

Sustainable

Vasakronan's Sustainability Report 2011

The commitment and expertise of Vasakronan's employees is the key to our successful sustainability efforts.



VASAKRONAN

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2011 in brief

The popularity of Green Leases has continued to rise, with a doubling of their number in 2011. This, along with a growing interest in the Green Office concept, means that making wise environmental choices in everyday life is that much easier.

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Sustainability efforts are a main driving force in the property sector, explains Vasakronan's CEO Fredrik Wirdenius in an interview.

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A more sustainable landlord

Sustainability is a well-integrated aspect of our daily work. This section explains more about what we do and how we do it.

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About Vasakronan

Vasakronan is the leading property company in Sweden, with 216 properties and a leasable area of 2.8 million m². The market value of properties is approximately SEK 82 billion and they primarily consist of centrally located offices and retail properties in growth regions of Sweden. Vasakronan also runs construction and development projects and participates in the planning and development of new office parks and city districts. The aim is to create attractive, sustainable facilities in urban environments where people can live happily and companies can develop. Administration is performed in-house and at year-end 2011, the company had 336 employees.

Vasakronan is jointly owned by the First, Second, Third and Fourth Swedish National Pension Funds. The owners' goal is to obtain a high, risk-balanced, long-term return from the Swedish property portfolio. The business must be run ethically and with consideration for the environment, without compromising the overall objective of a high return.

Vasakronan's organization and business is described in more detail in the Annual Report for 2011.

In our vision of a good city, sustainability is fundamental

As the leading property owner in Sweden, Vasakronan has a major responsibility to strive for sustainable development and less environmental impact. Our sustainability efforts partly have to do with environmental and climate issues, and partly with the social aspects of developing sustainable cities and city districts using an overall approach. Everything is based on maintaining a balance between achieving the company's profitability target with less environmental impact and positive development of society.



2011 in brief

Landlord's Day – where people meet

This was a day of dialog and meetings when Vasakronan's employees gathered for Landlord's Day in September. Besides having the opportunity to pose direct questions to the management team, employees also got to ponder some practical and symbolic issues. If Vasakronan were an animal, which one would it be? There were lots of suggestions. Comparisons were made with the working ant, chameleon, lion and puma – always on the hunt, sleek and smart.



558

Green Leases – growing in popularity

The number of Green Leases more than doubled during the year and by year-end 2011, a total of 558 Green Leases had been signed. This means that leases corresponding to 23 % of Vasakronan's total leasable area now have a green component.



Green Office – the next success

Green office is a wide-ranging initiative to make it as easy as possible for our tenants to make environmentally smart choices in everyday life. This offering, which has been gradually expanded, consists of moving to a new office and shutting down the prior one, as well as transports and a variety of other services.

Top rating in the Swedish Student Survey

Vasakronan was once again ranked as the most attractive employer in the real estate sector in this survey of Swedish students and young professionals.



Sweden's most environmen- tally smart building

On a city block in Norra Djurgårdsstaden, Stockholm, Vasakronan has built Riga, which is one of Sweden's most environmentally smart buildings. At an event held in Brussels last spring, Riga won first prize for its low energy consumption. The prize is awarded every other year by the European GreenBuilding Programme (GBP). Riga won in the "new building" category.

Focus on sustainability benefits Vasakronan

Sustainability issues are becoming increasingly important and growing demands from customers are causing a more rapid development of the property sector. Vasakronan holds a leading position and sustainability efforts are a fully integrated part of our operations. We're now taking the next step, i.e. more properties that are environmentally rated and certified, as well as further developing our popular Green Office concept, explains Vasakronan's CEO, Fredrik Wirdenius.

How important are sustainability issues in the property sector?

Sustainability issues are becoming increasingly important to our customers – and accordingly, to us as well. We welcome the growing demands from our tenants and we want to be part of the process that will result in them having even higher expectations of us. Clear customer expectations, as well as more stringent regulatory requirements are good for Vasakronan and the entire property sector. This is what helps push development forward.

At present, there are two main forces that are driving the development of office and store environments. One is the rapid developments in IT and mobility. The other is the growing demands on properties to meet very stringent environmental and indoor climate requirements. As a property owner and developer, we must therefore take a sustainability approach for all areas of operations.

How do environmental and climate issues affect your daily interaction with customers?

Because there is a commitment to such issues on both sides, a more in-depth dialog with customers is possible. For example, when we discuss sustainability issues in conjunction with signing a Green Lease and formulating the goals, we sit on the same side of the negotiation's table as tenants, figuratively speaking. This enables us to learn more about our customers' operations and the close relationships that ensue help us predict and meet their needs and wishes more successfully.

Our sustainability work is one of the many important factors behind Vasakronan's success in achieving higher rents and lower vacancy rates – and thus higher profitability than the norm for this sector.

Vasakronan sets its sights very high when it comes to sustainability. Isn't this also a huge challenge?

Absolutely! Because we approach our work from a sustainability perspective, we have to think more freely than what has traditionally been required of property companies. Many Swedish cities are currently competing with each other to see who can take the lead in sustainable urban development. So, for example, if Vasakronan is involved in developing an entire city district, we can't just simply focus on our own properties. We must also consider how they impact the overall sustainability of the city district. To an increasingly greater extent, environmental ratings and certification will apply to entire areas, not just specific properties.

How important is environmental rating and certification?

Using environmental rating and classification as an indication of the quality of environmental and climate aspects, is becoming increasingly important. More and more customers are placing such demands when selecting a property, which is why I'm convinced that this will be a central issue for many property companies in 2012. Last year, a major tenant in the public sector was looking for a new head office and it required a building with environmental classification. This was a "wake-up call" for many who are in this business. Many government authorities are starting to adopt new guidelines and requirements for low energy consumption and the companies that don't have any environmentally rated and certified properties simply won't be able to compete for the most attractive customers.

The increasing rating and certification requirements will have additional positive effects by forcing more cooperation across established bounda-

ries than what we currently see today in the fragmented construction, construction materials and property sectors. This will be one of the driving forces for technology development, better methods for new construction and reconstruction, and the design of new, more environmentally friendly materials.

Which initiatives will Vasakronan prioritize in 2012?

Above all, we'll be focusing on further developing the Green Office concept. Green Leases have been successful and the challenge now is to create the same level of acceptance and interest in taking an overall sustainability approach for office environments. For example, we've established a goal for what we call Green Moves. More and more tenants are starting to realize the value of also conducting their move in a sustainable manner. And there certainly is a lot to do in this area. It is terrible to see container after container filled with perfectly acceptable furniture being driven off to the dump. Unfortunately, that is still all too common when companies move from one property to another. We have also noticed a growing interest from the

Priorities

- Lower energy consumption
- Environmental certification of buildings
- Green Office and Green Retail
- Increased social responsibility

tenants of our retail properties, large retail chains in particular, to try to reduce their environmental impact and energy consumption. We are trying to assist in this effort in a variety of ways, such as making it easier for them to dispose of waste and recycle used packaging and other items.

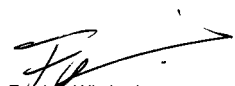
How committed are you to sustainability efforts when it comes to Vasakronan's own organization?

We never view sustainability or the environment as separate issues. It is an integral part of our core business and accordingly, all discussions and decisions consider these aspects. Vasakronan also supports the UN Global Compact initiative because we are committed to taking financial, environmental and social responsibility. With those principals as our starting point, we continually develop our way of working to ensure that we run a responsible business.

I am personally very interested in sustainability issues and it is very evident to me that employees working in all parts of Vasakronan's organization feel the same way. Because of that, there is a great deal of power in the conscientious sustainability work that is carried out here at the company and we are all working to achieve a very clear, common goal.

Vasakronan's employees are the ones who make it possible for the company to take a leading role in the sustainable development of the property sector.

Stockholm, February 2012


Fredrik Wirdenius
CEO





Vasakronan's responsibility in society

Our values provide the foundation for how we get involved in society

Vasakronan's position as a leader in the property sector carries with it a great deal of responsibility as well as excellent opportunities for becoming actively involved in the sustainable development of society. We do this through involvement and commitment to urban development, various types of cooperation on sustainability issues and by running our business in a highly ethical way.

Stockholm Royal Seaport, Norra Djurgårdsstaden, Stockholm

This is where Vasakronan is involved in building a world-class eco-district. The City of Stockholm is planning to build 10,000 new dwellings and 30,000 new work spaces by 2025. The goal is to create an area that is one of the world's first climate-positive eco-districts, with both passive and plus homes, investments in solar energy, energy-efficient transports and closed-loop systems for water, waste and energy. In 2010, Vasakronan opened Riga, an office and commercial property that won an EU GreenBuilding Award in 2011.



Our operations affect people and the surrounding area in many ways. Responsibility for how we can best contribute to a long-term sustainable social development is thus very much a strategic issue for Vasakronan's management, board and owners. All aspects of our operations must be run ethically and with consideration for the environment, without compromising the overall objective of a high return. Our starting point for all of this is the UN Global Compact initiative.

Building a good city

As one of the largest property companies in Stockholm, Gothenburg, Uppsala and Öresund, Vasakronan is helping to develop entire city districts in these places. This type of effort requires cooperation and interaction with many different stakeholders. The actual construction of buildings not only has a major impact on the environ-

ment, but also on people's well-being and how they are able to function in society. Accordingly, helping create an area where people can grow and develop is an important component of Vasakronan's sustainability work. By actively striving to create good environments around our buildings, we not only increase the value to ourselves and our customers, but also to our neighbors and all others who move about in the area each day.

Towards a more sustainable future

From a broader societal perspective, we realize that it will become increasingly important to focus environmental and energy initiatives on our existing properties. Regardless of whether we are involved in new construction or renovations, our fundamental objective is to create sustainable environments that meet both the current and future needs of tenants.



New approach for community involvement

Vasakronan aims to take on greater social responsibility. We want to do that by getting involved in finding solutions to problems in society. We want to take part in a way that will make a difference. But, the first question we need to answer is where to start. So, efforts got underway in 2011 to define just how and where we should become involved. The first step is to create an internal framework that specifies what our involvement should be and how we select our cooperation partners. One important criteria when selecting

cooperation partners is that they have a business concept that supports our vision of "a good city". Furthermore, their employees must also be committed to solving issues in society and both sides must understand that these are long-term investments. By the end of 2012, our aim is to have established the principles upon which our community involvement will be based. We will also strive to have initiated various forms of cooperation that will make it possible for us to contribute more substantially to society.

"The work to create an internal framework has been based on a number of criteria. For example, there must be local support for projects and our involvement should be more than just providing financial resources. We want to be actively involved. We've held workshops throughout the organization and slowly but surely, we've identified a couple of areas that our employees feel particularly strongly about. Now we will concentrate on the process of solidifying internal support with the aim of starting to create projects already this fall in cooperation with local partners."

Viktoria Nilsson,
Project Manager, Communication Department,
Vasakronan.



Modern touches to a historic site

Now that modernization of the interior of the historic Svea Artillery barracks has been completed, efforts will now focus on developing the neighborhood, by adding a modern touch in the form of new office buildings in the lovely barrack courtyard.

Much has happened around Svea Artillery since the regiment moved into the newly constructed barracks in 1877. At that time, Svea Artillery was located a fair distance from downtown Stockholm

and conveniently close to Gärdet, now a popular open green space, but frequently used back then by the soldiers as a training ground. Since then, the city has spread out and this neighborhood is now part of central Stockholm.

The Svea Artillery barracks were used by the Swedish National Defence College until 2005. However, after they vacated the property, careful adaptations and interior modernization of the historic barracks have been made to convert it into a modern office facility. And now, two additional office buildings will be built in the courtyard.

The two new, independent semi-circular buildings will each contain approximately 3,500 m² of office space. They will be situated in a quiet, protected area behind the older buildings and they will add a modern touch to this historic site. The new buildings will be certified in accordance with the LEED environmental classification system and Vasakronan will offer Green Leases to all Svea Artillery tenants. It is estimated that tenants will be able to start moving into the office buildings during spring/summer 2013.



The echoes of history are ever present in and around these beautiful buildings from the 1800s. The Svea Artillery barracks were the first to be built as an enclosed courtyard, which created a unique parkland setting with a quiet, peaceful atmosphere.

Vasakronan will construct two modern office buildings at the Svea Artillery historic site. There are glass sections in the light facade which allows lots of natural daylight to enter the building and from inside, tenants have an excellent view of the lovely park.



Vasakronan's sustainable cooperation

A significant part of our community involvement revolves around active participation in networks and industry related projects and associations. Our cooperative efforts are at the national and local levels on issues having primarily to do with climate change, sustainable construction and property management.

Sweden Green Building Council

Sweden Green Building Council is a non-profit organization that was founded in June 2009 by Vasakronan and 12 other Swedish companies and organizations active in the Swedish construction and property sector. In 2011, Sweden Green Building Council became a full member of the World Green Building Council and progress is still being made towards developing and impacting environmental and sustainability efforts in the sector.

Haga Initiative

In cooperation with 7 other well-known companies, Vasakronan has started up the Haga Initiative. Its aim is to reduce the climate impact from business and industry and promote climate change as one of the most important key issues for the future.

Climate pact with City of Stockholm

The City of Stockholm introduced a climate pact aimed at joining forces to reduce the capital's climate impact. More information about the results of the work being conducted within the scope of the Climate Pact is available at www.stockholm.se/klimatpakten.

BELOK

BELOK is a joint effort of the Swedish Energy Agency and Sweden's largest property owners who are specialized in commercial facilities. The purpose is to run various development projects focused on energy efficiency and environmental issues.

BVB – industry's system for environmental assessment of building products

In cooperation with a number of Sweden's largest property owners and building contractors, we have developed a standard for environmental assessment of building materials, including an easy-to-use support system to search for approved building materials.



