

VASAKRONAN

IN BALANCE

VASAKRONAN'S SUSTAINABILITY REPORT 2012



Blond jokes during breaks

Ethics discussions used to create Code of Conduct

Sustainability details

2,500 square meters of thoughtfulness at our new head office

Running for life

Non-profit project gives youth a future

97
PERCENT

That's how much Vasakronan has lowered its carbon emissions since 2006.

Our dream city

It carries our visions. It shapes our values, dreams and goals. It's our home, but it's still a major challenge. Read and be inspired by how we, along with our tenants, employees and others are striving to realize our vision of future-proof cities.

CONTENTS

THE CEO'S COMMENTS

3 COFFEE WITH FREDRIK

Fredrik Wirdenius summarizes the exciting year of 2012 and takes the next steps.

6 WHAT WE'RE ESPECIALLY PROUD OF

Vasakronan is the best employer.

9 QUITE A BOOST

We considered sustainability in every detail of our activity-based office.

ENVIRONMENTAL RESPONSIBILITY

12 ICE-COLD TASK

More eco-smart operations for Hemköp Nordstan.

15 MIX OF INSPIRATION

Energy fund for smart ideas.

SOCIAL RESPONSIBILITY

18 IT'S NO FLUKE

Vasakronan has what it takes to be the best.

20 IS IT OK TO JOKE ABOUT DUMB BLONDS?

Why we need a Code of Conduct.

22 BUILDING A CITY...

Telefonplan has found its new identity and become a city of its own.

25 ... WHERE PEOPLE CAN THRIVE

Investing in the future with Löparakademin.

28 OUR ARTWORK

Scales of justice and a unique moose.

FINANCIAL RESPONSIBILITY

30 WORLD CHAMPION

Everyday heroes.

32 SPOTLIGHT ON SUSTAINABILITY

Anna Denell looks forward to a very dynamic 2013.

33 RESULTS

Sustainability Reporting (GRI) of Vasakronan's financial, environmental and social responsibilities.

34-35 GOVERNANCE

38-40 FINANCIAL RESPONSIBILITY

41-48 ENVIRONMENTAL RESPONSIBILITY

49-53 SOCIAL RESPONSIBILITY

COVER PHOTO: GUSTAV KAISER



VISION

FUTURE-PROOF CITIES

WITH BUILDINGS WHERE BOTH INDIVIDUALS AND COMPANIES CAN THRIVE

AS SWEDEN'S LARGEST property owner, we have a lot of responsibilities. We both can and must contribute to a sustainable development of society – financially, environmentally and socially. Each day, together with our employees and tenants, we actively strive to ensure that our cities will be good societies over the long term.

ABOUT VASAKRONAN

VASAKRONAN IS Sweden's largest property company, with 193 properties, 2.6 million square meters and a portfolio valued at SEK 84 billion, consisting of centrally located office 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 future-proof cities where both individuals and companies can thrive. Administration and facilities management are performed

in-house and at year-end 2012, the company had 336 employees.

Vasakronan is jointly owned by the First, Second, Third and Fourth Swedish National Pension Funds (AP-fonderna). 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 2012.

COFFEE WITH FREDRIK

He was named the most powerful person in the property sector, he's watched Green Leases become an industry standard and he cut the ribbon at Klara Zenit. Vasakronan's CEO Fredrik Wirdenius summarizes the exciting year of 2012.

Now we're taking the next steps

FREDRIK WIRDENIUS met with us at Klara Zenit, Vasakronan's new office at Mäster Samuelsgatan 56 in Stockholm. The 2,500 square meters are designed like a mini city, where employees work in an activity-based way.

There are no workplaces and yet there are 220 of them. There aren't any desks in assigned places. Instead, there are different zones and rooms used as needed depending on the task.

"This is an office for a courageous kind of leadership. When there aren't any symbols dictating a person's role or position, you need a leadership style that is built on competence and the ability to inspire employees. This environment discourages a leadership style built

“The energy use of Sweden’s entire property portfolio needs to be reduced and I think the regulatory requirements are too low.”



on control. Instead, it encourages employees to more freely and independently achieve their goals. It also creates greater transparency and employee visibility. Just a few weeks after the move, I got the sense that the energy level of the company had risen. A new spark, that affects us on many levels,” says Fredrik Wirdenius.

Klara Zenit is meant to both focus on the individual and encourage cooperation. The goal is an organization with a higher pulse and an attractive, modern workplace where the guiding star is sustainability in every detail. It’s about the people using the facilities. It’s about the geographic location and ability to commute by public transportation. It’s about IT solutions that facilitate a virtual, paperless office. And, it’s about the furnishings, which are primarily reused, ecolabeled, energy-efficient items and materials.

“Because we considered sustainability right down to the last detail, Klara Zenit became one of the first offices in Sweden where the adaptations and furnishings are being certified by LEED, Leadership in Energy and Environmental Design. We certainly intend to share the knowledge we gained while designing the office with our tenants.”

THE OFFICE’S MINI-CITY DESIGN is also aligned with Vasakronan’s vision: Future-proof cities – with buildings where both individuals and companies can thrive. As Sweden’s largest property owner, Vasakronan unquestionably has a major influence on the development of society. How are priorities set?

“We should be financially viable, but not if it has a negative impact on the environment, people or society. And, we should put as much energy as possible into what we can impact positively and the most. The way I see it, it’s a challenge, since our current market systems don’t put a price tag on external effects like climate changes. But I’m convinced that the only right way to run a long-term profitable business is by taking responsibility for the impact one has.”

Formulating financial and environmental goals and strategies is quite easy according to Fredrik Wirdenius.

“On the environmental side, we’ve achieved success by setting clear goals that are easy to communicate.

When we said that we would reduce Vasakronan’s energy use to a level that is 50 percent lower than the industry average, everybody said it was impossible. But a goal like that forces you to think differently. From a financial perspective, it has a lot to do with making business deals that you feel good about. It feels a whole lot better making a hundred crowns using a renewable energy source than it does with oil.”

TODAY, VASAKRONAN’S operations are climate neutral. Operations at Vasakronan’s properties require almost no fossil fuels and efforts are continually underway to reduce the company’s net greenhouse gas emissions. For new construction, the goal is for energy use to be 50 percent below the regulatory requirements. For renovation, the goal is to reduce it by 50 percent compared to what it was before. This is where Fredrik Wirdenius sees both potential and obstacles.

“Sweden’s goal is to reduce total energy use by 50 percent by the year 2050. That will never happen without certain changes. The energy use of Sweden’s entire property portfolio needs to be reduced and I think the regulatory requirements are too low. The fact that we can construct new buildings with energy use that is 50 percent lower than these requirements proves it is possible. I’d like to see tighter controls.”

“Vasakronan invests SEK 50 to 100 million each year to reduce energy use in its existing portfolio. Because of that, the company has managed to lower its energy use by almost 20 percent over the last four years.” This is where Fredrik Wirdenius feels that there is an obstacle, i.e. the way energy companies set prices:

The fixed portion of energy companies’ tariffs are too high. A larger variable portion would increase the financial incentive for both individuals and companies to lower their energy use and hasten the transition to a sustainable, more eco-smart Sweden.

For quite some time, the responsibility that Vasakronan has for its employees has been clearly defined, along with the corresponding goals. However, formulating goals for Vasakronan’s expanded social responsibility is a greater challenge.

“The people in and around our properties are affected



“We’re comfortable with environmental issues now and its time to move on to our social responsibilities.”

throughout our organization and we want to harness that energy. It’s a natural next step.”

2012 brought proof that Vasakronan’s sustainability efforts are moving in the right direction. Green Leases were a continued success and they’ve lead to an industry standard. Vasakronan also launched its Green Retail concept and several pilot projects got underway. Tenants love the Green Move concept and the company will soon be offering Green IT services as well. 2013 is going to be the year that Vasakronan picks up the pace on sustainability even more.

“The goal for 2012 is for 30 percent of our property portfolio to obtain environmental certification by year end. Much of the work has already been completed, but we didn’t quite complete all the steps for getting all of the designated properties certified. We will also become better at communicating our Green Office success stories and how the green services can benefit business. In addition, we plan on telling others what we’ve achieved thanks to our new office.”

