7820, Stockholm	100	100	-	-
Vasakronan Uppsalafastigheter AB, 556651-1092, Stockholm	1,000	100	-	-
Kungspinnen I AB, 556701-4278, Stockholm	1,000	100	-	-
Frösunda Hus I AB, 556704-9183, Stockholm	1,000	100	-	-
Frösunda Hus II AB, 556704-9175, Stockholm	1,000	100	-	-
Frösunda Hus III AB, 556704-6213, Stockholm	1,000	100	-	-

1) Pertains to the Group's total number of shares and participations.

2) Pertains to the Group's total share of equity.

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Companies in the Vasakronan AB Group	Shares/ participa- tions ¹	Share of equity,% ²	Carrying amount in Parent Company	
			2022	2021
Vasakronan Priorinnan 2 AB, 556675-2423, Stockholm	1,000	100	-	-
Vasakronan Ängen AB, 556637-3550, Stockholm	1,000	100	-	-
Vasakronan Hakberget AB, 556745-5695, Stockholm	1,000	100	-	-
Vasakronan Trähus AB, 556715-4850, Stockholm	1,000	100	-	-
Vasakronan Hammarby Gård 12 AB, 556766-4007, Stockholm	1,000	100	-	-
Vasakronan Boländerna 7:4 AB, 556297-1696, Stockholm	1,000	100	-	-
Vasakronan Fålhagen 1:39 AB, 556876-3204, Stockholm	1,000	100	-	-
Vasakronan Sejen 3 AB, 556837-6742, Stockholm	500	100	-	-
Vasakronan Fastighetsutveckling AB, 556532-9108, Stockholm	1,000	100	-	-
Järvatorget AB, 556548-5546, Stockholm	1,000	100	-	-
Vasakronan Ullevifastigheter Holding AB, 556718-7884, Stockholm	1,000	100	-	-
Vasakronan Ullevifastigheter AB, 556718-6704, Stockholm	1,000	100	-	-
Ullevi Park Holding 1 i Göteborg AB, 556718-6688, Stockholm	1,000	100	-	-
Ullevi Park 1 i Göteborg AB, 556718-6621, Stockholm	1,000	100	-	-
Vasakronan Skånegatan AB, 556870-5791, Stockholm	500	100	-	-
Vasakronan Hekla AB, 559088-2196, Stockholm	500	100	-	-
Vasakronan Hekla Fastigheter AB, 559091-2340, Stockholm	500	100	-	-
Vasakronan Markholding AB, 556675-1771, Stockholm	1,000	100	-	-
Fastighets AB Gesimsen Grön, 556011-7698, Stockholm	50,000	100	1,916	1,916
Fastighets AB Svava, 556268-6658, Uppsala	500,000	100	-	-
Vasakronan Uppsala City AB, 556057-0896, Uppsala	75,000	100	-	-
Uppsala Science City AB, 556250-5346, Uppsala	300,000	100	-	-
Uppsala Science Park KB, 916512-8126, Uppsala	200	100	-	-
Vasakronan Blåmannen AB, 556825-9302, Stockholm	500	100	1,110	1,110
Vasakronan Stockholmsstuten AB, 556820-7798, Stockholm	500	100	611	611
Vasakronan Kaninen 30 AB, 556740-3604, Stockholm	1,000	100	171	473
Vasakronan Bassängkajen AB, 556696-1362, Stockholm	1,000	100	367	367

Companies in the Vasakronan AB Group	Shares/ participa- tions ¹	Share of equity,% ²	Carrying amount in Parent Company	
			2022	2021
Fastighets Aktiebolaget Telefonfabriken, 556577-4535, Stockholm	1,000	100	360	360
Vasakronan Inom Vallgraven 22:16 AB, 556865-4163, Stockholm	500	100	333	333
KB Positionen 2, 969666-7485, Stockholm	1,000	100	278	278
RTB Reval KB, 969635-4886, Stockholm	200	100	-	-
Gotic AB, 556339-0839, Stockholm	1,000	100	251	251
Agilia Förvaltnings AB, 556651-1852, Stockholm	1,000	100	-	-
KB Inom Vallgraven 22:15 Göteborg, 916445-7039, Stockholm	200	100	-	-
Arkaden Göteborg KB, 969646-3448, Stockholm	200	100	-	-
Allmänna Pensionsfondens Fastighets nr 53 KB, 969646-3836, Stockholm	200	100	-	-
Fastighets AB Skjutsgröden nr 8 & Co KB, 916502-7971, Stockholm	105	100	-	-
Nisseshus Nr 1 HB, 916587-3424, Stockholm	-	100	-	-
Allmänna Pensionsfondens Fastighets nr 63 KB, 969646-7522, Stockholm	200	100	-	-
Förvaltningsbolaget Alvikshus HB, 916501-8004, Stockholm	-	100	-	-
Fastighetsbolaget Brödtorget & Co KB, 989200-4418, Stockholm	100	100	-	-
Allmänna Pensionsfondens Fastighets nr 12 KB, 969646-4016, Stockholm	200	100	-	-
Vasakronan Bredbandet 1 AB, 559016-1427, Stockholm	500	100	-	-
Vasakronan Hårddisken 1 AB, 559347-9974, Stockholm	500	100	-	-
Vasakronan Nordstaden 10:20 AB, 556865-4205, Stockholm	500	100	214	214
Fastighets Aktiebolaget Bodega, 556031-4246, Stockholm	3,000	100	213	213
Fastighets AB Gesimsen, 556482-7318, Stockholm	1,000	100	-	-
KB Radio Östra, 916625-7007, Stockholm	1,000	100	-	-
Vasakronan Kaninen 32 AB, 556740-3612, Stockholm	1,000	100	173	173
AB Studentskrapan, 556611-6868, Stockholm	1,000	100	171	171
Position Stockholm AB, 556577-3818, Stockholm	1,000	100	158	158
Vasakronan Värtan Exploatering AB, 556984-3963, Stockholm	500	100	-	-

1) Pertains to the Group's total number of shares and participations.

2) Pertains to the Group's total share of equity.

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Companies in the Vasakronan AB Group	Shares/ participa- tions ¹	Share of equity, % ²	Carrying amount in Parent Company	
			2022	2021
Vasakronan Stapelbådden 3 AB, 556740-2614, Stockholm	500	100	151	151
Vasakronan Magasinet 1 AB, 556692-9146, Stockholm	1,000	100	151	151
Vasakronan Inom Vallgraven 20:14 AB, 556865-4361, Stockholm	500	100	135	135
Vasakronan Heden 22:19 AB, 556859-5291, Stockholm	500	100	114	114
AP Fastigheter AB, 556417-5858, Stockholm	100,000	100	337	267
Vasakronan Magasin X AB, 559016-1450, Stockholm	500	100	–	–
Vasakronan Nordstaden 21:1 AB, 556875-2918, Stockholm	500	100	90	90
Vasakronan Jungmannen 1 AB, 556646-7089, Stockholm	1,000	100	82	88
Allmänna Pensionsfondens Fastighets AB, 556355-6835, Stockholm	500	100	60	60
Vasakronan Starkströmmarna AB, 556771-7920, Stockholm	1,000	100	39	39
Allmänna Pensionsfondens Fastighets nr 59 KB, 969646-4032, Stockholm	200	100	–	–
Ankarspik 120 AB, 559347-9982, Stockholm	500	100	–	–
Nacka Strand Förvaltnings Aktiebolag, 556034-9150, Stockholm	500	100	0	0
Vasakronan Invest AB	500	100	–5	0
Beyond Us AB, 559016-1559, Stockholm	500	100	–	–
Idun Real Estate Solutions AB, 559016-1245, Stockholm	1,019	51	–	–
Tmpl Work AB, 556761-8961, Stockholm	1,212	60	–	–
Total			37,586	37,829

1) Pertains to the Group's total number of shares and participations.

2) Pertains to the Group's total share of equity.

7.2 Participations in associates and joint ventures

Shares and participations in joint ventures	Group		Parent Company	
	2022	2021	2022	2021
Opening balance	971	911	1	0
Dividends received	–125	–182	0	0
Share of profit/loss for the year	–151	193	–1	1
Acquisitions/sales	18	50	0	0
Other	–2	0	0	0
Closing balance	711	971	0	1

	Corp. Reg. No.	Reg. office	Share of equity, %	Shares/ partici- pations	Carrying amount 2022	Recognised in profit or loss	Dividends received	Carrying amount 2021	Other owners
Companies that pursue the long-term development of development rights at Järvafältet.									
Järvastaden AB	556611-6884	Solna	50	500	302	–121	–125	549	Skanska
Ursvik Exploaterings AB	556611-6892	Stockholm	50	5,000	0	0	0	0	Bonava
Stora Ursvik KB	969679-3182	Stockholm	50	50	341	–30	0	371	Bonava
Companies for property development at Värtahamnen									
Värtan Fastigheter AB	556678-0267	Stockholm	50	1,000	0	0	0	0	Fabege
Värtan Fastigheter KB	969601-0793	Stockholm	50	1	0	0	0	1	Fabege
Companies in PropTech development									
Hydda Holding AB	559323-5921	Stockholm	32	45,968	68	0	0	50	Blq Invest
Total					711	–151	–125	971	

The result from participations in associates and joint ventures stems essentially from value changes for the properties in the companies working with development rights at Järvafältet.

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7.3 Non-current receivables from joint ventures

Non-current receivables from joint ventures	Group		Parent Company	
	2022	2021	2022	2021
Opening balance	20	0	20	0
New lending	20	0	20	0
Reclassification	-40	20	-40	20
Closing balance	0	20	20	20

Pertains to a promissory note from Järvastaden AB.

7.4 Related parties

Related parties	Transactions
Parent Company (Vasakronan Holding AB)	A dividend of SEK 4,000 million was paid to the Parent Company as per the resolution by the AGM.
Parent Company shareholders	The First and Third Swedish national pension funds lease premises under market terms and conditions. Vasakronan has a subscription commitment from the First, Second, Third and Fourth Swedish national pension funds for its commercial paper, refer to page 119. At the end of 2022, the Third Swedish National Pension Fund had bond holdings with Vasakronan of SEK 625 million.
Board of Directors	Refer to Note 2.4 for details of remuneration. No Board member has participated directly or indirectly in any business transaction with Vasakronan. The Board is presented on pages 79–80.
Management Team	Refer to Note 2.4 for details of remuneration. No senior executive has participated directly or indirectly in any business transaction with Vasakronan. The management is presented on pages 81–82.
Group companies	Specified in notes 7.1 and 8.4, transactions in Note 8.1. Transactions between Group companies pertain primarily to invoicing by the Parent Company for services provided in terms of property management and interest on Group balances.
Associates and joint ventures	Companies and transactions are specified in notes 7.2 and 7.3. Transactions pertain primarily to participations in companies and value transfers between the Group and companies.

NOTE 8 PARENT COMPANY

The Parent Company applies the same accounting policies as the Group in accordance with RFR 2, Accounting for Legal Entities. This means that the IFRS are applied together with the deviations presented in the Parent Company's accounting policies.

- The Parent Company's functional currency is Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group.
- Shares in subsidiaries are recognised using the cost method. Should the carrying amount exceed the consolidated fair value of the subsidiaries, impairment is charged to profit or loss. Investment properties are measured at fair value when calculating the consolidated value, refer to Note 4.2. Earlier impairment is reversed when it is no longer justified. Carrying amounts are tested each quarter against the subsidiaries' equity.
- Dividends are recognised when the entitlement to receive payment is considered certain.
- Income from the sale of subsidiaries is recognised when the risks and benefits associated with the holding in the subsidiary have transferred to the buyer.
- Group contributions paid to the owner Vasakronan Holding AB are treated as dividends and are recognised in equity.
- Group contributions received and paid from and to subsidiaries are recognised as profit from participations in subsidiaries in profit or loss.

8.1 Intra-Group transactions

Of the Parent Company's purchases during the financial year, 24% (5) pertained to purchases from Group companies. Intra-Group costs mainly comprised rent.

Of the Parent Company's sales during the financial year, 93% (99) pertained to sales to Group companies. Intra-Group revenue comprises the property management costs invoiced by the Parent Company to the property-owning Group companies.

8.2 Profit from participations in subsidiaries

Profit from participations in subsidiaries	Parent Company	
	2022	2021
Group contributions received and paid	1,383	1,750
Dividends received from subsidiaries	13,324	607
Impairment and reversal of impairment in participations in subsidiaries	-243	181
Total	14,464	2,538

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8.3 Appropriations and untaxed reserves

	Parent Company	
	2022	2021
Appropriations and untaxed reserves		
Appropriations		
Provisions to/reversal from the tax allocation reserve	-200	-236
Total	-200	-236
Untaxed reserves		
Tax allocation reserve, 2017 fiscal year	142	142
Tax allocation reserve, 2019 fiscal year	300	300
Tax allocation reserve, 2020 fiscal year	200	200
Tax allocation reserve, 2021 fiscal year	280	280
Tax allocation reserve, 2022 fiscal year	200	-
Total	1,122	922

8.4 Non-current receivables and liabilities with subsidiaries

	Parent Company	
	2022	2021
Non-current receivables, subsidiaries		
Opening balance	38,972	40,472
New lending	11,497	0
Principal repayments	0	-1,500
Closing cost/carrying amount	50,469	38,972
Non-current liabilities, subsidiaries		
Opening balance	723	723
New borrowings	0	0
Principal repayments	-11	0
Closing cost/carrying amount	712	723

Non-current receivables and liabilities with subsidiaries pertain to promissory notes carrying interest at market rates.

NOTE 9 PROPOSED APPROPRIATION OF PROFITS

The following profit is at the disposal of the AGM:

Retained earnings	SEK 5,076,568,476
Profit for the year	SEK 14,698,101,046
Total	SEK 19,774,669,522

The Board proposes that the earnings be appropriated as follows:

To be carried forward	SEK 19,774,669,522
Total	SEK 19,774,669,522

NOTE 10 EVENTS AFTER THE BALANCE-SHEET DATE

No significant events have occurred after the balance-sheet date that impact the assessment of Vasa-kronan's financial position. However, the ongoing conflict in Ukraine together with the uncertain geopolitical situation in the world will continue to impact both on financial markets and on monetary policy, but it is impossible to predict how serious and how long-term these effects may be.

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	Q4 2022	Q3 2022	Q2 2022	Q1 2022
INCOME STATEMENTS, SEK m				
Rental revenue	2,143	2,132	1,990	1,902
Operating expenses and property administration	-345	-293	-300	-305
Maintenance costs	-34	-29	-25	-29
Property tax	-207	-298	-166	-168
Operating surplus	1,557	1,512	1,499	1,400
Central administration	-33	-26	-29	-28
Result from participations in joint ventures	-122	2	-26	-5
Financial income	20	8	1	1
Financial expenses	-401	-327	-266	-244
Interest expense lease liability; ground rents and land leases	-40	-40	-40	-40
Profit before value changes and tax	981	1,129	1,139	1,084
Change in value of investment properties	-6,111	-2,140	10,246	2,922
Depreciation of right-of-use assets	-2	-2	-1	-2
Change in value of financial instruments	-424	-48	862	901
Divested/impaired goodwill	0	-2	0	0
Profit before tax	-5,556	-1,063	12,246	4,905
Tax	1,235	231	-2,523	-1,010
Profit for the period	-4,321	-832	9,723	3,895
<i>Of which, attributable to non-controlling interests</i>	<i>0</i>	<i>-1</i>	<i>-1</i>	<i>-1</i>
Total profit attributable to the Parent Company shareholders	-4,321	-831	9,724	3,896

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
BALANCE SHEETS, SEK m				
Investment properties	188,317	194,037	195,809	185,034
Equity	89,767	94,064	94,896	89,172
Interest-bearing liabilities	77,425	78,676	79,629	73,751
Total assets	208,585	215,993	216,777	202,252
KEY METRICS				
Property-related information				
Closing area, thousand sq. m.	2,398	2,404	2,426	2,357
Closing number of properties	166	167	168	168
Closing market value of property, SEK m	188,317	194,037	195,809	185,034
Net investments, SEK m	390	366	529	536
Closing economic occupancy rate, %	91.2	90.8	91.6	91.8
Surplus ratio, %	73	71	75	74
Financial metrics				
Closing average interest rate, %	2.1	2.0	1.5	1.3
Average fixed-interest tenor, years	4.0	4.0	4.0	4.5
Interest coverage ratio for the period, multiple	4.2	4.9	5.4	5.5
Closing equity/assets ratio, %	43	44	44	44
Other metrics				
Closing number of employees	294	290	283	288

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	2022	2021	2020	2019	2018 ¹
INCOME STATEMENTS, SEK m					
Rental revenue	8,167	7,425	7,006	7,040	6,718
Operating expenses and property administration	-1,243	-1,124	-1,049	-1,059	-1,068
Maintenance costs	-117	-100	-116	-119	-108
Property tax	-839	-668	-652	-655	-527
Ground rents and land leases	-	-	-	-	-146
Net operating income	5,968	5,533	5,189	5,207	4,869
Central administration	-116	-124	-118	-113	-101
Result from participations in joint ventures	-151	193	-219	1105	159
Net interest	-1,208	-1,051	-1,117	-1,131	-1,043
Interest expense, lease liability	-160	-160	-158	-147	-
Profit before value changes and tax	4,333	4,391	3,577	4,921	3,884
Change in value of investment properties	4,917	15,255	1,083	13,270	10,651
Depreciation of right-of-use assets	-7	-7	-7	-7	-
Change in value of financial instruments	1,291	938	167	-881	13
Divested/impaired goodwill	-2	-5	0	-74	-62
Profit before tax	10,532	20,572	4,820	17,229	14,486
Tax	-2,067	-4,213	-1,106	-3,320	-1,584
Profit for the year	8,465	16,359	3,714	13,909	12,902
<i>Of which, attributable to non-controlling interests</i>	-3	-6	-4	-2	-
Total profit attributable to the Parent Company shareholders	8,468	16,365	3,718	13,911	12,902
BALANCE SHEETS, SEK m					
Investment properties	188,317	181,575	162,420	156,071	138,934
Equity	89,767	85,290	70,869	70,156	60,271
Interest-bearing liabilities	77,425	73,838	69,317	66,638	61,087
Total assets	208,585	196,194	176,226	170,179	145,201

	2022	2021	2020	2019	2018 ¹
KEY METRICS					
Property-related information					
Closing area, thousand sq. m.	2,398	2,348	2,339	2,322	2,372
Closing number of properties	166	168	171	174	174
Closing number of apartments	1,169	1,169	1,169	1,175	1,169
Closing market value of property, SEK m	188,317	181,575	162,420	156,071	138,934
Closing market value, SEK/sq. m	78,531	77,332	69,439	67,214	58,573
Net investments, SEK m	1,823	3,904	5,266	3,867	1,407
Property acquisitions, SEK m	0	214	181	977	594
Property divestments, SEK m	-543	-447	-228	-1,550	-2,521
Investments in existing projects, SEK m	2,366	4,137	4,920	4,440	3,335
Closing rental value, SEK m	9,612	8,592	8,187	7,785	7,403
Closing economic occupancy rate, %	91.2	91.4	91.9	94.1	93.1
Closing surplus ratio, %	73	75	74	74	73
Environmental certification, of investment portfolio, share of market value, %	93	94	92	92	92
Energy intensity on closing date, kWh/sq. m.	75	83	83	92	103
Yield, total holdings, %	3.2	3.2	3.2	3.5	3.8
Value change in the total portfolio, % ²	2.7	9.4	0.8	9.6	8.5
Total yield, total holdings, %	6.0	12.8	4.0	13.4	12.5
Financial metrics					
Closing average interest rate, %	2.1	1.3	1.6	1.7	1.6
Average fixed-interest tenor, years	4.0	4.6	5.0	5.8	4.7
Interest coverage ratio, multiple	4.8	5.2	4.4	4.6	4.7
Closing equity/assets ratio, %	43	43	40	41	42
Closing EPRA NRV, SEK m	113,542	110,515	94,656	91,742	78,541
Closing EPRA NTA, SEK m	104,406	102,179	87,735	85,205	72,970
Closing EPRA NDV, SEK m	93,121	82,944	69,450	68,909	58,001
Return on equity, %	15.2	22.9	5.4	21.9	22.9

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

2) Outcome in accordance with MSCI Swedish Property Index.

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	2022	2021	2020	2019	2018 ¹
Cash flow metrics					
Cash flow from operating activities before changes in working capital, SEK m	4,272	3,572	3,547	3,755	3,567
Cash flow from operating activities, SEK m	4,436	3,947	3,818	3,829	3,635
Cash flow from investing activities, SEK m	-1,792	-3,858	-5,269	-3,573	-1,297
Cash flow from financing activities, SEK m	-3,181	874	494	1,044	-1,546
Cash flow for the year, SEK m	-537	963	-957	1,300	792
Other metrics					
Average number of employees	288	294	302	308	313
Closing number of employees	294	290	293	305	309
Basis for key metrics					
1. EPRA NRV, SEK m					
Equity	89,767	85,290	70,869	70,156	60,271
Add back goodwill attributable to deferred tax	-1,901	-1,903	-1,908	-1,908	-1,983
Add back derivatives	-2,536	855	3,426	2,126	1,967
Add back recognised deferred tax	28,212	26,273	22,269	21,368	18,286
	113,542	110,515	94,656	91,742	78,541
2. EPRA NTA, SEK m					
Equity	89,767	85,290	70,869	70,156	60,271
Add back goodwill attributable to deferred tax	-1,901	-1,903	-1,908	-1,908	-1,983
Add back other intangible assets	-117	-141	-136	-116	-106
Add back derivatives	-2,536	855	3,426	2,126	1,967
Add back recognised deferred tax	28,212	26,273	22,269	21,368	18,286
Deferred tax at fair value ²	-9,019	-8,195	-6,785	-6,421	-5,465
	104,406	102,179	87,735	85,205	72,970
3. EPRA NDV, SEK m					
Equity	89,767	85,290	70,869	70,156	60,271
Add back goodwill attributable to deferred tax	-1,901	-1,903	-1,908	-1,908	-1,983
Adjustment of interest-bearing liabilities to fair value	5,255	-443	489	661	-287
	93,121	82,944	69,450	68,909	58,001

	2022	2021	2020	2019	2018 ¹
4. EBITDA, SEK m					
Operating surplus	5,968	5,533	5,189	5,207	4,869
Central administration	-116	-124	-118	-113	-101
Cash flow from dividends from joint ventures	107	183	34	309	162
Ground rents and land leases	-167	-167	-165	-154	-
	5,792	5,425	4,940	5,249	4,930
5. EBITDA margin, %					
Rental revenue	8,167	7,425	7,006	7,040	6,718
EBITDA	5,792	5,425	4,940	5,249	4,930
	71	73	71	75	73
6. Interest coverage ratio, multiple					
EBITDA	5,792	5,425	4,940	5,249	4,930
Net financial items	-1,208	-1,051	-1,117	-1,131	-1,043
	4.8	5.2	4.4	4.6	4.7
7. Net interest-bearing liabilities, SEK m					
Non-current interest-bearing liabilities	66,484	59,342	55,659	53,682	45,956
Current interest-bearing liabilities	10,941	14,499	13,658	12,956	15,131
Cash and cash equivalents	-2,984	-3,521	-2,558	-3,515	-2,215
	74,441	70,317	66,759	63,123	58,872
8. Loan-to-value ratio, %					
Net interest-bearing liabilities	74,441	70,317	66,759	63,123	58,872
Total assets excl. leaseholds and land leases	188,317	181,575	162,420	156,071	138,937
	40	39	41	40	42
9. Debt/equity ratio, multiple					
Non-current interest-bearing liabilities	66,484	59,342	55,659	53,682	45,956
Current interest-bearing liabilities	10,941	14,496	13,658	12,956	15,131
Equity	89,767	85,290	70,869	70,156	60,271
	0.9	0.9	1.0	0.9	1.0

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

2) Calculated on the basis of a 30% current tax rate applying at any time.

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The Board and CEO affirm that the annual accounts have been prepared in accordance with the Annual Accounts Act and RFR2, and provide a fair and accurate overview of the Parent Company’s financial position and results. The consolidated accounts have been prepared in accordance with the International Financial Reporting standards (IFRS) as adopted by the

EU and provide a fair and accurate overview of the Group’s financial position and results. The Administration Report for the Group and Parent Company provides a fair and accurate overview of the Group and Parent Company’s operations, position and results, and describes material risks and uncertainties faced by the Parent Company and the companies included in the Group.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Vasakronan has chosen to prepare its statutory Sustainability Report separately from its Administration Report. The Board and CEO also affirm that Vasakronan’s 2022 Sustainability Report has been prepared in accordance with the Annual Accounts Act and the GRI standards as issued by the Global Reporting Initiative.

Stockholm, 23 March 2023

Ulrika Francke
Chairman of the Board

Ann-Sofi Danielsson
Board Member

Niklas Ekvall
Board Member

Eva Halvarsson
Board Member

Pablo Bernengo
Board Member

Hannes Hasselrot
Board Member

Kristin Magnusson Bernard
Board Member

Magnus Meyer
Board Member

Kia Orback Pettersson
Board Member

Johanna Skogestig,
Chief Executive Officer

Our Auditors’ Report was submitted on 24 March 2023
Ernst & Young AB

Katrine Söderberg
Authorised Public Accountant, Auditor in Charge

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To the general meeting of the shareholders of Vasakronan AB (publ), corporate identity number 556061-4603

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Vasakronan AB (publ) except for the corporate governance statement on pages 69–82 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 83–131 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 69–82. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statements and balance sheets for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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Valuation of investment properties

Description

The fair value of the Group's investment properties, reported in the consolidated balance sheet, amounted to SEK 188,317 million on 31 December 2022. Unrealised change in investment properties during the year, reported in the consolidated income statement, amounted to SEK 4,917 million.

As of 31 December 2022, all the properties in the portfolio have been valued by external valuation experts. All properties are valued quarterly. The properties are valued by external valuation experts at each full-year and half-year end, and at the other quarterly shifts the properties are valued internally.

The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. The required yields for the properties are assessed on each property's unique risk profile and observable transactions in the market for properties with a similar nature.

Valuation at fair value is by nature subject to subjective assessments where a seemingly minor change in the assumptions made that form the basis for the valuations can have a significant effect in reported values. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, we assess this area to be a key audit matter in our audit.

A description of the valuation of the investment properties, together with accounting principles, significant accounting assessments, estimates and assumptions is stated in Note 4.2. Risk and risk management linked to property valuation are described on pages 114–115.

How our audit addressed this key audit matter

In our audit we have evaluated the company's process for property valuation.

We have evaluated the valuation methodology and the input data in the externally and internally prepared valuations. We have evaluated the skills and objectivity of the external experts.

We have with support from internal valuation specialist reviewed the valuation model used and reviewed the reasonability of the adopted assumptions such as yield requirements, vacancy rates, rental income and operating costs for a sample of properties and made comparisons to known market information. The internal valuation specialists' work has mainly included a reasonableness assessment of the most significant assumptions such as yield requirements and future rental levels as well as an assessment of the final market value.