Employees

Expertise and commitment create customer value and build customer relationships

Vasakronan's goal is to be the most attractive employer of all Swedish property companies. We will provide our employees with an attractive workplace that has a good working environment and where there is shared responsibility. We are also convinced that by having happy, committed employees, we will also have satisfied tenants.

Our employees are the ones who have made Vasakronan the company that it is today. Employees who are involved, motivated, committed and happy is not only a key factor for running a successful property business, but also our responsibility as employer. In that role, we make a significant impact on the everyday life of many people and this is an important component of the continual effort to make our organization more efficient. The number of employees working at Vasakronan decreased somewhat in 2011 and there were 336 at year-end.

The right expertise now and in the future

The process of ensuring that the company has the right expertise aims at meeting both current and future needs. This work is carried out both in-house and externally. Within the organization, we need to work in cooperation with our employees to document their skills and design relevant training programs. Externally, we have many different strategies for attracting new employees and safeguarding our brand as employer.

We strive to maintain a high, consistent level of expertise within the organization so that we can successfully compete in the property sector and we regularly review our employees' education levels. On the whole, our assessment is that the education level for our organization is good and 58 % of our employees have a college or university degree. A college or university degree is a requirement for nearly all positions that we recruit for.

One of the ways that we improve the organization is through recruiting and knowledge transfer. We strive to raise the competence level of our existing employees and we also recruit externally to acquire new expertise. To the extent possible, we design training programs so that our employees can obtain new skills and expertise.

For external recruitment, the challenges are somewhat different. We hold a strong position in the property market and we are doing well in terms of our overall goal of being the most attractive employer among Swedish property companies. One way of measuring our success is by checking our standing in FöretagsBarometern, which is Universum's survey of Swedish students and young professionals. This year, Vasakronan was once again rated as the most attractive employer in its sector. However, when it comes to recruiting specialist expertise in such areas as technology and project management, the competition is extremely tough. Other factors, such as the orientation of education systems, also impact the supply of a skilled labor force that meets the needs associated with managing and administering a commercial and retail property business.

Many satisfied employees

The results of employee surveys are an important indicator of how employees feel about their job, cooperation, development opportunities and the company culture. The 2011 employee survey revealed that the employee satisfaction index (ESI) increased by 5 percentage points to 97 % (benchmark is 83 %). This is an improvement on a level that was already very high. The survey results provide hard evidence that an overwhelming majority of Vasakronan's employees feel that the company's values permeate the organization. Employees also feel that there are good career development opportunities at the company. Furthermore, employees are pleased with the results of efforts to improve/increase the frequency of the information flow between managers and the rest of the organization. Above all, employees appreciate the information sessions at our Friday breakfasts for all staff members and they are held every week at all

offices. These are opportunities for sharing all sorts of news and discussing current themes.

Our goal is to one day achieve an ESI of 100 %, but in the short term, our expectation is to at least maintain our current level. A new employee survey will be carried out in 2012.

Good opportunities for an interesting future

In 2011, Vasakronan had an employee turnover rate of 11.1 %. The company does not have a specified target for the employee turnover rate. However, we realize that we must look more closely at the reasons why this figure has increased and one way of doing this is by holding exit interviews with each individual who has terminated his or her employment at Vasakronan. We also consider employment terminations as opportunities to think in a new way. For example, finding a replacement might not be the best solution. In some cases, we may need to recruit someone with a different profile and skill set.

Our aim is to further increase internal mobility and we are implementing various measures to open up more career paths within the company. For example, all available positions are always published internally before external recruitment efforts begin. This gives our existing staff priority when applying for a new position within the company. Employee appraisals are held each year and these are opportunities for employees and managers to discuss suitable goals for career development within the company. These goals are primarily based on the employee's own level of ambition and needs. It is also important to make sure that an employee's goals are aligned with the company's business objectives and our continuous efforts to ensure that we have the right expertise.

Award-winning employees in 2011



Carolina Wadsten,
Business Area
Manager,
Gothenburg office

In May 2011, Carolina Wadsten received an award for her excellent leadership skills. Guldhuset is an award for young leaders working in the community development sector who have demonstrated excellent leadership skills over several years. Guldhuset is awarded jointly by CMB (a center for management in the construction sector), the Swedish Construction Clients Forum, Byggindustrin (a news magazine about the construction and property sector), the Swedish Property Federation, the Swedish Federation of Consulting Engineers and Architects and the Swedish Construction Federation. Carolina received an award due to her much appreciated leadership skills and commitment to the organization. At Vasakronan, the business area managed by Carolina received the highest customer satisfaction rating. As manager, Carolina excels in winning support for decisions by creating shared goals among employees.



Anna Nyberg,
Business Area
Manager, Stockholm
office

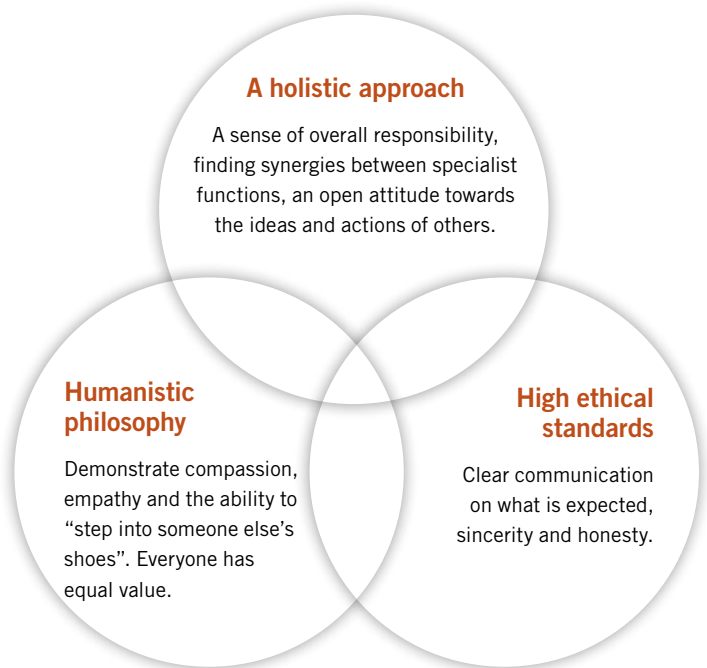
During the fall, Anna Nyberg received an award for the property sector's "Leader of the Future". Sponsors of the award are the news magazine, Fastighetsnytt and Stronghold Invest, in cooperation with Academic Search. Anna received the award because she is a strong, committed leader who has successfully motivated her team to achieve excellent results even during periods when significant organizational changes were being implemented. Anna's ability to "get the job done" and her straight-forward communication skills have helped the group achieve top performance and thus successfully achieve established goals and exceed the profitability targets for her business area.

Vasakronan's fundamental values

Our responsibilities as business partner, employer and stakeholder

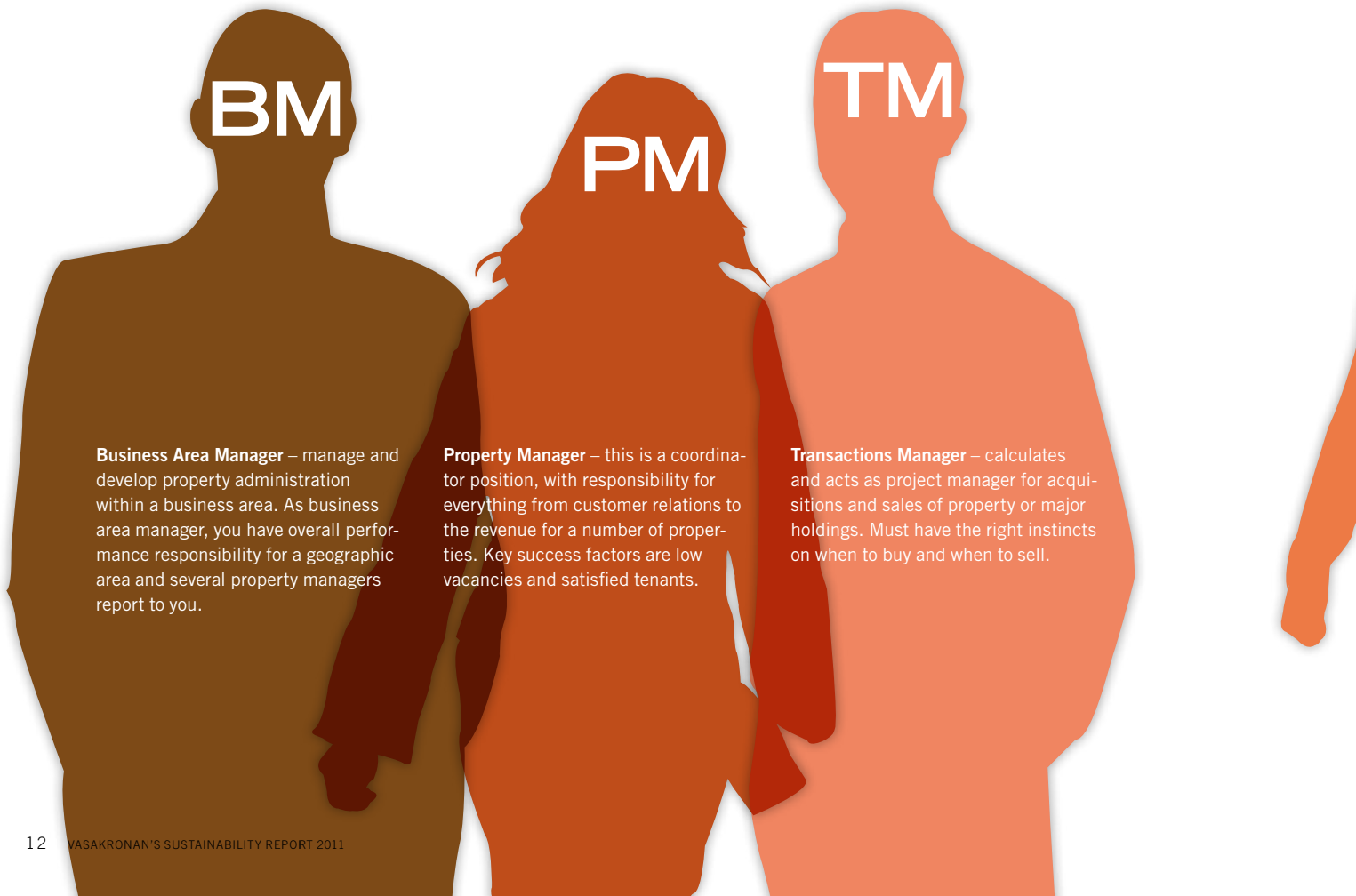
Vasakronan's values are firmly established in the organization and they provide the foundation for how we interact with one another and conduct business. We are now taking this one step further by formalizing a Code of Conduct, i.e. a company-wide framework containing guidelines on ethical and professional behavior. In order to do this, we will be holding a series of workshops during spring 2012 based on the SOL method (situation-oriented learning). With this method, managers and groups of employees are presented with a number of fictitious situations. We examine the choices that each group makes to determine the extent to which behavior is aligned with Vasakronan's values, and perhaps even more importantly, to see where there are discrepancies.

We will also simultaneously carry out an analysis of/dialog with suppliers aimed at determining the best way of formulating our expectations and communications material regarding the ethical and professional behavior of suppliers.



What exactly does the work here involve?

A wide range of expertise and experience is required to construct, develop and manage properties. Regardless of the position, the focus here is on service and development. Here are some examples of what we do at Vasakronan.



Charlotta DeJong

Position: Business Developer (recently appointed)

Number of years at Vasakronan: 9 (March 2012)

How did you come to work for Vasakronan?

I had been working in London for a few years and when I returned home to Sweden, I wanted to try something new. I saw an advertisement in DN newspaper that AP Fastigheter was looking for a controller, so I applied, got the job, and here I am!

How would you describe your years with this company since then?

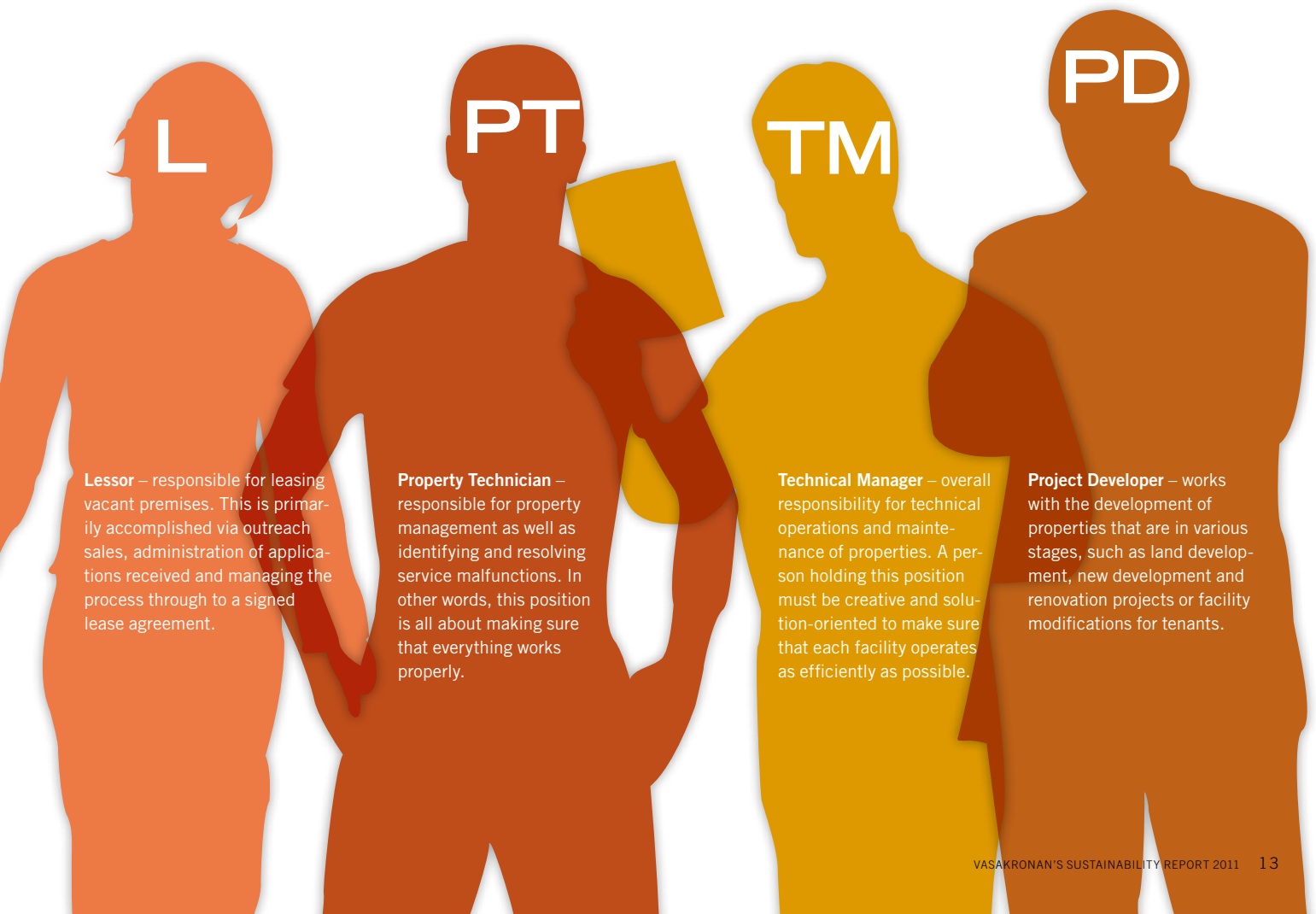
I started out as a controller in the commercial part of the business. I then worked for a short period of time as controller for the Stockholm region between my two periods of parental leave and after that, I substituted as Group Controller for a year. Then the merger took place and in the newly formed Vasakronan I became Business Controller for the Stockholm region.