If you use your facilities in the right way, they become a resource rather than just a cost. That’s Vasakronan’s message.

“The physical environment, IT solutions and brand – they’re all intertwined. Many of our tenants are currently grappling with these issues and mobility is more important than ever. How are they going to respond when faced with a new generation of employees who have new demands? Our message with Klara Zenit is that the office can be a strategic tool that helps you move in the desired direction,” says Fredrik Wirdenius, who believes more in the carrot than the stick.

“Lots of people talk about what others should or should not be doing. But I believe more in providing inspiration. That’s why we participate in industry organizations like Sweden Green Building Council and the Haga Initiative.

If you want to inspire others, being named the most powerful person in the property sector helps, right?

“A lot of property transactions were conducted in 2012, which had something to do with it. But it’s also confirmation of the strength of Vasakronan’s brand. Proof that what we’re doing matters...”

by what we do and we strive to take social responsibility in a number of ways. For example, we do this in our role as urban developer and by providing our customers with healthy and attractive work environments. Other examples are our cooperation with Löparakademin and our employees’ commitment to helping Stockholm’s homeless. It’s important to our profitability that our employees feel proud about these initiative. But it’s not always possible to measure the results.”

THE PLATFORM FOR Vasakronan’s sustainability efforts is Global Compact, 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.

Successful sustainability efforts require management to prioritize sustainability issues. They can never be brushed aside.

“I’m incredibly proud of the fact that we’ve managed to integrate sustainability issues into our business model so successfully. A few years ago, our employees were somewhat skeptical about sustainability issues. But, we’ve moved past that and today, the pride they feel about the work we do is much more visible.”

In 2012, Vasakronan added a Head of Sustainability to its staff. This responsibility has been assigned to Anna Denell, who previously held the title, Environmental Manager. Among other things, she will be in charge of creating a structure for how Vasakronan tackles its social responsibilities. Why add a Head of Sustainability at this particular point in time?

“We’re comfortable with environmental issues now and its time to move on to our social responsibilities. The commitment to sustainability issues is visible

WHAT WE'RE ESPECIALLY PROUD OF



MORE ELECTRIC CARS ON THE WAY

SINCE 2006 Vasakronan has lowered its carbon emissions by 97 percent. This was possible by steadily reducing energy use and by purchasing climate neutral district heating/cooling and green electricity.

Changing the company's travel habits is where the highest potential lies for reducing emissions even more. That is why Vasakronan has replaced five of its cars used in operations for electric ones. Each car travels an average of 5,000 km per year. These are Renault Kangoo electric cars and Vasakronan intends to gradually replace all of its fleet with new, environmentally friendly vehicles.

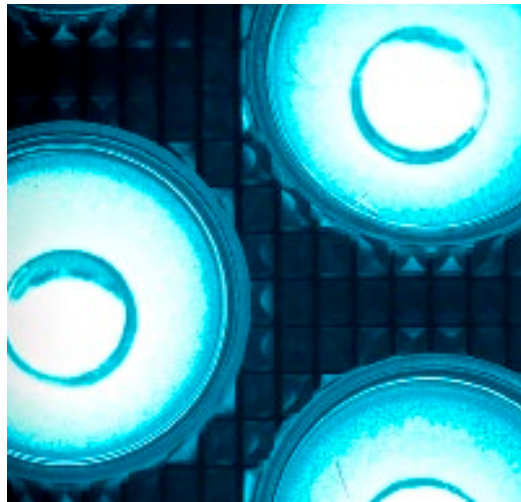


TENANT INFO IN CELL PHONE

WITH THE NEW tenant info app, our tenants can easily get in touch with Vasakronan's customer service or their contact person at the company. They can also use it to report problems and read news and important information about their property.

LED LIGHTING RESULTED IN BIG SAVINGS

BY REPLACING all of the old fluorescent lighting fixtures with LED lighting in TV4's parking garage at the Bremen 1 property on Tegeluddsvägen in Stockholm, Vasakronan achieved energy savings of 77 percent. In addition to this more energy efficient lighting, the garage was also equipped with more modern technology that can control and adjust the lighting as needed in the garage of this 21,300 square meter building.



VASAKRONAN IS THE BEST EMPLOYER

VASAKRONAN IS THE most attractive employer of all Swedish construction and property companies. That was the result of the Swedish property sector's recruitment survey for 2012, which targeted real estate management students. The students gave Vasakronan a rating of 63, which is 6 points higher than last year's rating of 57.

NO. 1



PHOTO: BORJE HELLMSTRÖM

EKTORGET WINS AWARD

IN THE AREA CALLED INGENTING, located in Solna, just north of Stockholm, a new urban district is being built. Vasakronan owns the Polisen 2 and Arken properties, along with 20,000 square meters of residential building rights. Accordingly, it is one of the largest property owners there. Skanska, Andersson Jönsson Landskapsarkitekter AB and Vasakronan collaborated to create an impressive town square called Ektorget. Ektorget integrates the area's majestic oak trees with the National Bacteriological Laboratory (SBL) buildings and the new building that will be constructed. In September, Ektorget's creators won Solna's urban environment award for their design.



BREEAM®



PROPERTIES THAT OBTAINED CERTIFICATION IN 2012

KISTA ENTRÉ IN STOCKHOLM AND LILLA BOMMEN

As part of Vasakronan's efforts to obtain environmental certification for its existing portfolio, both of these properties received LEED certification at the Gold level. Some of the main factors behind these certifications were the low energy use of these buildings, ISO 14001 certification, use of renewable energy and climate neutral operations.

KOGGEN IN MALMÖ

With both BREEAM and Green Building certification, this will be one of Malmö's most modern office buildings, with 8,000 square meters of space. NCC is responsible for construction and tenants will be able to start moving in during spring 2013.

BASSÅNGKAJEN IN MALMÖ

Vasakronan acquired this property during summer 2012 and it has been pre-certified at the highest level, LEED Platinum, for its high environmental standard in a number of areas.

Read more about the environmental certification of our properties on page 43.

DIGITAL ACCOUNTING DEPARTMENT

VASAKRONAN'S ACCOUNTING and finance department has been working for several years to improve its efficiency. Digital processing is one of the areas it has focused on. Digital invoicing was first, followed by digital processing of leases. Accounting and finance activities were next.

"The move to Klara Zenit served as a catalyst that enabled us to take the final, important step in becoming fully digital. Besides upgrading our accounting system, we also made all accounting documents digital. And, prior to the move, the finance department transitioned to digital processing as well. Everything that we have control of is now entirely paperless," says Vasakronan's CFO, Christer Nerlich.

"Everything that we have control of is now entirely paperless."

CHRISTER NERLICH, CFO OF VASAKRONAN



ECO-SMART HOTEL

THE SWEDISH TOURIST ASSOCIATION has signed an agreement with Vasakronan regarding facilities located in the building Perukmakaren in Gothenburg's central district. A new hotel is being built there, and it is expected to be completed by summer 2013. The aim is to offer comfortable, eco-smart accommodations to price-conscious guests. This will also be one of the first hotels in Sweden with LEED environmental certification.

WHAT WE'RE ESPECIALLY PROUD OF



PHOTO: ÅKE ESON LINDMAN

SOLAR CELLS AT ARKEN

AT POSTNORD'S head office, Arken, in Solna, 350 square meters of solar cells have been installed on the roof. This was a joint project between Vasakronan and its tenant, PostNord, with support from Energi Försäljning Sverige and the Swedish Society for Nature Conservation. Solar cells turn sunlight into electrical energy. An information sign at the building shows how much electricity the solar cells are providing. Installation of these solar cells was the largest joint project between Vasakronan and a tenant to date within the scope of the Green Lease concept.



GREEN IT SERVICES

IN 2012, Vasakronan virtualized all of its servers and moved them to external, green data centers. The data centers provide service to several users simultaneously. They use outside air for cooling and are run on green electricity. A thin-client network has also been installed at Vasakronan's new office. It operates by concentrating computer power on a central server, with client machines doing less computing locally. As part of its Green Office concept, Vasakronan is now offering Green IT services to its tenants in order to help them lower their environmental impact.