The sample has been made based on risk criteria and size. We have discussed important assumptions and assessments with valuation managers and the entity's management.

For a sample of investment properties, we have tested input in the valuation model regarding rental income, contract length and investments and checked the calculations that are the basis for the valuation.

During the year, we have collected and reviewed a sample of internally valued properties to evaluate compliance with the company's valuation policy and valuation model.

We have reviewed the disclosures provided in the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–68, 137–178, 180–187 and 188–197. The Remuneration report for the year 2022 also represents other information. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by

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the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so. The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Responsibilities of the Auditor

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

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From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Vasakronan AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics

for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Responsibilities of the Auditor

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which could give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 69–82 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB was appointed auditor of Vasakronan AB by the general meeting of the shareholders on 27 April 2022 and has been the company's auditor since 4 May 2020.

Stockholm, 24 March 2023
Ernst & Young AB

Katrine Söderberg
Authorised Public Accountant

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Sustainability Report



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This sustainability report follows the Global Reporting Initiative (GRI) guidelines and is prepared in accordance with the GRI Universal Standards 2021. In addition to the GRI Universal Standards, Vasakronan has chosen to recognise the sector-specific Construction and Real Estate (CRE) indicators that were previously recognised in accordance with GRI G4. Part of the mandatory GRI information can be found in the Annual Report and part in the Sustainability notes. The locations of the respective information are presented in the GRI index on pages 148–151.

The Sustainability Report is compiled on a yearly basis. 2022 is the fourteenth consecutive year for which Vasakronan submits a report of its sustainability efforts, and the most recently published report, for 2021, was published in March 2022. Following the reporting for 2021, a correction has been made to the data provided in that report. The amended data pertains to the accident frequency for 2021, which has been recalculated so that all projects apply an equivalent denominator (millions of hours worked in the project), see page 173.

The report is reviewed in summary by EY, and their limited assurance report can be found on page 179. The Sustainability Report covers the Parent Company and all wholly owned subsidiaries. Joint venture companies co-owned by Vasakronan are not covered, and are not considered to constitute a significant part of operations. Nor does the Sustainability Report cover operations controlled by individual tenants or suppliers.

Statutory Sustainability Report

The Sustainability Report has been prepared pursuant to the provisions in the Swedish Annual Accounts Act Chapter 6 Section 11 and encompasses pages 138–178, except for the description of the company's business model on page 18 and information on risk management on pages 83–90.

EU Taxonomy

The EU Taxonomy is part of the EU Action Plan: Financing Sustainable Growth. The aim is to define sustainable investments. For an activity to be considered sustainable according to the Taxonomy Regulation, it needs to contribute significantly to one of the six established environmental objectives without causing significant harm to the others. There are also requirements for social aspects such as human rights and occupational health.

The reporting requirement in the Taxonomy Regulation does not apply to Vasakronan since the company has fewer than 500 employees. However, as a result of expectations from stakeholders, our ambition is to report as much as possible according to the Taxonomy. Pages 56–57 include a description of the information to be included in the 2022 Annual Report regarding how much of the operations are Taxonomy-eligible.

Governance

Planning, governance and monitoring of sustainability efforts follow the company's organisational structure, with a clear delegation of responsibilities and authorisations through a management system that consists of policies, guidelines, general measurable targets and detailed action plans. Sustainability work is also governed by guidelines and regulations, and guided by voluntary commitments and frameworks such as the UN's Sustainable Development Goals (SDGs).

The annual business planning creates clear, well-supported plans for how operations are to be pursued in all sections of the company. The plans formulate both short- and long-term financial, environmental and social goals. The business plan is thereafter monitored continually during the year. For more information about how we govern our operations, see pages 69–77 and 152–178.

The UN SDGs

Sustainable development is defined by the UN as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." In September 2015, UN member countries adopted the 2030 Agenda for Sustainable Development, a universal agenda with 17 goals for economically, socially and environmentally sustainable development. The purpose of the goals is to address poverty, peace and justice as well as inequality, and to solve the climate crisis and other urgent environmental issues by 2030. Even if the goals are set on an international level, it is important to analyse how Vasakronan can contribute to the goals and if there is any aspect of our operations that complicates or hinders the goals from being met on a global level. Operations are assessed as having the largest impact on Goal 7 "Affordable and clean energy," Goal 9 "Industry, innovation and infrastructure," Goal 11 "Sustainable cities and communities" and Goal 12 "Responsible consumption and production." Through positive impact on these goals, our operations also contribute to reaching Goal 13, "Climate Action."

The challenges identified in operations connected to the 2030 Agenda goals include Goal 8 "Decent work and economic growth." This goal is primarily linked to the risk of work-related accidents and hazardous working conditions at Vasakronan's construction sites. For more detailed information and which goals are relevant to the operations, see pages 152–178.

Contact person for the Sustainability Report:
Anna Denell, *Chief Sustainability Officer (CSO)*.
E-mail address: anna.denell@vasakronan.se

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Stakeholder expectations

Vasakronan’s stakeholders comprise tenants, suppliers, financiers, employees, public and private sector organisations, and owners. Surveying and analysing stakeholder expectations for the operations is a prerequisite for creating sustainable value. Vasakronan maintains ongoing dialogues with stakeholders through meetings, interviews and questionnaires. Moreover, in-depth interviews are held with stakeholders every few years. The goal is to identify important sustainability topics now and in the future, and to understand which issues weigh highly for Vasakronan’s stakeholders.

The most recent in-depth interviews were conducted in 2020. The in-depth interviews allowed selected representatives from stakeholder groups to share which sustainability areas they think will have the largest strategic impact for Vasakronan in the next five years and which issues are the most important in terms of trust. Their assessments were based on Vasakronan’s existing material sustainability areas, but respondents could also highlight other prioritised areas. Interviews also covered which trends stakeholders believe will have the largest impact on Vasakronan’s operations in the future.

Vasakronan’s stakeholders

Tenants	Suppliers	Lenders	Employees	Communities	Owners
<i>We aim to be the preferred choice for tenants looking for office or retail premises</i>	<i>We set requirements for and review our suppliers to jointly contribute to sustainable collaboration</i>	<i>We aim to always have access to financing on favourable terms and with low risk</i>	<i>We aim to be an employer that attracts skilled employees and new talents</i>	<i>We aim to actively contribute to society by collaborating with public and private organisations</i>	<i>We aim to generate returns for our owners, but never at the expense of people, the environment or society</i>
EXPECTATIONS					
- Long-term asset management that offers premises that provide good service and a good work environment - Collaboration aimed at minimising negative environmental impact - Low energy consumption in the buildings - Safety and security in and around properties - Support biodiversity	- Circular material use and selection - Stringent requirements concerning work conditions and work environment - Only suppliers who live up to these expectations are permitted - Collaboration for greater sustainability	- Long-term and stable financial management - Customer satisfaction - Climate change adaptation - Low energy consumption in the buildings	- Responsible and ethical business practices - Stable, long-term employer that offers good employment terms - Good work environment - Engagement in local communities	- Advocate more eco-system services in the planning phase and in the operations - Circular material use and selection - Reduce transportation and emissions - Safety and security in and around properties - Diversity throughout the entire value chain/ contributing to integration - Support biodiversity	- A long-term stable yield where consideration is given to people, ethics and the environment - Transparent reporting - Diversity throughout the entire value chain/ contributing to integration in society - Support biodiversity
DIALOGUE OPPORTUNITIES					
- Customer meetings - Customer satisfaction survey - Customer service and ongoing dialogues regarding property management - Theme lectures	- During procurement processes for framework agreements, when placing orders and in meetings with suppliers - Regular reviews/audits - Contract meetings - Site visits	- Individual meetings with banks and investors in the capital market - Financial statements - Capital market and investor presentations	- Employee dialogue meetings - Employee surveys - Workshops - Business planning	- Attending and participating in meetings with stakeholders and industry organisations as well as other forums - Network meetings	- Board meetings, of which one each year is a strategy meeting - Meeting with owner representatives for specific discussions on corporate governance

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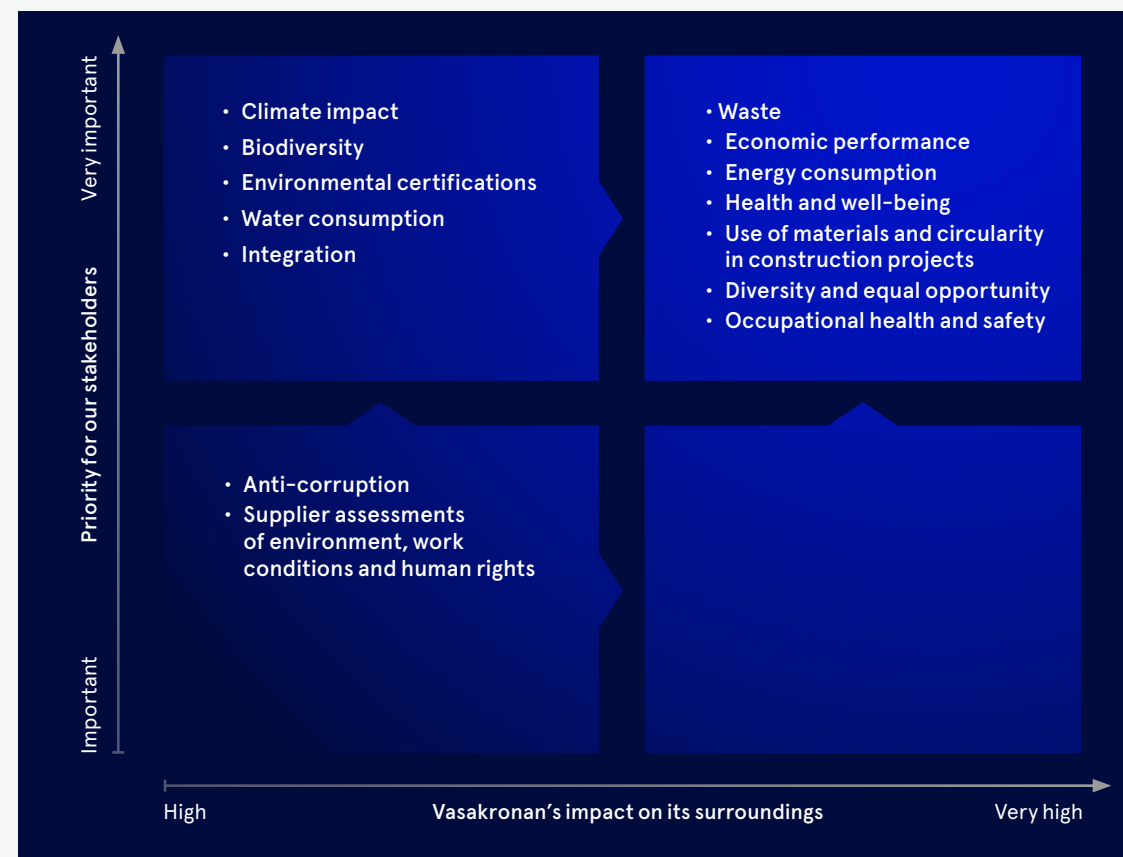
Significant sustainability areas

An internal prioritisation of which sustainability topics were considered the most material, was performed based on stakeholders' expectations and on external trends monitoring. When setting priorities, Vasakronan took into account the actual impact on people, the environment, economy and society. Consideration was also given to Vasakronan's vision and business strategy. Prioritised sustainability topics were then validated by Vasakronan's Management Team. The most important areas for Vasakronan and stakeholders are shown in the graph to the right.

Two areas that have gained importance with Vasakronan's stakeholders and in our operating environment are "Biodiversity" and "Integration." Regarding biodiversity, stakeholders want more information about the effect that Vasakronan's properties have on local biodiversity. Stakeholders also want to know how other places are affected as a result of the company's purchase of goods and services. When it comes to integration, our stakeholders would like to understand the community responsibility Vasakronan takes in terms of diversity and the requirements we have for our value chain.

Stakeholders believe that "Safe occupational health at suppliers" and "Anti-corruption" are important trust factors, but less material in terms of actual impact. Therefore there is an expectation for regular progress reports and regular updates on the number of accidents and any confirmed cases of corruption. Another issue that stakeholders deemed a future matter of confidence is how Vasakronan works with circular construction within building projects.

A verification of the materiality review was conducted for the 2022 report. While all topics from 2020 were assessed as still material, the topic ranking has changed slightly between the years and, in 2022, climate impact was assessed as the most prioritised topic.



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Below is a report of Vasakronan's climate-related financial risks and opportunities. The report was prepared according to guidelines from the Task Force on Climate-related Financial Disclosures (TCFD) and is based on governance, strategy, risk management, measured values and goals.

Since 2017, Vasakronan has described its climate work based on the TCFD recommendations. The ambition is to follow them to the greatest extent possible. The aim is primarily to provide investors with information about the risks and possibilities that a transition to a society with lower carbon emissions entails. The intent is also to provide a description for stakeholders of how operations will be affected by climate issues. The descriptions are categorised into four areas: governance, strategy and risk management as well as key metrics and targets.

Background

Vasakronan realised over ten years ago that the business needed to adapt and take more consideration for the environment and climate. Through enhancing energy efficiency in various ways, and the transition to renewable energy sources, Vasakronan has reduced its direct greenhouse gas emissions from energy by close to 90% since 2006. In 2008, Vasakronan began to compensate annually for remaining emissions and, as such, Vasakronan became climate neutral in terms of direct and indirect emissions in regard to energy consumption. In 2019, the ambition level was raised when Vasakronan decided that the company would be climate neutral across the entire value chain by no later than 2030.

For Vasakronan, the commercial benefits of reducing climate impact are clear, and there is no conflict between profitability and sustainability. On the contrary, Vasakronan can see that initiatives to reduce climate impact have been a success factor that have driven and answered a market

demand for climate-smart solutions. The reduction in energy consumption has also led to considerable improvements in net operating income, increased property values and an overall improvement in profitability. But in addition to reducing its own impact on the climate, Vasakronan also adapts its operations to withstand climate change.

Governance

Stringent requirements from Vasakronan's owners (the First through Fourth Swedish national pension funds) mean that the return must be long-term stable and generated with consideration for people, the environment and society, and where climate-related issues are integrated in operations. Progress is reported to owners through owner representatives on the Board of Directors as well as through ongoing dialogues with the sustainability departments at each Swedish national pension fund.

Vasakronan develops an annual strategic plan subject to adoption by the Board. The plan includes a description of the sustainability strategy that is expected to form the basis for the operations and the long- and short-term environmental targets. A review of the company's work to reduce the operational impact on the climate and to adapt operations to climate changes is also conducted at least once a year with the Board of Directors. Twice a year, the Board also receives a sustainability report that, among other things, describes climate mitigation initiatives and adaptation progress.

Responsibility for daily climate-related operations, such

Task Force on Climate-related Financial Disclosures (TCFD) is a framework that helps organisations map, prevent, and account for their climate-related financial risks. The aim is to provide insight into the future financial implications for the organisation from climate change. The framework is thus based on the climate's impact on the company, rather than the company's effect on the climate.

as planning, governance and monitoring follows the organisational structure, with a clear delegation of responsibilities and authorisations. Climate issues are included as part of the business plans developed for the underlying units as well as for the company as an entirety. The plans include the targets set for both the short and the long term. The targets are monitored on a quarterly basis by the management team and the Board of Directors.

The increasing importance of climate issues in investment decisions means that the Chief Sustainability Officer is a member of the Investment and Financial Board.

Strategy

Vasakronan is a long-term actor. It is therefore important that the company's strategy also monitors areas that have a significant effect in the long run, including the climate. Vasakronan's sustainability strategy is part of the company's strategic plan. This means that operations are to be conducted sustainably and that Vasakronan's sustainability ambitions are to influence all decisions in the company. The sustainability strategy also entails that the company continues to set ambitious climate targets that affect the decisions taken across the entire value chain and regular adaptation of the existing property portfolio based on assessments of coming climate changes.

In Sweden, climate work is regulated by the Climate Act which entered force in 2018. The overriding goal is for green-

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Triangeln in Malmö is one of a number of properties during the year that underwent recertification, which resulted in higher classifications due to the effect of implemented energy saving measures. A total of slightly more than 90 of Vasakronan's properties have been recertified.

house gas emissions in Sweden to be zero by 2045 at the latest. Vasakronan believes that its own operations can develop quicker than this and has therefore decided that the company is to be climate neutral across the entire value chain by no later than 2030. Reaching climate neutrality across the entire value chain requires primarily that emissions related to construction and tenant use of premises are drastically reduced. To ensure that operations are moving in the right direction, ambitious short- and long-term environmental targets are set annually in the areas that generate emissions, such as energy consump-

tion and use of construction material. For more information about our climate targets, refer to pages 65–66.

To ensure that efforts to reduce climate impact are sufficient and in line with the requirements specified by the Paris Agreement's goal to limit global warming to two degrees, Vasakronan has engaged the SBTi to evaluate the climate targets. The SBTi is a collaboration between the World Wide Fund for Nature, the United Nations Global Compact, the Carbon Disclosure Project and the World Resources Institute. The goal is to ensure that companies' climate targets have a

scientific basis. In December 2018, Vasakronan's climate targets were approved by the SBTi, with the comment that they were well under those of the Paris Agreement. The climate target Vasakronan had evaluated by SBTi was older and somewhat less ambitious than the current target of climate neutrality across the entire value chain.

Risk management

Efforts to identify, analyse, manage and follow up climate risks are prioritised at Vasakronan. The work is monitored as part of the company's annual risk assessment, and involves all units in the company and follows a structured process. The process starts with an inventory of existing and new risks. This includes conducting workshops and interviews with representatives from various parts of the organisation. Thereafter, the Management Team assesses the risks included in the inventory based on likelihood and impact. Material risks are then presented to the Audit Committee and the Board.

According to the TCFD's recommendations, climate-related financial risks can be divided in two primary categories: transition risks and physical risks. Transition risks refers to the political, regulatory, market and technological risks that a transition to a society with lower carbon emissions can entail. Physical risks refer to the risks that occur as a consequence of the changing climate, such as increased precipitation or rising sea levels. They can be acute or chronic and include direct damage to assets or indirect damage within operations, for example interruptions to the supply chain. For information about Vasakronan's risk management and climate-related risks, see pages 83–90 as well as the "Transition risks" and "Physical risks" on page 143 and the table on pages 145–147.

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Scenario analysis

Climate scenarios help us understand what our climate will look like in the future and how it will be affected by global aspects like politics, technology, the economy and changes in society. Transition risks and physical risks can be identified, and future strategy adapted by analysing the possible effects different climate scenarios would have on operations. This means preparing operations for financial, legislative and social development with low carbon emissions. It also entails preparing for the physical effect of a changed climate on properties as well as on tenants' and suppliers' operations.

Vasakronan's ambition is to update the scenario analysis every five years. The most recent one was conducted in 2019, in which Vasakronan investigated how operations would be affected up until 2100 with climate scenarios based on an RCP¹ of 2.6, 4.5 and 8.5. Representative Concentration Pathways (RCPs) describe scientists' projections of how and by how much our climate might change in the future, based on a number of scenarios with varying degrees of human impact. An RCP of 2.6 represents a strong climate policy with significantly reduced emissions, negative emissions by 2100 and a global temperature increase of 0.5–1.5 degrees Celsius. An RCP of 8.5 represents instead a weak climate policy, continued high emissions and a global temperature increase of 3.5–5.0 degrees Celsius. The analysis findings identified the following risks and opportunities.

¹ RCP = representative concentration pathway for radiative forcing expressed in W/sq. m. High levels of greenhouse gasses lead to high levels of radiative forcing.

Transition risks

Vasakronan identified climate change as an important operating environment factor as early as ten years ago. Accordingly, comprehensive efforts have already been made to reduce many transition risks. For example, the company has significantly reduced its energy consumption and carbon emissions from property management. Efforts to reduce emissions from construction began a few years ago, and include greater use of wood and reused materials. Despite comprehensive efforts to reduce transition risks, there is always a certain risk that operations might be affected, which pertains primarily to regulatory and market transition risks. Increased taxes and other energy and emissions regulations would mean higher costs and affect the company's profitability. For more information about identified transition risks, refer to page 145.

Physical risks

The physical risks identified for Vasakronan's property portfolio are rising sea levels, flooding, a more humid climate with more heat waves and more precipitation. When the climate becomes warmer and more humid, properties must still provide a comfortable indoor environment as well as avoid flooding during extreme precipitation. Vasakronan therefore continuously evaluates properties in terms of technical performance and improvements are planned in conjunction with regular maintenance and renovations. Development projects ensure that the design and planning of properties takes into account the needs of today and of the coming decades.

In the lower temperature scenarios, the operations are not assessed as being impacted by any immediate risks that cannot be managed. Vasakronan's long-standing focus on imple-

menting and planning future adaptation measures likely means that the operations will continue to develop positively despite climate changes.

In the scenario with the higher temperature intervals, however, there are tangible risks that would have significant financial effects. Vasakronan has therefore taken actions including investigating the risk of permanent flooding across the entire property portfolio due to rising sea levels. Flooding risks due to extreme precipitation and proximity to watercourses were also analysed. The findings indicated that none of the properties were deemed at risk of permanent flooding up until 2100.

In 2022, work was conducted on breaking down all physical climate risks by individual property. The results of the deeper analysis are now being integrated property by property into the different processes of operations, maintenance and property management as well as in projects and property portfolio planning.

Even if the risk of expensive repairs can be reduced through various measures, there is still a risk for reduced demand and willingness to pay among tenants. This can occur if properties or related infrastructure, such as roads to and from properties, become unusable multiple times after extreme weather events. That is why it is important to implement physical adaptations not only in the properties but the surrounding environment as well. Achieving this requires collaboration with property owners and/or municipalities.

The risk for unexpected events increases dramatically in the higher temperature intervals. There are also risks for significant indirect impacts on Vasakronan's operations. These include an increased number of global conflicts, increased migration and shortages of food and raw materials that would

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Climate targets 2022

PROJECTS

- Decrease the amount of waste from our construction projects
- Increase the share of reused, renewable and recycled material in projects

OPERATION

- Decrease purchased energy by 5%
- At least 80 solar photovoltaic systems in operation

TENANTS

- Increase the share of sorted food waste in relation to total household waste
- Increase the number of charging stations to 1,300

The image above shows the environmental targets for 2022. Read more about targets and target fulfilment on pages 65–66.

lead to a great deal of economic turbulence. This, in turn, has a negative effect on Vasakronan, our customers and our suppliers. These risks need to be recognised, but Vasakronan cannot reduce them alone and, accordingly, these risks are not presented in more detail in this report. See more information about the physical risks identified in the table on page 146.

Opportunities

The transition to a low carbon dioxide society can also entail opportunities for operations. Using exclusively renewable energy, increasing the share of on-site produced electricity and improving energy efficiency reduces greenhouse gas emissions and operating expenses. Project development entails an increased focus on material use and on increasing material recycling as well as reduced material costs.

An increased focus on waste management will also have positive financial effects.

The measures that have been carried out so far to reduce climate impact have also had a clear contribution to profitability. The work has led to decreased energy costs and higher revenue due to increased demand in the lettings market. This has also entailed higher property values due to lower requirements for yields for buildings with low climate impact and lower financing costs. For the long term, the assessment is that demand for resilient buildings with a low carbon footprint will continue to increase and that Vasakronan's property portfolio can meet these expectations. See more information about the physical opportunities identified in the table on page 147.

Goals and measurements

A summary of Vasakronan's greenhouse gas emissions from 2018 to 2022 can be found in the sustainability disclosures 305-1 to 305-3 on page 164. A description of the environmental targets set for 2022 can be found on pages 65–66.

The table on pages 145–147 shows the financial impact the identified risks and opportunities could have on the income statement and balance sheet. We followed the TCFD's recommendations for Table 5 as far as possible. For more information about how we measure, steer and monitor environmental data, see pages 155–171.