At one of my appraisals during that time, I was asked if I had ever considered becoming a property manager. In fact, this had actually crossed my mind!

So, when a property manager position became available within the business area for Southern Stockholm, I decided to go for it. These last two years as property manager have been exciting, fun, and I've learned a tremendous amount. Plus, switching paths was a lot easier than I thought it would be.

What do you think you will be working with in 5 years?

Well, you can see from my experience just how many opportunities there are for a person to develop at Vasakronan. So, it's difficult to say what I might be doing five years from now. But, I do already know what the next step in my career at Vasakronan will be. During spring 2012, I will start working in a new position as business developer.



Lessor – responsible for leasing vacant premises. This is primarily accomplished via outreach sales, administration of applications received and managing the process through to a signed lease agreement.

Property Technician – responsible for property management as well as identifying and resolving service malfunctions. In other words, this position is all about making sure that everything works properly.

Technical Manager – overall responsibility for technical operations and maintenance of properties. A person holding this position must be creative and solution-oriented to make sure that each facility operates as efficiently as possible.

Project Developer – works with the development of properties that are in various stages, such as land development, new development and renovation projects or facility modifications for tenants.

Report from Landlord's Day 2011



Landlord's Day, held in September 2011, was a day full of activities involving all Vasakronan employees. This event provides excellent opportunities for interacting with colleagues in a relaxed environment and discussing the company's operations and development. The aim is to achieve a high level of openness and transparency so that employees genuinely feel that their opinions matter.

A dialog system is used, which means that employees use computers to both answer and pose questions to managers on the stage. This makes it possible for each voice to be heard.

Tenants, who represent the core of our operations, were invited to provide employees with their view of Vasakronan as a property owner. Tenants both asked and received many direct questions during these sessions.

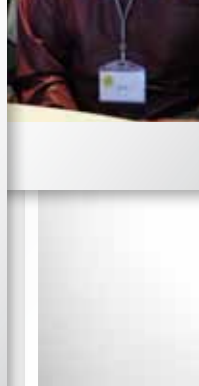
Of course, CEO Fredrik Wirdenius was in the spotlight quite a bit when employees posed questions to the management team. For example, he got to ponder such questions as how he could become more visible out in the organization. He was also asked to describe exactly what he does each day, i.e. what a typical day at work looks like for him.



Customer team of the year. Trade



Business deal of the year



Employee of the year

Typical behavior of Vasakronan's employees is to be generous with praise and give a pat on the back to someone who has done a good job. This was particularly evident on Landlord's Day, when employees were asked to give examples of excellent performance!

"HR works with both head and heart. They always make a professional contribution."

"I'd like to praise all the technicians who each day solidify the confidence we all have in Vasakronan."

"Every day, the property technicians help us achieve our energy goal for the year of 6 %, which is equivalent to cost savings of as much as SEK 27 million."

"All lease agreements are now computerized. The effort to do that has reduced the number of necessary signatures by a few thousand each month."

"Our lawyers are incredibly alert and knowledgeable. The feedback they provide is excellent. They are always available and ready to answer any questions you might have."

"We are very good at turning criticism into insight. One example of this is explaining to the customer how he or she can impact the indoor climate."



Customer team of the year. Office



Employee of the year. Hanna Jessing

There was also an enormous response to this question: what have we specifically done to ensure the highest rating for Vasakronan in the 2012 Customer Satisfaction Index (CSI)?

"Frequent meetings with the customer to discuss their needs and make sure that we obtain a better understanding of their business and operations."

"We are good at sharing experience and knowledge across regions. We are constantly learning from each other."

Peter Fritz

Position: Property Manager, Gothenburg office

Number of years at Vasakronan: 4 (March 2012)

How did you come to work for Vasakronan?

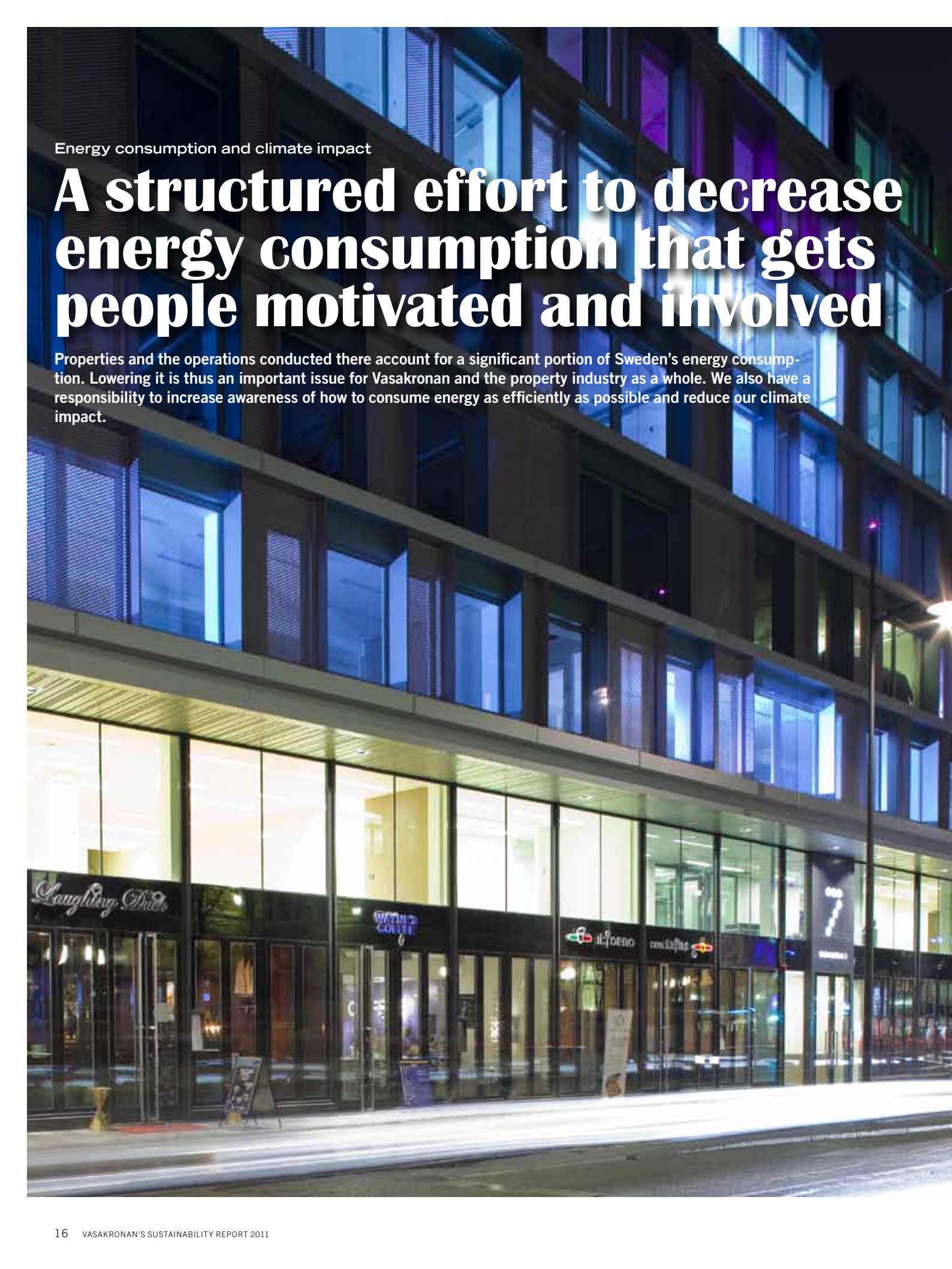
After completing my M.Sc. in engineering, I wanted to work in the construction and property sector. Someone gave me a tip that Vasakronan was looking to fill a temporary position. After a lunch, two interviews and a personality test, I was offered the job and I accepted. Working for Vasakronan felt right for me.

How would you describe your years with this company since then?

It's a journey that began in state-owned Vasakronan, via AP Fastigheter's acquisition of Vasakronan and after everything that has happened since then, I'm now working for Sweden's largest property company. When I began working here in March 2008, it was to fill a temporary position for someone on leave. I was responsible for the office hotels at Kista Entré and Kista Science Tower, just north of Stockholm. I did a good job and at the end of that assignment, I was offered a position as Assistant Property Manager at Östermalm in Stockholm, with responsibility for three properties: Göta Livgarde, Svea Livgarde and Port 108. Love then pulled me in the direction of Gothenburg and luckily, a position became available there for a property manager and I've had that job since May 2011.

I very much enjoy working as a property manager and I will gladly keep doing this for many more years. In general, I have to say that if you do a good job and show enthusiasm, the opportunities are endless for taking on new challenges at Vasakronan. I can promise one more thing, too. Being involved in building customer relationships and managing impressive, beautiful properties is as cool as can be!





Energy consumption and climate impact

A structured effort to decrease energy consumption that gets people motivated and involved

Properties and the operations conducted there account for a significant portion of Sweden's energy consumption. Lowering it is thus an important issue for Vasakronan and the property industry as a whole. We also have a responsibility to increase awareness of how to consume energy as efficiently as possible and reduce our climate impact.



Clean Development Mechanism

Vasakronan has chosen the route of climate compensation by investing in the Clean Development Mechanism (CDM) project, which results in a corresponding reduction in emission levels. Our contribution involves investing in bio-fueled power plant projects in India that produce electricity from agricultural waste products.

Vasakronan's most significant environmental impact is from the energy consumed by operations performed in our buildings. Energy consumption has three components: electricity, heating and cooling. Electricity can be further broken down as follows: the electricity used by our customers at their facilities and the electricity required for operating various functions in a building, such as elevators, escalators, ventilation and lighting.

Industry-leading position from several perspectives

Vasakronan's long-term goal is for the energy consumption of our property portfolio to be 50 % lower than the industry average.

For 2011, the goal was to reduce energy consumption by 6 % compared to the year before and we managed to exceed that goal by reducing energy consumption by 7 %. One of the reasons behind this success is that our prior energy efficiency investments are now starting to pay off. In addition, each day our property technicians do an excellent job at ensuring efficient energy consumption of our properties. Yet another important contributing factor is the fact that more and more tenants are entering into Green Leases, which involves cooperative efforts to save energy, for example. We want to keep up the pace too, so our goal for 2012 is to once again reduce energy consumption by 6 % compared to the results for the prior year.

During the year, a new EU Directive came into force aimed at ensuring that new buildings consume as little energy as possible, i.e. Nearly Zero Energy Buildings. In Sweden, this has resulted in stricter requirements on new construction issued by the Swedish National Board of Housing, Building and Planning (BBR). For example, the energy consumption for newly constructed office buildings may not exceed 80 kWh per m². Vasakronan is already able to meet that target with a good margin.

In fact, our goal is for the energy consumption of our newly constructed buildings to be 50 % below BBR's requirements and even though the requirements are now stricter, we feel this is entirely possible. So, we have not felt the need to adjust that target.

The challenge going forward will be figuring out how to meet the BBR requirements when renovating existing properties. However, there are examples from renovations conducted in recent years that indicate we have the ability to meet the new requirements that came into force during fall 2011.

Initiatives that impact our own emissions

Since 2006, Vasakronan has managed to reduce its own carbon emissions by more than 90 %. This was achieved by continually reducing energy consumption and by purchasing climate neutral district heating/cooling and green electricity. Vasakronan's operations currently result in carbon emissions of approximately 1,600 tons per year. The components of purchased electricity are as follows: 75 % hydroelectric, 15 % wind power and 10 % biofuel.

The greatest opportunity to further lower our emissions is by changing our travel behavior. For travel associated with operations, we primarily use ECVs (Environmentally Classified Vehicles). Our travel policy also stipulates that employees should, to the extent possible, travel by train for business travel in Sweden. Our travel agency also offers a web service that compares figures on the emission levels and costs for each mode of transportation. Since 2007, we also compensate for the carbon emissions we haven't been able to eliminate from our operations by purchasing units through the Clean Development Mechanism. By doing so, Vasakronan becomes a climate neutral company.