Sheila Toresson Florell, General Counsel and Compliance Officer.

ETHICAL CONDUCT MATTERS

HOW DO YOU ensure correct behavior at a company? What should you do if you suspect that a colleague has behaved inappropriately? Vasakronan now has a Compliance Officer who is responsible for ensuring that the business is run in accordance with laws and regulations.

"High ethical and moral standards are important to everything Vasakronan does. It's something we simply must prioritize. We have a great responsibility to do so, not least because our owners manage Sweden's national pension funds. But, there is a commercial aspect as well. We're convinced that we increase our competitiveness by taking such matters seriously and having a long-term approach," says Sheila Toresson Florell, General Counsel and Compliance Officer at Vasakronan.

She is responsible for investigating any suspected irregularities. She is also the person employees should go to if they need to report inappropriate behavior.

"Whistle-blower protection will then apply. That means that I am bound by professional secrecy and may not divulge the source of information," says Sheila Toresson Florell.

TYPICALLY, there are two or three reports each year. The most common issues have to do with procurement and questions about whether the rules have been followed. For example, there could be concern surrounding an employee's close relationship with or other ties to a supplier. Another example is suspicion that the policies on gifts and entertainment have been breached.

"In 2012, however, we didn't receive any reports. So, naturally, you wonder why. Is it because there weren't any irregularities, or because people are afraid to report them?" asks Sheila Toresson Florell, before providing an answer herself:

"I really don't think it's because people are afraid. Rather, I think it's because we've put so much emphasis on ethics and morality. For example, in 2012 all of our employees participated in ethics workshops that provided the basis for our Code of Conduct.

Vasakronan now has a Compliance Officer, which demonstrates that we aren't afraid to take action if there is suspicion of irregularities," says Sheila Toresson Florell.

"The preventative measures are very important also, as is information about what's OK and what isn't. Our employees respond very positively to this. I'm totally convinced that most people want to do what's right, but we need to provide the right conditions in order to make that possible."

"I'm totally convinced that most people want to do what's right."

WHAT WE'RE ESPECIALLY PROUD OF

The ceiling contains recycled glass and the carpets recycled toothbrushes. Our chairs are refurbished design classics and we drink our coffee from vintage cups. On 3 December 2012, Vasakronan moved into Klara Zenit, our new activity-based office where we considered sustainability in every detail.

Quite a boost

THE GOAL IS a workplace with a higher pulse that rubs off on our employees and customers. A way of working that focuses on the individual and encourages cooperation. A place where we can gather all our knowledge and be guided by modern management. An attractive workplace and a company bubbling with energy.

That's what we were trying to achieve with the design of our new office, Klara Zenit, located at Mäster Samuelsgatan 56 in Stockholm. We found our inspiration a long way from home, in the city of Palmanova in northeastern Italy. Palmanova was constructed in the late 1500s and it's famous for its architectural design. Openness is at the core. The streets radiate from a central meeting point creating zones for different types of activities where residents can either gather to meet, or retreat so that they can work without any interruptions.

»

“Without losing focus on the individual, we created a work environment where everyone can choose the zone or room



That's what we wanted to achieve, too. The mini-city design also corresponds to what we work with: future-proof cities with buildings where both individuals and companies can thrive. The dynamics of this city provided us with the ideas and design. We listened to our own organization and transformed the 400-year-old urban design ideas into a modern workplace of the 21st century. And, without losing focus on the individual, we created a work environment where everyone can choose the zone or room that is right for the task.

WE'VE DONE AWAY WITH traditional offices and instead, we have zones and rooms for various activities. These are places where we can think, create, take a break, plan, file things away or whatever else is needed for a balanced professional life. This is what we call activity-based working. Surveys and in-depth interviews with our employees showed that this is what they wanted. They all have different needs concerning the work environment. But everyone agreed that we needed places for spontaneous meetings where it was easy to share information, along with places where you could work without being interrupted by phones, conversations or visits.

Because we built the office from scratch, we were able to consider sustainability in every detail. Klara Zenit was designed to help employees maintain a balance in life. For example, it offers catering, a children's play room, changing rooms and parking for bicycles. The open, flexible work environment also has ergonomic advantages, by

discouraging employees from working statically. Additionally, the building is centrally located in Stockholm, close to trains and the subway. We don't have much parking for automobiles, but we do have bicycles that employees may borrow. During construction, we reused as much of the demolition scraps as possible so that as little as possible would be sent to landfills. Most of the interior is made out of recycled materials, water-based paints and eco-labeled raw materials made of wood. The carpets contain Nylon 6, which can be repeatedly recycled and is made from such things as recycled guitar strings.

We've also rummaged through online auctions, garage sales, basements and attics for high quality designer furniture that could be refurbished and spruced up. So, our office is both entirely new and vintage. Furthermore, we save water and energy with our low-flow toilets and motion sensor lighting that are controlled by the availability of daylight. We have energy-efficient LED light fixtures and all our electrical equipment has the Energy Star-label.

These are just a few examples of what makes Klara Zenit 2,500 square meters of thoughtfulness. Because we considered sustainability right down to the last detail, this is one of the first offices in Sweden that is under certification according to LEED, Leadership in Energy and Environmental Design. We moved in on 3 December 2012. We're now experimenting with how to achieve new heights in leadership and employeeship. We hope we can motivate others to choose this path as well.

A VIRTUAL OFFICE FOR EVERYONE

INNOVATIVE IT SOLUTIONS are necessary in an activity-based office like Klara Zenit. We've created a virtual workplace here, where everyone brings their own interface with them. We also have a thin-client network to support us, no matter where we decide to work. All we have to do is log in and pull up the most recent interface we were using.

To lower the amount of travel, we've set up several video conferencing rooms that can accommodate up to 18 individuals. And, to help reduce paper consumption, all workstations are equipped with two energy-efficient monitors.

With these IT solutions, we don't need to have any energy-consuming servers that require cooling on the premises. They also enable us to have a nearly paperless office. We are down to just 20 filing cabinets and we hope to be able to do away with at least one more every year.

WITH KLARA ZENIT we hope to inspire others to use smarter, more energy-efficient IT solutions. As part of our Green Office concept, we've started packaging green IT services. For example, we can help our tenants reduce their environmental impact from IT by at least 25

percent by using virtual IT solutions.

Green IT could involve sharing servers with others instead of having an energy-consuming server hall on location. It could also involve the use of telephone and video conferencing instead of actual travel. Another solution is an energy-efficient thin-client network, where all employees work on client machines that are connected to a central server. There are also printing solutions designed to save paper by only allowing printout once an employee has entered his or her personal code. The launch will be in 2013!

ENVIRONMENTAL RESPONSIBILITY

“We think long-term during every stage and in all parts of our organization.”

More facts about our environmental responsibility are provided on pages 41 – 48.

GOALS 2012

- Buildings corresponding to 30 percent of the total area should have environmental certification.
ACTUAL: Buildings corresponding to 14 percent of the total area had environmental certification. The goal was thus not achieved.
- To have 250 new Green Leases in place by the end of 2012, in addition to the 558 that already exist.
ACTUAL: In 2012, 316 new Green Leases were signed. The goal was thus achieved.
- Improve the energy performance of the property portfolio by 6 percent compared to 2011.
ACTUAL: The energy performance of the property portfolio improved by 7 percent. The goal was thus achieved.

GOALS 2013

- Buildings corresponding to 50 percent of the total area should have environmental certification.
- Increase our cooperation with Green Lease tenants even more in order to create value through higher efficiency and other improvements.
- Improve the energy performance of the property portfolio by 6 percent compared to 2012.

LONG-TERM GOALS

“VASAKRONAN SHOULD BE THE INDUSTRY LEADER FOR SUSTAINABILITY INITIATIVES AND OUR ENERGY USE SHOULD BE 50 PERCENT LOWER THAN THE INDUSTRY AVERAGE.”

HERE ARE SOME MORE INSPIRING EXAMPLES OF ENVIRONMENTAL INITIATIVES »



"The changes that were made will help bring us closer to achieving our centrally formulated energy goals" says Urban Håkans, Project Manager at Axfood.