TCFD table of climate risks, opportunities and financial impact

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Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
TRANSITION RISKS				
Higher energy costs due to raised taxes or other regulation. (Regulatory transition risks)	Costs	The effect on energy costs and operating surplus if energy prices increase SEK 2/kWh. Calculated based on consumption in 2022. Expressed in GWh, SEK m and percentage of operating surplus.	Total energy consumption (heating, cooling and property electricity) in the property portfolio amounted to 216 GWh (238), equivalent to approximately SEK 356 million (295). A price increase of SEK 2/kWh would entail an increased energy cost of SEK 432 million (476), the equivalent of 7% (9) of the operating surplus for 2022.	GRI 302-1, pages 157–158
	Assets /liabilities	Investment in low-carbon alternatives. Expressed in SEK m/year.	In 2022, approximately SEK 83.7 million (65) was invested in low-carbon alternatives to reduce energy consumption in the property portfolio.	–
Higher costs due to raised taxes or other emissions regulations. (Regulatory transition risks)	Costs	Increased costs based on a SEK 1,000/ton price for scope 1 and 2 emissions, market-based and location-based. Estimate is based on the assumption that the entire cost will be charged to the buyer. Expressed in SEK m and percentage of operating surplus.	A SEK 1,000/ton price increase for scope 1 and 2 emissions calculated using the market-based method would increase costs SEK 5 million (5), the equivalent of 0.09% (0.09) of the operating surplus for 2022. Using the location-based method, the equivalent costs would increase SEK 14 million (15), representing 0.24% (0.27) of the operating surplus.	GRI 305, pages 161–166
	Costs	Increased construction material costs of SEK 1,000/ton on emissions from construction material. Estimate is based on the assumption that the entire cost of emissions for the material will be charged to the buyer. Expressed in SEK m and percentage of total project expenses for the year.	A price increase for scope 3 emissions from construction material would increase costs SEK 57 million (24), the equivalent of 0.9% (0.6) of total project expenses for 2022.	GRI 305, pages 161–166
	Costs	Climate compensation paid, expressed in KSEK/year.	From 2020, Vasakronan compensates for all reported emissions from operations. One third of the emissions generated in 2021 were compensated by purchasing SEK 960,000 in shares in compensation projects. The remaining portion will be compensated through planting trees and contributions to research and development projects that lead to reduced emissions in the property sector.	GRI 305, pages 161–166

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Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
PHYSICAL RISKS				
Properties will become permanently unusable due to rising sea levels. <i>(Systematic physical risk)</i>	Assets	The share of properties in areas with heightened risks for permanently rising sea levels.	A survey of the property portfolio was carried out in 2020 that included rising sea levels. The result indicated that none of the properties are at risk of flooding up until 2100. Therefore the assessment is that there is no risk of any major financial impact from permanently higher sea levels.	TCFD report, page 143
Properties becoming temporarily unusable due to increased precipitation or other temporary flooding. <i>(Acute physical risk)</i>	Income	Estimated loss in income in the form of rent reductions due to properties becoming temporarily unusable, such as during ongoing flooding and subsequent repair work. Based on the assumption that one per cent of the property portfolio is damaged annually and that it leads to, on average, three months of lost income in the affected property portfolio. Expressed in SEK m and percentage of operating surplus.	Assuming that one per cent of the property portfolio will be temporarily unusable and need to be repaired, the maintenance costs would increase SEK 20 million (19) per year, the equivalent of 0.3% (0.3) of the operating surplus.	TCFD report, page 143
	Costs	Estimated increase in maintenance costs due to properties becoming temporarily unusable and in need of repairs on an annual basis. Assuming that one per cent of the property portfolio is damaged and that it would cost SEK 3,000/sq. m. to repair. Expressed in SEK m and percentage of operating surplus.	Assuming that one per cent of the property portfolio will be temporarily unusable and need to be repaired, the maintenance costs would increase SEK 72 million (70) per year, the equivalent of 1.2% (1.3) of the operating surplus.	TCFD report, page 143
Increased energy needs (primarily cooling) due to a warmer climate. <i>(Systematic physical risk)</i>	Costs	Estimated cost increase of a 100% increase in cooling needs. The estimate is based on the outcome for cooling needs for 2019, since the outcome for 2021 was not deemed representative due to the Covid-19 pandemic. Expressed in SEK m and percentage of operating surplus.	The impact of a 100% increase in cooling needs entails increased costs of SEK 25 million (29), the equivalent of 0.4% (0.5) of the operating surplus.	GRI 302-1, pages 157–158
Higher water costs due to greater investment needs in water and sewage networks. <i>(Systematic physical risk)</i>	Costs	The estimated effect of a 100% price increase for water on costs. Expressed in SEK m ³ /year and percentage of operating surplus.	Total water consumption the property portfolio amounted to 968,502 m ³ (827,138). A doubling of the price of water would entail an increase in water costs of approximately SEK 22 million (19), equivalent to 0.4% (0.3) of the operating surplus.	GRI 303-5, page 159

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Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
OPPORTUNITIES				
Increased own production of renewable energy.	Income	Income from sales of on-site produced renewable energy. Expressed in SEK m/year.	Income from sales of on-site produced renewable energy from solar photovoltaics amounted to SEK 2.0 million (1.7), equivalent to 0.0% (0.0) of operating surplus.	GRI 302-1, pages 157–158
	Costs	Lower energy costs due to on-site produced renewable energy. Expressed in MWh and SEK m/year.	On-site produced energy in the property portfolio reduced the need for purchased energy by an estimated 4,700 MWh (4,000), the equivalent of cost savings of approximately SEK 5 million (4), the equivalent of 0.08% (0.07) of the operating surplus.	GRI 302-1, pages 157–158
	Assets/liabilities	Investments in increasing on-site produced renewable energy. Expressed in SEK m/year.	SEK 6.8 million (7.6) was invested in solar photovoltaics and solar parks during the year.	–
Higher revenue from sustainable/certified properties	Income	Estimated increase in revenue assuming higher repurchase rates, higher occupancy rates and higher rent levels from environmentally certified properties. Based on an assumption of a 5–15% increase in rental revenue. Expressed in SEK m and percentage of total rental revenue and operating surplus, respectively.	Rental revenue from environmentally certified properties amounted to SEK 7,610 million (6,848), representing approximately 93% (92) of the total rental revenue. A 5–15% increase in rental revenue would be equivalent to an increase of approximately SEK 381–1,142 million (342–1,027). This is the equivalent of 6–19% (6–19) of the operating surplus.	GRI CRE8, page 170
	Costs	Cost of environmental certification of new construction and renovations in relation to total investments. Expressed in %.	In 2022, new construction and redevelopment of Kronan was certified. The cost of certification corresponded to 0.02% of the total investment.	GRI CRE8, page 170
Higher valuations for environmentally certified properties.	Assets	Market value for environmentally certified properties in relation to market value for the entire property portfolio. Expressed in SEK m and percentage of total market value on the closing date.	At the end of 2022, properties with a total market value of SEK 171,090 million (162,844) were environmentally certified, reflecting 91% (90) of the total market value of the property portfolio.	GRI CRE8, page 170
Lower material costs in construction projects due to increased share of reused material.	Costs	Estimated cost savings due to increased share of recycled material in construction projects, based on the assumption that material costs stand for 55% of the project expenses, a maximum re-use potential of 50% and that reused material costs 25–50% less than new material. Expressed in SEK m.	In 2022, the cost for material with re-use potential in finished projects was SEK 1,707 million (1,216). An increased reuse of materials in these construction projects would have an effect of approximately SEK 400–900 million (300–600), corresponding to 7–14% (7–14) of project expenses.	GRI 301-1, pages 155–156
Favourable financing for green assets	Costs	Lower interest expense due to financing through the Green Finance Framework.	It is currently difficult to estimate how much lower interest expenses are with financing through our green framework, but our assessment is that it leads to better access to financing and significantly lower interest expenses.	Impact Report, pages 180–187
	Assets	Assets that meet the criteria in the green framework. Expressed in SEK m and percentage of total assets.	At the end of 2022, assets in the green pool totalled SEK 61,241 million (53,421), equivalent to 29% (27) of total assets.	Impact Report, pages 180–187
	Liabilities	Total green bonds outstanding and other green debt instruments. Expressed in SEK billion.	At the end of 2022, the volume outstanding of green bonds and other green debt instruments totalled SEK 49.7 billion (48.1).	Impact Report, pages 180–187

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Level of application: Vasakronan reported pursuant to the GRI standards for the period from 1 January 2022 to 31 December 2022.
GRI 1 used: GRI 1: Foundation 2021
Applicable GRI sector standards: N/A

GRI Standard	Explanation	Disclosure	Page	Requirements omitted	Reason for omission	Explanation for omission
GENERAL DISCLOSURES						
The organisation and its reporting practices						
GRI 2 2021	2-1	Organisational details	92			
	2-2	Entities included in the organisation's sustainability reporting	104, 123–125, 138			
	2-3	Reporting period, frequency and contact point	138			
	2-4	Restatements of information	138			
	2-5	External assurance	138, 179			
Activities and workers						
GRI 2 2021	2-6	Activities, value chain and other business relationships	3, 24, 26, 28–37, 41–42, 49–50, 171			
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	2-8	Workers who are not employees	176			
Governance						
GRI 2 2021	2-9	Governance structure and composition	70–74, 79–80			
	2-10	Nomination and selection of the highest governance body	71			
	2-11	Chair of the highest governance body	71			
	2-12	Role of the highest governance body in overseeing the management of impacts	76			
	2-13	Delegation of responsibility for managing impacts	76			
	2-14	Role of the highest governance body in sustainability reporting	76			
	2-15	Conflicts of interest	73, 79–80			
	2-16	Communication of critical concerns	76			
	2-17	Collective knowledge of the highest governance body	72, 76, 79–80			
	2-18	Evaluation of the performance of the highest governance body	73			
	2-19	Remuneration policies	73–75			
	2-20	Process to determine remuneration	74–75			
	2-21	Annual total compensation ratio	108–109, 176			

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GRI Standard	Explanation	Disclosure	Page	Requirements omitted	Reason for omission	Explanation for mission
Strategy, policies and practices						
GRI 2 2021	2-22	Statement on sustainable development strategy	6-9, 18-24			
	2-23	Policy commitments	70, 76 vasakronan.se (ESG library)			
	2-24	Embedding policy commitments	76			
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	2-27	Compliance with laws and regulations	76			
	2-28	Membership associations	24			
Stakeholder engagement						
GRI 2 2021	2-29	Approach to stakeholder engagement	139			
	2-30	Collective bargaining agreements	176			
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GRI 3 2021	3-1	Process to determine material topics	139, 140			
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GRI 200: ECONOMIC TOPICS						
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	152			
	201-2	Financial implications and other risks and opportunities due to climate change	153			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	154			
GRI 300: ENVIRONMENTAL TOPICS						
GRI 301: Materials 2016	301-1	Materials used by weight or volume	155-156			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	157-158			
GRI G4: Building energy intensity	CRE1	Building energy intensity	157-158			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	159			
	303-2	Management of water discharge-related impacts				
	303-3	Water withdrawal				
	303-5	Water consumption				
GRI G4: Building water intensity	CRE2	Building water intensity	159			
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity	160			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	161-166			
	305-2	Energy indirect (Scope 2) GHG emissions				
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GRI G4 Greenhouse gas emissions intensity from buildings	CRE3	Greenhouse gas emissions intensity from buildings	164			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	167-169			
	306-2	Management of significant waste-related impacts				
	306-4	Waste diverted from disposal				
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GRI G4: Product responsibility	CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	170			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	171			

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GRI Standard	Explanation	Disclosure	Page	Requirements omitted	Reason	Explanation
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GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	172-173			
	403-2	Hazard identification, risk assessment, and incident investigation				
	403-3	Occupational health services				
	403-4	Worker participation, consultation, and communication on occupational health and safety				
	403-5	Worker training on occupational health and safety				
	403-6	Promotion of worker health				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				
	403-9	Work-related injuries				
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	174-175			
	405-2	Ratio of basic salary and remuneration of women to men				
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	177			
GRI 416: Customer health and safety 2016	OI: 416-A	Measures taken to maintain a high level of safety and security in and around properties	178			

(OI: Own Indicator)

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Financial responsibility

201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The task from Vasakronan’s owners is to deliver a stable, long-term return. A return that will benefit Sweden’s current and future pensioners. That is why it is important for Vasakronan to take financial responsibility for its operations and to have stable, sound finances. It is also important to be able to continue to provide work for employees and suppliers, to meet the expectations of financiers and to meet other financial expectations from stakeholders.

Boundaries

The reporting only encompasses the economic value created at Vasakronan. The value is impacted partly by factors that Vasakronan controls but also by external factors such as the economy and interest rates, as well as our owners’ decisions about the distribution of the dividend.

Responsibility and monitoring

Vasakronan’s CEO and Management Team have overall responsibility for steering operations toward the financial targets. The outcome is monitored on a quarterly basis in connection with interim reports and through internal steering parameters established for the operations.

Governance and objectives

The overall financial objective is a return that, in relation to risk, is greater than the return our owners could obtain from other equivalent investment alternatives. The overall financial objective is a total yield of at least 6.5% per year. In addition, the total yield must be at least 0.5 percentage points higher than the outcome for the rest of the industry, calculated as the average according to the MSCI Swedish Property Index (excluding Vasakronan). The average outcome is evaluated over rolling ten-year periods, together with monitoring and analysis of the outcome for each individual year. In addition, a number of key financial indicators are set for the coming year. These are monitored on a quarterly basis in connection with internal review and in the

quarterly reports to the Board of Directors. For more information, see pages 62–64.

Close customer relationships are a must for succeeding at the task of delivering a high return and long-term revenue. That is why customer satisfaction is regularly followed up through meetings and questionnaires.

Outcome

In the survey conducted at the beginning of 2022, the outcome was a score of 77 (77) for offices and 71 (73) for retail. The scale of the survey is from 1 to 100, where a score of at least 80 corresponds to a grade of Very good.

The economic value created during the year totalled SEK 15.5 billion (26.8) and comprised rental revenue, investments and changes in the values of properties. Detailed information can be found in the company’s financial reports on pages 97–102. The table to the right shows economic value distributed. The dividend to the owners is also to be regarded as a value to the public. The remaining value totalled SEK 4.2 billion (16.8).

Taxes

Tax is a statutory expense in our operations that affects the return, and at the same time it is also a responsibility issue that can impact the company’s reputation and standing. The Board of Directors has overall responsibility for managing taxes. The Board of Directors has established a tax policy to ensure tax issues are managed in line with fulfilling the high yield requirement and that the company meets the requirements set for responsible action. For more information on the company’s tax policy, visit www.vasakronan.se.

Vasakronan’s operations are conducted only in Sweden. Country-by-country reporting of taxes paid is therefore not applicable. Vasakronan is not currently the subject of any tax cases. More information about taxes recognised can be found on pages 112–113.

Economic value distributed

SEK m	2022	2021
Directly generated value		
Income	8,167	7,425
Value changes	4,917	15,255
Investments	2,366	4,137
Directly generated value, total	15,450	26,817
Economic value distributed		
Employees	227	224
Lenders	1,291	1,178
Public sector ¹	2,303	1,776
– of which property tax	839	668
Suppliers	3,430	4,870
Owners	4,000	2,000
Contribution to society ²	1	1
Total value distributed	11,252	10,049
Economic value retained	4,198	16,768

1) The “Public sector” item includes property tax, ground rent, VAT, taxes paid and social security expenses.
 2) The two largest contributions in 2022 pertained to making housing and premises available for refugees from Russia’s invasion of Ukraine and a contribution of SEK 934,000 to Löparakademin.

Contribution to the UN SDGs

Through partnerships with different volunteer organisations and supporting their activities with donations, we are contributing to Goal 17 and its target 17.17, “Encourage and promote effective partnerships.”



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201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Climate change is the most pressing challenge of our time and entails primarily risks but also opportunities for operations. It is clear that a comprehensive transition in society is necessary for slowing climate change, which could affect the company's financial position. Climate change itself could also have a significant impact on the company's financial position.

Boundaries

The report covers the financial impact that climate change, and associated mitigation efforts, can have on Vasakronan's financial performance and position.

Responsibility and monitoring

Efforts to identify, analyse, manage and follow up risks are prioritised at Vasakronan. Risk efforts involve all units in the company and follow a structured process that starts with an inventory of existing and new risks. The Management Team thereafter assesses the inventoried risks and material risks are then presented to the Audit Committee and the Board. Risks are then broken down to unit level and business plans are coordinated across all levels. The financial impact of climate risks and opportunities is assessed when preparing the annual TCFD report and is presented in the table in the TCFD report on pages 141–147.

Governance

The Board of Directors establishes a strategic plan for the company every year. It includes a description of the sustainability strategy that is expected to form the basis for the operations. This also includes long- and short-term environmental targets. A review of the company's work to reduce the operational impact on the climate and to adapt operations to climate changes is also conducted at least once a year with the Board of Directors. The aim is for the climate and its effects to be an integral part of every decision taken at Vasakronan. In conjunction with preparing this report, lessons have been learnt

about how to practically implement the work in relation to the existing policies. One example is clarifying operating and maintenance instructions in the case of extreme weather events and carefully considering what types of technical equipment is appropriate to place below street level.

Targets

Climate issues are included as part of the business plans developed for the underlying units as well as for the company as an entirety and include the targets set for both the short and long term. To ensure that efforts to reduce climate impact are sufficient and in line with the requirements specified by the Paris Agreement's goal to limit global warming to two degrees, Vasakronan has engaged the SBTi to evaluate our climate targets. The aim of the evaluation is to ensure that the climate targets set by companies have a scientific basis. In December 2018, Vasakronan's climate targets at the time were approved by the SBTi, with the comment that they were well under those of the Paris Agreement. The target Vasakronan had evaluated by SBTi was an older, somewhat less ambitious target than Vasakronan's new target of climate neutrality across the entire value chain. For more information about our climate targets, refer to pages 22–23.

Reporting policies

The reporting policies applied when assessing the financial impact of climate risks and opportunities are included in the table on pages 141–147 in the TCFD report.

Outcome

Vasakronan identified climate change as an important operating environment factor over ten years ago and comprehensive efforts have already been made to reduce several transition risks. The company has already significantly reduced carbon emissions from property management. Efforts to reduce emissions from construction project

operations began a few years ago, and include greater use of wood as a construction material. The physical risks identified for Vasakronan's property portfolio are primarily flooding due to rising sea levels, proximity to watercourses, downpours and a more humid climate with more heat waves. Properties are therefore continuously evaluated in terms of technical performance and improvements are planned in conjunction with regular maintenance and renovations. Development projects ensure that the design and planning of properties takes into account the needs of today and of the coming decades. In 2020 and 2021, the risk of permanent flooding across the entire property portfolio due to rising sea levels was analysed. In 2022, work was conducted on breaking down all physical climate risks by individual property. The results of the deeper analysis are now being integrated property by property into the different processes of operations, maintenance and property management as well as in projects and property portfolio planning. The transition to a low carbon dioxide society can entail opportunities for operations. Only using renewable energy, increasing the share of on-site produced electricity and improving energy consumption, means greenhouse gas emissions can be reduced concurrent with reducing operating expenses. An assessment of the financial impact of climate risks and opportunities has been compiled in the tables on pages 141–147 in the TCFD report.

Contribution to the UN SDGs

By reducing the negative impact climate change has on our operations, we contribute to achieving Goal 13 and its target 13.1, "Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries" and target 13.3, "Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning."



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205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

Corruption in the Swedish property and construction industries is regarded as being widespread and extensive. Vasakronan must therefore have a process that eliminates the risk of corruption and other improprieties in all situations.

Boundaries

The anti-corruption work pertains firstly to Vasakronan's efforts to prevent corruption within the company, but also to requirements set by Vasakronan on suppliers having a systematic process to counteract corruption in their operations.

Responsibility and monitoring

The efforts toward counteracting corruption and bribery are being led by the company's General Counsel in the capacity of Compliance Officer. Infringements are not acceptable and may result in disciplinary measures, termination or legal proceedings. Any suspicions of corruption or other improprieties are reported to the Board of Directors annually. Company employees, suppliers and customers also have the option of anonymously turning to an external whistle-blower function. Interaktiv Säkerhet is Vasakronan's external whistle-blower function. The company acts as a representative for Vasakronan and guarantees the anonymity of the person notifying. Information about how to contact the whistle-blower function is available on our website.

Governance

Anti-corruption work in the company is governed by policies and guidelines for areas including anti-corruption and purchasing. Vasakronan's policies, routines and training work together with our Code of Conduct for employees and suppliers to counteract all forms of corruption and improprieties. All of Vasakronan's employees and suppliers are expected to comply with the internal regulations as well as with applicable laws. All employee-related policies are available on the intranet, and the organisation is monitored continually to ensure compliance. In conjunction with preparing this report, lessons have been learnt about how to practically implement the work in relation to the existing policies. No additional improvement measures were identified during the year.

Targets

The goal is zero tolerance for all forms of corruption.

Reporting policies

The compliance officer in the company compiles submissions that come in to senior executives, the compliance officer or the external whistle-blower function.

Outcome

No suspicions of corruption were reported in any of the company's channels in 2022.

Contribution to the UN SDGs

By striving to keep all of Vasakronan's business relationships free from corruption, we contribute to achieving Goal 16 and its target 16.5, "Substantially reduce corruption and bribery in all their forms."



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301-1 MATERIALS USED BY WEIGHT OR VOLUME

Large amounts of materials are used in new construction, redevelopment and leasehold improvements at Vasakronan's properties. The materials used in projects give rise to major environmental impact when they are extracted, produced and transported. Therefore, reducing the amount of material used and greater use of reused material and material that is manufactured from renewable or recycled raw goods is important. Information about the quantity and type of material used needs to be reported to give a fair and accurate overview of the actual climate impact of Vasakronan and of individual projects. In addition, Vasakronan needs to ensure that the materials used do not contain hazardous substances that risk being spread into indoor environments in buildings or into the environment outside them.

Boundaries

The reporting covers the building materials used in new construction and redevelopment projects, as well as leasehold improvements. Material used in maintenance and operations at properties is currently not monitored, since the amount of material used in these projects is often relatively small.

The materials Vasakronan purchases and uses, such as office and consumables, have been deemed to be without significance in relation to the impact of construction material.

The responsibility for collecting information about the material used lies primarily with our suppliers, who purchase and use the materials when they perform construction and installation services. However, Vasakronan can make a difference through carrying out projects, how they are designed and the type of material specified.

Responsibility and monitoring

The Chief Investment & Projects Officer (CIPO) is responsible for the materials used in project development. This responsibility covers which projects are carried out, the amount and type of material used and using the Byggarubedömningen system in all projects.

The type and amount of materials used is followed up in conjunction with the completion of a project. The material used is compiled by weight, in total and per square metre, the proportion of renewable raw materials, and the proportion of recycled or reused material as well as whether the material is environmentally certified. Annual targets are monitored through quarterly reports to the Board of Directors and to the Management Team.

Governance

The materials used in development projects are governed by the internal policy document "Miljöprogram för projekt" (Environmental Programme for Development Projects). All architects, planners and contractors are to comply with the Environmental Programme, which states that Vasakronan must use materials efficiently and prioritise reuse of materials or those made from renewable or recycled raw materials. A workshop about reusing material must be held at the start of all projects with a cost of SEK 75 million or above. The goal is to identify reuse potential and to set project-specific targets.

To reduce future material use, the Programme also stipulates that it should also be possible to reuse or recycle material when it is no longer needed in the building. Buildings and premises are also to be designed proactively and as flexibly as possible to reduce the need for future redevelopment. An environmental certification under LEED also steers toward reduced use of materials and a larger proportion of reused and recycled material as well as to larger shares from local sources.

The Environmental Programme also prescribes using the Byggarubedömningen system for the selection and documentation of construction materials used in the project. Compliance is checked both through internal audits and through supplier audits. Using the Byggarubedömningen system is also required in the majority of leases, which is important since tenants sometimes renovate themselves.

In conjunction with preparing this report, lessons have been learnt

about how to practically implement the work in relation to the existing policies. One example is that an environmental programme has been developed for leasehold improvements because the general environmental programme for projects was perceived to be too extensive, resulting in low compliance in leasehold improvement projects. This change is expected to improve the reporting of materials and types used.

Targets and fulfilment

Ahead of 2022 a target was set to increase the share of reused, renewable and recycled material in projects. The share of renewable material used in new construction projects amounted to 3.3%. No comparative data for 2021 is available since no new construction projects were completed in the preceding year (1% share at the Celsius new construction project, which was completed in 2020) and the share of reused and recycled material amounted to 4.0% (13% at the Celsius new construction project, which was completed in 2020).

The share of renewable material used in redevelopment projects completed for the year increased to 14.6% (11). The share of reused and recycled material increased to 4.6% (2).

Reporting policies

All major new construction and redevelopment projects are required to report all of the material used by weight. There also needs to be information about whether the material is manufactured from recycled or renewable raw material and if it is environmentally certified. Information is submitted to a central monitoring unit at the end of the project.

For other projects, there are currently no reporting requirements for actual materials used while the project is ongoing. Actual amounts from various reference projects are therefore used to estimate the quantities used of these materials. The aim is for smaller projects to also report their material usage as their administration becomes increasingly digitalised.

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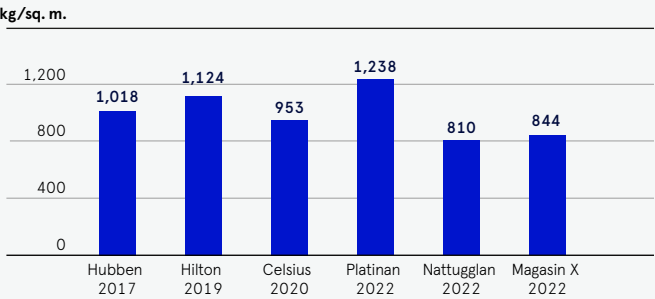
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Material used in new construction projects



New construction projects completed, 2017–2022

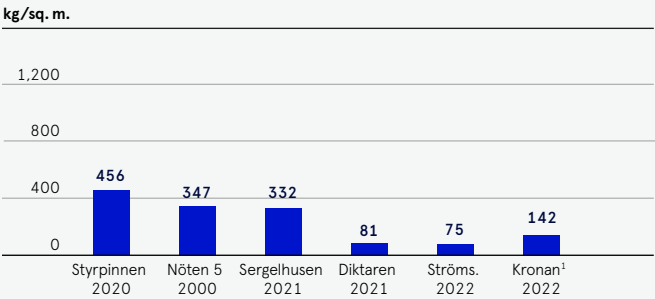
When data about material quantities are reported per square metre, the project’s GFA was used.

Outcome

A total of five (two) Board-approved projects were completed in 2022, where one of the projects, Nya Kronan, included both new construction (buildings 1 & 3) and redevelopment (building 2). The new construction projects completed during the year were Platinan, Nattugglan, Magasin X and Nya Kronan (buildings 1 & 3), and the redevelopment projects completed during the year comprised Strömshuset and Nya Kronan (building 2). The new construction of Nya Kronan (buildings 1 & 3), was started before Vasakronan implemented requirements for material accounting in projects, and accordingly, no complete accounting of the materials used is available. However, there is a summary of the five largest material categories used, about 35,000 tons, which is included in the total quantity of material used but not in the material intensity reporting, kg/sq. m. In addition to new construction and redevelopment projects, leasehold improvements encompassing a total area of 68,000 square metres (98,000) were also completed.

The total quantity of material used in all of these projects amounted to approximately 164,000 tons (30,000). The high quantity of material used compared with 2021 was due to many projects being

Material used in redevelopment projects



Redevelopment projects completed in 2020–2022

1) Pertains to the redevelopment portion of the project.

concluded in 2022. Moreover, many new construction projects were completed in the year, as compared with 2021 when no new construction projects were completed. The reason that the material consumption in redevelopment projects is significantly higher than for new construction projects is because a large portion of the material pertains to the building’s foundation and frame, something that is usually left alone in most redevelopment projects.

The Platinan new construction project that was completed during the year stands out in comparison with other completed new construction projects, see table above. Due to the geotechnical conditions, material consumption was higher. Platinan’s location beside the Göta älv required larger quantities of material to ensure a stable foundation. Platinan also contains a hotel, which entails additional interior walls and bathrooms compared with an office building, and which increases the quantity of construction material needed per square metre produced.

The material used in new construction projects totalled approximately 159,000 tons. This corresponds to an average of 1,096 kg/sq. m., compared with 953 kg/sq. m. (Celsius completed in 2020). Comparative figures for 2021 are missing as no new construction projects were completed in the previous year. The total quantity of material used in redevelopment projects amounted to about 3,600 tons, rep-

Share of renewable, reused and recycled material

%	2022	2021	2020
New construction projects¹	7	–	14
Redevelopment projects	19	13	8

1) No new construction projects were completed in 2021.

representing an average of 113 kg/sq. m., compared with 362 kg/sq. m. in the redevelopment projects that finished in the previous year.

Material use in leasehold improvements totalled approximately 1,700 tons (2,300) for the year, equivalent to 24 kg/sq. m. (23). Estimates of the quantity of material used in leasehold improvements were made based on some 20 reference projects with actual measurements.

The audits conducted during the year show that the Byggvarubedömningen system was used in all major projects.

Contribution to the UN SDGs

By reducing the risk of our construction material containing substances that are hazardous to people’s health or to the ecosystem, we contribute to achieving Goal 3 and its target 3.9, “Substantially reduce the number of deaths and illnesses from hazardous chemicals and contamination.”

By reducing the amount of material, and using renewable, recycled or reused material to greater extents, we contribute to achieving Goal 8 and its target 8.4, “Improve global resource efficiency in consumption and production.”

By increasing the quantity of recycled and reused material, we also contribute to achieving Goal 12 and its targets 12.1, “Implement the 10-year framework of programmes on sustainable consumption and production,” 12.2 “Sustainable management and efficient use of natural resources” and 12.4 “Environmentally sound management of chemicals and all wastes.”