Cooperation is the driving force

Sustainability is already an integrated, natural part of our daily work routines. So, we are striving to make further progress via new technical solutions, investments in environmental technology and energy optimization. We want to influence and cooperate with our tenants, suppliers and other stakeholders in the property sector by pooling our efforts to reduce our combined environmental impact. Our vision is to create "good cities" where people are happy and companies can develop.

Climate neutral – what that means

Climate neutral involves acting in a way that does not produce a net increase in greenhouse gases. That can be achieved by reducing one's own overall climate impact as much as possible and through compensation to neutralize any remaining emissions.

(Source: www.klimatneutral.se)



Vasakronan in Uppsala has been very successful in increasing the number of Green Leases. In fact, 71 new Green Leases were signed in 2011. We asked Jan Erik Hellman, Business Area Manager at the office for the Uppsala region how they did it and what the tenants think.

What is it exactly that so many tenants seem to love about Green Leases?

I think it has to do with the fact that so many of our tenants are very environmentally aware. They know that it is important to contribute in all ways possible to reduce the environmental impact. Furthermore, when we start discussing the terms of agreement, one quickly realizes that it's not so hard to become more aware of behavior that consumes more electricity and make changes to lower consumption.

Have tenants ever turned down a Green Lease proposal?

Yes, but very few. However, when that happens, it's not because they think it is a bad idea. There are just other circumstances that cause them to hesitate. For example, the tenant might have a binding agreement in place with an electricity supplier, who doesn't meet the only formal requirement we have about green electricity.

In what ways do you cooperate with tenants?

When modifications will be made, cooperation has to do with that and taking an environmental approach. For an existing tenant, the starting point involves documentation of electricity needs and use. Typically, we are able to obtain useful information about what consumes the most electricity during a typical workday. And, equally important, we find out what continues to consume electricity after everyone has gone home. After that, we compile a list of possible measures and enter into an ongoing dialog with the tenant on which ones can be implemented.

One of Vasakronan's first tenants to enter into a Green Lease was the student aid agency, CSN, located at the Svavagallerian property in Uppsala. We asked CSN's office manager, Anders Arovelius, why this choice was important to them.

CSN has a carefully formulated environmental policy that we try very hard to follow. So, this type of modified agreement is a natural choice for us. The timing of Vasakronan's launch of Green Leases was perfect and the first step in our cooperation involved a review of our energy consumption habits and how we could decrease it.

What measures did CSN then implement?

The documentation on how we consume energy

revealed a number of areas where it was possible for us to cut back. For example, we installed timers on fan coil units and we now have copy machines and printers that automatically go to stand-by mode. On our own initiative, we also started up a project to discover options for cutting our lighting consumption in half using modern, energy efficient lighting technology. That project is now in the implementation phase and we will start installing new lighting during spring 2012.

What types of savings do you hope to achieve?

Well, we will of course cut costs due to lower consumption. But because we are a government agency, we also want to set a good example and show how quite substantial energy savings can be achieved by implementing relatively simple measures.



Green Leases – a more modern lease alternative

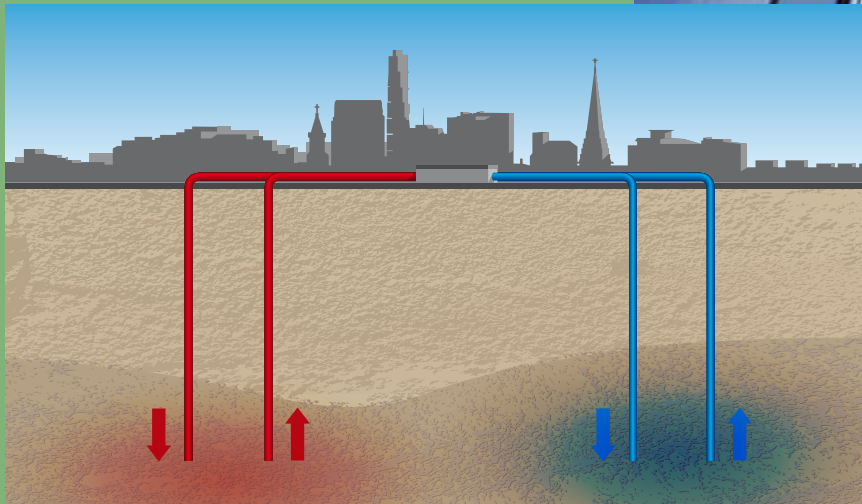
With a Green Lease, Vasakronan and the tenant work together to lower the consumption of electricity, heating and cooling at the office facility. The tenant also makes sure to sort and recycle waste, as well as adhere to the requirements on building materials when renovations are made. The tenant is also required to only purchase green electricity in accordance with the Swedish Society for Nature Conservation's ecolabel, "Good Environmental Choice". At year-end 2011, Vasakronan had 558 (223) Green Leases in place, which corresponds to nearly 23 (10) % of its total leasable area. The goal for 2012 is to enter into a total of 250 new Green Leases.

Aquifer used for Triangeln property

Triangeln is the name of Vasakronan's property and shopping center in the heart of Malmö. An aquifer has made the property nearly self-sufficient in terms of its heating and cooling needs.

"Provided that the geological conditions are right, as is the case with Skåne's water-rich limestone bedrock, this is an amazing technology for cooling and heating supply," explains Peter Jansson, Head of Technology at Vasakronan in Malmö. He is also in charge of the aquifer project at Triangeln. Triangeln, which has an area of 23,000 m², expects to lower its electricity consumption by 300 MWh and its district heating by 2,900 MWh per year once the aquifer is up and running. In terms of Vasakronan's entire property portfolio in Malmö, the aquifer could lower energy costs and energy consumption by approximately 3 %.

The aquifer at Triangeln is expected to be up and running sometime during summer/fall 2012.



Aquifer – like a natural underground thermos

The word aquifer comes from two Latin words: aqua, or "water" and ferre, "to bear or carry." Basically, an aquifer is an underground water-based energy storage unit for cooling and heating supply. During the warm months of the year, cold water is pumped out of the aquifer and used to cool the building. Warmed-up water then flows back and is pumped underground and stored until winter, when it is used to warm the building instead.

Award for Energy Initiative of the Year

Both large and small energy conservation initiatives were nominated for Vasakronan's award, Energy Initiative of the Year. The winners were Roland Skoogh, Technical Manager for the Gothenburg Region and Jojje Abrazis, Property Technician. By cleverly combining a new building management system and systematic operations optimization, they've been able to reduce energy consumption by around 30 % at two of our properties. Collaborative work and a high level of commitment to the task were among the success factors that made it possible to decrease energy consumption to a very low 80 kWh per m².

Also nominated was Jonas Hansson, Technical Manager for the Öresund Region. He developed a new, relatively simple control device for one of the escalators at the Triangeln shopping center. The reduction in energy consumption using this device corresponds to the annual consumption of a typical single-family home.

Roland Skoogh

Jojje Abrazis





Choice of materials and limited use of chemicals

Caring about human health and conserving resources is the starting point

The environmental impact of a property is largely determined by the materials used for new construction, renovation, modification and maintenance. We strive to reduce the quantity of materials used in operations and we emphasize the importance of always adopting a lifecycle perspective when selecting materials and building supplies.

Paletten daycare center

The design of this award-winning daycare center incorporates bright colors, curved shapes and excellent material to provide our youngest citizens with a stimulating, creative and safe environment.



We run our business based on the knowledge that a property impacts the environment during its entire lifecycle, i.e. from design, project planning and construction to management, renovation and demolition. For Vasakronan, it's all about getting it right from the start. Fundamental aspects are knowledge, control and documentation of the materials used, which includes the chemicals and contaminants that may also be present in materials. Therefore, Vasakronan and its contractors strive to use resources conservatively and only use eco-friendly materials and building products.

Careful renovation and reuse of existing materials

Typically, modifications are required each time a new tenant moves into a property and we realize that this behavior is neither financially, operationally nor environmentally sustainable in the long run. In other words, these activities are essentially "bad business" for the environment, the tenant and us. This is why we continually strive for more conservative use of resources by carefully renovating and reusing existing materials so that less materials are required. The goal is to more suc-

cessfully achieve a closed loop system and thus generate a minimal amount of waste. For example, we analyze the amount of material used for different projects and try to determine how we can utilize existing materials to a greater extent so that a smaller quantity of new materials is required.

BVB (industry's system for environmental assessment of building products) is the basis for requirements on contractors and suppliers

Only eco-friendly materials and building products may be used by Vasakronan and our tenants. This requirement is specified in most of our lease agreements, along with the requirement that tenants who do the work themselves must document all materials used.

Byggarvbedömningen is industry's system for environmental assessment of building products. Vasakronan has used the database, which contains more than 8,000 products, since 2009 when selecting all materials.

We also require that BVB is included in all framework agreements and accordingly, it is among the requirements we place on contractors

and consultants for all new construction, renovation and modification projects.

One thing that all of the 8,000 products in the database have in common is that they all use a lifecycle perspective as the starting point. All items are classified as follows: Recommended (green), Acceptable (yellow) and Avoid Using (red). Materials used for building construction must be classified as either green or yellow. The only time that "red" materials may be used is in exceptional cases and when no other alternative exists.

Importance of both large and small recycling systems

We continually make our requirements on materials and building products more stringent. The same applies when auditing Vasakronan and its contractors in terms of the building materials used and also the documentation of materials used for construction. The aim is to increase the proportion of recycled materials used for renovation and modification projects. We hope to achieve this partly by setting up better internal recycling systems and partly through closer cooperation with various parties involved in large-scale recycling systems.

Environmental certification of buildings

For quite some time, Vasakronan has been working with environmental certification of its buildings in order to communicate the environmental characteristics of our buildings and meet the growing requirements of our tenants. The goal for 2011 was for 20 % of our property portfolio to have environmental certification. Unfortunately, we didn't quite make it, and this figure was 10 % at year end. The goal for 2012 is for 30 % of our property portfolio to have environmental certification by year end.

LEED

The environmental certification system, Leadership in Energy and Environmental Design (LEED), is widely used internationally for all types of buildings. A building's environmental performance is assessed in terms of energy and water consumption, indoor environment, hazardous substances, conservative use of both resources, commuting options and impact on the surrounding area.

BREEAM

BREEAM is a British environmental classifica-

tion system that was launched in 1990 and it is the most widely used of all the international systems in Europe. A building's environmental performance is assessed in a number of areas, such as energy consumption and waste management. It also considers the location of the building in terms of public transport accessibility.

Miljöbyggnad

Miljöbyggnad is a certification system based on Swedish construction and government regulations, as well as Swedish construction practices. As of 1 January 2011, Sweden Green

Building Council is the organization in charge of this system. The goal is for Miljöbyggnad to become the nationwide system for Sweden.

Several systems are used for environmental certification of buildings. Vasakronan mainly uses the following international systems: LEED, BREEAM and GreenBuilding, which is primarily a system for assessing energy efficiency. Sweden Green Building Council's certification system, Miljöbyggnad, is also used.

Building Council is the organization in charge of this system. The goal is for Miljöbyggnad to become the nationwide system for Sweden.

GreenBuilding

GreenBuilding is an EU initiative that was launched in 2004. It aims at improving the energy efficiency of buildings. The certification shows that the building uses 25 % less energy than before (for existing buildings) and 25 % less than the requirements on new construction issued by the Swedish National Board of Housing, Building and Planning.

Facilities that can be changed

It is understandable that tenants want to adapt office facilities to their own needs. But, at the same time, it is necessary to keep sustainability in mind when making modifications. We talked to Bengt Jansson, Environmental Manager at Vasa-kronan about this:

How do you actually construct and design buildings and facilities so that they can repeatedly be modified with as little environmental impact as possible?

Well, the key word that must be etched in stone is “variability”! So, when planning and designing a building and its office facilities, you need to keep both generality and flexibility in mind. Generality means that the building’s leasable area can be used for new operations without having to make any major changes. For example, building components and installations with a long expected technical and economic life must be planned with generality in mind. Flexibility and generality go hand-in-hand. Flexibility means that it is easy to come up with a new floor plan by moving, adjusting and adapting walls, openings and installations as needed. Of course, it must also be possible to replace building components and installations individually at various intervals without any difficulty.

Have the trends in office space design made it easier to come up with sustainable solutions?

In the past, it was common to have individual, enclosed offices. Not only was this a constraint, but it also required a lot of space, i.e. around 25–30 m² per person. So, it’s not so strange that we are moving towards open-plan office spaces, where there aren’t any walls in the way and less than half that area is required per person. The next step, if you want to achieve an even more space-efficient office is to create flexioffices (no fixed workstations) and activity based offices, which are flexioffices with various types of workstations that are adapted to the type of operations. But, at the same time, all focus shouldn’t be on trying to achieve a minimal amount of square meters. To a large extent, long-term sustainability is also about focusing on key figures that have to do with low energy consumption and conservative use of materials. When that happens, it is a “good deal” all around, i.e. for the tenant, the property owner and the environment.

*The View, property:
Jakob Större 18*



Kista Science Tower



Variability and flexibility are essential concepts when we build and design properties and office facilities that must be repeatedly modified with as little environmental impact as possible.



Pennfäktaren, Vasagatan 7



Environmental certification of buildings is a challenging task

One of Vasakronan's overall goals for 2011 was to achieve environmental certification of buildings equivalent to 20 % of the total leasable area of the portfolio.

We asked Anna Denell, Environmental Manager at Vasakronan how this has gone.

At year end, approximately 10 % of our buildings had environmental certification. There are many reasons why we didn't achieve our goal. Above all, the process of selecting and prioritizing which of our existing buildings to start with took longer than expected.

Why is it important for Vasakronan to obtain environmental certification for its buildings?