GREEN RETAIL

2012 WAS THE YEAR that Vasakronan took the first steps towards setting up Green Retail. It's a concept for more eco-smart shops. It gathers a number of services specifically designed for shop owners. The aim is to help them reduce the environmental impact of their shop. The ways of doing that are through Green Leases, Green IT services, energy conservation and waste management.

Ice-cold task

An enormous boost and more eco-smart operations. That was what happened when the grocery store, Hemköp Nordstan, and Vasakronan put their heads together. Part of the bargain was that we identified ways to save energy for the entire property.

HEMKÖP NORDSTAN in Gothenburg is a popular grocery store. It is open from 8 AM to 10 PM and it serves around 7,000 customers each day. It's great for business, but that amount of traffic causes a great deal of wear and tear in this 2,463 square meters of space.

"The store was very run down and we had problems with the floor. We needed to spruce it up and also get a grip on our energy use. We needed to know how to achieve efficient heating and cooling in a way that was financially feasible," says Urban Håkans, Project Manager at Axfood.

A complete renovation was scheduled for summer 2012. Hemköp's renovation project began right after Midsummer, with the deadline for completion just two months later. During that time, the store was temporarily set up elsewhere in the same building, in space that it borrowed from Åhléns, a fellow subsidiary.

"Hemköp Nordstan has been Vasakronan's tenant for many years. In order for both of us to get as much benefit as possible from the renovations, we

started up a parallel project. So, Hemköp's renovation became part of a larger energy initiative for the entire property. In fact, over the last few years, Vasakronan has invested more than SEK 9 million in energy-saving initiatives at this property," says Olof Petersson, Technical Director at Vasakronan.

Hemköp's refrigerators, freezers and fixtures were consuming huge amounts of energy. These were replaced by new refrigeration appliances and more efficient freezers that don't spill out as much cold air into the store. The fixtures were also replaced with ones that are more energy efficient.

"All of the refrigerators and freezers now have covers. It's a simple solution that makes a big difference," says Urban Håkans.

The store was too cold where the refrigerators and freezers were located, but too hot in other parts. This had a negative impact on both energy use and the work environment for the store's employees. The solution to that problem was to install a circulation system that transfers excess heat to the parts of the store that are too cold.



“Despite these changes, things still need to function normally for our tenants.”

Hemköp and Vasakronan shared the cost of the circulation system, since it benefited the entire property. Heat consumption is more efficient because the system reduces Hemköp’s heating needs and makes it possible to recycle excess heat.

“We’re now looking at a solution that would enable the property’s other tenants to use the excess heat. The circulation system also made it possible to optimize the operation of the building’s ventilation system. We’ve significantly reduced both the temperature of supply air and the air-flow,” says Olof Peterson.

A TIGHT DEADLINE and many technical details – a project like this affects all of the property’s tenants. For example, there are shops, offices, a bank and three restaurants located there.

“We were doing a lot of work in a short period of time. It was like a game of musical chairs. We’re responsible for providing tenants with information on the technical status of the property, so that everything runs as it should. So, it’s important that we work as a team,” says Torbjörn Pettersson, Vasakronan’s technical manager for the property.

Livio Paladin is a member of the team. He is one of the technicians responsible for both of Vasakronan’s Nordstan properties, which total 70,000 square meters. So, during summer 2012, he was up to his ears in work. While the Hemköp project was going on, another tenant at the same property was completing a major expansion.

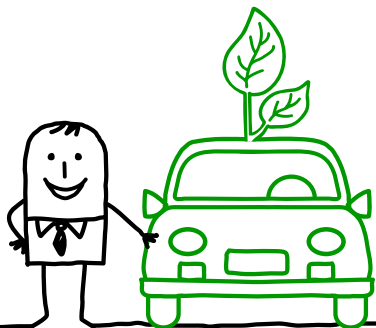
“Despite all these changes, things needed to function normally for our tenants. Electricity, ventilation, fans, sewers, entrances, fire alarms – everything needed to work. If something stops working, we

need to fix it right away. Disruptions were impossible to avoid, but we kept everyone updated as much as possible and there was tight communication with Vasakronan’s contractors so that they could adapt to our tenants’ needs,” says Livio Paladin.

In order to make Hemköp as “green” as possible, changes were also made to its waste management practices. Hemköp now uses Vasakronan’s waste sorting room for everything except corrugated cardboard, plastic wrap and organic waste, since it already has recycling solutions for those things. Hemköp has also signed an agreement with one of Vasakronan’s waste contractors. The store is now charged according to the amount of dry, combustible waste that is discarded.

Today, Hemköp Nordstan is a much more eco-smart store. Energy use has been significantly reduced and the store’s electricity and cooling costs are about 60 percent lower. Because of the energy-saving measures and renovations made to Hemköp, the energy use of the entire property will go from 161 kWh per square meter to 80 kWh per square meter, not including operational electricity. Everybody benefits from a greener Hemköp.

“Energy issues require a certain amount of give and take. It’s better if everyone can use the excess heat, rather than just letting it escape through the roof. And, everything we’ve done has made us more aligned with Axfood’s centrally formulated energy goals,” concludes Urban Håkans.



SOLAR ELECTRICITY
FUELS 50 ELECTRIC
CARS

WITH ITS NEARLY 2,000 square meters of solar cells, Vasakronan currently produces enough solar electricity to operate 42 electric cars over a distance of 5,000 km each per year.

The property called Priorn, located in the Triangeln shopping center in Malmö, was the most recent one equipped with solar panels. When the roof needed to be replaced at this property, Vasakronan took advantage of the opportunity by installing 500 square meters of solar cells that now generate about 40,000 kWh per year.

Our first, and thus far largest, solar power system is on the roof of the University College of Arts, Crafts and Design (Konstfack) at Telefonplan in Stockholm. There, 700 square meters of solar cells are installed. It has been operating since 2009 and it generates about 86,000 kWh per year. That corresponds to the annual electricity consumption of 20 households.

FIRST WIND TURBINE

Vasakronan has its first wind turbine on the roof of Bassängkajen, a property located in Västra hamnen, Malmö. We expect it to provide up to 4,000 kWh per year if the average wind speeds are good.

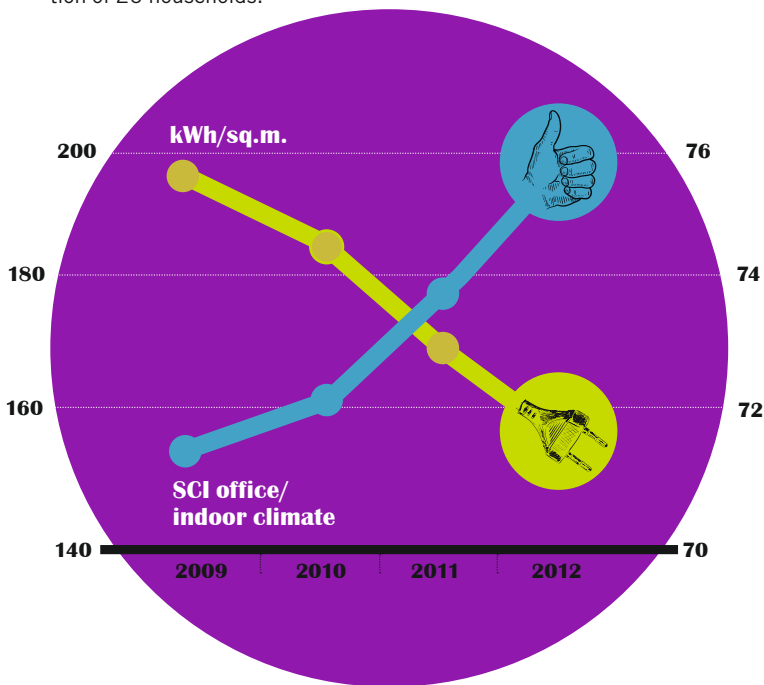


ENERGY FUND
FOR SMART IDEAS

BY FINE-TUNING existing installations, we can save a lot of energy. But sooner or later, new investments are required and that's where Vasakronan's energy fund comes in. It is currently worth SEK 85 million and Vasakronan's property teams can apply for funding that will be used to implement energy-saving initiatives. In 2012, approximately SEK 85 million was invested in both small and large energy-saving projects.