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302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION CRE1 BUILDING ENERGY INTENSITY

The property sector accounts for just over 30% of total energy consumption in Sweden. Therefore, Vasakronan's efforts to decrease energy consumption and only use renewable energy is an important sustainability issue. Vasakronan's buildings have low energy consumption, a quality which is in demand from tenants and is also a prerequisite for obtaining a high rating when environmentally certifying a building. Among other things, this is important for Vasakronan's green financing. Additionally, reduced energy consumption means lower operating costs and a reduced risk for increased costs if energy taxes are raised as part of a stronger climate policy. The EU's green taxonomy means that the energy intensity of buildings, expressed as primary energy demand, has become even more important for operations. To be considered green according to the Taxonomy, newly constructed buildings must be 10% below the National Board of Housing, Building and Planning's regulations for new construction (BBR) and existing buildings must be in the top 15% in terms of energy performance for its type.

Boundaries

As a property owner, Vasakronan can impact the energy consumption in properties, for example through the investments made by the company in HVAC-systems and in the building envelope of the properties. Tenants also affect how much energy is used. It depends on the type of operations they conduct and the tenant's preferences as regards indoor climate, for example.

The reporting covers energy consumption for all properties in Vasakronan's property portfolio, and fuel used in vehicles owned by the company. Vasakronan's report distinguishes between landlord-related energy consumption (i.e. energy consumption related to heating, air conditioning, the building's electrical needs) and tenants' own energy consumption. Tenants' own energy consumption is followed up and reported separately to be used, among other things, for scope 3 calculations of carbon emissions. The primary energy demand for

properties is also monitored and is used to determine whether an existing building is Taxonomy-aligned. The quantity of on-site produced electricity from solar photovoltaics owned by Vasakronan is also reported.

Responsibility and monitoring

The Chief Technology Officer (CTO) is responsible for the energy consumption of the existing buildings, choice of energy source and for increasing Vasakronan's on-site produced energy. The CIPO is responsible for the future energy consumption at our project developments.

Energy consumption and the share of produced electricity is monitored on a monthly basis at the property, technical area, and company level by an energy monitoring system in which all the meter values measured are recorded and analysed. Energy consumption for new construction and redevelopment projects is monitored against projected values in connection with a project being completed and being put into operation.

Governance

The energy efforts are governed by Vasakronan's energy strategy and environmental policy. The energy strategy is aimed at reducing energy needs in buildings, when possible changing the timing for using energy to a time when demand from other users is low, increasing on-site produced electricity and storing more energy in the company's buildings.

In existing buildings, Vasakronan's work is also governed by the Energy Inventory Act (Swe: Lagen om energikartläggningar). The Act includes requirements for identifying and proposing cost-effective measures to reduce energy consumption.

For major new construction projects, the internal requirement is to come in at least 25% under the BBR energy requirements, which is the equivalent of energy class B in the Swedish system for energy declaration. For major renovations not covered by the BBR energy

requirements, the aim is to halve energy consumption compared with use prior to the renovation.

Reducing energy consumption in existing buildings requires close collaboration with our tenants. Since 2017, there is a clause in Vasakronan's new leases that entails collaboration around reduced energy consumption and mutual reporting of energy data. We also set requirements in this area for tenants to procure renewable energy if tenants have their own electricity supply contracts.

Vasakronan only purchases electricity from renewable resources, and in agreements with suppliers of district heating and district cooling Vasakronan has requirements for renewable and/or climate neutral energy if such is available from the supplier.

In conjunction with preparing this report, lessons have been learnt about how to practically implement the work in relation to the existing policies. One example in this area is the increasing general interest in the primary energy demand of buildings, which has led to more extensive energy reporting within the company.

Targets and fulfilment

Ahead of 2022, a target was set to reduce purchased energy by 5%, to increase the number of solar photovoltaic systems to 85 and to raise the number of EV charging stations to 1,300. Energy intensity for 2022 amounted to an average of 75 kWh/sq. m. (83), down 10% on last year. At the end of the year, 86 (77) solar photovoltaic systems and 1,467 (1,177) EV charging stations were in operation.

Reporting policies

Energy intensity is calculated through the annual total 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 property electricity calculation.

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Reported amounts of energy are based on actually measured values or values taken from grid operators (for part of the tenant energy). In some properties, Vasakronan delivers tenant energy. In which case, reporting is based on actual measurements and the tenant is billed for the energy consumed. In the rest of the property portfolio, where tenants have their own electricity contracts, Vasakronan receives measurement data at a property level from the grid operators.

Reported amounts of energy are not adjusted to the level of a normal year, except in energy intensity data and the primary energy demand that is based on adjusted values. The primary energy demand at company level and the demand reported at property level in the list of properties (pages 191–196 in the Annual Report 2022) are calculated using the method for energy declarations with the help of the most recent measured data.

Outcome

The company’s total energy consumption declined in 2022, due to thorough work prioritising resources and investments for energy efficiency projects in the properties with the highest energy consumption. A higher average temperature for the year was a further positive contributory factor, as the data on the company’s total energy consumption pertains to actual consumption, not consumption adjusted to the level of a normal year. New construction and redevelopment projects that entered operation during the year comprised one factor driving the increase in electricity consumption, since the majority of them have different types of electricity-dependent borehole heat exchangers as heating solutions. All project developments that entered operation during the year have a significantly lower energy intensity than the average for the remaining property portfolio and therefore contribute to improving the company’s energy intensity.

Thanks to the energy efficiency efforts and highly energy-efficient new construction and redevelopment projects entering operation, the company’s energy intensity fell and for 2022 amounted to 75 kWh/sq. m. (83), down 10%. The property portfolio’s average primary energy demand was 82 kWh/sq. m at the end of the year. The tenants’ own electricity use is excluded in the calculation of energy intensity or primary energy demand, but is included in the climate report (scope 3). For definitions of energy intensity and temperate area, see page 197.

Vehicle fuel used during the year amounted to 0 GWh (0), since all service vehicles that Vasakronan owns are electric.

In 2022, an additional 9 solar photovoltaic systems (6) were put into operation in the property portfolio; in total, 9,263 MWh (8,029) of electrical energy was produced from our solar photovoltaic systems, which means that 12% (11) of energy needs were covered by own production. At the end of the year, 86 (77) solar photovoltaic systems were in operation. The installations are located throughout the entire property portfolio; Stockholm has the most with 33 installations followed by Uppsala with 26, Gothenburg with 14 and Malmö with 13.

Contribution to the UN SDGs

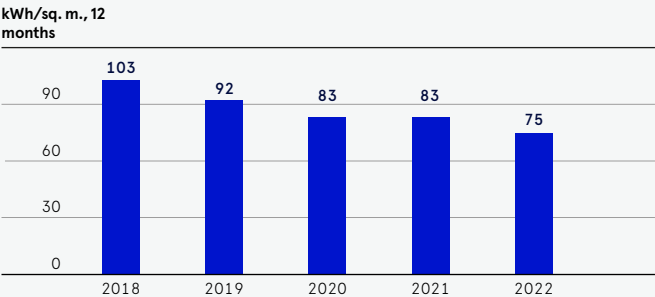
By reducing energy consumption and transitioning to renewable energy sources we contribute to achieving Goal 7 and its target 7.2, “By 2030, increase substantially the share of renewable energy in the global energy mix” and 7.3, “By 2030, double the global rate of improvement in energy efficiency.”



Energy consumption

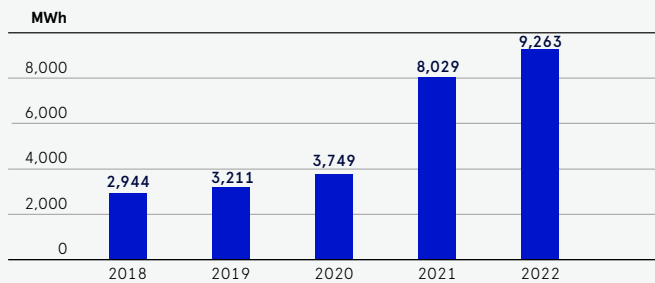
GWh	2022	2021
Cooling	24.3	26.2
Property electricity	78.9	75.3
Heating	113	136.2
Vehicle fuel consumption	–	–
Total	216.2	237.7

Energy intensity



At the end of 2022, energy intensity averaged 75 kWh/sq. m.

On-site produced electricity



A total of 9,263 MWh of electricity was produced from solar photovoltaic systems during the year.

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303 WATER AND EFFLUENTS 2018

303-5 WATER CONSUMPTION

CRE2 BUILDING WATER INTENSITY

The shortage of fresh water that faces many parts of the world makes water consumption an important sustainability issue from a global perspective. Over the last few years, even in Sweden, access to drinking water has been restricted in certain locations, including Uppsala where Vasakronan owns properties. Even though a shortage has only arisen in one of the cities where we operate so far, we are working continually on monitoring and on cost-efficient measures to reduce water consumption. Low water use is a prerequisite for environmentally certifying buildings with high ratings and helping to reduce operating expenses. In addition, the EU Taxonomy sets requirements in terms of buildings’ water consumption.

Boundaries

As a property owner, Vasakronan has considerable opportunity to impact the amount of water used in our buildings, since we are the ones who decide and make investments in technical systems. Our tenants also have an impact on water consumption, which to a large extent depends on the type of operations they conduct and how they choose to use the premises.

The reporting encompass water consumption at all properties but does not cover any water use where tenants have their own water supply contracts nor water consumption at Vasakronan’s construction sites.

Responsibility and monitoring

The CTO has primary responsibility for the water consumption of the existing properties. The CIPO is responsible for all new construction and redevelopment being designing so that their water consumption is low. Water efficient equipment is selected during planning — low flush lavatories and low flow fixtures, for example. Any landscaping adjacent to the buildings is planned to reduce the need for irrigation. If possible, rainwater collection systems are installed to collect water used to flush toilets or water plants.

Water consumption is monitored on a monthly basis at the property, city, and company level via Vasakronan’s operations monitoring system in which all the meter values measured are recorded and processed.

Governance

Reduced water use is governed by the company’s environmental policy, and is included as a requirement in environmental certification of buildings. The requirement for low-flush toilets is also included in the company’s environmental programme for projects.

Vasakronan uses municipal water from each municipality. Water suppliers and drinking water sources for each city are presented in the table to the right.

In conjunction with preparing this report, lessons have been learnt about how to practically implement the work in relation to the existing policies. No additional improvement measures were identified during the year.

Reporting policies

Reported quantities for water are based on actually measured values without any normalising. Water intensity is calculated by dividing water consumption by a property’s NFA.

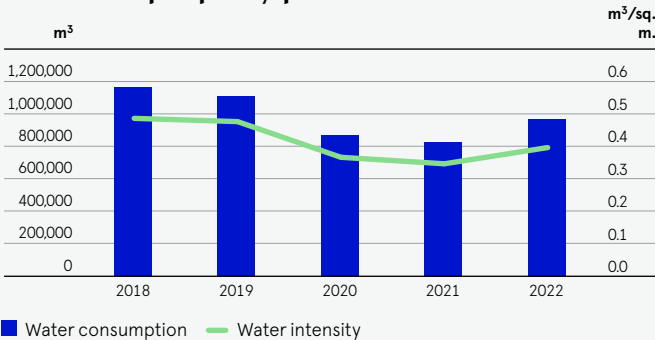
Outcome

The total amount of water consumed during 2022 amounted to 968,502 cubic metres (827,138), equivalent to a water intensity of 0.40 m³/sq. m. per year (0.35). The increase is primarily explained by use of premises returning to normal after the pandemic.

Water suppliers and sources

City	Water suppliers	Water sources
Stockholm	Stockholm vatten och avfall/ Norrvatten/Sundbyberg avfall & vatten	Surface water
Gothenburg	Gothenburg water and sewage	Surface water
Malmö	VA Syd	Surface water and ground water
Uppsala	Uppsala vatten och avfall	Ground water

Water consumption across the entire property portfolio



Contribution to the UN SDGs

By reducing the water consumption we contribute to achieving Goal 6 and its target 6.4, “By 2030, substantially increase water-use efficiency across all sectors”



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304-2 SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY

Constructing new buildings can affect biodiversity negatively as undeveloped land is taken over by construction. Vasakronan builds an average of a few new buildings every year and, when we build, it is essentially never on undeveloped land. Instead, new construction is on land that has already been developed for some other use, such as parking. Even if the risk of reducing biodiversity is not as great, there are still often opportunities to promote biodiversity in connection with project operations. There are also good opportunities to increase biodiversity in the existing property portfolio.

Using various kinds of pesticides also risks affecting biodiversity. For example, our operations can entail the use of weedkillers and chemical treatments against various types of pests.

Vasakronan affects biodiversity in other places indirectly through purchases of goods and services, such as construction material and energy. By reducing the amount of construction material and setting requirements for different kinds of environmental certification for goods and energy, our indirect impact on biodiversity can be reduced considerably.

Boundaries

As a property owner, Vasakronan’s operations entail opportunities to increase biodiversity. Sometimes space at ground level is limited, but then roofs and walls can be used to increase plant life. Vasakronan can also plant and take care of new plants on adjacent land owned by municipalities.

This report only covers Vasakronan’s own impact on biodiversity in and around the company’s properties. It does not yet cover our indirect impact on biodiversity through purchased goods and services, though the ambition is also to include this area in a report.

Responsibility and monitoring

While the CTO has primary responsibility for biodiversity at existing properties, in practice, much of the daily work is through Vasakronan’s maintenance contractors.

The CIPO is responsible for designing new construction and redevelopment projects so that site biodiversity is improved after construction is completed.

Governance

Work to increase biodiversity is primarily governed by the company’s environmental policy. Environmental programmes for projects require an ecological study to be performed and this is also evaluated during environmental certification of new construction and redevelopment projects. Supplier agreements with maintenance contractors include binding requirements to prioritise biodiversity.

In conjunction with preparing this report, lessons learnt included that the management of existing buildings is not sufficiently comprehensive. Vasakronan also needs to prepare relevant key metrics for this area.

Accounting policies

During the year, Vasakronan started inventorying measures and conducted these in property management and the project portfolio with the intention of promoting biodiversity.

Outcome

Biodiversity measures comprised a key aspect of all new construction and redevelopment projects completed. Green roofs have been installed on all new construction and redevelopment projects. Roofs/terraces with vegetation benefit biodiversity as well as protect against noise, reduce the risk of flooding during heavy rainfall, bind air pollution, insulate the building and are often perceived as aesthetically pleasing. In addition to green roofs, other vegetation has been planted generously on roofs and terraces in the form of trees, shrubs, climbers, perennials and bulbs, with a focus on choosing species that favour pollinators. The new construction and redevelopment projects also include birdhouses, beehives and fauna depots.

In the existing property portfolio, new sedum roofs (roofs with vegetation) have been laid, birdhouses and various types of insect boxes set up, and bushes replaced with flowers, which are better for pollinating insects.

Contribution to the UN SDGs

By promoting biodiversity, we contribute to achieving SDG 15 and its target 15.5, “Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.”



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305-1 – 305-3 DIRECT, INDIRECT AND OTHER INDIRECT GHG EMISSIONS CRE3 GREENHOUSE GAS EMISSIONS INTENSITY FROM BUILDINGS

Buildings account for 20% of all greenhouse gas emissions in society, both through emissions connected to construction and through those generated by energy consumption in operation. Reducing Vasakronan's emissions is important for several reasons, including demand from customers for premises with low carbon emissions and to reduce the risk of increased construction and energy fees/taxes due to the increased prices of carbon emissions. Moreover, a new law for climate declarations for new buildings entered force on 1 January 2022.

Boundaries

Climate impact within our own organisation (scope 1) is marginal since Vasakronan does not have central heating boilers in the buildings and since all of the service vehicles are electric vehicles. Despite occurring outside of the organisation, Vasakronan can still influence indirect emissions due to energy consumption (scope 2) by how high the energy consumption is in the properties and by the kind of energy Vasakronan chooses for their supply. The largest amount of emissions related to our operations, and which stem from outside the organisation, are scope 3. However, these emissions can still be influenced through the number and type of construction projects and the choice of construction material as well as strict waste targets. We can also set requirements for the kind of fuel used in the vehicles and machines connected to construction projects. Emissions connected to how our tenants use our premises can also be influenced, for example through setting requirements for the kind of electricity they purchase, how they sort their waste and by making it easier to choose climate-smart commutes.

The report includes all significant emissions from the organisation as well as those from outside the organisation that are the most material in terms of size and potential impact.

Responsibility and monitoring

Responsibility for Vasakronan's emissions is based on the same allocation of responsibilities as for the materials used, energy consumption and waste, information for which is given under each indicator in this Sustainability Report. In addition, the Chief Human Resources Officer (CHRO) is responsible for creating the conditions and guidelines for reducing emissions from employees' business travel and commutes.

Monitoring of greenhouse gas emissions is conducted every year under the GHG protocol, and in 2022 the greenhouse gas report was prepared by the consultants 2050 AB.

Governance

Efforts to reduce the company's emissions are mainly governed through systematic work to reduce our material and energy consumption, waste from tenants and construction waste. For more information about governance, refer to each indicator in this Sustainability Report.

For even better control over emissions from construction operations, we require all construction projects budgeted in excess of SEK 75 million to include a climate calculation, which reports emissions per produced square metre and the project's plans to reduce them. New construction projects are not permitted to exceed 250 kg CO₂ equivalents (CO₂-e) and redevelopment projects may not exceed 125 kg CO₂-e (calculated using LFM30's method).

In conjunction with preparing this report, several lessons have been absorbed regarding how the report could be further improved and more clearly present actual efforts to reduce emissions within the company. One such example comprises emissions from project activities (scope 3), where emissions for 2022 are a consequence of projects started about five years ago, and which do not reflect the company's current goals and ambitions.

Targets

In 2019, Vasakronan developed a new long-term climate target summarised in the 2030 Road Map. The goal is for the company to be climate neutral throughout the entire value chain by 2030. Because climate impact largely depends on how successful the company is at reducing energy consumption, material use and waste volume, Vasakronan sets annual efficiency targets in all of these areas. For information about the targets that were set, see each indicator.

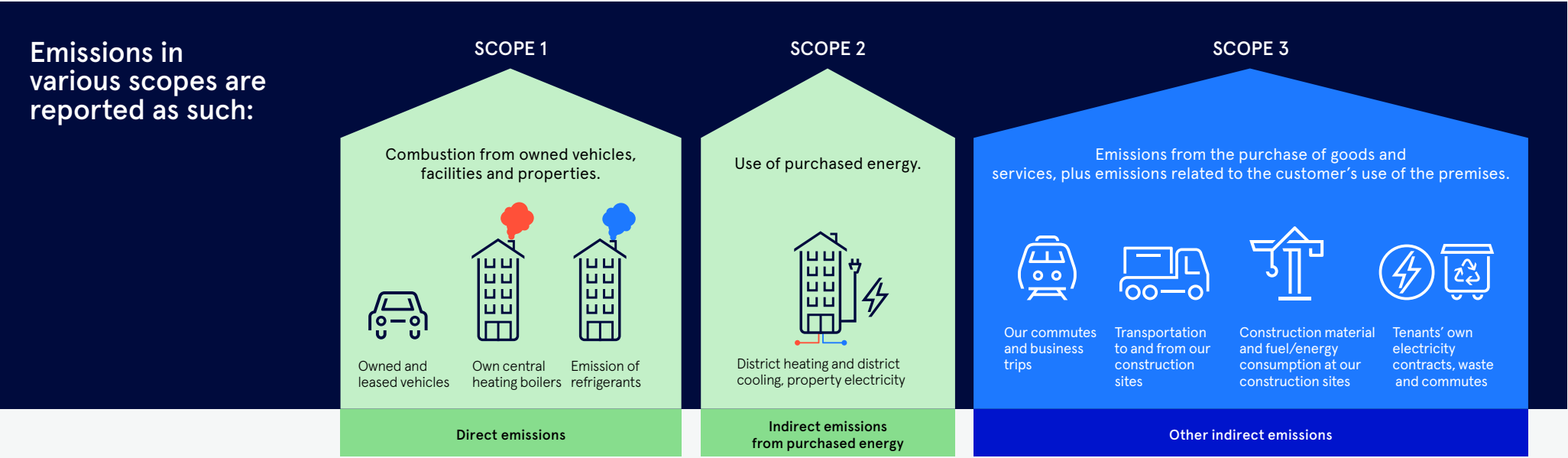
In 2018, the climate targets that Vasakronan had then established were analysed by the Science Based Targets initiative, who stated that they easily met the requirements for reaching the Paris Agreement. In 2022, the company's new, more stringent targets were analysed with the same result, in other words that they were in line with reaching the 1.5°C target.

Reporting policies

A company's climate impact is divided into three scopes. Scope 1 emissions are ones that arise in direct connection to Vasakronan's own operations.

Scope 2 emissions are indirect emissions that arise due to Vasakronan's energy purchases and scope 3 emissions are all other indirect emissions. Vasakronan no longer has significant scope 1 emissions as a result of fossil fuel no longer being combusted at Vasakronan's facilities or in its vehicles. Among other initiatives, all fossil-dependent oil burners were phased out more than ten years ago and all service vehicles have been electric for several years now. However, there are occasional leaks of cooling media from cooling equipment, which is a direct emission related to our own operations.

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Scope 2 emissions pertain to all of the energy purchased in buildings in the form of district heating, district cooling and electricity. Scope 3 emissions are all other indirect emissions in our operations that occur along the value chain. Upstream emissions arise primarily in the supplier chain from material use, waste and transportation in construction projects. Downstream emissions arise from customers when tenants use and commute to our premises. One source of indirect emissions outside the organisation are different kinds of business trips by car, train or air and employees' commutes.

Vasakronan has been reporting its greenhouse gas emissions since 2006, which is also the base-line year for calculations. The information reported for 2006 is only scopes 1 and 2 and air travel in scope 3, and only carbon emissions, no other greenhouse gases.

Over the past few years, a gradual improvement of data — as well as amended accounting principles — have led to an increase in the scope of which emissions are included in the climate reporting. Since 2012, the reports relate not only to emissions of carbon dioxide but to all greenhouse gases that impact the climate. Emissions from waste, material used and transportation in construction projects have been included since 2014, and tenant energy consumption has been included in reporting since 2015.

In scope 3, part of the report is based on actual data and part on estimated values. For more information, see the table on pages 165–166. The emissions from waste, transportation and material use in construction projects includes projects that were completed during the year. Many of our major projects run for several years. But since at the moment it is currently too difficult to continuously report those emissions, they are all reported the year when the project is finished.

This means that scope 3 emissions can vary greatly between years, depending on how many projects are finished per year. When applicable, emissions are reported using both the market-based (MB) and the location-based (LB) methods.

Outcome

Total greenhouse gas emissions from 2006 and 2018–2022 are given in the table on page 164.

During the year, Scope 1 emissions decreased 29% to 351 tons (494) as a result of reduced refrigerant leakages. Scope 2 emissions (MB) increased 8% to 4,783 (4,449) despite the company's energy consumption decreasing 9%. The increase was partly attributable to raised emission factors for district heating, and partly to raised emission factors for property electricity not purchased through Vasakronan.

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In 2022, scope 3 emissions totalled 79,868 tons (43,807). The largest portion of emissions comes from material use in new construction and redevelopment projects that were completed during the year. The increase is explained by a larger number of projects completed during the year compared with last year.

During the year, emissions from waste in construction projects decreased to 2,153 tons (3,010) despite more waste measured by weight compared with 2021. The decrease in emissions was attributable to larger quantities of waste going for recycling and a lower share going to incineration compared with last year.

Emissions from business trips and commutes increased over the year in pace with the return to pre-pandemic travel patterns, albeit at a lower level than prior to the Covid-19 pandemic.

Since 2008, Vasakronan has compensated for scope 1 and 2 emissions as well as parts of scope 3 by purchasing Gold Standard-certified Verified Emission Reductions in the form of shares in a biogas production project in India. A new climate compensation principle was applied starting in 2020. All of the emissions reported in the table on page 164, except for those that are already compensated for by our energy suppliers, are assigned an economic value based on the cost of conventional climate compensation. Funding is provided for this amount in the following year and is used either to buy shares in carbon offset projects, plant trees and other vegetation in connection with the company’s own properties or to support research that leads to

reduced emissions from the construction and property sector. Vasakronan is aware that only the first category is generally accepted as climate compensation, but since most of the emissions we are compensating for are scope 3 emissions and because all compensation is voluntary, we have chosen to apply this principle. To reach the goal of climate neutrality by 2030, all of the remaining emissions reported in coming years need to be fully compensated with some kind of “carbon removal certificate” compensation.

Contribution to the UN SDGs

By reducing the climate impact of the entire value chain, we contribute to achieving Goal 11 and its target 11.6, “Reduce the adverse per capita environmental impact of cities.” We also contribute to achieving Goal 12 and its targets 12.2, “Sustainable management and efficient use of natural resources” and 12.4 “Environmentally sound management of chemicals and all wastes.” We also contribute to achieving Goal 13, “Climate Action,” and its target 13.3, “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.”