Our goal is to have a property portfolio that is certified and this is important to us from several perspectives. Environmental certification is verification from a third party that we effectively work with environmental issues and that doing so pays off and gives results. For negotiation purposes as well, it is very important to have environmentally certified buildings because many tenants only want to lease office space in certified buildings. So, we will still keep the bar very high. Our goal for 2012 is 30 % and we are able to set that goal because we know that most of Vasakronan's properties already meet the requirements, even though we still haven't managed to obtain formal certification. For several buildings and projects, certification is already underway. I am quite certain that we will be able to catch up in 2012 and achieve our goal for the number of environmentally certified buildings.



Residual products and waste

Towards more sustainable waste management practices, with less waste and more recycling

Vasakronan continually strives to make better use of the residual products generated from operations and achieve more efficient waste management practices. Vasakronan, our tenants and society at large can all benefit quite substantially by doing so.



New rules and practices for printing

The paperless office is still a concept for the future for most of us and this applied to Vasakronan's own office as well. We asked Sören Sandell, IT Manager at Vasakronan, to tell us a bit about what Vasakronan is doing to minimize the amount of printing and paper waste that is generated.

"We've managed to come quite far by getting a good grip on exactly how much and what we actually print. Important measures that were taken include only having a few centrally located printers, front-and-back printouts as standard and implementing a 'follow me' print

solution. The latter means that documents to be printed are put into a virtual queue and before they can be printed, a personal code must be entered into one of the printers. Because of this, there has been a considerable decrease in 'frivolous' printing since we implemented this solution three years ago. Now, the office also generates much less paper waste as well!"

What are the most important things to consider in order to achieve a "green" printing practices?

From an environmental perspective, you need to reduce the amount of paper waste, of course. Equally important, however, is to keep the number of printers down and have them

centrally located in order to minimize the environmental impact. You also need to replace old printers that consume a lot of energy. Another good idea could be adding an extra line to email messages, such as "think about the environment before you print".





However, the most substantial quantities of waste that our business generates are primarily from new construction and renovations. In addition to that, there is the waste generated each day from operations and by our tenants. Regardless of the source, you need to take an environmental approach to the management of residual products and all hazardous waste must be dealt with in accordance with existing regulations. Another important aspect is a methodical effort to continually reduce waste volumes and achieve more efficient waste management practices.

Joint effort for continual improvement

Waste management is a highly regulated area. In order to lower the environmental impact of waste transports, we are working in various ways to coordinate such activi-

ties. For example, we've managed to cut the number of transports by having contracts where contractors are paid according to the amount of tonnage collected.

In most cases, we are responsible for the waste generated by our tenants once they sort and deposit it in the building's containers. If we all cooperate, we can have the greatest effect on improving the environment and conserving resources more effectively. Tenants sort their waste materials and Vasakronan is responsible for providing rooms with sorting containers for various types of items depending on the tenant's operations. Signs with clear instructions are posted in all of these rooms and on containers. For example, in some buildings, we have placed containers specifically for food waste, so that even more options are available for sorting waste and recycling it in the best way.

From waste to resource

We believe that many benefits can be derived by, to a greater extent, regarding waste as a resource that can be included and used in various recycling systems. For example, combustible waste can be used as fuel for district heating and organic waste can be used in the production of biofuels. We are also, to an increasingly greater extent, reusing doors and glazing. In addition, new gypsum wallboards are being manufactured from the recycled material of used ones. In cooperation with our suppliers, we aim to further develop and refine logistics, infrastructures and methods for obtaining better control of waste, so that we use resources more conservatively and produce less waste.

Clear rules and commitment are required for successful waste management

Torbjörn Pettersson, Technical Manager for Retail, Gothenburg region, is responsible for waste management at our Nordstan properties and other properties. He explains how cooperation with tenants and contractors has resulted in more successful waste management. Clear rules and commitment by everyone involved are important prerequisites.

What types of things do your tenants put in the waste receptacles?

That entirely depends on the type of building and the operations conducted there. In general though, for commercial properties, we get incredible amounts of corrugated cardboard and for offices, as you might expect, a lot of paper waste is generated.

What are the key factors for successful waste management?

The building must have space for a large waste collection room and everyone must be committed, i.e. tenants, Vasakronan and waste contractors. We all have certain responsibilities throughout the entire chain of sorting, storing, and collecting waste from the property. Information is also key. For example, it is important to provide information on the costs associated with various types of waste and the rules that apply for each building. We've come quite far at our Nordstan shopping center properties in Gothenburg. All tenants pay for their own waste and this is specified in the lease. Tenants are also responsible for entering into a contract directly with a specific waste contractor. Tenants must also pay for a share of



the costs for the joint recycling center, which we provide in accordance with the requirements of the waste contractor. The tenant pays a standard fee for sorted waste and the fee is by weight for combustible waste. There is no point in hiding the fact that in many cases, behavior has to do with costs. So, by providing thorough information about waste and, in particular, what it costs, an incentive is created for the tenant to engage in various activities that can reduce the amount of waste generated.

Cooperation with our tenants

Offices for greener everyday life

Vasakronan strives to make daily life easier for our tenants in every way possible. One important aspect is making it easier for them to make smart environmental decisions by offering a variety of services that help make their offices “greener”.



Vasakronan strives to provide office facilities that are flexible, attractive and promote productivity. They should also be designed and managed as environmentally as possible and in a way that meets the changing needs of tenants over time. The actual office facility and what goes on there accounts for a large portion of a company's environmental impact. Because of that, Vasakronan strives

to work together with tenants in various ways to reduce our environmental impact. With that goal in mind, we have collected a large number of daily services in our Green Office concept, which is based on the idea that "if it can be done green, it should be done green".

The services that are offered as part of the Green Office concept are provided and

delivered by our selected partners. Our cooperation agreements specify the high requirements that we place on them.

One fundamental requirement is that the supplier must run sustainable operations based on an ethical approach, humanistic philosophy and good governance.

Green Office services

Traditional services are included in the Green Office concept, including the following: cleaning, plant care, coffee and fruit. In everyday life, it is perhaps easy to forget the environmental impact of such services. The concept also includes green moving services, which means that we help

tenants shut down their old office in an environmentally conscientious way. For many of our properties, it is also possible to join a carpooling service with eco cars (as defined by the government), which helps make business travel greener.



Green Move – When vacating an office, many things often get left behind. However, something that one person considers as waste, might be considered as useful to someone else. With Green Move, we help you with recycling, which might even generate an income from items that we are able to sell. Other items are sorted on site and recycled.



Green Lease – All of Vasakronan's tenants who lease premises may enter into a Green Lease. This provides the foundation for a joint effort to lower energy consumption for heating, cooling and electricity, as well as more waste recycling and renovating in a way that uses resources more conservatively. You can read more about Green Leases on page 18.



Green Electricity – For Vasakronan's tenants who have their own electricity subscription, it is possible to enter into an agreement for green electricity with either a variable, fixed or combined variable/fixed price. Green electricity is derived from water, wind and/or bio-power and it is offered at competitive prices.



Green Services – Vasakronan coordinates such services as cleaning, fruit, printer ink supply and plant care in order to lower the environmental impact from transports. In addition, a selection of other eco products is offered, including office material with the Nordic ecolabel, organic fruit and eco-labeled detergent.



Green Carpool – This involves sharing cars with other tenants. Costs are only charged for reserved time and they include fuel, service, tax and insurance.



Vasakronan practices what it preaches

The effort to eco-label all services performed at Vasakronan's own office has resulted in a Coor's silver medal for the company's office on Sveavägen. In fact, Vasakronan was just two points away from gold. Coor, which is also one of our Green Office partners, performed the evaluation as part of its Coor Green Services concept. Following a comprehensive review, Coor Service Management may award a company with either a gold or silver standard environmental label.

"The award is a nice fit with our own environmental goal of working together with our customers and suppliers to

act with sustainability in mind. We are aiming to achieve the gold standard for our new head office, Klara Zenit," says Åsa Almquist, Head of Customer Services. She is in charge of Vasakronan's effort to eco-label the services used by its own office. A joint effort with Coor is now underway to document areas that can be improved.

"It is difficult, but certainly not impossible to reach the gold standard. In 2012, we will strive to obtain a gold award for as many of Vasakronan's offices as possible," says Åsa Almquist.



About Coor Green Services

Coor evaluates service functions on a variety of environmental criteria. Here are some examples of such services and how they can be made more environmentally friendly.



The reception function is evaluated on such things as whether it offers eco-taxis, bicycle rental and if visitor badges are reused.



For mail, packages and goods delivery services, evaluation is based on such things as whether deliveries are coordinated and if drivers have been trained in eco-driving.



The evaluation also looks at the extent to which office supplies and cleaning products are eco-labeled.



For plant care, only biological fertilizers and pesticides may be used and plants that are replaced must be recycled.



There is more value than one might expect in an old desk. 17 tons of metal from desk legs, screws and other metal parts can be recycled and used to make 1,352 bicycles.



Each year, around 700 company moves take place at Vasakronan's properties. This generates quite a bit of office waste – including everything from furniture and servers to paperclips and curtains. With Green Move, it is possible to reduce both moving transports and the quantity of waste.



55 tons of old desktops, bookshelves and other combustible waste can generate heating for 10 average-sized homes for an entire year.

Green Carpool can lower a company's travel costs by as much as 50 %.





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VASAKRONAN

Results

Sustainability (GRI) reporting of Vasakronan's financial
environmental and social responsibilities



VASAKRONAN

Governance for sustainable growth

Vasakronan's mandate from its owners is to generate a high, risk-balanced, long-term return from the Swedish property portfolio. Simultaneously, the business must be run ethically and with consideration for the environment, without compromising the overall objective of a high return.

Sustainability initiatives are strategically important to achieve the overall return target. This is reflected in our vision of creating "good cities, where people are happy and companies can develop." Vasakronan's aim is to be Sweden's leading property company and a good role model for Swedish industry. This is achieved by:

- Having a higher return than the industry average.
- Being the first choice for tenants looking to lease facilities.
- Being perceived as the most attractive employer in the industry.
- Taking responsibility in society and striving for long-term, sustainable growth.

Responsibility for and governance of ongoing sustainability initiatives

Vasakronan's overall governance structure is described on pages 32–35 of the 2011 Annual Report. This also includes sustainability issues, which are an integral and

natural part of the everyday operations and governance of the company. Accordingly, the Board of Directors and CEO are ultimately responsible for sustainability efforts.

Vasakronan has elected to follow the UN Global Compact as the platform for its sustainability work. The 10 principles of the Global Compact revolve around human rights, labor issues, the environment and anti-corruption. Daily operations are then governed by policies and guidelines on purchasing, communication, diversity, equality, the environment and other areas. Vasakronan's values provide the foundation for how we work and interact with one another. Policies, routines and training all contribute towards discouraging all forms of corruption and all of Vasakronan's employees and suppliers are expected to comply with existing laws on competition and cartels. Violations will not be accepted and may result in disciplinary action, dismissal or prosecution. In 2012, we will clarify this even more by introducing a Code of Conduct. It is a company-wide framework with guidelines on ethical and professional behavior for all Vasakronan employees and Board members. The policies have been published on the intranet, where they can be read by all employees. There is also regular follow-up to ensure compliance with the policies by all parts of the organization.

Based on the overall policies and guidelines, processes and routines have also been developed to ensure that daily operations are conducted in an appropriate manner. Everyday sustainability tasks throughout the entire organization are supported and governed by central units for such functions as the environment and HR.

Action plans to address risk exposure

Each year, Vasakronan identifies the significant risks that the business is exposed to and once that is done, the risks are then ranked according to probability and impact. Certain risks that have been identified are linked to sustainability issues that could affect the business and brand. Based on the risk analysis, action plans are then drawn up to change the risk exposure when doing so is deemed necessary. Action plans specify certain activities and the individuals responsible for implementation and regular follow-up during the year.

How Vasakronan works with risks is described in more detail in the 2011 Annual Report on pages 54–55.

Goals

In conjunction with annual business planning, goals are established that also consider sustainability aspects of operations, both centrally and locally within the various business

units. Goals are continually monitored to ensure that the overall aim is achieved. Vasakronan's sustainability goals are described in more detail in each section of the sustainability report

Awards and prizes in 2011

Awards and prizes are proof that sustainability work is moving in the right direction. Here are some of the awards and prizes that Vasakronan received in 2011.

- The Riga property, located in Värthamnen/Norra Djurgårdsstaden received the Green Building Award 2011.
- The daycare center, Paletten, located at Telefonplan received the Stockholm Chamber of Commerce's urban environment award.
- In Universum's survey of Swedish students and young professionals, FöretagsBarometern, Vasakronan was rated as the most attractive employer in 2011.
- Carolina Wadsten, Business Area Manager at the Gothenburg office received the Guldhuset award for her excellent leadership skills.
- Anna Nyberg, Business Area Manager at the Stockholm office received the 2011 award for "Leader of the Future" in the property sector.
- Vasakronan's customer magazine "En bättre värld" won the award called "Silverbladet".

Global Compact principles

Global Compact is a UN initiative aimed at getting companies to collaborate on sustainability issues in the areas of human rights, labor standards, the environment and anti-corruption.

- Businesses should support and respect the protection of internationally proclaimed human rights and
- Make sure that we are not complicit in human rights abuses.
- Freedom of association the right to collective bargaining.
- Elimination of all forms of forced and compulsory labor.
- Abolition of child labor.
- Elimination of discrimination.
- Support a precautionary approach to environmental challenges.
- Promote greater environmental responsibility.
- Encourage the development and diffusion of environmentally friendly technologies.
- Work against corruption in all forms.

Governance of Vasakronan's sustainability efforts

External regulations

- Inventories, examples of legislation
 - Swedish Environmental Act
 - Swedish Work Environment Act
 - Swedish Companies Act
- Environmental certifications
 - ISO14001
 - LEED
 - BREEAM
 - Green Building
 - Miljöbyggnad
- Other applicable laws and regulations

Internal regulations

- Policies, such as
 - Environment
 - Purchasing
 - Diversity and equality
 - Gifts and entertainment
 - Work environment
- Environmental management systems
- Process descriptions
- Other applicable instructions

STAKEHOLDER DIALOG AND IMPORTANT AREAS

Vasakronan's operations affect a number of stakeholders both within and outside the company. It is necessary to maintain a regular dialog with stakeholders to ensure that sustainability efforts focus on the most important issues.