85

MILLION SEK TO SUPPORT
SMART IDEAS FOR
THE ENVIRONMENT



TURN OFF YOUR COMPUTER
AND DO SOMETHING FUN WITH
THE SAVINGS

APPROXIMATELY 2.1 MILLION people work at offices in Sweden. They work an average of 225 days per year, which corresponds to about 1,800 hours. If everyone turned off their computers when they left the office, this would save about SEK 47 million in electricity costs. That corresponds to 397,000 movie tickets, or 9,500 gym passes that each cost SEK 5,000.
Calculation: Lennart Lifvenhjelm, Certified Energy Expert at Vasakronan.

LOWER ENERGY USE INCREASES
CUSTOMER SATISFACTION

WHEN ENERGY USE decreases, customer satisfaction increases. Is that really true? We've surveyed our tenants and the results show that lower energy use goes hand in hand with higher customer satisfaction. This is primarily because energy saving initiatives typically improve both the temperature and ventilation at a facility. This makes the indoor climate and work environment more pleasant.

MIX OF INSPIRATION

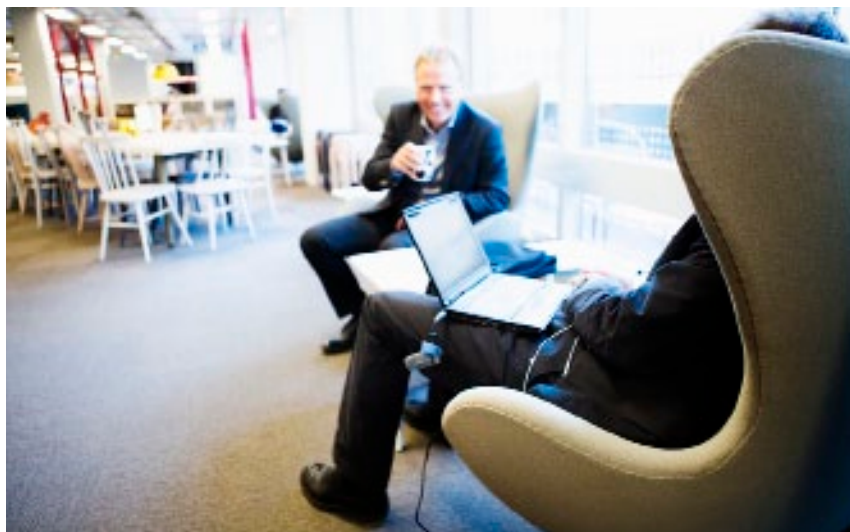


PHOTO: TINA AXELSSON

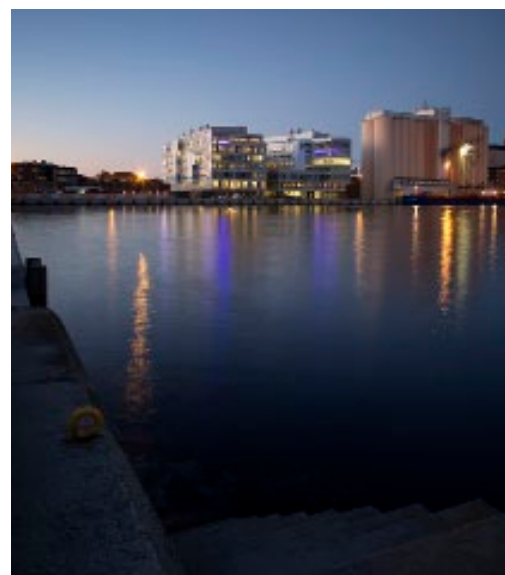


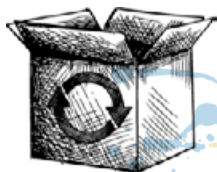
PHOTO: GUSTAV KAISER

VASAKRONAN GOES VINTAGE

MATERIALS, DECOR AND FURNITURE. At Klara Zenit, Vasakronan's new office located at Mäster Samuelsgatan 56 in Stockholm, we considered sustainability in every detail. The interior, such as carpets, primarily consists of recycled materials and most of our furniture is refurbished design classics. Because we considered sustainability right down to the last detail, this is one of the first offices in Sweden where the furnishings are being certified by LEED, Leadership in Energy and Environmental Design.

A SMART ECOSYSTEM

VASAKRONAN AIMS TO first and foremost reduce the amount of waste at its properties. Minimizing the amount of hazardous waste is particularly important. We also want to contribute towards smart loops and produce as little waste as possible. Something that we consider to be waste could actually be a resource for someone else. This waste hierarchy helps us achieve this. It is based on an EU Directive on waste management



Reduce

For example, by using smart packaging and only printing something out on paper when it is absolutely necessary.



Reuse

Selling, donating or reusing building materials, furniture and other furnishings makes good environmental and financial sense.



Recycle

Newspapers, packaging and glass bottles are just some of the materials that can be recycled and turned into new products.



Energy Recovery

Combustible waste is a resource that can be used by district heating plants and CHPs. Organic waste can be used to produce biogas using a digester.



Disposal

Waste that cannot be recycled or reused will be dealt with in an environmentally sound way and sent to landfills.

SOCIAL RESPONSIBILITY

GOALS 2012

- Through active, committed efforts maintain an employee satisfaction index (ESI) of at least 97.
ACTUAL: In the most recent employee survey, the ESI was 97. Accordingly, the goal was achieved.
- 65 percent of Vasakronan's work teams should receive a score of at least 80 on the section of our customer survey.
ACTUAL: 58 percent of our work teams received a score of at least 80. The goal was thus not achieved.

GOALS 2013

- Through active, committed efforts maintain an ESI of at least 97.
- 85 percent of Vasakronan's work teams should receive a score of at least 80 on the section of our customer survey.

LONG-TERM GOALS

“RATED AS THE MOST ATTRACTIVE EMPLOYER IN THE INDUSTRY. CUSTOMERS SHOULD FEEL THAT VASAKRONAN HAS THE MOST ATTRACTIVE OFFERING IN ITS SECTOR.”

“We want to be a long-term, reliable partner, employer and stakeholder in society.”

HERE ARE SOME MORE INSPIRING EXAMPLES. OR, SEE PAGES 49–53 IF YOU WOULD LIKE TO SEE SOME SPECIFIC FIGURES.

It's no fluke

A property portfolio unlike any other, skill in finding the right employees, modern management and dynamic workdays. Vasakronan has what it takes to be the best employer in its sector.

IT'S NO FLUKE, EITHER. Vasakronan's excellent reputation as employer has substance. It's all about working in a long-term, strategic way to identify each employee's unique expertise and allowing them to reach their potential. Recruiting efforts need to carefully consider what expertise is needed both now and in the future and we must engage in promotional activities at universities so that we can build our network with the next generation of property technicians, agents and managers. Because of our success in these areas, Vasakronan achieved a Satisfied Employee Index of 97 (out of 100) and it was ranked by students as the most attractive employer in the Swedish property sector's recruitment survey for 2012.

"Above all, we're a results-oriented organization, but we firmly believe that it's possible to combine that with high ethical standards, modesty and a humanistic philosophy. Our success lies in having clear goals for what we are trying to achieve and modern management with the right mix of autonomy and control," says Cecilia Söderström, Head of HR at Vasakronan.



"We have fun together and we like what we do."

MAGNUS JOHANSSON

“The positive atmosphere and modesty at Vasakronan really stood out”

ELIN FORSMAN

PHOTO: PETER WESTRUP



MAGNUS JOHANSSON, Assistant Key Account Property Manager. **EDUCATION:** real estate management at Malmö University. **EMPLOYED AT VASAKRONAN SINCE:** year-end 2010.

What was it that attracted you to Vasakronan?

“I already knew a lot about Vasakronan when I was a student. I was certainly attracted by the fact that it’s Sweden’s largest property owner, but I was equally attracted by its property portfolio – top-notch city properties in good locations.”