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	Base year 2006	2018	2019	2020	2021	2022	Comments	All amounts in the table refer to tons of GHG, if not otherwise stated.
SCOPE 1								
Oil	3,335	0	0	0	0	0		
Own vehicles	–	22	11	–	–	–	All fossil-dependent vehicles were phased out in 2019. From 2020 Vasakronan only owns electric vehicles.	
Refrigerants	–	215	170	317	494	351	Decreased refrigerant leaks from cooling plant in 2022.	
Total scope 1	3,335	237	181	317	494	351		
SCOPE 2								
District heating (Market based)	25,740	4,868	4,272	3,838	4,327	4,525	Heating use decreased 17%. Despite this, emissions increased due to higher emission factors.	
District heating (Location based)	–	10,270	8,867	7,254	8,614	7,846	Heating use decreased 17%.	
District cooling (Market based)	606	6	7	10	0	0	Cooling use decreased 7% and fossil-free deliveries in all agreements.	
District cooling (Location based)	–	194	191	213	137	115	Cooling decreased 7%.	
Electricity (Market based)	30	164	127	103	121	258	Raised emission factors for property electricity not purchased through Vasakronan.	
Electricity (Location based)	–	5,181	4,838	4,392	5,864	6,080	Electricity use increased 5%.	
Total scope 2 (Market based)	26,376	5,038	4,406	3,951	4,448	4,783		
SCOPE 3, Upstream								
Materials in construction projects	–	28,055	26,312	19,254	23,967	57,333	The increase was due to the completion of more new construction and redevelopment projects during the year.	
Production and distribution of fuels (in scopes 1 and 2)	–	927	877	973	651	683	Despite the total decrease in energy consumption, emissions increased as a result of higher emission factors.	
Transportation in construction projects	–	393	547	1,235	1,280	2,826	The increase was due to the completion of more new construction and redevelopment projects during the year.	
Waste from construction projects	–	1,329	1,104	6,342	3,010	2,153	The decrease is due in part to a larger quantity of waste going to material recycling and less to incineration.	
Business trips (train, taxi, flights, hotels, service vehicles and private vehicles used for business)	606	224	132	36	30	57	Reduced number of business trips due to the pandemic.	
– of which flights	303	206	121	23	15	44	Reduced number of business trips due to the pandemic.	
Commutes	–	118	90	25	77	82	Increased car travel due to pandemic recommendations to avoid public transport.	
SCOPE 3, Downstream								
Tenant energy consumption	–	19,472	12,155	12,906	13,365	14,635	The increase is explained by higher emissions factors for electricity from 2020 to 2021. Tenants' energy consumption decreased during 2021.	
Waste from our tenants' operations	–	1,649	1,288	1,186	1,427	2,100	The increase was primarily due to higher emissions factors for waste sent to incineration.	
Total scope 3	606	52,167	42,505	41,957	43,807	79,868		
Sum total of emissions (scopes 1, 2 and 3)	30,318	57,442	47,092	46,225	48,749	85,001		
Climate compensation from energy suppliers	–	–4,799	–4,279	–3,848	–4,327	–4,525		
Emissions following climate compensation from energy suppliers	30,318	52,643	42,813	42,377	44,422	80,477		
Emissions intensity, scopes 1 and 2 (kg per lettable sq. m.)	8.14	2.22	1.97	1.82	2.11	2.14	Total scope 2 (Market based)	

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Scope	Activity/Category	Data sources	Emissions factor	Source
SCOPE 1	Oil consumption at properties	Oil consumption statistics. Only pertains to one property where oil consumption information comes from the property tenant.	Bio oil: 1 g CO ₂ e/kWh	Energy companies 2021
	Vehicles	Information on purchased vehicle fuel. Emissions ceased in 2019. Only electric vehicles since then.	Only electric vehicles charged in our properties. Electricity consumption is included in scope 2. Electric vehicles: 0 g CO ₂ e/km	–
	Refrigerants	Refrigerant emissions are taken from each property's refrigerant reporting, which includes information about amounts refilled and type.	R134A: 1.530 tons CO ₂ e/ton refrigerant R407C: 1.525 tons CO ₂ e/ton refrigerant	Statistics from Svenska Kyl & Värmepumpsföreningen
SCOPE 2	Energy consumption for all properties regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	Electricity (LB) 75 g CO ₂ e/kWh Hydro power and wind power: (MB) 0.2g CO ₂ e/kWh Electricity without agreements (MB): 372 g CO ₂ e/kWh	IVL Vattenfall EPD The Swedish Energy Markets Inspectorate
	Use of district heating in all properties connected to district heating, regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	District heating MB/LB: 2.0/2.0 g CO ₂ e/kWh 54.0/54.0 g CO ₂ e/kWh 59.0/59.0 g CO ₂ e/kWh 0/166.0 g CO ₂ e/kWh 0/92.0 g CO ₂ e/kWh	Stockholm Norrenergi Stockholm Exergi Göteborg Energi Vattenfall E.ON
	District cooling use for all properties connected to district cooling, regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	District cooling MB/LB: 0.0/0.0 g CO ₂ e/kWh 0.0/0.0 g CO ₂ e/kWh 0.0/0.0 g CO ₂ e/kWh 0/156 g CO ₂ e/kWh 0/0 g CO ₂ e/kWh	Stockholm Norrenergi Stockholm Exergi Göteborg Energi Vattenfall E.ON
SCOPE 3, Upstream	Materials in construction projects (Category 2: Capital goods)	Data on construction material is collected for all Board-approved projects. The amount of material in leasehold improvements was estimated using key metrics for materials per square metre improved and total number of square metres improved during the year.	Primarily actual emissions factors. Generic data to a certain extent.	The National Board of Housing, Building and Planning's climate database, each building's EPD, IVL
	Production and distribution of energy fuels (in scopes 1 and 2) (Category 3: Fuel and energy-related activities not included in scope 1 or scope 2)	Energy consumption, district heating and cooling, scope 2. Service vehicles	Electricity (hydro power and wind power): 8.34 g CO ₂ e/kWh Bio oil: 4 g CO ₂ e/kWh	Vattenfall EPD The Swedish Energy Agency, the Swedish Transport Administration
	Transportation in construction projects (Category 4: Upstream transportation and distribution)	Data is compiled from all Board-approved projects completed during the year with standard values used where there is no transportation data. For leasehold improvements, the effect of transportation is estimated based on actual transportation reports and the number of improved square metres.	–	–

MB = Market based and LB = Location based



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Scope	Activity/Category	Data sources	Emissions factor	Source
SCOPE 3, Upstream, cont.	Waste from construction projects (Category 5: Waste generated in operations)	Data is compiled from all Board-approved projects completed during the year. Actual data was used for a number of leasehold improvements, and the remaining portion were estimated amounts of wasted based on the actual reported amounts available.	Mixed waste for incineration: 0.45 Material recycling: 0.02 Landfill: 0.47 Fossil fuel for combustion: 3.94 <i>The above pertains to tons CO₂e/ton waste</i>	Waste Sweden DEFRA DEFRA The Swedish Energy Agency
	Business trips, taxi (Category 6: Business travel)	Data from the salary system on payments for taxi trips.	11.27 g CO ₂ e/km	Taxi industry, 2021
	Business trips, flights (Category 6: Business travel)	Data taken from travel agency/portal.	312.43 g CO ₂ e/km	NTM 2022
	Business trips, train (Category 6: Business travel)	Data from SJ and travel agencies/portals.	0.86 g CO ₂ e/km	SJ 2022
	Business trips, hotels (Category 6: Business travel)	Data from travel agencies/portals.	Sweden: 8.5 kg CO ₂ e/night Europe: 17 kg CO ₂ e/night	Larsson & Kamb (2019), Travel and climate Methodology Report. Version 2.0. Chalmers University of Technology
	Business trips with private vehicles or service vehicles (Category 6: Business travel)	Mileage allowance paid for journeys in an employee's private car or with a service vehicle. Emissions based on fuel consumption for mixed driving for average figures from Swedish vehicle fleets/Vasakronan's service vehicle car park (only chargeable hybrids/electric vehicles/biogas vehicles).	Service vehicles: Diesel: 140 g CO ₂ e WTW/km Petrol/Electricity: 48.8 g CO ₂ e WTW/km Electricity: 18.6 g CO ₂ e WTW/km Petrol: 200 g CO ₂ e WTW/km Private vehicles: 170 g CO ₂ e TTW/km	GHG Protocol, GWP 2014 IPCC Fifth Assessment Report The Swedish Transport Administration, average car in Sweden
	Commutes (Category 7: Employee commuting)	A questionnaire to all employees regarding commute distances and methods and divided into the periods when the Public Health Agency of Sweden's work from home recommendations applied and the period after the recommendations were lifted.	Bus: 42 g CO ₂ e/km Rail transit: 1.3 g CO ₂ e/km Commuter ferry: 750g CO ₂ e/km	Swedish Environmental Protection Agency climate tool for transportation – 2021 NTM electricity consumption. Electricity: Vattenfall Bra Miljöval Swedish Environmental Protection Agency climate tool for transportation – 2021
SCOPE 3, Downstream	Tenants' commutes (Category 9: Downstream transportation and distribution)	Not reported for 2021 due to the pandemic. Data about travel habits per building taken from the environmental certification application.	–	–
	Tenant energy consumption (Category 13: Downstream leased assets)	Data taken from our own system and the grid operator. A portion also estimated. The share of agreements with or without clauses pertaining to green electricity are taken from our business system.	Hydro power and wind power: 8.57 g CO ₂ e/kWh Residual mix, the Nordics: 403 g CO ₂ e/kWh	Vattenfall EPD AIB, Energimarknadsinsp.
	Waste from our tenants' operations (Category 13: Downstream leased assets)	Data taken from municipal waste contractors and our own waste contractors who handle unsorted waste.	Mixed waste for incineration: 0.45 Composting/biogas production: 0.02 Material recycling: 0.02 Landfill: 0.47 Liquid fossil fuel for combustion: 3.94 <i>The above pertains to ton CO₂e/ton waste</i>	Waste Sweden DEFRA DEFRA DEFRA The Swedish Energy Agency

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306 WASTE 2020
306-4 WASTE DIVERTED FROM DISPOSAL AND
306-5 WASTE DIRECTED TO DISPOSAL

Large amounts of waste arise in new construction and redevelopment projects and account for approximately 35% of all waste generated in society. A large portion of that waste currently goes to incineration or landfill and only a small portion of it is recycled or reused.

In addition to construction waste that arises from operations, Vasakronan also takes care of large amounts of waste from tenants' operations. Even if Vasakronan is unable to greatly affect the quantity of waste that arises, we can influence the kind of waste and how well it is sorted since we are responsible for the waste recycling facilities in the buildings. The EU's new green taxonomy sets the requirement for new construction projects that at least 70% of construction and demolition waste is to be recycled.

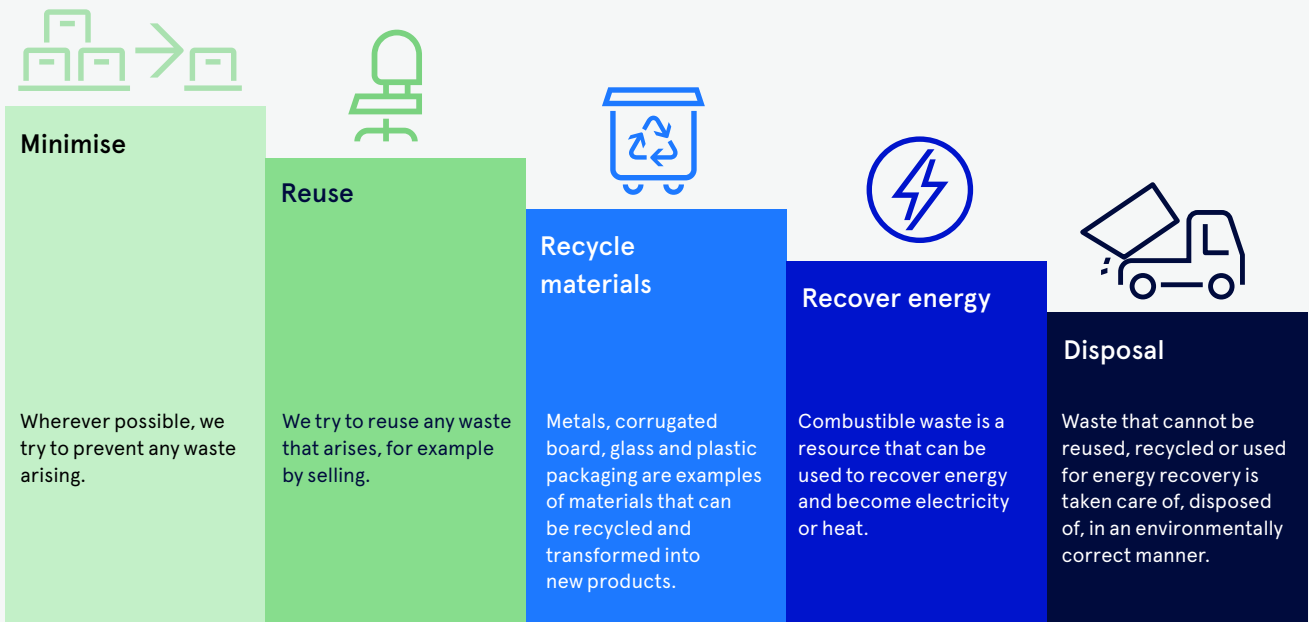
Boundaries

Vasakronan's influence is mainly exercised outside the organisation at construction contractors working on our construction projects, and at our tenants who conduct operations at our properties. The waste that arises in Vasakronan's own organisation owing to our own property management is not deemed to be material in relation to the waste from construction projects and tenant waste. Since Vasakronan is a tenant at the company's own properties, the company's waste from operations is reported as tenant waste under this indicator without being reported separately.

Reporting only covers the waste that Vasakronan helps tenants take care of, not any waste for which the tenant is responsible for removal. This could encompass hazardous waste from healthcare operations or confidential papers, for example.

Construction waste includes the waste that arises in direct connection with demolition and construction work at Vasakronan's construction sites.

Waste hierarchy



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Responsibility and monitoring

The CTO is responsible for ensuring good waste sorting at Vasakronan's properties. The Chief Marketing Officer (CMO) is responsible for ensuring that there are clear waste management provisions in our leases. The CIPO is responsible for planning project developments so that waste sorting is possible for future tenants and for ensuring that waste issues are addressed in construction projects.

Tenant waste and construction waste are monitored annually in connection with preparing the Sustainability Report.

Governance

The EU waste hierarchy governs our work approach. Vasakronan strives to minimise waste, to increase the proportion that is recycled or reused, and minimise the share that goes to incineration or landfill. The long-term goal is that neither our own nor our tenants' operations should generate waste that cannot be recycled or reused.

All major new construction and redevelopment projects should conduct waste minimising workshops to decrease the amount of waste and setting tangible waste reduction targets for the project.

In conjunction with preparing this report, lessons have been learnt about how to implement further improvements. Over the years, one challenging area has been to get municipalities to report waste data for waste and food waste. During work with the 2022 report, it was found that only one municipality was missing from the report, so a dialogue has been initiated with them.

Targets and fulfilment

Ahead of 2022, Vasakronan set the target of decreasing the amount of waste generated by construction projects. In 2022, the average amount of construction waste at completed new construction projects amounted to 427.2 kg/sq. m., compared with 25.6 kg/sq. m. (Celcius completed in 2020). No comparative figures were available for 2021 as no new construction projects were completed that year. The increase was due to more extensive demolition works for the new construction projects completed during the year.

The average amount of construction waste at completed redevel-

ment projects amounted to 71.2 kg/sq. m., compared with 387 kg/sq. m. the previous year. The decrease was due to the smaller scope of redevelopment projects during the year since a larger proportion of the buildings could be preserved compared with the previous year.

For tenant waste, a target was set to increase the share of sorted food waste. The share of food waste in relation to total household waste was approximately 28% (15) in 2022, based on actual amounts of household waste from properties in Gothenburg, Malmö and the majority of properties in Stockholm.

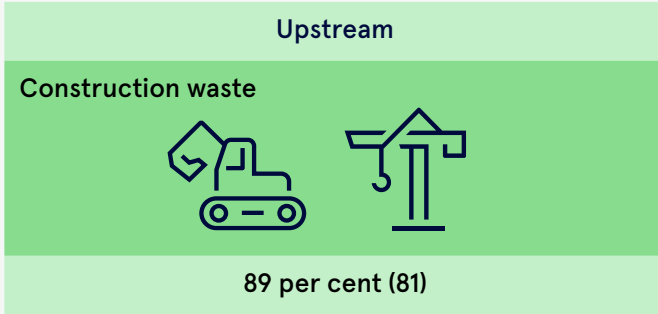
Reporting policies

Reporting amounts of tenant waste is based on weighed amounts of waste that were delivered through data files from the respective waste contractors to Vasakronan's monitoring system.

Part of the waste in the category of tenant waste ('household' waste or comparable thereto) may only be collected at the properties by a contractor appointed by the respective municipalities. For a long time, it has been difficult to obtain data from the municipalities on how much waste is collected by their waste contractors in each building. From 2022, Vasakronan has received actual data from Stockholm vatten och avfall, Gothenburg's Kretslopp och vatten and Malmö VA syd. However, data on actual amounts is still unavailable for a few addresses in Stockholm and the entire property portfolio in Uppsala. Municipal shares of the waste have therefore been estimated, based on key metrics per square metre from the properties where actual statistics were available.

The construction waste monitored pertains to waste arising from new construction and redevelopment projects that were concluded during the current year as well as leasehold improvements. Waste from new construction and redevelopment projects is based on the actual measurements summarised in waste reports upon completion. Waste from minor leasehold improvements partly comprises actual waste quantities, where waste reports were compiled in conjunction with the project completion, and partly of estimated quantities for projects that lacked a waste report. The latter category is calculated using an estimate based on projects with waste reports.

Waste's origin and distribution in the value chain



Construction and demolition waste from new construction, redevelopments and leasehold improvements.



Waste from our tenants' operations left in shared waste-sorting rooms.

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Outcome

In 2022, tenant waste totalled 8,338 tons (8,275), of which approximately 66% was waste from operations and the remaining portion was household waste or equivalent. This waste can only be handled by municipally procured waste contractors.

All waste classified as waste from operations is collected by the same waste contractor that weighs the waste upon collection thus making the waste data reliable and comparable over the years.

The total amount of waste from operations decreased marginally to 5,476 tons (5,747). The amount reported as household waste or equivalent increased marginally to 2,863 tons (2,528). It is difficult to draw any clear conclusions about variations between years due to historically incomplete data and the ambition is to further improve statistics for future years.

Project waste totalled 70,189 tons (36,238) and included waste from the Board-approved new construction and redevelopment projects and the leasehold improvements that were completed during the year. The increase in tons between years is primarily explained by the completion of several projects in 2022.

In terms of waste per square metre gross floor area (GFA), Nattugglan stands out (see table on the right). Nattugglan and Platinan have similar quantities of demolition waste measured in tons (Platinan 25,700 tons and Nattugglan 22,200 tons), but when set in relation to the number of newly built square metres in the new buildings (Platinan about 74,000 sq. m. GFA and Nattugglan about 22,000 sq. m. GFA) the demolition waste in kg/sq. m. was higher for Nattugglan. Magasin X has no demolition waste since no major building stood on the site where the property was built. Redevelopment projects generally generate smaller quantities of waste since they require less demolition.

Contribution to the UN SDGs

By reducing waste, we contribute to achieving Goal 11 and its target 11.6, “Reduce the adverse per capita environmental impact of cities” as well as Goal 12 and its target 12.5, “Substantially reduce waste generation.”



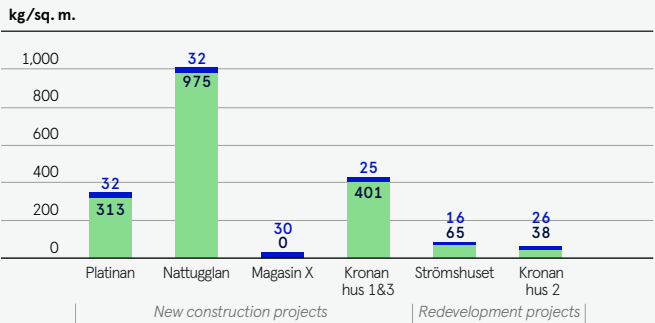
Waste by processing method

Tons	Project waste 2022	Tenant waste 2022	Waste, total 2022	Waste, total 2021
Waste excl. hazardous waste				
Material recycling ¹	55,114	3,724	58,838	32,524
Energy recovery/incineration	4,160	4,432	8,592	10,389
Destruction without heat production	–	50	50	0
Landfill	9,802	0	9,802	633
Total	69,076	8,206	77,282	43,546
Hazardous waste²				
Material recycling	125	130	255	204
Energy recovery/incineration	49	1	50	80
Landfill	939	1	940	683
Total	1,113	132	1,245	967
Total waste	70,189	8,338	78,527	44,513

1) Includes food waste sent for biogas production.

2) Includes electricity, special and other waste.

Waste in new construction and redevelopment projects



■ Construction waste ■ Demolition waste

The outcome refers to the Board-approved projects that were completed in 2022.

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CRE8 TYPE AND NUMBER OF SUSTAINABILITY CERTIFICATION, RATING AND LABELLING SCHEMES FOR NEW CONSTRUCTION, MANAGEMENT, OCCUPATION AND REDEVELOPMENT

Environmental certification of existing and of new construction projects is important from several perspectives. They are third-party evidence of Vasakronan’s properties’ low environmental impact. It means that Vasakronan can fulfil tenants’ growing environmental specifications. Environmental building certification is also a prerequisite for green financing.

Boundaries

Many aspects are assessed when environmentally certifying buildings, and Vasakronan cannot always have full control over some of them. Vasakronan decides which buildings will be certified, which certification will be chosen and which rating will be the objective. The report- ing covers all properties.

Responsibility and monitoring

Responsibility for environmentally certifying new construction and redevelopment projects lies with Project Development in Stockholm and the regional SVPs. The CTO is responsible for certifying and recertifying existing buildings. The number of certified buildings is reviewed quarterly and reported in Vasakronan’s interim reports.

Governance

The environmental intensity of the project is governed by the “Miljö- program för projekt” (Environmental Programme for Development Projects), an internal policy document. The document stipulates that all projects are to be certified under LEED, with the goal of reaching Platinum certification. If there is any deviation from the overall goal, information on the choice of certification and the level set as a goal must also be indicated in the decision memoranda produced for the respective projects.

Almost all of Vasakronan’s existing properties have been certified. In some cases a decision was taken to wait with certification since the building was awaiting a major redevelopment or other extensive mea- sures. All existing buildings have to be recertified every three years. In conjunction with preparing this report, lessons have been learnt about how to practically implement the work in relation to the existing policies. One example is through clarifying procedures and instruc- tions to facilitate the recertification process of the existing buildings.

Target

Vasakronan’s ambition is to environmentally certify all our properties.

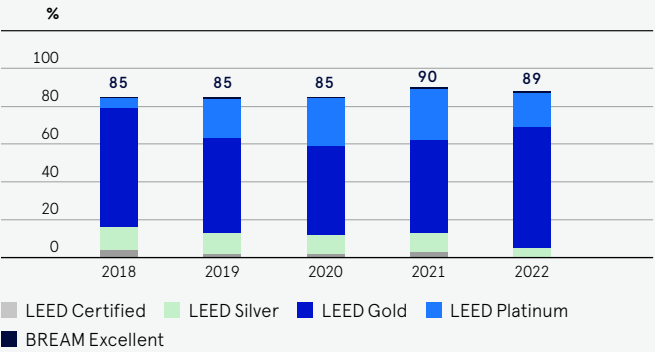
Reporting policies

The number of certified buildings is reported as certified area relative to the company’s total area. Vasakronan counts only BREEAM, LEED and Miljöbyggnad as satisfactory certifications; GreenBuilding is excluded as it only encompasses the environmental topic energy.

Outcome

During the year, one new construction project was certified and 92 existing properties recertified. At the end of 2022, 89% (90) of our total property portfolio was environmentally certified, of which the share of LEED Gold or better environmental certifications was 84% (78). The reason for the decrease in the share of certified area, despite the increase in the number of certifications, was that three project developments (Platinan, Nattugglan and Magasin X) were added to the total area in 2022, without their certification being ready. All three properties have an ongoing project certification which is expected to be completed in 2023.

Environmental certifications



Share of the property portfolio’s total area.

At the end of the year, 89% of the entire property portfolio was environmentally certified.

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308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

In order to successfully conduct operations, Vasakronan needs to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, competence and efforts toward quality and sustainability as well as risk function, performance, design and price. Since a large part of the company's environmental impact arises in the supply chain, assessing suppliers based on how they conduct their environmental work is of great importance.

Boundaries

It is Vasakronan who determines which requirements will be set for suppliers and which ones will ultimately be engaged. In turn, the engaged suppliers often have subcontractors. The exact number of subcontractors is difficult to estimate, since the number per supplier can vary. The reporting covers the supplier agreements signed by the Purchasing Department.

Responsibility and monitoring

The Chief Information & Development Officer (CIDO) is responsible for procurement, which is organised as a central unit with responsibility for purchasing meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every procurement, an evaluation of potential suppliers is conducted based on several criteria, for example, ISO certification, emissions and energy intensity. In addition to product- or service-specific requirements, all new suppliers must sign the company's supplier code of

conduct. Audits are conducted and questionnaires are circulated to check that our suppliers are living up to their commitments in the code and additional specifications, if any. Selection for audit takes into consideration how much we buy from the supplier and answers in the sent out questionnaires as well as particular risks and focus areas.

Vasakronan works continually to increase control over the supplier chain by reducing the total number of suppliers engaged and to have all procurements managed directly by the Purchasing Department.

Governance

Environmental requirements for suppliers — environmental programmes for development projects, for example — are placed in specific appendices to the agreement. General environmental requirements are summarised in an environmental policy and in a supplier code of conduct. The agreements with new suppliers always include the code of conduct for Vasakronan's suppliers. As of 2017, all new framework and service agreement suppliers are evaluated as regards the environment, working conditions and human rights.

In conjunction with preparing this report, lessons have been learnt to the effect that additional resources are needed in the Purchasing Department to enable the necessary supplier follow-up.

Reporting policies

All suppliers are entered into a supplier register that includes information about agreed-upon requirements and appendices as well as events such as supplier audits. Information about the number and share of suppliers evaluated in terms of environmental requirements are collected from the supplier register.

Outcome

The total number of suppliers engaged directly by Vasakronan totalled 2,566 (2,341) at year end. The suppliers that are primarily engaged are construction contractors, consultants (technical consultants and architects, for example), utility suppliers (electricity, district heating and district cooling), and service suppliers (cleaning and grounds service companies, for example). Since Vasakronan conducts operations exclusively in Sweden, our suppliers most often are also based in Sweden.

In 2022, a total of 72 (243) new supplier agreements were signed by the Purchasing Department. All of these suppliers, meaning 100%, signed the supplier code of conduct. In 2022, no (0) major supplier audits were conducted and 4 (19) audits were conducted in conjunction with contract meetings with suppliers.

The low number of major audits and contract meetings was due to a lack of resources in the purchasing organisation during the year and due to planned contract meetings with suppliers being moved from the end of 2022 to 2023.

Contribution to the UN SDGs

Through its supplier code of conduct, Vasakronan sets requirements for its suppliers regarding knowledge of and control over their environmental impact in several areas. This includes the material used, how waste is managed, improving energy consumption and actively working to reduce their emissions. By setting these requirements, we are contributing to the goals based on indicators for material, waste, energy and emissions.

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403 OCCUPATIONAL HEALTH AND SAFETY 403-9 WORK-RELATED INJURIES

Sick leave leads both to unnecessary human suffering as well as direct and indirect costs in the form of sick pay and loss of output. Construction sites are some of the most accident-prone workplaces in Sweden, which is where Vasakronan is a major purchaser for construction and installation work. However, our operations can never come at the expense of people's health or well-being.

Boundaries

The employer is responsible for ensuring a good physical, organisational and psychosocial work environment. The greatest risk of serious accidents is outside the organisation, among those who carry out work on Vasakronan's behalf to manage properties and on construction sites in project operations. It is possible to influence the working environment at the supplier level. Therefore, in our role as client, we also follow up on these types of accidents and not only those that occur within our own organisation.

The reporting covers sick leave and accidents involving employees at Vasakronan or Coor who work in our properties as well as accidents at construction sites.

Work has started on developing a system for also reporting accidents that impact other suppliers in conjunction with performing property management duties and services at Vasakronan's properties.

Responsibility and monitoring

The CHRO is responsible for overall working environment and wellness measures for Vasakronan's employees and providing them with access to measures that promote health and the opportunity for rehabilitation after illness. The respective managers are responsible for reviewing employees' work situations.

The CIPO is responsible for monitoring work environment efforts at Vasakronan's construction sites. The equivalent responsibility for operation and maintenance contracts lies with the CTO.

The number of accidents at suppliers in major projects is reviewed regularly and summarised when the project is completed. Accidents that affected our employees, or those at Coor working in our properties, are followed up regularly and summarised annually when preparing the Sustainability Report. Monitoring of sick leave and long-term illness absence for Vasakronan's employees is conducted monthly and over a rolling twelve months.