Based on Vasakronan's operations, the following primary stakeholders have been identified.

- Tenants
 - Owner
 - Employees
 - Lenders
 - Suppliers
 - Influential members of society
- Identifying and analyzing the expectations these stakeholders have of Vasakronan is a prerequisite for being able to achieve the goal of delivering a long-term high return while simultaneously achieving the aim of "taking responsibility in society and striving for long-term sustainable growth." This occurs through various forms of ongoing dialog with each stakeholder group in order to obtain necessary information and, when necessary, adapt operations to their expectations. This is how the conditions are cre-

ated for ensuring that the company can deliver a high return while taking responsibility in society and striving for long-term sustainable growth.

Important sustainability areas

In addition to our dialogs with stakeholders, Vasakronan also monitors overall trends in the area of sustainability. A media analysis and comparison with the rest of the property sector have also been made in order to identify any other important issues having to do with sustainability.

The information that was collected, along with results from the annual risk evaluation, confirm that the areas Vasakronan has identified are the most important ones to focus on for sustainability initiatives. Besides expectations of a high return and stable financial position, sustainability efforts should primarily focus on the environment, which is logical given the impact that properties have on the environment. The responsibilities that Vasakronan and its employees have in society are other important areas.

The focus of efforts on sustainability issues can thus be categorized in the following areas:

Vasakronan's financial responsibility

When the business generates value, greater benefits can be distributed to stakeholders. A stable financial position is also important because it enables the company to take a long-term approach.

Vasakronan's environmental responsibility

Energy consumption and climate impact

Energy consumption is the largest single item impacting the environment. Decreasing energy consumption results in a lower climate impact, as well as lower costs.

Choice of materials and limited use of chemicals

Materials used in new construction, renovations, tenant modifications and maintenance must be eco-friendly and resources must be used as conservatively as possible in order to create healthy buildings and good indoor environments. It is also important to work actively with recycling to promote an efficient use of resources.

Residual products and waste

Continual efforts are made to reduce

the amount of waste generated from operations and management, reduce the amount of unsorted waste and streamline the management of residual products.

Environment in buildings

The goal is to make a positive contribution towards good indoor environments. Vasakronan also strives to make it easier for tenants to make wise, environmentally conscientious decisions.

Vasakronan's social responsibility

Employees

Committed, knowledgeable employees are key to achieving success. Strong values based on ethics and a holistic approach and humanistic philosophy must therefore permeate the organization.

Responsibility in society

Vasakronan has both an obligation and ability to play an active role in the sustainable development of society. It can do so by actively participating in urban development projects, through various types of cooperation on sustainability issues and by running the business in a highly ethical way.

Vasakronan's stakeholders

Stakeholder	Dialog	Expectations	Sustainability perspective
Tenants	Focus meetings with tenants, customer satisfaction surveys	A long-term property manager that offers appropriate and affordable premises with good service and work environments and that minimizes adverse environmental impact.	Financial stability, high environmental and ethical standards.
Owner	Board meetings, of which one per year is a strategy meeting. Meetings with owner representatives for special discussions on corporate governance.	Long-term stable returns while taking responsibility in society and striving for long-term sustainable growth.	Profitability, high environmental and ethical standards.
Lenders	Separate meetings with each bank. Financial reports and capital market presentations.	Good financial management, clear and transparent reporting.	Profitability, financial stability, high environmental and ethical standards.
Employees	Performance appraisals, employee surveys.	A stable, long-term employer, good employment conditions and development opportunities, good work environment and social responsibility.	Skill development, work environment, leadership, high environmental and ethical standards.
Suppliers	In the procurement of framework agreements, ordering and project meetings.	A dependable client that makes expectations clear and is highly competent and ethical.	Financial stability, high environmental and ethical standards.
Society	Stakeholder and industry organizations, as well as other forums.	Contributes to the sustainable development of society, minimizes adverse environmental effects.	Development of society, high environmental and ethical standards.

Vasakronan's financial responsibility

Maintaining a perspective of financial sustainability when running the business results in competitive advantages that benefit Vasakronan's stakeholders in various ways.

Vasakronan's mandate from its owners is to generate a high, risk-balanced, long-term return from the property portfolio. In order to achieve the return target, it is necessary to run the business with sustainability in mind. It is also important to achieve a high total yield and maintain a stable financial position so that it is possible to meet the expectations

of other stakeholders and be able to take a long-term approach.

The business generates value primarily through rental revenue. However, changes in the value of property should also make a positive contribution over time. When the business generates value, greater benefits can be distributed to stakeholders. Each year, once distributions have been made to other stakeholders, the owners look at the remaining surplus and decide how much should be distributed and how much should be retained by the company. Such decisions take into account estimated future earnings and transactions in order to ensure

that the company maintains a stable financial position over time.

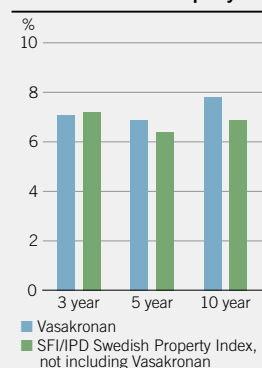
Key financial figures

The financial return target is to achieve a total yield of at least 9 % per year. In addition, the total annual yield should be at least 0.5 percentage points higher than the SFI/IPD Sweden Annual Property Index, not including Vasakronan. Total yield is comprised of both the yield and change in value of properties. Annual results are monitored and analyzed. The average result over rolling ten-year periods is also evaluated. For 2011, total yield, including projects and transactions,

amounted to 10.6 %. The average for the SFI/IPD Swedish Property Index, not including Vasakronan, was 10.2 %. Vasakronan's total yield over the last ten years has been 7.8 % per year. The corresponding figure for the SFI/IPD Swedish Property Index is 6.9 %.

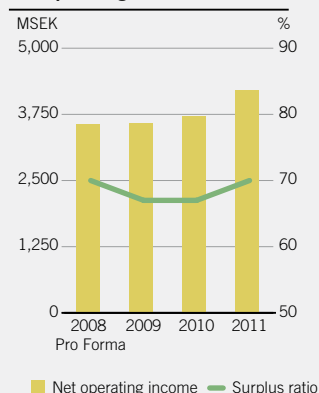
Vasakronan has a strong financial position. At year-end 2011, its equity/assets ratio was 34 % and LTV was 53 %. More detailed information about Vasakronan's financial position, including comments on the results for 2011 is available in the financial statements, on pages 39–75 of the 2011 Annual Report.

Total yield SFI/IPD Swedish Property Index



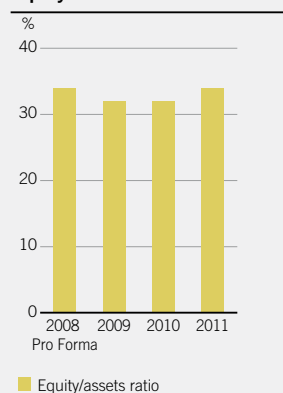
Vasakronan's total yield over the last ten years has been 7.8 % per year, which was higher than the industry average of 6.9 %

Net operating income



Net operating income increased by 13 % in 2011 and the surplus ratio was 70 %.

Equity/assets ratio



The equity/assets ratio is stable and at year-end 2011 it was 34 %.

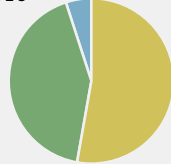
Creation of economic value

2011



Revenue, 67 %
Changes in value, 33 %

2010

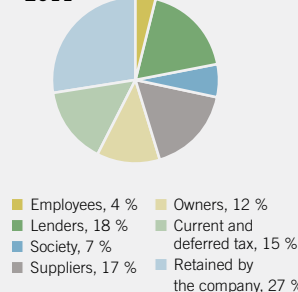


Revenue, 53 %
Changes in value, 42 %
Other revenue, 5 %

Vasakronan's revenue is primarily comprised of rental revenue. Other revenue is the profit from discontinued operations. Value changes are from property, derivatives and goodwill.

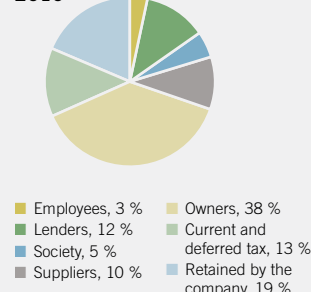
Distribution of economic value

2011



The distribution of economic value to Vasakronan's employees is primarily through salaries and social security contributions. Distribution to society is primarily via property tax and site leasehold fees. Value is distributed to the owners as dividends and Group contributions before tax.

2010



Vasakronan's environmental responsibility

Goals	Goals 2011	Goals 2012	Long-term goals
Overall environmental goals	Environmental certification of buildings corresponding to 20 % of the total leasable area of the portfolio. <i>Actual: Buildings corresponding to 10 % of the total leasable area had obtained environmental certification. The goal was thus not achieved.</i> To have 400 Green Leases in place by the end of 2011. <i>Actual: At the end of 2011, Vasakronan had 558 Green Leases in place. Thus, the goal was achieved.</i>	Environmental certification of buildings corresponding to 30 % of the total leasable area of the portfolio. To have 250 new Green Leases in place by the end of 2012.	Vasakronan is the industry leader for environmental and sustainability initiatives.

Environmental initiatives must be based on the knowledge that a property impacts the environment during its entire lifecycle, i.e. from design, project planning and construction to management, renovation and demolition. All aspects of operations must take environmental concerns into account. Accordingly, this is an integral part of how processes are designed and employee behavior.

Based on the guidelines established by Vasakronan's management team, environmental initiatives are led by a special Environment unit. Planning, execution and monitoring are based on ISO 14001 Environmental Management System, which covers goals, routines and processes. Processes have been designed so that environmental aspects will be dealt with during all stages of a building's lifecycle. Each year, an audit is conducted to ensure compliance with the environmental management system. This has been integrated into the company's overall quality system and coordinated with business planning. The most recent audit was conducted in December 2011, which is also when the company's ISO 14001 certification was renewed.

ENVIRONMENTAL PRIORITY AREAS

As the leading property owner in Sweden, Vasakronan has a major responsibility to contribute to sustainable development and less environmental impact. The goal is for Vasakronan to be the industry leader for environmental and sustainability initiatives. Environmental initiatives must focus on the areas where the company has the greatest opportunity to influence and where it can have the greatest impact. In the environmental field, the following priority areas have been identified:

- Energy consumption and climate impact
- Choice of materials and limited use of chemicals
- Residual products and waste
- Indoor environments

OVERALL ENVIRONMENTAL GOALS

Vasakronan's goal over the long term is to remain the industry leader for environmental and sustainability initiatives. Specifically, the goal for 2011 was environmental certification of buildings corresponding to 20 % of the total leasable area of the portfolio and to have 400 Green Leases in place by year end. The latter goal was achieved and there were 558 Green Leases in place at the end of 2011. Environmental certification of buildings is underway, but this has taken more time than expected. Accordingly, fewer properties than originally anticipated were certified in 2011. However, many of Vasakronan's properties already meet the requirements and the work to get them certified will continue.

The overall environmental goals for 2012 are to have a total of 250 new Green Leases and for 30 % of buildings to have environmental certification.



ENERGY CONSUMPTION AND CLIMATE IMPACT

Goals	Goals 2011	Goals 2012	Long-term goals
Energy consumption and climate impact	Improvement in the energy performance of the property portfolio by 6 % compared to 2010. <i>Actual: The energy performance of the property portfolio improved by 7 %.</i> <i>Thus, the goal was achieved.</i>	Improvement in the energy performance of the property portfolio by 6 % compared to 2011. In addition, energy consumption should be – 50 % lower than the Swedish BBR new construction requirements – reduced by 50 % after renovation work has been completed.	Total energy consumption that is 50 % lower than the industry average.

The energy consumption of Vasakronan's properties and the operations that are run there is primarily from heating, cooling and electricity.

Vasakronan constantly strives to use energy as efficiently as possible and is able to do so thanks to adapted technical solutions and its effective, competent organization. There is also close collaboration between Vasakronan and its tenants to engage in joint efforts, such as entering into a Green Lease and lowering energy consumption.

Overall goals and actual results

Vasakronan's long-term goal is for the energy consumption (from heating, cooling, electricity and the tenant's own operations) per square meter of its property portfolio to be 50 % lower than the industry average. At present, it is not possible to fully measure the energy consumption of tenants. However, based on Statistics Sweden's energy statistics on the heat consumption of Swedish buildings, Vasakronan is approximately

40 % below the industry average.

Short-term energy consumption targets are established to ensure that the long-term goal is achieved. The goal for 2011 is to improve the energy performance of the entire property portfolio by 6 % compared to 2010. The actual improvement was 7 %, which was higher than the target. The main reason behind this success is that efforts to fine-tune existing installations and prior energy investments are now starting to pay off.

For all new construction, the goal is for energy performance to be 50 % lower than the Swedish BBR requirements. For renovations, the goal is for energy consumption to be 50 % lower after the work has been completed. The forecasts for ongoing projects that were started after these requirements were established show that it should be possible to meet those targets for both new construction and renovation projects.

There is an ongoing effort to document the energy consumption of

buildings in order to identify where the levels are high. Based on that information, a list is drawn up to prioritize the buildings where the need for action is most acute.

A climate neutral company for the last 5 years

Vasakronan has had climate neutral operations since 2007. This has been achieved by continually reducing energy consumption and purchasing a higher proportion of green electricity and carbon neutral district heating and cooling. The components of purchased electricity are as follows: 75 % hydroelectric, 15 % wind power and 10 % biofuel. Since 2006, Vasakronan has succeeded in reducing its carbon emissions by more than 90 %. The level in 2011 was approximately 1,600 tons. The company compensates for the carbon emissions it hasn't been able to eliminate from operations by purchasing units through the Clean Development Mechanism.