“I worked here during summer 2010 as an intern and then I was offered short-term employment as a project assistant for the renovation of Triangeln shopping center in Malmö. After that, I was offered permanent employment as Assistant Property Manager for a number of properties in Malmö, one of which is Triangeln.

What’s a typical day like for you as Assistant Key Account Property Manager?

“I spend most of my time on customer relations. That includes everything from daily contact with our tenants in order to solve different types of problems, to administrative tasks like writing lease agreements and negotiations with both existing and new tenants. The best

description is probably this: no two days are ever the same!”

What does the word “employeeship” mean to you?

“Autonomy and control 2.o. It’s all about taking responsibility for one’s own skill development and taking the initiative to make a contribution to the company in whatever way I can. I don’t try to hide my own ambitions and because of that, I get opportunities to try new things and tackle new tasks and areas of responsibility. I also feel more committed by being involved.

Why do you like being an employee of Vasakronan?

“We have fun together and we like what we do. It’s as simple as that. The atmosphere and work environment are good. Also, collaboration with others is filled with positive energy and respect for each person’s skill set. We are also extremely proud of the properties that we are developing and managing. It’s a unique, fantastic portfolio.

ELIN FORSMAN, Leasing Agent. **EDUCATION:** real estate management at Malmö University. **EMPLOYED AT VASAKRONAN SINCE:** April 2010.

What are your responsibilities as an agent?

“I’m responsible for leasing out vacant facilities in Malmö and Lund. I market and show the facilities to potential tenants. I also write offers and negotiate contracts. Additionally, I bring together the team that will later adapt facilities to the tenant’s needs.”

Why did you choose Vasakronan?

“I came into contact with a number of commercial real estate companies while I was working on my thesis. From the very start, I felt like I “clicked” with the employees at Vasakronan and I liked the company’s modest, positive atmosphere. The feeling was so strong that I resigned from a permanent job elsewhere when Vasakronan offered me temporary employment as a leasing agent. And that worked out well, because now I’m employed on a permanent basis.”

Employees have a great deal of responsibility for their own skill development.

How are you going about that?

“I have incredibly skilled and competent colleagues. I learn a lot from them every single day. Knowledge exchange can occur in many ways. It can be as simple as just joining in on each other’s meetings to see and learn. This really helps increase understanding of other employees’ tasks and challenges. It also helps us learn how to collaborate in the best way possible.”

“I’ve also received coaching to improve my communication skills with customers. This has helped me become much better at identifying and focusing on the client’s decision maker and capturing that person’s specific needs. Communication training has provided me with new tools for clarifying and explaining my role and function at Vasakronan.”



Blond jokes and closet drinkers?

Is it OK to tell blond jokes during coffee breaks? How about confronting a colleague who clearly has a problem with alcohol? We grappled with dilemmas like these during the work to create a Code of Conduct for Vasakronan.

THERE ARE NO black and white answers when it comes to ethics and morality. Vasakronan's employees soon became aware of this when they participated in the ethics workshops that provided the basis for the company's Code of Conduct.

"The process of creating our Code of Conduct was every bit as important as the finished product. This work

was an important component in gaining our employees' support. It was an exciting, thought-provoking journey of finding out how aligned our own moral and ethical compass is with the company's fundamental values," says Cecilia Söderström, Head of HR at Vasakronan.

THE METHOD is based on a situational orientation to learning. Managers and groups of employees are



WHAT IS A CODE OF CONDUCT?

A Code of Conduct clearly describes a company's responsibilities and approach as business partner, employer and member of society. Vasakronan's Code of Conduct contains guidelines that our employees have themselves helped create and which govern our daily work.

“The process of creating our Code of Conduct was every bit as important as the finished product.”

CECILIA SÖDERSTRÖM, HEAD OF HR AT VASAKRONAN

confronted with a number of fictitious, but relevant everyday dilemmas and then asked: what would you do? There are no right or wrong answers, but some are a better fit with the company's values and that's how the answers are then ranked. The answers indicate how well Vasakronan's values are followed by employees as they go about performing their daily tasks and, equally important, they reveal whether there are any discrepancies between the answers given by managers and other employees. The results are used to develop the content of our Code of Conduct.

“The Code of Conduct serves as an internal framework and guideline for our business interactions with each other, our customers, suppliers and other stakeholders. It's a tool that helps us continually check whether we really practice what we preach. It also demonstrates that you can rest assured that our products and services have been produced under good working conditions and that we run our business in a long-term, sustainable way,” concludes Cecilia Söderström.

VASAKRONAN'S VALUES

HOLISTIC APPROACH: We consider all perspectives when working. We understand the big picture and how we fit in. We look for synergies between specialist functions and are open to the ideas and approaches of others.

HUMANISTIC PHILOSOPHY: We respect each other. We are a company that cares about people and respects different opinions. We are considerate towards each other. We acknowledge and respect each person's equal worth.

HIGH ETHICAL STANDARDS: We comply with laws and regulations and have a high level of business ethics. We are serious and explicit. We are a company that you want to do business with, both now and in the future.

PHOTO: TINA AXELSSON



THE ART OF COMMUNICATION

Jonas Bjuggren, Regional Manager for Uppsala, is one of Vasakronan's managers who received training in communicative leadership during the year. It's the art of delivering a message that is understandable, interesting and inspiring.

How should a communicative leader at Vasakronan act?

“Communication is our primary tool for getting everyone to pull in the same direction. It has to do with the ability to make the big picture understandable, communicating our vision, yet bringing it down to a lower level and connecting it to what we're doing right now. Communicative leadership also has to do with the ability to deliver a message regardless of whether you're making an important presentation to clients or discussing a serious topic with just one employee.”

What have you taken away with you from these sessions on communicative leadership?

“The training sessions have given me a new tool that I can develop further. I've obtained insight on the importance of really thinking about what my message actually is and how I can make it more alive using metaphors and imagery. Above all, I think the sessions have given me the courage to think in a new way and discard some outdated, ingrained concepts. We now dare to try new methods and push the boundaries with the goal of improving our everyday communication skills.

COMMUNICATIVE LEADERSHIP

WITH HELP FROM an external consultant, Vasakronan's managers practiced communicative leadership techniques in 2012. All of this got underway at the spring seminar for managers, followed by three additional full-day sessions later on. Managers worked with a coach in groups of 15 to practice different communication tools having to do with such things as body language, tone of voice and message formulation. The goal was for the participants to become better at speaking in front of a crowd and formulating lively, interesting messages.

BUILDING A CITY...



Once upon a time...

From traditional industry to a creative center. Telefonplan has found its new identity and become a city of its own.

TELEFONPLAN SOUTH of Stockholm was once synonymous with LM Ericsson. The area was designed by architect Ture Wennerholm and with time, it became known as LM city. Today, LM city has been transformed. The industry facilities have become the hub of a creative melting pot of companies and colleges for design, fashion, art and com-

munication. More than 3,000 people spend time here each day.

“When Vasakronan purchased the Ericsson property early in the 2000s, we were faced with the challenge of how we could do something good with these old buildings from the 1940s. We wanted to, in some way, profile the area and give it its own identity,” says Dag Levander, Key Account Property Manager.

As Ericsson gradually moved out, new

companies and organizations started moving in. In 2004, the University College of Arts, Crafts and Design (Konstfack) moved to Telefonplan.

“That’s when the profile became obvious to us. This is where we would create a center for art, architecture and design,” says Dag Levander.

Nearly ten years later, that’s exactly what it has become. Besides the University College



PHOTO: GUSTAV KAISER



PHOTO: BRUNO EHRS

ARTISTIC CENTER

In 2004, when the University College of Arts, Crafts and Design moved in, the old functional style industrial facilities were converted into a 20,300 square meter arts college. Visitors are greeted at the entrance by the "white sea", which is always changing with the new exhibitions and projects displayed there. The facilities contain workshops for various types of materials like wood, metal, textiles, glass and ceramics. They also have a photography studio, TV studio and studios for sculpting and painting. Each year, approximately 900 students are enrolled here.