Governance

Vasakronan's work environment agenda is based on the Swedish Work Environment Act and is described in a number of governing documents such as the Work Environment Policy, Equal Treatment Policy, Crisis Management Policy and the Employee Code of Conduct. These policies describe how the systematic work environment agenda is conducted and the allocation of responsibilities. We strive for an active work environment where collaboration between employees, safety officers, managers and company management are characterised by an open climate, an efficient exchange of information and clear communication. Employees provide their opinions through surveys, dialogues, associations, work environment meetings and safety officers. All Vasakronan employees are covered by the systematic work environment agenda.

All managers with responsibility for personnel are trained in work environment issues, so that they can take an active responsibility for identifying risks and continuously improve the work environment.

The work environment agenda is followed up during work environment reviews that are carried out once or twice annually in all management teams. Managers are responsible for scheduling reviews, and HR provides support as needed. In conjunction with these reviews, risk assessments are carried out and updated according to a standardised questionnaire.

Managers and employees can access all governing documents and other work environment descriptions on Vasakronan's intranet for support. Vasakronan informs all employees about work environment issues to create awareness of the importance of the work environment and to create understanding of the risks and their own responsibility in the work environment agenda. Work environment issues are also raised at company-wide meetings, theme lectures and in a dedicated group on Vasakronan's internal communications channel, Yammer. Need-governed activities initiated by each manager, training in stress management and life coaching for example, are also carried out.

All employees are offered insurance covering private healthcare, medical, health and accident, and injury. All employees are also offered a recurring medical assessment, based on age, which includes support to the employee in the form of need-based health initiatives. In addition to this, Vasakronan has an agreement with the company Ljung & Sjöberg, which provides support in alcohol and drug issues. Sometimes need-based health initiatives are taken based on results of employee surveys.

One consequence of the pandemic was that employees worked from home to a great extent. Several measures were taken by Vasakronan to ensure a good work environment while working from home. This includes work environment discussions between managers and employees, and managers were informed by Vasakronan of the importance of close dialogues on the issues of physical, organisational and social work environments.

In conjunction with preparing this report, lessons have been learnt regarding the need for clearer definitions and reporting instructions.

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Targets and fulfilment

Ahead of 2022, Vasakronan set a goal for all of our employees to feel that the company has a good organisational and social work environment. The goal is followed up by measuring the results from two different questions in the company’s employee survey. The year’s survey showed that 69% (73) of the employees would say that they have a reasonable level of stress and 75% (77) would say that they can recover between workdays.

Vasakronan also set a goal to reduce the number of worksite accidents on construction projects. Information on goal fulfilment can be found under outcome.

Reporting policies

Incidents and accidents are reported in the “Kris och incidenter” (Crisis and incident) tool. This tool is available for all our employees on Vasakronan’s intranet, but reporting currently only covers Vasakronan employees. Reporting and accidents for Coor employees who work in our properties is collected at the end of the year.

Accident reporting in major construction projects is compiled regularly by the contractor responsible during the project and submitted to Vasakronan upon project completion.

Outcome

Total sick leave in 2022 amounted to 2.3% (1.5); the distribution by city and gender is shown in the diagram on this page.

In 2022, 1 accident (1) was reported among Vasakronan’s employees. During the year, there were 12 accidents (11) among Coor employees carrying out work at Vasakronan’s properties.

In the five new construction and redevelopment projects that were completed in the year, there were a total of two serious accidents: one fall from height and one in conjunction with unloading. In addition, there were a further 138 accidents (50) and 159 near misses (123). No information is available regarding whether or not the accidents led to absence for any of the projects. The frequency of accidents in completed projects increased to 26.7 (14.2¹) per million hours worked.

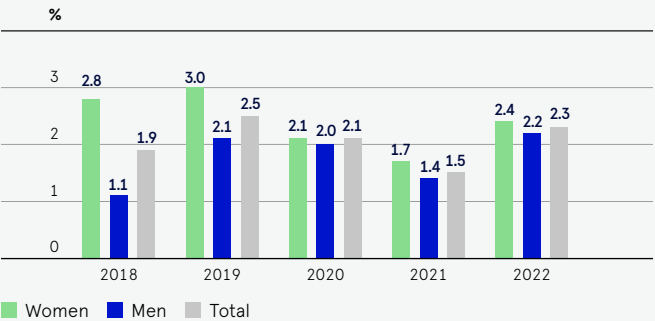
Both the number of accidents and the accident frequency increased during the year. Given the difficulty in drawing any concrete conclusions about any underlying cause for this increase, it is clear that the reporting of accidents in project activities needs to be improved. Work has therefore begun on clarifying instructions and procedures, and introducing more continuous follow-up of proactive safety work, accidents and incidents in project activities.

Contribution to the UN SDGs

Through occupational health and safety efforts, we contribute to achieving Goal 3 and target 3.4, “Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being” and Goal 8 and its target 8.8, “Protect labour rights and promote safe and secure working environments for all workers.”



Sick leave



1) To enable comparability between years, a new calculation method (Håll Nollan’s standard model) has been used for the number of hours worked. This entails that the accident frequency for 2021 has been adjusted from 12.4 to 14.2. The new calculation method has the same number of accidents as the basis, i.e., 50.

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405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

405-2 RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

Vasakronan wants to reflect the society in which the company operates. We believe that success is achievable by avoiding overly homogeneous groups. Research shows that groups with a more heterogeneous composition are often more innovative and solve problems more efficiently.

Boundaries

The impact within Vasakronan's own organisation occurs in connection with recruitment of new employees and when employees leave. Reporting covers only individuals employed at Vasakronan, and not individuals who perform work under conditions similar to employment.

Responsibility and monitoring

The work on diversity and equal treatment is managed by the CHRO. Each manager at Vasakronan is responsible for creating groups marked by diversity and for no employees being discriminated against. Any cases of discrimination are captured by one of the following channels: employee surveys, immediate supervisors, the HR division, union parties, the company's Compliance Officer or the external whistle-blower function.

To ensure that no unreasonable differences in pay occur at Vasakronan, wage surveys are conducted every year. The surveys are performed in collaboration with a third party to ensure the highest possible level of objectivity.

Governance

Our work is governed by Vasakronan's equal treatment policy, which states that operations will be free from discrimination and harassment and that all employees and job applicants will be treated equally. All employees, regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age must be given equal opportunities for development and advancement, as well as equal pay for equal work. In addition, there is an internal Code of Conduct for employees and Board members that emphasises the importance of everyone's right to a work environment free from harassment and discrimination.

In conjunction with preparing this report, lessons have been learnt about how to practically implement the work in relation to the existing policies. No additional improvement measures were identified during the year.

Targets and fulfilment

The overall goal of Vasakronan's equal treatment policy is that all employees must be given equal opportunities for development and advancement, as well as equal pay for equal work.

Prior to 2022, we set a target for the entire operation that all our employees should know how to respond to discrimination. This year's survey shows that 94% (91) of employees know how to respond to discrimination.

Another target set by Vasakronan was for employees to feel that the company has an inclusive culture. In this year's survey, 93% (96) responded that they believe all employees have equal opportunities and obligations regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.

Reporting policies

Data about the number of employees and gender and age are taken from Vasakronan's HR system. Data on the number of consultants used is taken from Vasakronan's internal system for consultant administration. Data on salary differences between men and women is taken from Vasakronan's annual salary survey. Data on the percentage of employees with foreign backgrounds was obtained from Nyckeltalsinstitutet/Statistics Sweden. The share of employees who feel that Vasakronan's workplaces are free from discrimination and the share of employees who feel that we have an inclusive culture are taken from the employee survey conducted during the year.

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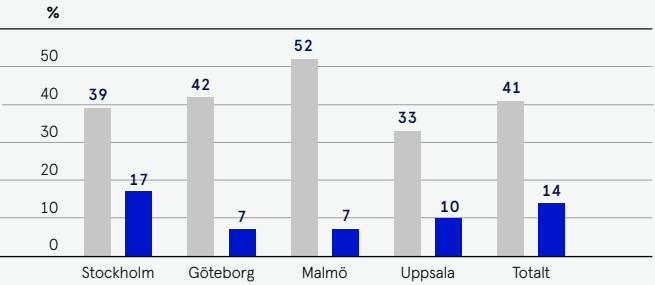
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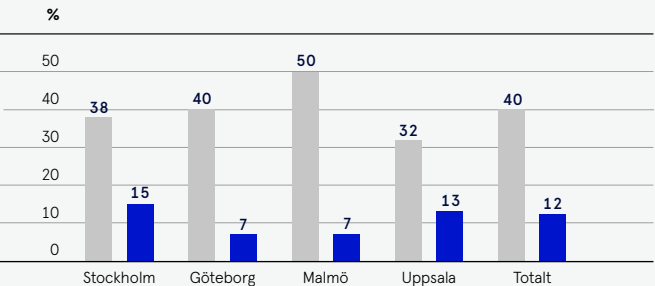
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Share of employees with a foreign background, 2022



Share of employees with a foreign background, 2021



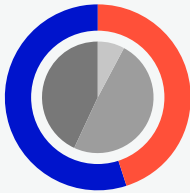
■ Population, aged 20–67 ■ Vasakronan

Share of employees with a foreign background in Vasakronan compared with foreign background in the population (20–67) in the same locations.

Source: Statistics Sweden

Breakdown by gender (women and men) and age as of the balance-sheet date

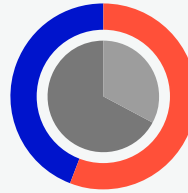
All employees



■ Women, 45% (45)
■ Men, 55% (55)

■ <29, 8% (9)
■ 30–49, 49% (51)
■ >50, 43% (40)

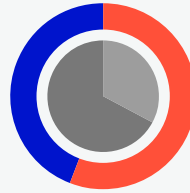
Management Team



■ Women, 56% (45)
■ Men, 44% (55)

■ <29, 0% (0)
■ 30–49, 33% (18)
■ >50, 67% (82)

Board of Directors

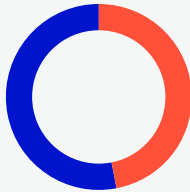


■ Women, 56% (78)
■ Men, 44% (22)

■ <29, 0% (0)
■ 30–49, 33% (11)
■ >50, 67% (89)

Distribution, women and men, by region, at the balance-sheet date

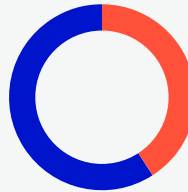
Stockholm



■ Women, 47% (48)
■ Men, 53% (52)

The number of employees in Stockholm was 188.

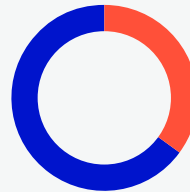
Gothenburg



■ Women, 41% (36)
■ Men, 59% (64)

The number of employees in Gothenburg was 44.

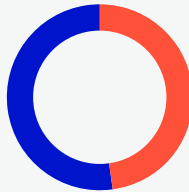
Malmö



■ Women, 35% (40)
■ Men, 65% (60)

The number of employees in Malmö was 31.

Uppsala



■ Women, 48% (50)
■ Men, 52% (50)

The number of employees in Uppsala was 31.

Note. On 31 December 2022, the number of employees was 294 (290), of which 289 (288) were permanent employees, five (two) were on time-limited contracts and zero (one) had a part-time contract. The number of hourly employees is limited to young people with holiday work and the data is not included in this report. As the number of employees on time-limited contracts only amounts to five people, Vasakronan does not report these employees.

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Outcome

On 31 December 2022, the number of employees was 294 (290), of which 289 (288) were permanent employees and five (two) were on time-limited contracts. No (one) employees had part-time contracts. The number of hourly employees is limited to young people with holiday work and is not included in this report. All employees are covered by collective agreements and all were salaried at the end of the year.

Composition of the Board, management and other employees based on gender and age is given on page 175 and in the presentation of the Board and management on pages 79–82.

At the end of the year, 280 (274) consultants were employed in operations. Of these, about half were hired in as external project leaders in new construction and redevelopment projects. Other consultants were hired primarily as replacements for existing personnel, for example in connection with parental leave or sick leave. There are no seasonal variations.

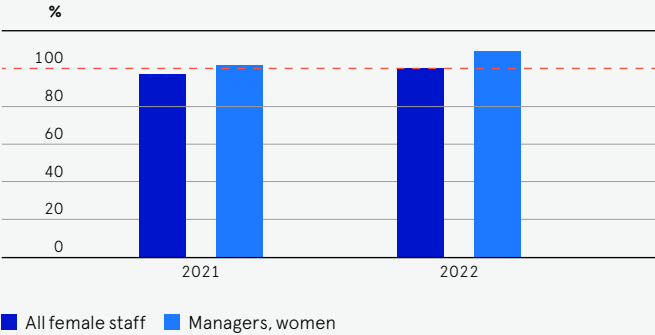
The 2022 salary survey found that women earned 100% (97) of what men earned and that female managers earned 109% (102) of what male managers earned. Moving forward, efforts will continue to focus on identifying unwarranted pay differences and taking actions.

Contribution to the UN SDGs

By engaging with diversity and equal treatment, we contribute to achieving Goal 5 and its target 5.5, “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.” We also contribute to achieving Goal 8 and its target 8.5, “By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value” as well as Goal 10 and its target 10.2, “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.”



Women’s salaries relative to men’s



In 2022, female employees had 100% of men’s salaries and among managers, women earned 109% of men’s salaries.

Pay ratio of highest earner to median

	2022	2021
Total remuneration to highest earner in the organisation, SEK thousand	5,722	5,288
Total remuneration to other employees, median, SEK thousand	678	645
Ratio of the annual earnings of the highest earner to the median earner (excl. highest earner)	8.4	8.2
Salary growth rate for CEO, %	8.2	–
Salary growth rate for median, %	5.3	–
Ratio of the salary growth rate of the highest earner to the median earner	1.6	–

The figures have not been recalculated to FTEs. All remuneration has been included, i.e., fixed and variable remuneration. The company’s CEO is the highest earner.

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414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

In order to successfully conduct operations, Vasakronan needs to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, competence and efforts toward quality and sustainability as well as risk function, performance, design and price.

Boundaries

It is Vasakronan who determines which requirements will be set for suppliers and which ones will ultimately be engaged. In turn, the engaged suppliers often have subcontractors. The exact number of subcontractors is difficult to estimate, since the number per supplier can vary. The reporting covers the supplier agreements signed by the Purchasing Department.

Responsibility and monitoring

The Chief Information & Development Officer (CIDO) is responsible for procurement, which is organised as a central unit with responsibility for purchasing meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every procurement, an evaluation of potential suppliers is conducted based on several criteria, for example, ISO certification, emissions and energy intensity. In addition to product- or service-specific requirements, all new suppliers must sign the company's supplier code of conduct. Vasakronan works continually to increase control over the supplier chain by reducing the total number of suppliers engaged and to have all procurements managed directly by the Purchasing Department.

Governance

Through its supplier code of conduct, Vasakronan sets requirements regarding such aspects as working conditions and human rights. The agreements with new suppliers always include the "code of conduct for Vasakronan's suppliers." Since 2017, all new framework and service agreement suppliers have been evaluated as regards the environment, working conditions and human rights.

To reinforce the opportunity for employees or external parties to anonymously report suspicions of breeches of laws and regulations regarding working conditions or human rights, there is a whistle-blower function. Vasakronan's Compliance Officer (who is also the General Counsel) receives and investigates the reports that come in. There has also been an external whistle-blower function since 2015.

Audits are conducted and questionnaires are circulated to check that our suppliers are living up to their commitments in the code and additional requirements, if any. Selection for audit takes into consideration how much Vasakronan buys from the supplier and answers in questionnaires as well as particular risks and focus areas.

In conjunction with preparing this report, lessons have been learnt to the effect that additional resources are needed in the Purchasing Department to enable the necessary supplier follow-up.

Reporting policies

All suppliers are entered into a supplier register that logs information about agreed-upon requirements and appendices as well as events such as supplier audits. This is the source for information about the number and share of suppliers evaluated in terms of working conditions and human rights.

Outcome

The total number of suppliers engaged directly by Vasakronan totalled 2,566 (2,341) at year end. The suppliers that are primarily engaged are contractors (mainly construction contractors), consultants (technical consultants and architects, for example), utility suppliers (electricity, district heating and district cooling), and service suppliers. Since Vasakronan conducts operations exclusively in Sweden, our suppliers most often are also based in Sweden.

In 2022, a total of 72 (243) new supplier agreements were signed by the Purchasing Department. All of these suppliers, meaning 100%, signed the supplier code of conduct. In 2022, no (0) major supplier audits were conducted and 4 (19) audits were conducted in conjunction with contract meetings with suppliers.

The low number of major audits and contract meetings was due to a lack of resources in the purchasing organisation during the year and due to planned contract meetings with suppliers being moved from the end of 2022 to 2023.

Contribution to the UN SDGs

By setting requirements for suppliers regarding decent work and human rights, we contribute to achieving Goal number 3 and target 3.4, "Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being." We also contribute to achieving Goal 5, primarily its target 5.5, "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making" and to Goal 8 and its target 8.8, "Protect labour rights and promote safe and secure working environments for all workers."



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416-A MEASURES TAKEN TO MAINTAIN A HIGH LEVEL OF SAFETY AND SECURITY IN AND AROUND PROPERTIES

Feeling safe and secure in their local surroundings is important for most people. As employers, it is of great importance to Vasakronan's tenants to ensure that their employees have workplace and a commute that they feel is safe and secure. The safety and security of the neighbourhood is becoming an increasingly important issue when selecting premises and, in some cases, is the deciding factor in where a company moves. It is also critical for retail tenants that locations feel safe and secure.

Boundaries

The reporting encompasses actions taken by Vasakronan to improve safety and security around the properties. To create a greater impact, some of these actions are carried out together with other actors with operations around Vasakronan's properties, such as other property owners and the municipality.

Responsibility and monitoring

An important part in the overall work for safe and secure neighbourhoods is creating a mix of different operations, such as offices, retail, homes and culture. This variety creates a more dynamic environment throughout the entire day, every day of the week. Responsibility for safe and secure neighbourhoods lies with the CIPO, and also includes collaboration with other actors. The responsibility also encompasses ensuring that actions to increase security and safety are included in designs for new construction and redevelopment projects as well as maintenance and development plans for existing properties.

The CTO is responsible for making sure that safety features like security patrols, surveillance and entry systems are well-functioning.

Our tenants' experience of security and safety is followed up through various questionnaires to Vasakronan's customers. The number of measures for increased security and safety are reviewed annually when preparing this Sustainability Report.

Governance

There are no governing documents or policies for this area. The work is accomplished by analysing what tenants want and the possible measures that can be taken in each property and area, by Vasakronan itself or together with others. There are operating routines for the ongoing management work that govern how security issues are handled.

In conjunction with preparing this report, lessons learnt included that the follow-up should focus on the effect rather than the number of actions taken, and this work has been started in 2023.

Targets and fulfilment

The long-term target for Vasakronan's properties and neighbourhoods is that they should feel safe and secure.

For 2022, the target is to develop an overall safety and security plan. The preparation of an overall security strategy is ongoing but was not finalised in 2022. The work will continue during 2023.

Reporting policies

At the end of the year, data is collected and compiled concerning actions taken by the technical organisation, the regions and project development.

Outcome

Over the year, 92 actions (103) were implemented to increase security in and around the properties. Examples in the existing property portfolio include security certification, improved lighting, increased security patrols, new entry systems for properties, alarms and increased safety inspections (conducted by Vasakronan to identify actions that can increase safety and security).

In several Stockholm locations, Vasakronan works with the "Tryggare Sverige" (Safer Sweden) foundation. There are also partnerships with the City of Stockholm aimed at making the city and Kista safer neighbourhoods.

There is a partnership with Purple Flag and the Swedish Property Federation in Gothenburg to highlight places that have successfully worked to improve safety and access, and that also offer a diverse selection at night.

Contribution to the UN SDGs

By maintaining a safe and secure environment in and around our properties, we contribute to achieving Goal 5 and its target 5.2, "Eliminate all forms of violence against all women and girls," Goal 10 and its target 10.2, "Empower and promote the social, economic and political inclusion of all," Goal 11 and its target 11.7, "Provide universal access to safe, inclusive and accessible, green and public spaces," and Goal 16 and its target 16.1, "Significantly reduce all forms of violence."



Auditor's Limited Assurance Report on Vasakronan AB (publ)'s Sustainability Report and the Auditor's Report on the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish. To the general meeting of the shareholders of Vasakronan AB (publ), corporate identity number 556061-4603

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Introduction

We have been engaged by the Board of Directors of Vasakronan AB (publ) to undertake a limited assurance engagement of Vasakronan's Sustainability Report for the year 2022. The company has defined the scope of the Sustainability Report to the areas referred to in the GRI Index on page 138 in this document, which also includes the statutory sustainability report defined on page 138.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Swedish Annual Accounts Act respectively. The applicable criteria are explained on page 138 and are the parts of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or mistake.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we

have performed and to provide an opinion on the statutory sustainability report. Our assignment is limited to the information in this document and the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 *The auditor's report on the statutory sustainability report*. The procedures performed in a limited assurance engagement and in accordance with FAR's auditing standard RevR 12 vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Vasakronan AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Consequently, the procedures performed and our examination in accordance with RevR12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures performed in the limited assurance engagement are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A statutory sustainability report has been prepared.

Stockholm, 24 March 2023

Ernst & Young AB

Katrine Söderberg

Authorised Public Accountant

Marianne Förander

Expert member of FAR

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Impact Report – Green financing

The following report encompasses the volume of liabilities outstanding as well as the investments made within Vasakronan's Green Finance Framework. The report has been reviewed by EY.

Vasakronan has been environmentally certified according to ISO 14001 for more than 15 years. A periodically reviewed fundamental analysis of the company's significant environmental aspects has been carried out in relation to these efforts. The analysis consistently establishes that Vasakronan primarily impacts the environment and the climate through energy consumption, use of materials, the waste created by operations and customers, and through various forms of transportation.

In 2021, the European Commission launched a taxonomy to identify environmentally sustainable investments. The Taxonomy comprises six environmental objectives that Vasakronan has already been working with for many years thanks to systemic environmental work.

In many cases, Vasakronan has the opportunity to reduce

energy and material use, waste generation and transportation needs on its own, but further progress requires close collaboration with the tenants. Vasakronan was an early adopter of green leases, with the first one signed back in 2010. After a number of years, the company came to the insight that offering a non-green option in parallel with the green lease was strange and therefore chose to include the green lease clauses in standard lease agreements. Accordingly, all leases signed since 2017 are green. Examples of set requirements include: sorting all waste at source, sharing energy data and purchasing renewable energy.

Energy

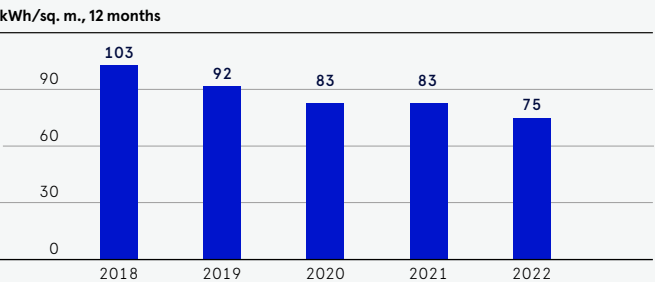
Various types of energy investments in the properties combined with close collaboration with tenants means that energy consumption in the property portfolio has been

According to the National Board of Housing, Building and Planning, the construction and property sector accounts for 21% of all greenhouse gas emissions in Sweden, 34% of energy consumption and 40% of waste generation in Sweden.

In addition, the sector contributes to emissions in other countries due to imports of construction products. Source National Board of Housing, Building and Planning. (Environmental indicator – current status – National Board of Housing, Building and Planning)

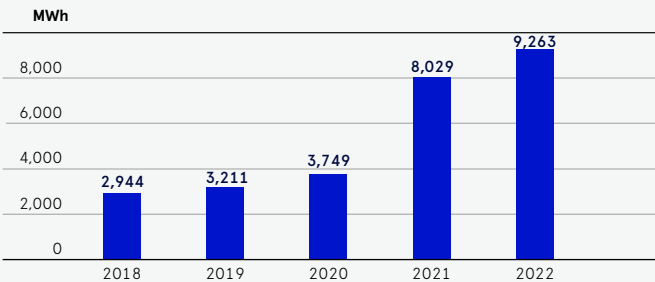
reduced 65% since 2009. At year end, the annualised energy intensity was 75 kWh per square metre. Converted to primary energy demand, this corresponds to 82.4 kWh per square metre per year. Vasakronan also produces its own energy and at the end of the year had 86 solar photovoltaic systems on roofs and facades as well as one solar park in operation. Together, all installations contribute a total of 9,000 MWh, which corresponds to 12% of property electricity.

Energy intensity



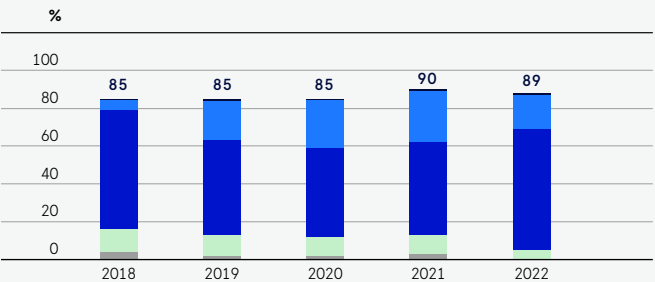
In 2022, energy intensity averaged 75 kWh/sq. m.

On-site produced electricity



A total of 9,263 MWh of electricity was produced from solar photovoltaic systems during the year.

Environmental certifications



At the end of the year, 89% of the entire property portfolio was environmentally certified.

- LEED Certified
- LEED Silver
- LEED Gold
- LEED Platinum
- BREAM excellent

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How have green bonds helped Vasakronan's work with sustainability?

"Now we have a tool for communicating our sustainability efforts both internally and externally as well as a policy instrument. Sustainability issues are now being driven from two directions, by both the finance and the sustainability departments.

Before issuing our first green bond in 2013, the sustainability and finance departments had little contact with each other. Now, we work closely both on financing and on sustainability issues. Actions in our operations directly impact how we finance the company. Issuing green bonds has raised the focus on sustainability throughout the company.

The green bonds also increase opportunities to showcase all the good things our colleagues are doing in sustainability. Promising investors that we will achieve specific criteria means we have to be even more focused and structured when planning our projects, but also with regard to how we work with our existing properties.

Green bonds are also an effective communication tool with our investors. They enable us to have a dialogue about the links between risks and sustainability, particularly in the property sector. As an issuer, I feel that, through all these dialogues, we have taught our investors much about sustainability."

Ten years will have soon passed since you issued the world's first green corporate bond. What is the next step for your green financing?

"The next step will be aligning the framework with the EU Taxonomy and including social aspects. Corruption in the Swedish property and construction industries is regarded as being widespread and extensive. Therefore, we must have a process that eliminates the risk both of corruption and of other improprieties in all situations. This pertains firstly to the prevention of all forms of corruption within the company, but we also need to set more stringent requirements on our suppliers to ensure they have a systematic process to counteract corruption in their operations.