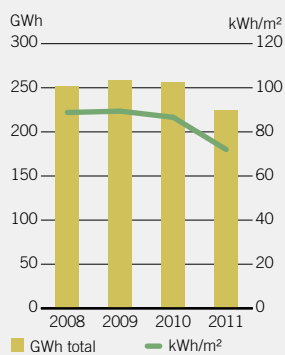
The greatest opportunity to further lower direct carbon emissions is to

reduce emissions from travel. Vasakronan primarily uses ECVs for travel associated with operations. Furthermore, the company's travel policy states that employees should travel by train for business travel in Sweden.

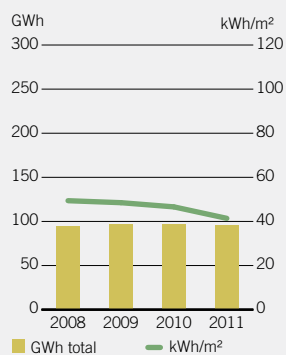
Next step

Streamlining energy consumption even more is a highly prioritized issue. Besides the enormous benefits to the environment, Vasakronan and its tenants can significantly reduce their costs, which is an important incentive to achieving good results going forward. This will be possible via continued streamlining of existing installations, additional energy investments, and creating buildings which, to a greater extent, contribute to their own energy supply. The goal for 2012 is to improve the energy performance of the property portfolio by an additional 6 %.

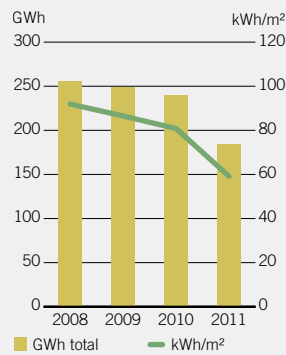
Energy consumption for heating



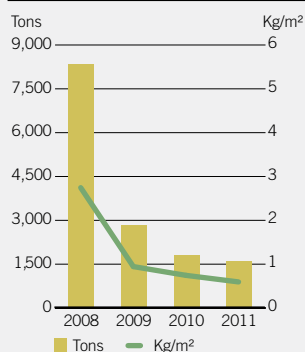
Energy consumption for cooling



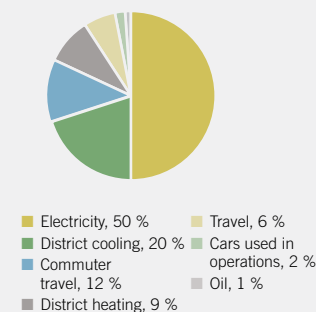
Energy consumption for electricity



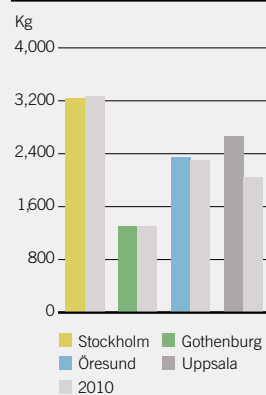
In 2011, there was a decrease in the energy consumption for heating, cooling and electricity per square meter. This success was due to efforts to fine-tune existing installations and prior energy investments that are now starting to pay off. In 2011, total energy consumption declined by 7 % compared to 2010.

Carbon emissions

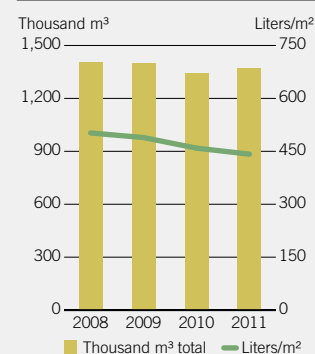
The decline in carbon emissions was primarily due to lower energy consumption.

Sources of carbon emissions, share of total emissions in 2011

Of the carbon emissions that the organization has not been able to eliminate, half are due to ordinary (not green) electricity subscriptions that have temporarily been taken over.

Use of ozone-depleting substances in 2011

The use of ozone-depleting substances has slightly increased. The reason for the increase in Uppsala was due to having more refrigeration equipment in use.

Water consumption

The reduction in water consumption per square meter occurred because most of the housing portfolio, which had higher consumption per square meter, was sold in 2010.

Three-part strategy for achieving the energy goals

Reduction – Vasakronan will reduce the amount of supplied energy through conservation and using energy efficiently.

Organization – Supplied energy will be organized such that source and use are appropriately matched. For heating purposes, the primary sources of energy used are district heating, self heating biofuel, hot water from solar collectors and geothermal heating. Electricity use is limited to lighting and the operation of appliances, installations and office equipment.

Selection – We can reduce green house gas emissions by altering the mix of sourced energy, i.e. using less energy from fossil fuels and more energy from renewable energy sources for daily operations, tenant modifications, new construction and renovations.



RESIDUAL PRODUCTS AND WASTE

Goals	Goals 2011	Goals 2012	Long-term goals
Residual products and waste	Implement routines to document, measure and reduce the waste generated by properties. <i>Actual: Routines for documenting and measuring have been developed. Various measures will get underway to reduce the waste generated by properties during 2012. Accordingly, the goal for 2011 is considered as not being met.</i>	For 2012, no specific goals have been established for this area. However, activities will be implemented aimed at achieving the long-term goal.	Reduction of the total amount of waste and also the amount of unsorted waste.

Regardless of the source, it is necessary to take an environmental approach to the management of residual products and all hazardous waste must be dealt with in accordance with existing regulations.

Overall goals and actual results

Vasakronan's overall goal is to reduce the total amount of waste, the amount of unsorted waste and to also have more efficient management of residual products. Another aim is to recycle and reuse as much waste as possible.

During the year, routines were developed to document and measure the waste generated by properties. Based on that, it will be possible to implement measures aimed at reducing the total amount of waste.

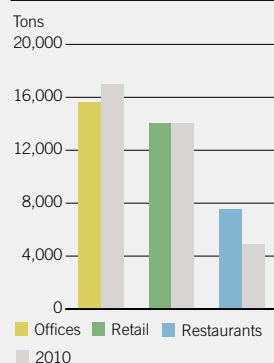
One obvious starting point for waste management is compliance with laws, rules and industry agree-

ments. Contractors involved in the construction process are required to have a documented environment and quality policy. Furthermore, for all new construction and renovation projects, all handling of residuals and waste must be in accordance with existing regulations. Tenants are important partners when it comes to sorting waste, so making this task easier for them is a high priority. Vasakronan also strives to help its tenants decrease the amount of waste that they generate and one way of doing this is through Green Leases.

Next step

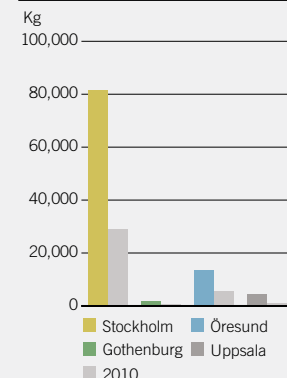
More and more, waste is being regarded as a resource that can be used in various types of recycling systems. Vasakronan both can and will make demands and contribute to this positive trend. Vasakronan and suppliers can work together to develop

Waste from tenants in 2011



The total amount of waste increased primarily because more properties were leased to restaurants, which generate more waste than offices and retail businesses.

Own hazardous waste in 2011



As of 2011, electronics are included, which is the main reason for the increase in hazardous waste. The reported figures do not include hazardous waste that tenants deal with themselves.

and refine the methods for obtaining better control over waste amounts and thereby identify more opportunities for recycling. Going forward, one

important component of waste management is continuing to develop logistics and infrastructures that facilitate more efficient use of resources.



CHOICE OF MATERIALS AND LIMITED USE OF CHEMICALS

Goals	Goals 2011	Goals 2012	Long-term goals
Choice of materials and limited use of chemicals	Develop a strategy for the material flow at properties aimed at lowering Vasakronan's environmental impact even further. <i>Actual: A strategy has been developed that will be adopted and implemented in 2012. The goal is thus considered as having been met.</i>	For 2012, no specific goals have been established for this area. However, activities will be implemented aimed at achieving the long-term goal.	Only eco-friendly materials and building products may be used by Vasakronan. Whenever possible, materials should be reused.

Materials used for new construction, renovation, tenant modifications and maintenance greatly impact the environmental impact of a property. Vasakronan's goal is to use eco-friendly materials and building products during all phases of a property's lifecycle. It also strives to use resources as conservatively as possible.

Overall goals and actual results

The overall goal is to always use building material that does not contain any hazardous substances. The materials used should also have a low environmental impact. Only eco-friendly

materials and building products may be used by Vasakronan and our tenants. This requirement is also specified in most lease agreements.

A materials strategy has been developed that will be adopted and implemented in 2012. During the year, analyses have also been made of the quantity of material used in different types of projects. Different ways of lowering the amount of new material are being considered, such as reusing building material to a greater extent.

The construction and property sector's database should be used when selecting materials and build-

ing products. It contains an environmental assessment of more than approximately 8,000 products.

All contractors used by Vasakronan for new construction and renovation work must have a documented environment and quality policy. Efforts are still underway to create better routines for checking that there is compliance with these requirements. In 2011, more random sampling and on-site monitoring was carried out.

Swedish legislation on the management of dangerous chemical substances is quite comprehensive. In addition, the property sector has

developed guidelines, many of which are much more stringent than the regulatory requirements. Vasakronan's buildings are well documented. Chemicals and pollutants are dealt with in accordance with established plans.

Next step

Efforts to obtain control over the flow of materials will continue. Once that is done, the aim is to then reduce the total amount of resources used, which can be accomplished by using less material and also by recycling and reusing material to a greater extent.

ENVIRONMENT IN BUILDINGS

Goals	Goals 2011	Goals 2012	Long-term goals
Environment in buildings	The Green Office concept that is offered to tenants should be a natural choice for both existing and new tenants. <i>Actual: The Green Office concept was launched at the start of 2011. There is certainly an interest in the services, but our assessment is that this still isn't a natural choice for existing or new tenants, which is why the goal is considered as not having been met.</i>	Tenants who rent retail space will be offered environmentally friendly services as part of the Green Retail concept.	Long-term management of properties where people are happy and companies can develop.

An important component of sustainability work is for Vasakronan's properties to create and supply a good indoor environment. The goal is to offer facilities that are designed and managed as environmentally-friendly as possible and in a way that meets the changing needs of tenants over time. In order to make it as easy as possible for tenants to make smart environmental decisions, we also offer a variety of services that help make offices "greener".

Overall goals and actual results

In order to be able to achieve the goal of good indoor environments there must be compliance with legislation in this area. We work together with our

tenants to become even better at caring for the environment and reducing our climate impact. Based on the idea that "if it can be done green, it should be done green," a number of services have been offered as part of the Green Office concept that Vasakronan started offering tenants at the start of 2011. Tenants have shown great interest in these services. However, many existing tenants already have agreements in place with other suppliers and it will take some time before they can enter into new agreements. We hope that the scope of Vasakronan's green services will continue to increase.

Tenants who enter into a Green Lease also commit to reducing the

total amount of electricity, heating and cooling consumption at their leased facilities. They are also required to sort waste and when renovating, they must follow the requirements that Vasakronan has on the types of building materials that may be used. Tenants with a Green Lease are also required to only purchase green electricity in accordance with the Swedish Society for Nature Conservation's ecolabel, "Good Environmental Choice".

Fastighetsbarometern, which is the property industry's satisfied customer index, is one way of measuring the success of our joint environmental initiatives with tenants. This survey is conducted each year and it

shows how Swedish tenants perceive their landlords. In the 2011 survey, Vasakronan received a score on the environment of 67 compared to the industry average of 62. Vasakronan thus received one of the highest scores in the survey, even though it is 2 percentage points lower than the score it received in 2010.

Next step

One important component of long-term management is continuous cooperation between property owner and tenant to reduce the overall environmental impact, while ensuring that tenants' employees are happy and companies can develop.

Vasakronan's social responsibilities

Goals	Goals 2011	Goals 2012	Long-term goals
Employees	Through active, committed efforts maintain an employee satisfaction index (ESI) of at least 92. <i>Actual: In the most recent employee survey, the ESI was 97. Accordingly, the goal was achieved.</i>	Through active, committed efforts maintain an ESI of at least 97.	To be the most attractive employer of all Swedish property companies.

Vasakronan will always act in a way that is consistent with being a long-term, reliable partner, employer and stakeholder in society.

Employees who are involved, motivated, committed and happy is not only a key factor for running a successful property business, but also our responsibility as employer.

The work to further develop the organization and employees is still underway and the focus is on both leadership and collaboration. In 2011, the number of employees declined due to additional efforts to streamline the organization. At year-end, Vasakronan had 336 (364) employees. Employee turnover was 11 %, which was a slight increase compared to last year.

Overall goal

Vasakronan's overall goal is to be the most attractive employer of all Swedish property companies. In order to achieve that goal, it is necessary to work continually with skill development, career planning and other ways of creating participation among employees. These efforts are carried out by Vasakronan's HR department according to guidelines that have been established by the company management team. To check the progress on how well the company is doing in terms of achieving this goal, Vasakronan once again participated in FöretagsBarometern, which is Universum's survey of Swedish students and young professionals. In 2011, Vasakronan was again rated as the most attractive employer in the property sector.

Performance appraisals and skill development

All employees participate in performance appraisals each year. Performance appraisals are designed such that the company's business objectives are compared to employee skill development needs. The aim is to become even better at identifying the skill development needs of employees, while making sure that the company has the right expertise to achieve its objectives. The annual employee survey was carried out in 2011 using the same format as the one introduced in 2010. In the most recent survey, the employee satisfaction index (ESI) was 97 on a scale of 100 (benchmark is 82). The goal was to achieve an ESI of at least 92. Since 2010, significant overall improvements have been made. Furthermore, specific activities were carried

out in the areas and departments where opportunities to improve had been identified.