CAREFUL RENOVATION

In 2014, the Swedish Social Insurance Agency (Försäkringskassan) will move into 24,000 square meters of newly renovated space. The interior will be freshened up and the windows will be replaced. The renovation is being done very carefully so that we don't lose the "feel" of the old facilities. The building, which will have environmental certification, was the last one to be vacated when Ericsson left Telefonplan. Vasakronan's total investment in the property amounts to SEK 320 million.

of Arts, Crafts and Design, a number of design companies are also now located here, such as Fox Design, Citron Design and Front Design, as well educational companies like Hyper Island, which specializes in digital media and leadership.

Both Dag Levander and his colleague, Lars Perjons, who works with technical management, have been a part of all this from the very start. They are very committed and enthusiastic.

"There's a special vibe here and it's really cool. You can feel it as soon as you step off the subway and see the silhouette of all these classic buildings. Today, Telefonplan is a city within the city, with offices, schools, housing and

services," says Lars Perjons.

The convenient layout makes it easy to start your day with a workout at the gym, SATS, and then be at work fifteen minutes later. There are also plenty of restaurants and cafes to choose from when it's time for lunch. Then, you might end your day by picking up the kids from Vittra school or Paletten, the daycare center that has received so much attention for its colorful, imaginative design.

It's no exaggeration to say that Telefonplan is a great example of Vasakronan's vision of "creating future-proof cities". Cities where both individuals and companies can thrive.

"That's exactly how it should be. We

“There’s a special vibe here and it’s really cool. Today, Telefonplan is a city within the city, with offices, schools, housing and services.”



PHOTO: KIM WENDT

NONTRADITIONAL SCHOOL

Vittra opened its doors in 2011. There are after-school activities, a daycare center and a school for children up to grade 6 located here. The design has received a lot of attention. It is based on how we actually learn things, rather than what a traditional school building looks like. The children’s learning and curiosity is stimulated by this creative, imaginative environment. There aren’t any traditional desks, but there are many gathering places. There are also areas where you can concentrate and work without being interrupted. The architectural design was provided by the Danish firm, Rosan Bosch.



PHOTO: GUSTAV KAISER

DIGITAL EXCELLENCE

At Hyper Island, there aren’t any traditional teachers, exams or books. During this two-year digital media education, students experience work situations that are as realistic as possible. Learning is viewed as a process and the students are allowed to take the initiative. The school also offers company and leadership trainings aimed at teaching managers and employees to be more creative and enterprising. They also offer three-day intensive courses, Hyper Island Master Classes, intended for the media and advertising sector.

want to continue developing Telefonplan in a way that allows our tenants to thrive and develop their business. We also want to make the surrounding area attractive,” says Dag Levander before continuing on:

“For us, there’s no question about taking overall responsibility for this area. Besides the actual facilities and buildings, the surrounding environment is also very important to the overall impression. We make sure everything is tidy and attractive. If there’s any graffiti, we remove it right away and we keep the streets, parking and green spaces well maintained. I’d venture to say that we’ve thought of everything.”

COLLABORATION IS important when your trying to “create future-proof cities” and Vasakronan works closely with the University College of Arts, Crafts and Design, the City of Stockholm and various businesses when planning events and exhibitions, for example. Vasakronan also supports the newly formed business association, TID, which stands for Telefonplan, Innovation and Design. It is a forum where tenants can work together to identify ways of making the area even better.

Another example of collaboration is the scholarship that Vasakronan has sponsored over the last seven years for students at the University College of Arts, Crafts and Design. In 2012, the scholarship went to Caroline Wetterling for her thesis project, “A three-minute love story,” which is a model for a tango dance pavilion. This was the jury’s motivation: “this is a piece that helps increase awareness of how important the physical space is for people to be able to interact and be together.”

Attracting new and exciting organizations to Telefonplan is a challenge. Another is attracting and retaining creative talents, like graduates of the University College of Arts, Crafts and Design, for example. Vasakronan also supports the University College’s own incubator, Transit.

THERE ARE also special agreements between the two office hotels in the area, Telefonplan Studios and Kolonien, which lease space to freelancers and small companies.

“Telefonplan Studios is located in a section of the old Ericsson building that still has small offices, which is exactly what many small, creative companies are looking for. It’s set up as a co-operative association,” says Dag Levander.

The same terms apply at Kolonien, where freelancers and small companies can rent a room or just a workspace.

Telefonplan is in a constant state of change. 1,000 new homes will be built on property that Vasakronan is selling to various housing developers. Furthermore, in 2012, the Swedish Social Insurance Agency (Försäkringskassan) decided that it would relocate to Telefonplan, where it will lease 24,000 square meters of space. Renovations are now fully underway and everything will be completed in 2014.

“When the Swedish Social Insurance Agency moves in there will be approximately 4,800 people working, studying and living at Telefonplan. Once the new housing is ready, sometime in 2017, we estimate that we’ll have around 7,500 people here,” says Dag Levander.

That means that Telefonplan “city” will have a larger population than places like Landvetter, Båstad, Leksand and Strömstad.



Back row, from left:
Mahad Abdulle,
John Laselle and Daniel
Perez Peric (both from
Löparakademin), and
Mahamed Hassan.
Sitting: Souhaib Ouadi.

One step at a time

Kista, 13 December 2012. Mahad, Mahamed and Souhaib just finished school for the day. But, they've still got their workout to look forward to before heading home. Löparakademin has taught them how to set goals for their lives. Each session brings them one step closer to the future. »

“Löparakademin offers a ten-week program for groups of approximately 25 youth. The program teaches them how to make both studies and exercise a part of their lives.”

IN THE STOCKHOLM SUBURB OF Kista, many young people are unemployed and very few opt to continue their studies. The non-profit organization, Löparakademin, wants to change that and Vasakronan is one of its sponsors. In this project, long-distance running and exercise are used as a tool for personal development.

“Löparakademin targets high school students in the ‘million homes’ housing projects near Stockholm. Our program teaches them how to set and achieve personal goals. It’s aimed at helping youth discover their potential and encouraging more of them to enter university. Löparakademin is a spin-off of the non-profit project, Husby Marathon Programme,” explains the organization’s director, John Laselle, who is also a Swedish Champion in middle-distance running.

He also grew up in the suburbs. The same goes for Daniel Perez Peric. Besides working as a sports and recreation coach, he volunteers at Löparakademin as both coach and workshop leader.

“These kids are at a tricky age. There are a lot of demands on them and they’re grappling with the issue of what they should do with their lives. Sports provide a great forum for tackling these issues. You can find role models, make many new contacts, learn how to set intermediate goals and not give up along the way. You can also learn how to define who you are and what you want,” says Daniel Perez Peric.

Löparakademin offers a ten-week program for groups of approximately 25 youth. The program teaches them how to make both studies and exercise a part of their lives. Together with a leader, they set personal goals for the future, along with intermediate goals to help make sure they get there. Physical exercise is alternated with workshops on a wide variety of topics, like different career options, what it’s like at university and what’s required to get accepted. They might also cover healthy eating, sleeping and living habits to ensure you’ll have enough energy for school and workouts.

“Each program has eight leaders. They act as both mentors and coaches. They set up exercise programs and provide advice. We try to engage local role models, like Daniel,” explains John Laselle.

It’s also important that these youth take initiative themselves. They’re expected to do more than just collecting a pair of shoes (provided by our sponsors) and then coming and going as they please. Each participant

must register and describe their motivation. There are also attendance requirements.

“Yes, sometimes one or more don’t show up. When that happens, we go to their school or into the city to look for them,” says Daniel Perez Peric.

RECRUITING IS DONE through youth centers and the schools. Word is also spreading that Löparakademin is really great, explain the three youth who came to the interview to tell us about it. They’re all in class 9A at Herrängen School and they’ve all participated in sports in the past – soccer and wrestling – but now feel a bit lost about the future. What should they study and why? What type of work would it lead to?

Besides school and homework, they each participate in at least two workouts per week and workshops every other week. An early Sunday morning workout isn’t something that would scare them off, either.

“At first, I thought it would be hard. But I got more and more motivated each time. Achieving the intermediate goals felt great,” says Souhaib Ouadi.

But many of Löparakademin’s participants have never done any sports before. For them, it’s particularly important to learn what a “smart” goal is and how you break it down into intermediate goals, explains John Laselle.