There is also a risk of accidents at our construction sites and of people being exploited. The objective is to ensure lawful terms and conditions of employment for everyone who works for us and that they are not at risk of being killed or injured. Therefore, we set stringent requirements for contractors regarding terms and conditions of employment and construction site safety.

Last but not least, we must collaborate with municipalities and other companies in the sector to create pleasant and safe street environments around our buildings, which benefits everyone, not just ourselves or our tenants, but everyone who spends time on our streets."

Materials

New construction, redevelopment and leasehold improvements of properties require large amounts of construction materials. The extraction, production and transport of these materials to construction sites causes substantial impact on the environment and climate. Therefore, it is essential to reduce the amount of materials and to opt for reused materials or materials produced from renewable or recycled products to a larger extent. Moreover, the materials must be checked to ensure they do not contain hazardous substances that are spread into indoor environments or into the environment outside the buildings. That is why all the material used in construction is always evaluated and documented. Vasakronan uses the Byggvarubedomningen system in this work.

Waste

New construction and redevelopment projects lead to considerable construction and demolition waste. A great deal of the waste is not recycled but goes straight to incineration or landfill. Vasakronan also take care of substantial quantities of waste from tenants' operations. Even if the company has little influence on the type and amount of waste that arises at tenants, the level of sorting can be influenced since the property owner is often responsible for the waste recycling facilities at the property. The EU's waste hierarchy guides efforts to reduce environmental impact both from construction waste and from tenants' waste. The goal is to minimise the amount of waste sent to landfill and incineration and to increase the proportion that is recycled or reused.

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Water consumption

Reducing water consumption is an important issue from a global and a local perspective. Vasakronan uses municipal water in all four cities where the company operates. In Uppsala, the municipality has indicated that there is a water shortage. That is why the company is working continuously, in Uppsala as well as in other cities, with monitoring and implementing cost-effective measures to reduce water consumption. Low water consumption is also a prerequisite for environmentally certifying buildings with high ratings.

Climate impact

Since 2006, Vasakronan has reduced its scope 1 and 2 emissions by almost 90%. This has been achieved through reduced energy consumption and phasing out fossil fuel from the energy supply to properties and vehicles. For several years there has also been a long-term and systematic effort to reduce scope 3 emissions, primarily in construction and how tenants use premises. In addition to focusing on how Vasakronan's operations affect the climate, the company also needs to focus on how a changing climate affects the company. For this reason, climate risk analysis was started as far back as 2012, and which has since been followed up to take into account the latest climate data. Climate risk analyses need to be summarised property by property in conjunction with Taxonomy reporting. This work began in 2022 and has an estimated completion date in 2023.

A full account of the company's emissions and how the company is affected by increases in global emissions is available on pages 161–166 of the Annual Report 2022.

Long-term goals

In 2019 the company refined its climate goals, deciding to become climate-neutral by 2030. Vasakronan has developed a road map which describes ways to reach this target and how any remaining emissions will be compensated to achieve neutrality. The targets were evaluated by the Science Based Targets initiative in 2022 and were assessed as being in line with the 1.5°C target.

However, the climate target is not the only long-term environmental target for Vasakronan. The company also has targets for further reductions in energy consumption, circular construction and zero waste generation. Each year, a company-wide business plan is prepared, with annual financial, environmental and social targets. For more information about the company's environmental targets and target fulfilment, see pages 65–68 in the 2022 Annual Report.

Global leading agenda

In 2022, Vasakronan was ranked top in the Global Real Estate Sustainability Benchmark (GRESB), and became the best company in the world in the categories of existing buildings: office/retail and project development: offices.

Taxonomy reporting

Work is ongoing with compiling the scope of Taxonomy-aligned economic activities. However, given the uncertainty about how the Taxonomy is to be interpreted and reported, and given that the company is not yet subject to the reporting requirement, Vasakronan has decided to hold off on detailed reporting on the proportion of the company's assets that are aligned with

the Taxonomy, as well as the buildings' turnover, operating expenses and investments. Based on the buildings' primary energy demand, which Vasakronan has calculated according to the method for energy declarations, and based on their measured energy intensity on 31 December 2022, 38% of the market value of the investment properties and 43% of the lettable area meet the criteria for activity 7.7. Read more on pages 56–57 in the 2022 Annual Report.

Social responsibility

A property company's operations affect not only the environment, but many people as well. At Vasakronan, these people comprise employees, employees of the company's suppliers and the people who move in and around Vasakronan's properties. Conducting operations responsibly in terms of these people entails ensuring that the company does not breach any human rights, that everyone who works for Vasakronan has a safe and secure working environment and that all properties are safe, secure and promote health. Moreover, the company also has systems in place to manage taxes correctly, combat corruption and promote free competition.

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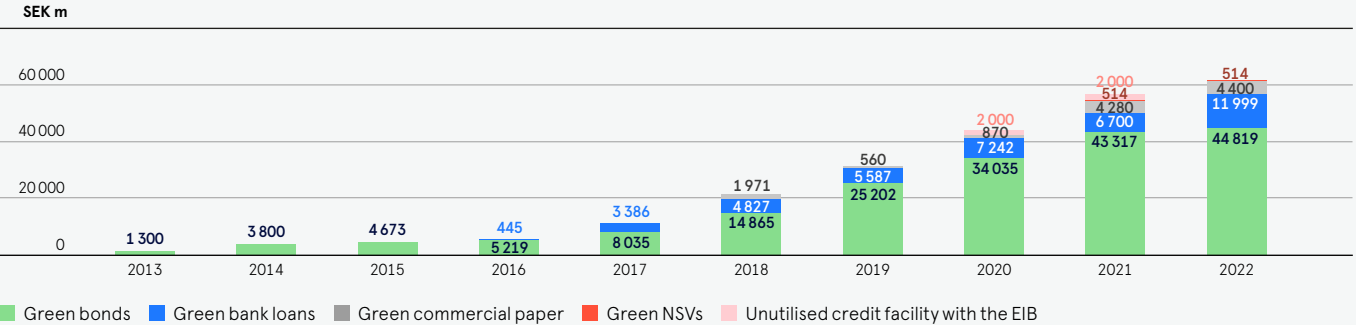
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Green financing growth



Green financing

In 2022 all bonds issued were green. Green bonds totalling SEK 7.8 billion (11.9) were issued, making Vasakronan Sweden's largest issuer of green corporate bonds. During the year, the first bond issue denominated in Swiss Francs was completed and green bonds have now been issued in eight different currencies. The volume outstanding of green commercial paper amounted to SEK 4.4 billion (4.8) at the end of the period. The total volume outstanding of green financing consisting of green bonds, green commercial paper and green NSVs amounted to SEK 49.7 billion (48.1). At year end, green assets totalled SEK 61.2 billion (53.4), providing SEK 11.5 billion (5.3) in remaining green borrowing capacity. In addition to financing under the framework, Vasakronan had green unsecured loans outstanding with the Nordic Investment Bank and the European Investment Bank that totalled SEK 6.4 billion (4.9). At the end of the year, the green secured bank loans outstanding increased to a total of SEK 5.6 billion (1.8). Green financing,

including green bank loans that are financed outside the framework, increased during the year to 82% (74) of Vasakronan's total borrowings.

Criteria under the framework

What Vasakronan can finance with the proceeds from Green Finance Instruments is described in a framework prepared according to ICMA Green Bond Principles and that has been evaluated by the Center for International Climate Research (CICERO), a Norwegian climate research institute.

Since 2017, Vasakronan's framework allows for investments in new construction and redevelopment projects, existing properties and investments in solar energy projects. The financing of new construction and redevelopment projects requires that they be certified according to LEED for new construction or redevelopment at Platinum level, or BREEAM-SE at Outstanding level, and have an energy intensity 25% below the National Board of Housing, Building and Planning's

Approved investment amount, 31 Dec 2022

	SEK m
Eligible investments in ongoing projects	1,300
Existing properties	59,913
– of which previously new construction and redevelopment projects	8,902
Solar parks	28
Total approved investment amount	61,241
Volume outstanding, green bonds	44,819
Volume outstanding, green commercial paper	4,400
Volume outstanding, green NSVs	514
Total volume outstanding	49,733
Remaining approved investment amounts	11,508

requirements (BBR requirements). The criteria to be met for financing an existing property is that the building must be certified according to LEED on a Gold level or higher and have an energy intensity below 100 kWh/sq. m. per year. The framework and CICERO's second opinion can be found at www.vasakronan.se.

Vasakronan has a special account for transactions attributable to the issue of green debt instruments. If the approved investment amount is less than the volume of green debt instruments outstanding, Vasakronan has undertaken to place a corresponding amount in this special account. At year end, the approved investment amount exceeded the volume of green debt instruments outstanding, and the account balance was therefore zero.

Examples of assets in the green pool

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EXISTING PROPERTY

Arkaden

Galleria Arkaden (Inom Vallgraven 11:6) is located in central Gothenburg and was reopened in 2002 following a complete renovation. The 21,000 square metre property contains offices, stores, cafés and restaurants. The property is located beside Brunnsparken and neighbours Sweden's second largest commuter hub, Gothenburg Central Station. Several energy and environmental initiatives have been implemented in recent years. Thanks to these investments and systematic energy savings efforts, together with tenants we have reduced energy consumption 34% since 2009.

- Environmental certification LEED, Gold
- Annual energy intensity 75 kWh/sq. m.
- Primary energy demand 71 kWh/sq. m. per year
- Solar photovoltaics on the roof
- Close to public transportation



REDEVELOPMENT PROJECTS

Lumi

Lumi (Kungsängen 16:6) is located in central Uppsala, with immediate proximity both to Uppsala Travel Center and to the new Uppsala Central Station. The building's concrete frame is being retained in its entirety and brick walls in the basement are being preserved where possible. Bricks from walls that need to be dismantled are being used to build new walls. Concrete from the demolition and concrete slabs from the roof terrace are being used for new outdoor facades and paving, and concrete floors are being polished to comprise attractive concrete flooring in e.g. the atrium and lavatories. The property comprises about 15,000 square metres and is expected to be ready for occupancy in 2024.

- Environmentally certified in accordance with LEED with the aim of achieving the highest level – Platinum.
- Energy intensity, primary energy demand 48 kWh/sq. m. per year
- Modern technology collects rainwater to use for flushing toilets
- Integrated solar photovoltaic façades
- Installation products, such as ventilation devices, plumbing products and sanitary ware are recycled

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The roof terrace on Sergelhusen in Stockholm is well planned and offers ecosystem services as well as comfort.

Vasakronan's effect on the UN Sustainable Development Goals

In 2015, the UN's member states committed to the 17 SDGs, which are to be achieved by 2030. The business world plays a key role in this and many companies are working to reach the goals, but there is also a risk that companies conduct operations that actively counteract the goals.

Vasakronan's operations contribute to several of the Sustainable Development Goals. The company has also analysed whether there is any risk that operations would interfere with achieving the goals. Operations have the largest positive impact on Goal 7 "Affordable and clean energy," Goal 9 "Industry, innovation and infrastructure," Goal 11 "Sustainable cities and communities" and Goal 12 "Responsible consumption and production." Through our positive impact on these goals, our operations also contribute to Goal 13, "Climate Action." The challenges in operations connected to the SDGs include Goal 8 "Decent work and economic growth," primarily related to work environment accidents and hazardous working conditions at the company's construction sites. For more information about how Vasakronan works with the Sustainable Development Goals, see pages 152–178 in the 2022 Annual Report.

Other information

The environmental data in this report was produced in accordance with the same principles and methods as our Sustainability Report and is shown on page 138 in the 2022 Annual Report. Investments in new construction and redevelopment projects corresponded to the amount that as of the balance-sheet date had been invested in the actual property. Existing properties are recognised at market value. The market value is updated mid-year and at the end of the year in connection with external evaluations being performed.

Reporting of market value and amounts invested follows the accounting policies indicated on pages 114–115 in the 2022 Annual Report. The Existing properties category also includes properties that previously underwent new construction or renovation, and were financed over the course of the project in accordance with the criteria for new construction and redevelopment projects. In connection with the completion of new construction or redevelopment, an evaluation was conducted against the criteria set for investments in existing properties. Reclassifying a property from new construction and redevelopment projects to the category for existing properties requires that the new build or redevelopment is reported to the Board of Directors. It also requires the property to have a final certification and a verified energy intensity for at least 12 months.

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Calculation approach

The climate impact reduction reported on page 187 for the existing properties pertains to the difference between the annual energy-related emissions that the property would have had without improvement to the energy intensity from 2009 until 2022 and without contracts for renewable energy. Any climate compensation made by energy suppliers has not been included in the calculations. The reduced energy consumption from 2009 to 2022 pertains to actual consumption, unadjusted for a normal year. For properties acquired or built after 31 December 2009, the registered energy consumption at the end of the first year after the property was occupied/put into use was used as a comparison figure. When calculating the estimated emissions avoided in ongoing new construction and redevelopment projects, the forecast primary energy demand is compared with the highest permitted primary energy demand under the requirements set by Boverket's Building Regulations (BBR requirements). The assessed emissions avoided from new construction and redevelopment projects pertain to the difference between the annual GHG emissions that the property would have had if it had been built in accordance with the BBR requirements and without renewable energy contracts, and emissions from the property's forecast energy intensity and taking into account Vasakronan's energy contracts. Some of the new construction and redevelopment projects and existing properties that are financed under the framework are also financed with bank loans. To ensure that the calculated avoided emissions and reduction in climate impact will only have an effect on green financing under Vasakronan's framework, the portion pertaining to bank loans has been deducted. To determine the size of that portion, the

Ongoing new construction and redevelopment projects forming basis for investment, with an eligible investment of SEK 1,300 million

Property	City	LEED Certification	Energy intensity primary energy demand (F), kWh/sq. m.	Energy intensity primary energy demand BBR kWh/sq. m. ²	Estimated reduction in energy consumption, %	Estimated emissions avoided (annual), due to energy consumption in building, tons	Waste, demolition/ construction, kg/sq. m.	Materials, kg/sq. m.
Kungsängen 1 4:5 (Magasin X) ¹	Uppsala	LEED Platinum (F)	27	80	66	137	0/30	844
Nattugglan 1 4 ¹	Stockholm	LEED Platinum (F)	45	80	44	122	401/25	810
Sperlingens Backe 47	Stockholm	LEED Platinum (F)	51	70	27	112		
Kungsängen 1 6:6 (Lumi)	Uppsala	LEED Platinum (F)	48	71	32	334		
Hästskon 9 (Hästkopalatset)	Stockholm	LEED Platinum (F)	47	70	33	137		
Beridarebanan 4 (Hötorgshus 2) ³	Stockholm	LEED Platinum (F)	51	70	27	94		
Total			–	–	–	935	–	–

1) The project is financed in part by green bank loans with the EIB.

2) Maximum permitted energy intensity under National Board of Housing, Building and Planning guidelines.

3) The property is financed in part by a secured bank loan outside the framework. For further information, see "Other information" and "Calculation approach."

(F) = Forecast

Waste and materials are not reported for the Sperlings Backe 47, Kungsängen 16:6, Hästskon 9 and Beridarebanan 4 projects, as these were not complete as of 31 December 2022.

Solar park, eligible investment of SEK 28 million

Property	City	Energy produced during the current year, MWh	Estimated emissions avoided, tons
Fyrislund solar park	Uppsala	4,600	1,711
Total		4,600	1,711

proportion of the loan in relation to the forecast investment and the property's market value was used. For more information about which properties and which new construction and redevelopment projects are partially financed through green bank loans or other loans, see the tables on pages 186 and 187.

Existing properties forming basis for investment, with an approved investment amount of SEK 59,913 million

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Property	City	LEED certification	Energy intensity, kWh/sq. m. 31 Dec 2009	Energy intensity, kWh/sq. m. 31 Dec 2022	Reduction in energy consumption 2009–2022, %	Reduction of climate impact (annual), tons	Water intensity, m ³ /sq. m., 31 Dec 2022
Lorensberg 45:16	Gothenburg	Gold	126	76	40	91	0.29
Gullbergsvass 1:16 ²	Gothenburg	Platinum	81	45	44	355	0.27
Nordstaden 8:27	Gothenburg	Gold	156	79	49	965	0.47
Heden 42:4	Gothenburg	Gold	125	81	35	159	0.68
Heden 46:1	Gothenburg	Gold	100	82	18	122	0.14
Inom Vallgraven 20:14	Gothenburg	Gold	135	70	48	127	0.29
Heden 22:19	Gothenburg	Platinum	102	45	56	554	0.26
Inom Vallgraven 11:6	Gothenburg	Gold	114	75	34	349	0.07
Inom Vallgraven 33:10 ²	Gothenburg	Gold	102	66	35	51	0.42
Inom Vallgraven 59:14	Gothenburg	Gold	104	75	28	144	0.43
Inom Vallgraven 61:11	Gothenburg	Gold	108	74	32	143	0.42
Nordstaden 10:23 ²	Gothenburg	Gold	174	73	58	457	0.43
Gasklockan 3 ²	Malmö	Gold	98	76	23	478	0.54
Kaninen 32	Malmö	Gold	124	33	73	71	0.28
Magnus Stenbock 2 ²	Malmö	Gold	159	76	52	184	0.28
Magnus Stenbock 4	Malmö	Gold	119	62	48	231	0.25
Björnen 1 ²	Malmö	Gold	122	82	33	90	0.19
Bylgia 1	Malmö	Gold	125	60	52	228	0.11
Sankt Jörgen 7	Malmö	Gold	77	43	44	98	0.09
Relingen 1	Malmö	Gold	224	73	67	276	0.18
Abbedissan 1 (previously Priorn 2) ²	Malmö	Gold	124	60	51	81	0.59
Jungmannen 1	Malmö	Platinum	133	51	62	86	0.05
Nereus 1	Malmö	Gold	124	57	54	243	0.14
Abbedissan 2 (previously Priorn 5) ¹	Malmö	Platinum	25	18	28	197	0.28
Sejen 3 ⁴	Malmö	Platinum	83	73	12	117	0.46
Uggleborg 12 ^{1, 2}	Stockholm	Platinum	127	47	63	590	0.36

Property	City	LEED certification	Energy intensity, kWh/sq. m. 31 Dec 2009	Energy intensity, kWh/sq. m. 31 Dec 2022	Reduction in energy consumption 2009–2022, %	Reduction of climate impact (annual), tons	Water intensity, m ³ /sq. m., 31 Dec 2022
Tre Vapen 2 ²	Stockholm	Gold	115	76	34	342	0.18
Rosteriet 6 & 8	Stockholm	Gold	224	76	66	1,253	0.18
Uppfinnaren 2	Stockholm	Platinum	95	55	42	272	0.21
Rosenborg 1	Stockholm	Platinum	179	90	50	176	0.19
Rosenborg 2 ⁴⁾	Stockholm	Platinum	136	82	39	126	0.28
Rosenborg 3, Bldg. 3 ¹	Stockholm	Platinum	105	29	72	188	0.19
Rosenborg 3, Bldg. 4 ¹	Stockholm	Platinum	105	45	57	60	0.10
Hilton 7 ^{1, 3}	Stockholm	Platinum	60	65	–9	90	0.22
Hekla 1	Stockholm	Gold	62	26	58	272	0.13
Riga 2	Stockholm	Gold	104	34	68	583	0.15
Modemet 1, Bldg. 8 ¹	Stockholm	Platinum	105	25	76	197	0.24
Blåmannen 20 ²	Stockholm	Gold	286	81	72	2,815	0.44
Hammarby Gård 12 ⁴	Stockholm	Platinum	72	57	21	67	0.22
Albydal 3	Stockholm	Gold	89	72	19	157	0.13
Skjutsgossen 8	Stockholm	Gold	111	69	38	137	0.38
Spektern 13 ²	Stockholm	Gold	168	72	57	1,109	0.41
Getingen 11	Stockholm	Gold	168	78	53	906	0.31
Kvarngärdet 1:19	Uppsala	Platinum	189	64	66	287	0.19
Dragarbrunn 28:5	Uppsala	Gold	80	53	34	467	0.66
Dragarbrunn 31:1 ²⁾	Uppsala	Gold	125	80	36	550	0.97
Dragarbrunn 18:9	Uppsala	Gold	168	68	59	313	0.34
Fälhagen 1:39 ⁴	Uppsala	Platinum	61	43	30	128	0.24
Kungsängen 4:4	Uppsala	Platinum	154	67	57	315	0.39
Kronåsen 1:1 Celsius ^{1, 3}	Uppsala	Platinum	80	80	–	215	0.40
Kronåsen 1:1 Hubben ^{1, 3}	Uppsala	Platinum	57	50	12	208	0.34
Dragarbrunn 24:5	Uppsala	Gold	145	72	50	591	0.45
Total			–	–	–	18,311	–

1) Properties that underwent new construction or renovation, and were financed over the course of the project in accordance with the criteria for new construction and redevelopment projects. After the project was completed, the property was reclassified to the existing properties category. As of 31 December 2022, these properties comprised SEK 8.9 billion. For further information, see “Other information and methods.”

2) The property is financed in part by a secured bank loan outside the framework. For further information, see “Other information” and “Calculation approach.”

3) The property is financed in part by a green bank loan with the NIB and EIB. For further information, see “Other information and methods.”

4) The property was acquired or built after 31 Dec 2009. In these cases, the registered energy value at the end of the first of December after the property was occupied/put into use was used as a comparison figure.

Auditor's Limited Assurance Report on Vasakronan AB's Impact Report – Green financing

This is the translation of the auditor's report in Swedish. To the Board of Directors of Vasakronan AB, corporate identity number: 556061-4603

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Introduction

We have been engaged by the Board of Directors of Vasakronan AB (publ) to undertake a limited assurance engagement of the information in the Company's "Impact Report – green financing" (the Impact Report), for the year 2022. The Impact Report consists of the pages 180–187 in the Annual Report.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Impact Report in accordance with the applicable criteria, as explained on page 183 of the Annual Report and consists of the parts of the Vasakronan AB (publ)'s Green Finance Framework which are applicable for the Impact Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of an Impact Report that is free from material misstatements, whether due to fraud or error.

The Board of Directors and the CEO are responsible for the preparation and presentation of the Impact Report.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the stated reported information in the Board of Director's and the Managing Director's Impact Report and the use of the issued amount according to the framework's categories, based on the limited assurance procedures we have performed Our

engagement is limited to the information in this document and the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Impact Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with the IAASB's Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Vasakronan AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Impact Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Impact Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

Stockholm, 24 March 2023

Ernst & Young AB

Katrine Söderberg

Authorised Public Accountant

Marianne Förander

Expert member of FAR



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	Total Vasakronan		Central Stockholm		Stockholm inner suburbs		Gothenburg		Malmö		Uppsala	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Number of properties	166	168	45	46	31	32	34	34	31	31	25	25
Offices	128	125	43	44	22	23	26	23	19	19	18	16
Retail	22	27	–	–	–	–	8	11	10	10	4	6
Other	16	16	2	2	9	9	–	–	2	2	3	3
Area, thousand sq. m.	2,398	2,348	802	789	606	613	447	392	299	300	244	254
Offices	2,073	1,993	792	780	565	572	317	242	199	199	199	200
Retail	269	299	–	–	–	–	130	150	96	97	43	52
Other	56	56	9	9	41	41	–	–	4	4	2	2
Market value, SEK m	188,317	181,575	101,124	94,634	28,116	28,616	33,650	33,317	13,725	13,719	11,702	11,289
Offices	169,916	160,378	101,079	94,574	26,951	27,281	22,349	20,038	9,911	9,815	9,626	9,157
Retail	16,728	19,341	–	–	–	–	11,300	13,279	3,614	3,694	1,814	1,881
Other	1,672	1,856	45	60	1,165	1,335	–	–	200	210	262	251
Contracted rent, SEK m	8,638	7,763	4,106	3,617	1,595	1,502	1,506	1,326	790	734	641	584
Offices	7,602	6,673	4,106	3,617	1,524	1,434	941	705	515	467	516	450
Retail	944	1,004	–	–	–	–	565	621	263	257	116	126
Other	–	86	–	–	71	68	–	–	12	10	9	8
Occupancy rate, %	91	91	91	91	89	90	92	95	92	91	94	94
Offices	91	91	91	91	88	89	92	94	92	91	95	96
Retail	93	94	–	–	–	–	92	96	94	93	90	88
Other	92	92	–	–	100	100	–	–	59	59	76	76
Operating surplus, SEK m	5,968	5,533	2,800	2,649	1,110	1,000	1,080	964	533	481	445	439
Offices	5,248	4,775	2,805	2,651	1,059	951	647	500	368	335	369	338
Retail	656	696	–	–	–	–	432	464	157	139	67	93
Other	64	61	–3	–2	51	49	–	–	8	7	8	7
Change in value, %	2.8	9.5	5.6	9.8	–0.8	11.6	–0.3	9.4	–0.9	5.2	1.9	6.9
Environmental certification¹, %	93	94	97	93	92	90	83	96	100	100	90	90

1) Environmental certification of investment portfolio, share of market value, %.