A profit-sharing program has been in place for many years that is open to all employees except the senior management team. The aim is to create even more motivation and commitment within the organization. It is based on target areas that have basically been derived from financial results and satisfied customer scores. The maximum possible payout per year is two months' salary.

The education level of employees is regularly reviewed and current statistics show that 50 (57) % of Vasakronan's employees have a college or university degree.

During the year, 24 (24) internal training courses were offered on various topics, which corresponds to

Employees 2011	Salaried employees	Employment under a collective agreement	Total
Stockholm	168	52	220
Gothenburg	30	11	41
Öresund	26	9	35
Uppsala	29	11	40
Total	253	83	336
% of total number of employees			
	–29 years		8 %
	30–49 years		63 %
	50–59 years		22 %
	60 years and above		7 %
Average age, years			44.0
Employee turnover			
		11.1 %	11,1 %
Of which	Women		9.0 %
	Men		12.2 %

Sick leave	2011		
Sick leave by age and gender (%)	Women	Men	Total
age 29 years or younger	0.9	1.2	1.1
age 30 to 49 years	1.4	2.0	1.8
age 50 years or older	2.2	3.0	2.8
Total			2.0
Sick leave by length of absence (%)			
60 days or less			66.5
60 days or more			33.5
Training hours (average)			
	2011		
Number of training hours per employee			26
Number of training hours for employees with collective agreement			41
Number of training hours for salaried employees			21

64 (62) training sessions. In 2011, each employee had participated in an average of 26 hours of training on 4 different occasions, which is approximately the same as last year.

Employee health

Employee health and well-being is regularly monitored and Vasakronan invests substantially in preventing occupational injuries, as well as rehabilitation for employees on long-term sick leave. The level of sick leave in 2011 was 2.0 %, which is 0.2 per-

centage points lower compared to 2010. The reduction was primarily in short-term sick leave. The long-term goal is for sick leave to be below 3 %. No occupational injuries were reported in 2011 or 2010.

Diversity and equality

Vasakronan's policy that governs diversity and equality efforts forbids discrimination, hostility towards foreigners and harassment. Women and men are given equal opportunities for development and promotion,

as well as equal pay for equal work. The starting point is to treat all employees and job applicants equally. Employees are encouraged to immediately report any cases of discrimination to: their closest supervisor, the HR department or their union representative. Vasakronan's General Counsel also serves as the compliance officer, i.e. the person that employees should go to if they need to report suspected inappropriate behavior or crimes. No cases of discrimination were reported in 2011.

Next step

Efforts will continue to develop Vasakronan's organization, with a particular focus on recruiting and succession planning. Another task involves clarifying Vasakronan's values and what they mean in practice. One component of that will be developing a Code of Conduct during 2012. For 2012, the goal for the employee survey is to once again achieve an ESI of at least 97.

RESPONSIBILITY IN SOCIETY

Goals	Goals 2011	Goals 2012	Long-term goals
Responsibility in society	Continue to be active and involved in networks and associations in order to bring about progress on sustainability issues. <i>Actual: Vasakronan played an active role and helped bring about progress on sustainability issues. The goal is thus considered as having been met.</i>	Develop guidelines for increasing responsibility in society and enter into various types of cooperation to make that happen.	Help in creating physical environments that promote growth and prosperity in society and for citizens.

Vasakronan's operations affect people and the surrounding area in many ways. We thus have both an obligation and ability to play an active role in the sustainable development of society. Social responsibility is based on the 10 principles of the UN Global Compact, which is aimed at getting companies to collaborate on sustainability issues in the areas of human rights, labor standards, the environment and anti-corruption. The responsibility for living up to those principles should be reflected in both internal policies and actions.

Overall goals and actual results

As one of the largest property companies in Stockholm, Gothenburg, Uppsala, Malmö and Lund, Vasakronan is helping to develop entire city districts in these places. This is being done in cooperation with several other stakeholders, such as the local authorities, public transport providers, architects and urban planners. In both existing areas and future construction projects, the aim is to create environments that are sustainable for as far into the future as possible. Commitment, like sponsoring local initiatives, is another way

that we can contribute to the areas where Vasakronan is active.

Vasakronan works against all forms of corruption and violations of human rights in society. The three fundamental values that provide the basis for how employees should act are well ingrained in the organization. They are also reflected in internal policies and guidelines. Examples are the gift/entertainment policy, and the diversity/equality policy. In addition, Vasakronan participates in several networks and industry sponsored projects and associations aimed at actively supporting and influencing progress on

sustainability issues, primarily having to do with the environment.

Next step

Vasakronan aims to take on greater social responsibility. Accordingly, efforts are underway to come up with an overall strategy and develop guidelines so that the company will be even more effective going forward in helping bring about a sustainable development of society. In 2012, Vasakronan may also become involved in various types of cooperation where its involvement matters and can make a difference.



About Vasakronan's Sustainability Report

This report is the third report submitted by Vasakronan in accordance with the guidelines from the international organization, Global Reporting Initiative (GRI). These guidelines can be followed at three levels, from the C level (lowest) to the A level (highest). Vasakronan's report for 2011 has been compiled, in all materials

respects, with the ambition of satisfying B-level requirements. The report is partially integrated with Vasakronan's Annual Report. A separate overview in this document shows where the various indicators can be found in the report.

The sustainability report is prepared and published on an annual

basis. Compared with the 2010 sustainability report, no significant changes have been made as regards the boundary, scope or measurement methods. Neither has there been any change in the information provided in last year's report beyond that which is provided in the GRI index below. The report does

not cover activities that are controlled by individual tenants or suppliers.

Vasakronan has chosen not to seek external assurance for the report. The main reason for this is that environmental activities are audited within the framework of ISO 14001 certification.

List of contents based on GRI guidelines

Disclosure	Description	Location	Comments
Strategy and analysis			
01.01	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	Sidan 4–5	
01.02	Description of main impact, risks, and opportunities.	Sidan 32	
Organizational profile			
02.01	Name of the organization.	Cover	
02.02	Primary brands, products, and/or services.	Contents page; inside cover of the AR	
02.03	Organizational structure, units, business areas, subsidiaries and joint ventures.	Inside cover of AR, pages 32–33, Notes 23–25, pages 66–68	
02.04	Location of the organization's head office.	AR Note 1, page 54	
02.05	Number of countries where the organization has operations and the names of countries where important operations are conducted or that are particularly relevant to the sustainability issues covered in the report.	Contents page	
02.06	Ownership structure and type of company.	Contents page	Vasakronan only has operations in Sweden.
02.07	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Contents page, AR inside cover, pages 12–13	Vasakronan only has operations in Sweden.
02.08	Size of the reporting organization, including number of employees, net sales, total funding and the quantity/volume of products and services.	Pages 11, 40 (number of employees), page 34 (total revenue), AR page 28 (funding), 18–25 (quantities/volumes)	
02.09	Significant changes during the reporting period in terms of size, structure or ownership.	AR, pages 14–15	
02.10	Awards and prizes that were received during the reporting period.	Page 32	
Report profile			
03.01	Reporting period.	Cover, page 42	
03.02	Date when the most recent report was published.		The 2010 report was published in March 2011.
03.03	Reporting cycle.		Published annually in conjunction with publication of the Annual Report.
03.04	Contact person for questions about the report and its content.	Last page, back cover of the report.	
03.05	Processes for definition of the content of the report.	Pages 32–33, 42	
03.06	Report boundary.	Page 42	
03.07	Limitations on scope or content.	Page 42	
03.08	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or organizations.	AR, pages 55–58	

Disclosure	Description	Location	Comments
03.09	Measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations that were used to compile the indicators and other information in the report.	Pages 42–44	
03.10	Explanation of the effect of any restatements of information provided in earlier reports and the reasons for such changes.	Page 42	
03.11	Significant changes from previous reporting periods in the scope, boundary setting or measurement methods applied in the report.	Page 33	
03.12	Table identifying the location of the Standard Disclosures in the report.	Pages 42–44	
03.13	Policy and current practice with regard to seeking external assurance for the report.	Page 42	
Governance			
04.01	Governance structure of the organization, including Board committees that are responsible for specific tasks, such as setting strategy or organizational oversight.	Page 32, AR pages 32–34	
04.02	Indicate whether the Chairman of the Board is also the CEO.	AR, pages 36–37	
04.03	For organizations that have a unitary board structure, state the number of Board members that are independent and/or non-executive members.	AR, pages 34–35	
04.04	Mechanisms for shareholders and employees to provide recommendations or Guidance to the Board or management team.	AR, pages 34–35	
04.05	Linkage between compensation to Board members, senior executives and managers (including severance agreements) and the organization's performance (including social and environmental performance).	AR, pages 34–35	
04.06	Routines and processes used by the Board to ensure that there are no conflicts of interest.	AR, pages 32–35	
04.07	Routines and processes for determining the qualifications and expertise that Board members should possess in order to govern the organization's strategy on economic, environmental and social issues.	AR, pages 32–35	
04.08	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance along with the extent to which they have been implemented by the organization.	Pages 12, 32, AR page 31	
04.09	Routines and procedures use by the Board for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Page 32, AR pages 32–35, Note 2 page 54	
04.10	Processes for evaluating the performance of the Board of Directors, particularly with regard to financial, environmental and social performance.	AR, pages 34–35	
04.11	Explanation of whether the organization adheres to the Prudence Concept and how it does so.	Page 32	Vasakronan is a member of the UN Global Compact.
04.12	Externally developed financial, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Pages 4–5, 6–29,	Reported under each section.
04.13	Memberships in organizations (such as industry associations) and/or national/international advocacy organizations.	Pages 6–29	Reported under each section.
04.14	List the stakeholder groups that the organization interacts with.	Page 33	
04.15	Principles for identifying and selecting stakeholders.	Page 33	
04.16	How the organization engages in dialog with stakeholders.	Page 33	
04.17	Important areas and topics that have been raised through dialog with stakeholders and how the organization has addressed such areas and issues, including how they have affected the organization's reporting.	Page 33	
Economic indicators			
EC1	Direct economic value generated and distributed.	Page 34	
EC3	Scope of the organization's defined benefit plan obligations.	AR Note 10, page 61	
Environmental indicators			
EN3	Direct energy consumption broken down by primary energy source.	Page 36	The basis of calculation for the energy consumption of property from heating, cooling and electricity is meter readings on the actual consumption per property, which are then aggregated to company level in a media monitoring system.
EN4	Indirect energy consumption broken down by primary source.	Page 36	See above.
CRE1	Average energy consumption.	Page 36	New indicator
EN5	Energy saved due to conservation and efficiency improvements.	Pages 36–37	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Pages 36–37	

Disclosure	Description	Location	Comments
EN8	Total water consumption by source.	Page 37	The basis of calculation for total water consumption by source are meter readings of the actual consumption at each property, which are then aggregated to company level in a media monitoring system.
CRE2	Average water consumption.	Page 37	New indicator.
EN16	Total direct and indirect greenhouse gas emissions, by weight.	Page 37	The following original sources have been used when calculating carbon emissions: reported data from district heating companies, the Swedish Environmental Protection Agency, the Swedish Energy Agency and the Swedish Society for Nature Conservation. Peat has been regarded as a renewable fuel.
CRE3	Average greenhouse gas emissions.	Page 37	New indicator.
EN18	Initiatives to reduce emissions and reductions achieved.	Pages 17–19, 36–37,	
EN19	Emissions of ozone-depleting substances, by weight.	Page 37	The basis of calculation for the use of ozone-depleting substances consists of the information that Vasakronan reports to government authorities.
EN22	Total quantity of waste by weight, type and the waste management method used.	Page 38	Information provided by waste contractors was used to calculate the quantity, type and weight of waste.
Indicators for product responsibility			
CRE8	Number and type of environmental certifications for buildings.	Page 21	New indicator
PR5	Routines for ensuring customer satisfaction, including the results of customer surveys.	Page 39	
Indicators for labor practices and decent work			
LA1	Total workforce by employment type, employment contract, and region.	Pages 40–41	Comprised of Vasakronan's employees. The number of employees includes permanent and probationary employees.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Pages 40–41	Age group is not reported. Employee turnover is calculated as the number of employees that terminated their employment during the year divided by the average number of permanent and probationary employees.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Pages 40–41	Sick leave is calculated as the number of sick leave hours compared to planned work hours.
LA10	Average hours of training per year per employee broken down by employee category.	Pages 40–41	Average hours of training is calculated as the total number of training hours in relation to the average number of employees.
LA12	Percentage of employees receiving regular performance and career development reviews.	Page 40	All employees participate in performance reviews once per year.
LA13	Composition of Board of Directors and management team, as well as a breakdown of employees by employee category.	AR 36–37, Note 11 page 61	Minority group membership is not reported.
Indicators for the organization's role in society			
SO5	Public policy positions and participation in public policy development and lobbying.	Pages 7–9, 41	
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		No such actions were brought forth against Vasakronan.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		Vasakronan has not incurred any significant fines. Nor have any sanctions been imposed.
Human rights indicators			
HR4	Total number of incidents of discrimination and corrective actions taken.	Page 41	Vasakronan did not have any reported cases of discrimination.
HR5	Freedom of association and collective bargaining.		New indicator. Vasakronan upholds, respects and fully supports employees' fundamental rights to organize themselves and engage in collective bargaining, in accordance with Swedish law.
HR6	Child labor		New indicator. There is no risk of child labor being used in Vasakronan's operations. Managers with responsibility for the work environment and union representatives also monitor the legal compliance of our suppliers.
HR7	Compulsory labor		New indicator. There is very little risk of compulsory labor because Vasakronan only has operations in Sweden and the company complies with Swedish law. Managers with responsibility for the work environment and union representatives also monitor the legal compliance of our suppliers.

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