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Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy demand, kWh/sq. m.	Environmental certification
Argus 8	Skeppsbron 38/Packhusgränd 7/Tullgränd 4/Österlånggatan 47	1788/2002	5,717	5,711	–	6	74	LEED Gold
Beridarebanan 11	Sergelgatan 8–14/Sveavägen 5–9 Hitechbuilding/Mäster Samuelsgatan 42	1961/2007	24,352	18,016	4,921	1,415	153	LEED Platinum
Beridarebanan 4	Sergelgatan 16–18/Sveavägen 13/Läkarhuset	1962/2000	12,943	7,939	3,561	1,443	83	LEED Gold
Beridarebanan 77	Sveavägen 17/Sergelgatan 20–22/Hötorget 2–4	1958/1996	15,447	8,669	5,507	1,271	95	LEED Platinum
Blåmannen 20	Drottninggatan 53/Mäster Samuelsgatan 50–60/Bryggargatan 1–9/Klara Norra Kyrkogata 14	2000–2003	65,526	33,109	16,418	15,999	88	LEED Gold
Bremen 1	Tegeluddsvägen 3–9	1964/2008	21,334	19,239	818	1,277	132	–
Gamen 12	Götgatan 74–80/Vartoftagatan 21–51	1959/2006	31,192	7,647	8,434	15,111	103	LEED Gold
Gamen 8	Åsögatan 106A–108/Götgatan 72A	2000/2001	5,835	5,342	493	–	106	LEED Gold
Garnisonen 3	Karlavägen 96–112/Oxenstiernsgatan 15/Linnégatan 87–89/Banérgatan 16–30	1886/2004–05	135,024	111,748	7,525	15,751	98	LEED Gold and Platinum
Getingen 11	Sveavägen 163–167/Ynglingagatan 18	1955/2005	23,853	14,910	3,246	5,697	71	LEED Gold
Grönlandet Norra 1–5	Drottninggatan 96–98/Wallingatan 2/Holländargatan 17/Kammakargatan 15	1800/2001	15,572	14,057	501	1,014	97	LEED Gold
Hästskon 12	Sveavägen 2–10/Hamngatan 24–32/Mäster Samuelsgatan 39A–B/Malmskillnadsgatan 13–17, 36–40/Sergelarkaden 2/Sergelgången	1963/2021	56,799	37,389	11,102	8,308	84	LEED Platinum
Hästskon 9	Hamngatan 22/Regeringsgatan 45	1935	9,667	5,178	4,489	–	–	–
Jakob Större 18	Jakobsgatan 2–8/Regeringsgatan 8–24/Västra Trädgårdsgatan 7	1975/2009	26,590	20,604	4,283	1,703	196	LEED Gold
Kungliga Trädgården 7	Hamngatan 25–27/Västra Trädgårdsgatan 10–12	1969	5,423	3,463	1,945	15	113	LEED Gold
Lyckan 10	Lindhagensgatan 124–132/Hornsbergsvägen 17	1940/2005	23,718	21,893	703	1,122	102	LEED Gold
Lyckan 9	Lindhagensgatan 122/Nordenflychtsvägen 55	1936/2003	8,370	8,314	–	56	94	LEED Gold
Matrosen 4	Birger Jarlsgatan 2–4/Nybrogatan 1–3/Ingmar Bergmans gata 1–3	1893/1984	9,264	6,477	2,489	298	134	LEED Gold
Munklägret 21	Hantverkargatan 15/Parmmätargatan 12	1958/2000	6,330	6,330	–	–	75	LEED Gold
Nattugglan 14	Västgötagatan 1–7/Folkungagatan 44	1978/2015/2022	29,714	27,730	505	1,479	52	LEED Platinum
Pennfäktaren 11	Vasagatan 7	1977/2009	12,010	10,426	1,544	40	84	LEED Gold
Riga 2	Hamburgsvägen 12–14/Fjärde Bassängvägen 11–19/ Malmvägen 7–13/Tredje Bassängvägen 2–14	2010	24,386	20,075	4,285	26	46	LEED Gold
Sejlaren 7	Sveavägen 25–29/Olofsgatan 6–8/Olof Palmes gata 7/Apelbergsgatan 44	1930/1995	10,232	8,515	1,609	108	96	LEED Gold
Skjutsghissen 8	Krukmakargatan 15–21	1942/2008	12,275	12,274	–	1	95	LEED Gold
Skravelberget Mindre 12–13	Hamngatan 2/Birger Jarlsgatan 1–5/Smålandsgatan 5	1903/1999	9,052	6,431	2,116	505	123	–

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Skären 3	Mäster Samuelsgatan 11/Norrandsgatan 12	1853/1984	1,758	1,350	284	124	70	LEED Gold
Spektern 13	Hamngatan 29–33/Regeringsgatan 26–32/Sergelgången/Västra Trädgårdsgatan 17	1975/1995	28,192	21,721	4,725	1,746	83	LEED Gold
Sperlingens Backe 45	Stureplan 2	1897/1959	3,905	2,914	956	35	283	–
Sperlingens Backe 47	Birger Jarlsgatan 16/Grev Turegatan 1	1935/1993	8,222	6,447	1,775	–	101	–
Starkströmmen 2 & 4	Midskogsgränd 1–5	1965	9,192	5,859	–	3,333	–	–
Stuten 12	Kungsgatan 25–27/Regeringsgatan 67–71/Oxtorgsgatan 2–4	1925/2002–05	14,888	11,789	2,536	563	149	LEED Gold
Styckjunkaren 11	Birger Jarlsgatan 6D & 10	1891/1984	1,615	1,345	153	117	97	LEED Gold
Styckjunkaren 7	Birger Jarlsgatan 14/Grev Turegatan 2/Riddargatan 2	1900/1987	2,244	1,679	473	92	122	LEED Gold
Styrpinnen 12	Hamngatan 13	1979/1995	2,223	1,902	320	1	81	LEED Gold
Styrpinnen 15	Kungsträdgårdsgatan 16/Näckströmsgatan 1	1901/1990/ 2019	3,647	3,444	–	203	71	LEED Platinum
Sumpen 14	Lästmakargatan 6/Norrandsgatan 22	1856/1985	2,046	1,529	517	–	117	LEED Gold
Sumpen 15	Stureplan 17–19/Birger Jarlsgatan 19/Kungsgatan 1	1895/1980	3,981	3,075	748	158	132	LEED Gold
Sumpen 16	Stureplan 13/Lästmakargatan 2–4	1862/1988	3,010	2,328	579	103	129	LEED Gold
Svea Artilleri 14	Valhallavägen 117 Bldg 81–Bldg 87	1877/2013	22,819	20,267	–	2,552	98	LEED Silver
Tre Vapen 2	Valhallavägen 191–215/Lindarängsvägen 1–7/Borgvägen 6–22	1959/2005	38,473	38,405	–	68	66	LEED Gold
Uggleborg 12	Vasagatan 14–18/Klara Västra Kyrkogatan 9–15/Klara Vattugränd 1/Klarafaret 4	1934/2016	33,157	30,398	1,839	920	57	LEED Platinum
Uppfinnaren 2	Östermalmsgatan 87/Artillerigatan 62 A–B/Skeppargatan 61–63	1914/2003	16,819	15,509	–	1,310	71	LEED Platinum
Vildmannen 6	Biblioteksgatan 11/Lästmakargatan 1	1925/1981	4,809	3,143	1,442	224	85	LEED Gold
Total Central Stockholm		–	801,625	614,590	102,841	84,194	93	–

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Albydal 3	Sundbybergsvägen 1–3/Solna Access	1979/2003	28,246	24,607	841	2,798	63	LEED Gold
Alvik 1:18	Gustavslundsvägen 129–145	1987	47,986	44,437	247	3,302	102	–
Bredbandet 1	Isafjordsgatan 2–4/Dalviksgatan/Grönlandsgatan/Kistavägen	–	–	–	–	–	–	–
Bromsten 9:1	Sulkyvägen 1–31/Sulkyvägen 2–32	–	–	–	–	–	–	–
Godset 4	Sturegatan 3–9/Fabriksgränd 1/Järnväsgatan 2–10/Lysgränd 2	1977	21,722	16,453	3,587	1,682	83	LEED Gold
Hammarby Gård 12	Hammarby Kaj 10A/Hammarby Kaj 10D	2017	12,457	12,145	–	312	47	LEED Platinum
Hekla 1	Isafjordsgatan 14–16/Blåfjällsgatan/Grönlandsgången/Kistagången	1975/2001	25,550	25,300	–	250	36	LEED Gold
Hilton 7	Gustav III:s Boulevard 48–52	2019	9,775	9,449	272	54	81	LEED Platinum
Hårdddisken 1	Isafjordsgatan 10/Hans Werthéns Gata/Grönlandsgatan/Dalviksgatan	–	–	–	–	–	–	–
Järvafältet	Järva Dammtorp/Sjövägen/Mellersta Järvafältet	1929	2,084	152	–	1,932	–	–
Katla 1	Kista Science Tower/Färögatan 33 (Main entrance)/Hanstavägen 11, 21, 27, 29	2002	47,482	41,261	4,277	1,944	94	LEED Gold
Knarrarnäs 2	Knarrarnäsgatan 1–11/Hanstavägen 2/Isafjordsgatan 1/Kista Entrance	2003	43,378	37,593	3,734	2,051	81	LEED Gold
Kronan 1	Sturegatan 2–4 B/Ekensbergsvägen/Prästgårdsgatan 1–3/Tallgatan	1981/2021	39,680	39,487	93	100	46	LEED Platinum
Magasinet 1	Sturegatan 1/Fabriksgränd 2	2009	12,340	10,691	300	1,349	80	LEED Gold
Modemet 1	Isafjordsgatan 10–12/Hans Werthéns Gata 1/Grönlandsgatan 31/Blåfjällsgatan 4/Modemgatan 10–12	2008/2015	58,667	58,352	315	–	80	LEED Gold and Platinum
Nöten 3	Solna strandväg 96–122	1949/2000	35,800	34,472	–	1,328	77	LEED Gold
Nöten 5	Solna strandväg 62–86	1986/2020	30,361	28,996	411	954	77	LEED Gold
Rosenborg 1	Gustav III:s Boulevard 54–58	2007	10,306	9,588	–	718	81	LEED Platinum
Rosenborg 2	Gustav III:s Boulevard 62–66	2009	10,921	10,921	–	–	79	LEED Platinum
Rosenborg 3	Rosenborgsgatan 2–12	2014	15,665	15,479	97	89	41	LEED Platinum
Rosteriet 6 & 8	Rosterigränd 2–16	1959/1999	18,791	18,001	–	790	68	LEED Gold
Sicklaön 37:49	Kvarnholmsvägen 56	1972/2002	33,769	1,425	–	32,344	83	–
Sundbyberg 2:44	Torshamnsgatan, Kymlinge Norra	1972/2002	–	–	–	–	–	–
Telefonfabriken 1	Telefonvägen 22A–30, LM Ericssons väg 12–32 and others	1939/2010	100,922	86,931	2,746	5,059	90	LEED Gold and Platinum
Total, Stockholm inner suburbs		–	605,902	525,740	16,920	63,242	75	–
TOTAL STOCKHOLM		–	1,407,527	1,140,330	119,761	147,436	86	–



Gothenburg

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Gullbergsvass 1:16	Lilla Bommen 1–2/Hamntorget 1/Lilla Bommens Torg 11	1989	31,873	27,366	2,066	2,441	50	LEED Platinum
Gullbergsvass 16:1	Gullbergs Strandgata 2–8	1984/1986	12,523	12,074	–	449	75	LEED Gold
Gullbergsvass 3:3	Vikingsgatan 1–5/Gullbergs Strandgata 3–7	2022	53,497	26,179	1,259	26,059	–	–
Heden 22:19	Bohusgatan 13–15/Skånegatan 9	1984/2018	23,158	19,548	759	2,851	42	LEED Platinum
Heden 42:1	Ernst Fontells Plats 15	1964/2005–12	52,924	44,892	–	8,032	116	LEED Gold
Heden 42:2	–	–	–	–	–	–	–	–
Heden 42:4	Ullevigatan 11	2010	20,550	20,550	–	–	77	LEED Gold
Heden 42:5	–	–	–	–	–	–	–	–
Heden 46:1	Ullevigatan 15	2009	16,534	16,534	–	–	71	LEED Gold
Heden 46:3	Skånegatan 1–3	2015	20,318	18,449	480	1,389	51	BREEAM Excellent
Högen 3:1	Knipavägen 21/Råhult Partille	1984/2006	1,395	–	–	1,395	–	–
Inom Vallgraven 11:6	Arkaden/Fredsgatan 1–3/Drottninggatan 38–48/Södra Hamngatan 37–43/Östra Hamngatan 36	1970/2002	21,098	10,525	10,084	489	71	LEED Gold
Inom Vallgraven 17:3	Drottninggatan 13/Västra Hamngatan 10/Kyrkogatan 20–22	1813/1994	4,110	3,053	1,024	33	93	LEED Gold
Inom Vallgraven 19:18	Kyrkogatan 44/Östra Hamngatan 31	1905/1987	2,784	1,897	815	72	75	LEED Gold
Inom Vallgraven 19:7	Drottninggatan 37/Östra Hamngatan 29	1864/1966	2,141	1,452	689	–	87	LEED Gold
Inom Vallgraven 19:9	Östra Hamngatan 33/Kyrkogatan 46	1810/1940	1,739	–	829	910	97	LEED Gold
Inom Vallgraven 20:14	Kungspassagen/Kungsgatan 48/Kyrkogatan 23	1930/2002	4,170	3,026	997	147	80	LEED Gold
Inom Vallgraven 20:6	Kungsgatan 50/Kyrkogatan 25	1850/1960	3,686	1,985	1,677	24	73	LEED Gold
Inom Vallgraven 20:7	Östra Hamngatan 35/Kyrkogatan 27	1800/1944	1,755	428	1,327	–	138	LEED Gold
Inom Vallgraven 22:3	Kungsgatan 31–33	1930	1,585	1,097	488	–	63	LEED Gold
Inom Vallgraven 22:15	Kungsgatan 27–29/Västra Hamngatan 12–16/Vallgatan 12–14	1936/2006/ 2022	10,258	6,010	3,392	856	57	–
Inom Vallgraven 22:16	Kungsgatan 35–39/Vallgatan 16–24	1910/2008	10,856	3,481	7,237	138	47	LEED Gold
Inom Vallgraven 33:10	Magasinsgatan 22 & 24	1978/1995	3,103	1,747	690	666	72	LEED Gold
Inom Vallgraven 59:14	Ekelundsgatan 8–10/Kungsgatan 26–32/Magasinsgatan 7A–C & 9/Kyrkogatan 1–7	1844/2009	10,872	7,789	1,481	1,602	73	LEED Gold
Inom Vallgraven 61:11	Kungsgatan 12–18/Käppslängareiden 1/Otterhällegatan 12	1972/2008	10,000	7,568	2,036	396	73	LEED Gold
Inom Vallgraven 7:5	Centrumhuset/Östra Hamngatan 52/Östra Larmgatan 15–21/Kungsgatan 61–67	1939/1996	9,196	5,157	3,657	382	74	LEED Gold
Inom Vallgraven 8:18	Kompassen/Kungsgatan 58–60/Kyrkogatan 35&39/Östra Larmgatan 9–13/Fredsgatan 9–11, 12–14	1974/2015	11,549	547	7,399	3,603	66	–
Inom Vallgraven 9:13	Fredsgatan 6–10/Drottninggatan 49–65/Kyrkogatan 56–60/Östra Larmgatan 3–7	1967/2013	8,353	160	3,751	4,442	109	LEED Gold
Lorensberg 45:16	Storgatan 53/Södra vägen 3–5	1957/2009	6,606	5,182	496	928	73	LEED Gold
Nordstaden 10:20	Köpmansgatan 9/N:a Hamngatan 18/Ö:a Hamngatan 30–34	1930	6,356	5,020	966	370	80	LEED Gold
Nordstaden 10:23	Köpmansgatan 11–25/Götgatan 13–15 & 14–16/Norra Hamngatan 20–34	1986	28,158	12,710	14,366	1,082	75	LEED Gold
Nordstaden 17:6	Kronhusgatan 9–13, Torggatan 16	1862/2003	4,517	2,113	–	2,404	70	LEED Gold
Nordstaden 21:1	Kronhusgatan 2A/Packhusplatsen 2/Smedjegatan 1 A	1901/2008	4,936	4,314	602	20	77	LEED Gold
Nordstaden 31:1	S:t Eriksgatan 3/Nedre Kvarnbergsgatan 3	1787/2005	2,324	1,742	247	335	111	LEED Gold
Nordstaden 8:27	Östra Hamngatan 18–24/Nordstadstorget 1–7/Spannmålsgatan 11–15/Postgatan 22–24	1974	44,061	21,649	22,129	283	86	LEED Gold
Total Gothenburg		–	446,985	268,065	89,684	35,739	74	–

Malmö

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Abbedissan 1 (previously Priorn 2)	Rådmansgatan 13/S:t Johannesgatan 2–6	1944/2010	8,171	4,954	539	2,678	69	LEED Gold
Abbedissan 2 (previously Priorn 5)	Pildammsvägen/S:t Johannesgatan	2020	13,421	12,505	430	486	32	LEED Platinum
Björnen 1	Södra Förstadsgatan 17/Kärleksgatan 2/Davidshallsgatan 14	1903/2001	3,864	2,812	967	85	87	LEED Gold
Björnen 38	Södra Förstadsgatan 25–27/Davidshallsgatan 26	1904/1999	5,269	–	2,181	3,088	96	LEED Gold
Bylgia 1	Hans Michelsengatan 2A, 2B/Skeppsbron 17	1957/2004	8,623	8,078	–	545	62	LEED Gold
Carl Gustav 5	Södra Tullgatan 4/Kanalgatan 3–5/Stenhuggaregatan 2–4/Södra Vallgatan 3 A–C	1961/2000	15,194	5,891	4,092	5,211	96	LEED Gold
Claus Mortensen 26	Södergatan 14	1967/2009	3,237	2,088	977	172	92	LEED Gold
Claus Mortensen 35	Södergatan 20/Baltzarsgatan 43	1898/2009	1,993	–	275	1,718	69	LEED Gold
Delfinen 12	Södra Förstadsgatan 2/Drottninggatan 38	1908/2007	5,380	3,117	689	1,574	103	LEED Gold
Elefanten 23	Södra Förstadsgatan 22–24/Södra Långgatan 25/Lugna gatan 38	1938/1988	5,888	1,285	2,364	2,239	88	LEED Gold
Elgen 14	Södra Förstadsgatan 9–11/Davidshallsgatan 10/Storgatan 22	1937/1998	5,723	829	3,369	1,525	117	LEED Gold
Gasklockan 3	Porslinsgatan 6/Malmgatan 1/Drottninggatan 7	1993/2014	54,898	54,898	–	–	129	LEED Gold
Hans Michelsen 9	Adelgatan 1–3/Bruksgratan 1–3/Norra Vallgatan 51–52	1974/2013	2,003	1,993	–	10	120	LEED Gold
Jungmannen 1	Skeppsgatan 9	2004	5,114	5,114	–	–	46	LEED Platinum
Kaninen 26	Södra Förstadsgatan 33–47/Rådmansgatan 10/Triangeln 2–4	1989/2013	36,146	7,237	10,844	18,065	103	LEED Gold
Kaninen 27	Södra Förstadsgatan 49–51/Friisgatan 2/S:t Johannesgatan 1 A/Triangeln	1958/2013	20,167	2,459	11,887	5,821	54	LEED Gold
Kaninen 30 & Innerstaden 6:149	Rådmansgatan 12 A–C/Rådmansgatan 18 A–C/S:t Johannesgatan 1 E, 2C, 3 N–W	2012	12,147	–	11,877	270	96	LEED Gold & BREEAM Very Good
Kaninen 32	Rådmansgatan 16	2012	4,701	4,697	–	4	50	LEED Gold & BREEAM Very Good
Magnus Stenbock 2	Gustav Adolfs Torg 12/Torggatan 2	1894/2007	5,254	4,981	209	64	95	LEED Gold
Magnus Stenbock 4	Södra Tullgatan 3/Torggatan 4/Södra Vallgatan 5	1963/2010	10,241	7,253	2,499	489	60	LEED Gold
Nereus 1	Neptuniplan 7–9/Matrosgr 1/Styrmansgatan 2/Bassängkajen 10–12	2012	16,678	16,172	–	506	57	LEED Gold
Oscar 1	Stortorget 31/Södergatan 1–3	1903/2004	2,997	1,980	998	19	65	LEED Gold
Oscar 17	Stortorget 27–29/Stortorget 19–23/Lilla Torg 2–4/Skomakaregatan 7–11	1910/2001	14,222	10,326	3,051	845	82	LEED Gold and Platinum
Relingen 1	Propellergatan 1/Västra Varvsgatan 10	2000	5,117	5,117	–	–	68	LEED Gold
Sankt Jörgen 7	Södergatan 28/Kalendegatan 27	1929/2012	5,590	1,706	3,761	123	44	LEED Gold
Sejen 3	Neptuniagatan 40–44/ Argogatan 7	2019	6,699	5,626	193	880	68	LEED Platinum
Sirius 1	Jörgen Kocksgatan 9/Navigationsgatan 3	1992	7,114	6,757	25	332	45	LEED Silver
Stapelbädden 3	Stora Varvsgatan 13A/Södra Stapelgränd 4	2012	8,100	8,100	–	–	51	BREEAM Excellent
Tigern 1	Södra Förstadsgatan 1/Regementsgatan 2	1893/2008	2,508	1,040	778	690	114	LEED Gold
Tigern 7	Södra Förstadsgatan 7/Storgatan 37	1894/2006	2,335	187	1,022	1,126	109	LEED Gold
Total Malmö		–	298,616	187,250	62,860	48,506	84	–

Uppsala

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Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy demand, kWh/sq. m.	Environmental certification
Boländerna 7:4	Säbygatan 3/Östunagatan 1	1937/1999	1,710	430	–	1,280	54	–
Dragarbrunn 14:5	Svartbäcksgatan 8/S:t Persgatan 6	1972	5,140	2,619	2,399	122	60	LEED Gold
Dragarbrunn 18:1	Gamla Torget 5	1990/2001	1,435	940	407	88	109	LEED Gold
Dragarbrunn 18:2, 18:7	Gamla Torget 1–3/Östra Ågatan 25–27	1973/1991	6,131	3,872	1,507	752	61	LEED Gold
Dragarbrunn 18:9	Gamla Torget 7/Stora Torget 4/S:t Persgatan 5/Svartbäcksgatan 4–6	1977/2010	11,161	2,586	7,737	838	88	LEED Gold
Dragarbrunn 19:10	Dragarbrunnsgatan 35/Påvel Snickares Gränd 1	1966/2005	4,198	1,541	1,755	902	71	LEED Gold
Dragarbrunn 19:11	Svartbäcksgatan 1B–5/S:t Persgatan 7/Påvel Snickares Gränd 3	1918/1978	9,173	2,125	5,172	1,876	82	LEED Gold
Dragarbrunn 20:3	Dragarbrunnsgatan 38–40/Vaksalagatan 8	1966/1999	3,433	3,056	–	377	76	LEED Gold
Dragarbrunn 23:4	Dragarbrunnsgatan 39/Vaksalagatan 5	1961/2006	2,716	1,707	895	114	82	LEED Gold
Dragarbrunn 24:5	Vaksalagatan 7–13/Dragarbrunnsgatan 42–44/Kungsgatan 49	1974/2000	15,352	9,373	3,117	2,862	82	LEED Gold
Dragarbrunn 26:3	Bredgränd 4/Kungsängsgatan 5 B/Kungsängsgatan 7	1962/2006	4,261	1,946	2,249	66	84	LEED Gold
Dragarbrunn 26:4	Kungsängsgatan 3–5A/Smedsgränd 3	1962/1994	4,998	1,733	3,187	78	47	–
Dragarbrunn 28:5	Kungsgatan 53–55/Bredgränd 14–18/Dragarbrunnsgatan 46–48	1895/2011	21,041	7,344	2,786	10,911	60	LEED Gold
Dragarbrunn 31:1	Dragarbrunnsgatan 50–52/Bangårdsgatan 10–28/Bredgränd 15–19/Kungsgatan 57 A–D	1860/2011	19,852	4,648	4,522	10,682	104	LEED Gold
Fälhagen 1:39	Stationsgatan 21–29/ Strandbodgatan	2016	8,629	7,785	844	–	42	LEED Platinum
Kronåsen 1:1	Dag Hammarskjölds väg 10–14, 26–54, 58–60	1910/2017	79,911	68,911	1,074	9,926	98	LEED Silver, Gold and Platinum
Kungsängen 1:25	Kungsgatan 79/Dragarbrunnsgatan 78/Samaritergränd 5/Strandbodgatan 10	2006	10,974	9,683	675	616	84	LEED Gold
Kungsängen 14:2	Suttungs gränd 3	1885/2008	1,747	1,550	176	21	117	LEED Gold
Kungsängen 14:5	Sidervärgatan 17/Fjalors gränd 8	2022	11,451	11,060	301	90	–	–
Kungsängen 16:6	Hamnesplanaden 1–5/Kungsängsgatan 43/Strandbodgatan 2–4/Ebba Boströms gata 7	1975/2008	9,376	9,214	–	162	36	–
Kungsängen 4:4	Bangårdsgatan 5–9/Kungsängsgatan 18 A/Dragarbrunnsgatan 51–53	1972/2013	6,728	5,266	1,144	318	76	LEED Platinum
Kvarngärdet 1:19	Ljusbårgatan 2	1959/1990	5,160	4,801	–	359	72	LEED Platinum
Årsta 11:233	Haeggströmshgatan 1	–	–	–	–	–	–	–
Årsta 64:1	Haeggströmshgatan 1	–	–	–	–	–	–	–
Total Uppsala		–	244,577	162,190	39,947	42,440	77	–

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Annual rent, SEK m

Base annual rent plus indexation and supplements.

Area, sq. m.

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

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 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 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 remaining term to maturity, years

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

Capital employed, SEK m

Total assets less non-interest-bearing liabilities.

Cash and cash equivalents, SEK m

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

Central administration, SEK m

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

Comparable property holdings

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

Contracted rent by property type

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

Contracted rent, SEK m

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

Debt/equity ratio, multiple

Interest-bearing liabilities divided by equity. Intended as an indication of the company's financial risk.

EBITDA margin, %

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

EBITDA, SEK m

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

Economic occupancy rate, %

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

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 property electricity calculation.

Environmental certification, %

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

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.

EPRA NRV (Net Reinstatement Value), SEK m

Recognised equity, adding back goodwill, derivatives and deferred tax. The metric shows the company's EPRA NAV.

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.

Equity/assets ratio, %

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

Income from property management, SEK m

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

Interest coverage ratio, multiple

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

Investments in existing projects, SEK m

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

Loan-to-value (LTV) ratio, %

Net interest-bearing liabilities divided by the fair value of investment properties on the closing date. Intended as an indication of the company's financial risk.

Net interest-bearing liabilities/EBITDA, multiple

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

Net interest-bearing liabilities, SEK m

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

Net interest, SEK m

Interest income less interest expenses.

Net investments, SEK m

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

Net lettings, SEK m

Contracted rent for new lettings during the period less contracted rent for leases where notices to vacate were received during the period.

Net operating income, SEK m

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

Operating surplus, SEK m

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

Profit before value changes and tax, SEK m

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

Property acquisitions, SEK m

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

Property category

The primary use of the property based on rental revenue.

Property divestments, SEK m

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

Rental value, SEK m

Contracted rent plus the assessed market rent for vacant premises.

Return on equity, %

Earnings after tax divided by the average of opening and closing equity after adjustment for dividends distributed. Intended as an indication of the return on equity.

Surplus ratio, %

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

Temperate area, sq. m.

Indoor area for all floors of a building that are heated to more than 10°C.

Total contract value, SEK m

Contracted rent multiplied by the period of maturity of the leases.

Total yield, total holdings, %

Sum total of yield and change in value, including projects and transactions. Calculated according to the same method as the IPD Swedish Property Index. Intended as an indication of the return on total assets.

Value change in the total property portfolio, %

Value change in SEK, divided by market value for all property holdings, that is including projects and transactions at the start of the period. In the five-year overview, the value change is reported according to the same method as the IPD Swedish Property Index. Intended as an indication of the value change in the property holdings.

Yield, total holdings, %

Net operating income as a percentage of the sum of the properties' opening market value, plus half of the year's investments and less half of net operating income during the year. Calculated according to the same method as the IPD Swedish Property Index and pertains to all property holdings including projects and transactions. Intended as an indication of the return on current earnings from the properties.



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REPORTS

Interim Report Jan–Mar 2023	28 April 2023
Mid-year report Jan–Jun 2023	7 July 2023
Interim report Jan–Sep 2023	29 October 2023
Year-end report 2023	5 February 2024
Annual Report 2023	March 2024

ANNUAL GENERAL MEETING

Annual General Meeting	27 April 2023
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