“Learning how to set goals early in life is something they benefit from both in school and at work. And, it’s a tremendous accomplishment when they are finally able to run ten kilometers,” he says.

Besides its youth activities, Löparakademin also organizes lectures and races: Kistaloppet (ten kilometers), Lilla Kistaloppet for children (1.7 kilometers) and Skärholmsloppet (five kilometers). The races attract thousands of people and they are symbolically important as well. For example, the route of Kistaloppet is through Kista shopping center, past one of the “million homes” housing projects, through the Järvafältet green spaces and around the Kista IT cluster. Approximately 75 youth had completed the Löparakademin program as of year-end 2012. Plans are to double that number during 2013. Vasakronan is one of the organization’s two main sponsors and with that support, plans are to add six more programs in Stockholm and two in Malmö. Mahad, Mahamed and Souhaib are living proof that the method works. They reached their goals after participating in Löparakademin for just ten weeks. All three have managed to raise their grades. Vasakronan says, “Well done and congratulations!”



MAHAD ABDULLE:

IF YOU REALLY WANT SOMETHING IT'S POSSIBLE TO ACHIEVE IT

"My personal goals were to run Håsselbyloppet and finish school with a certain amount of points, particularly for my science classes. And, I did it! Löparakademin has made me curious about the different educations that are out there and the kinds of jobs they could lead to. I've also learned that if you really want something, it's possible to achieve it if you put in the effort. I still don't know what I want to be, so that's why I'm going to study science subjects in high school. That will give me the most options for further studies at university."

"LÖPARAKADEMIN HAS MADE ME CURIOUS ABOUT THE DIFFERENT EDUCATIONS THAT ARE OUT THERE AND THE KINDS OF JOBS THEY COULD LEAD TO."

MAHAMED HASSAN:

I PLAN ON GOING TO KTH AND BECOMING A SYSTEMS DEVELOPER

"I was most attracted by Löparakademin's workshops, where you get to learn how to set smart goals for how you want things to be in the future. For example, we learned how to write a CV, what the university entrance exam (Högskoleprovet) is all about and what it's like to study at university. My goals were to run Håsselbyloppet in less than 50 minutes and raise my grades in Spanish and math. Löparakademin is fun. I've learned a lot and I have more energy. I like computers and IT systems, which is why I'd like to go to KTH and study system development."

"LÖPARAKADEMIN IS FUN. I'VE LEARNED A LOT AND I HAVE MORE ENERGY."



SOUHAIB OUADI:

I KNOW WHAT I WANT TO DO AFTER LÖPARAKADEMIN

"A friend told me that there was an academy where you could study and work out. First, I attended an information meeting about how it all works. After that, I got to set personal goals for both exercise and school. One goal was to run Håsselbyloppet in exactly 45 minutes. I almost did it, too. My time was 46 minutes. I know what I want to do after Löparakademin. First, I want to go to KTH and learn more about IT. After that, I want to work as an IT technician."

"I GOT TO SET PERSONAL GOALS FOR BOTH EXERCISE AND SCHOOL."

COOPERATION AND GOOD URBAN DEVELOPMENT

"Vasakronan has sponsored Löparakademin since 2009, first by providing facilities. Since 2012, we've expanded our cooperation such that it now includes support funding, strategic advice and volunteers to run

workshops, give presentations and help with events. We decided to cooperate with Löparakademin because the program focuses on youth, which is an important target group when you're trying to achieve good urban

development. Löparakademin's culture and approach is similar to our own. It's a good match for the type of community involvement Vasakronan wants to support. The program also uses a proven approach and they've

achieved good results. The cooperation stretches over three years and aims to help Löparakademin expand into other regions," says Anna Denell, Head of Sustainability at Vasakronan.

OUR ARTWORK

FLOATING PUZZLE PIECES, evocative natural elements, deep sea diving and animal safaris. These are examples of what you'll see at Vasakronan's properties. Artwork is an impor-

tant component of our properties. For both new construction and renovation projects, we strive to create pleasant environments that will have lasting value over time. Art creates well-being

and gives properties an identity. Sometimes, it can raise the value of a property as well.



PHOTO: JOHANNES BERNIER

SCALES

WHEN GOTHENBURG District Court moved to the property between the two Ullevi arenas, the prior closed facade was replaced by a bright landscape. Willowherb, brooks, autumn leaves, stones and streams are all portrayed in the painting done in ceramic paint on glass, tempered in a furnace. The scales of justice symbolize how courts must balance truth and fairness. **Artist:** Kåre Henriksson.

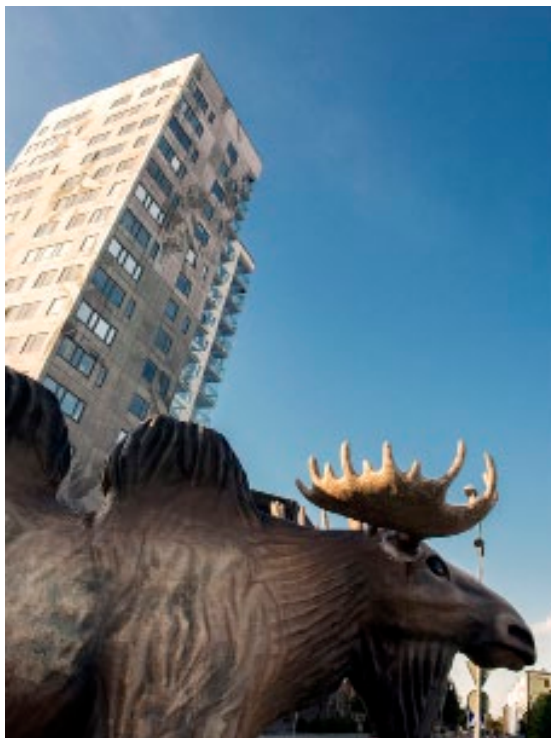


PHOTO: MAURO RONGIONE



PHOTO: GUSTAV KAISER

SHINING SHADOW AVENUE

LIGHT, welcoming, timeless. It symbolizes the motion of water and seas. This artwork is displayed in the entrance hall of Jakobsgatan 6. It creates an illusion of a tree-lined avenue and foliage that reflects sunlight. The column is covered in dark, shiny tiles supporting, as if it were a tree trunk, both the foliage and the building's facade. **Artist:** Anna Lerinder.

HYBRID MOOSE

IT'S A CROSS between a camel and a moose. It symbolizes the meeting between cultures. A creative twist on roundabout art. It's the world's first camoose! This artwork stands proudly in a roundabout at Telefonplan in Stockholm. It won first prize in the University College of Arts, Crafts and Design's student competition where the challenge was to create a symbol for innovation and design. **Artist:** Linda Shamma Östrand.

GOALS 2012

- Increase operating income when comparing equivalent property holdings by 2.5 percent.

ACTUAL: In 2012, rental revenue increased and property expenses decreased. As a result, operating income when comparing equivalent property holdings increased by 3.8 percent. The goal has thus been achieved.

- Total administrative expenses should not exceed SEK 130/sq.m.

ACTUAL: In 2012, the results of prior cost-saving measures were realized. Total administrative expenses fell to SEK 125/sq.m. The goal has thus been achieved.

- An ambitious goal of achieving an occupancy rate of 94 percent.

ACTUAL: The weakening of the Swedish economy had a negative impact on the rental market. The occupancy rate remained at 93 percent at the end of 2012. The goal has thus not been achieved.

GOALS 2013

- Increase operating income when comparing equivalent property holdings by 1 percent.
- Increase the occupancy rate to 94 percent.

LONG-TERM GOALS

“TOTAL YIELD SHOULD BE AT LEAST 7.5 PERCENT PER YEAR AND AT LEAST 0.5 PERCENTAGE POINTS HIGHER THAN THE INDUSTRY AVERAGE.”

(ACCORDING TO SFI/IPD SWEDISH PROPERTY INDEX)

“Taking financial responsibility for our operations results in competitive advantages that benefit Vasakronan’s stakeholders in various ways.”



MEET A CHAMPION AND SEE THE TRUTH BEHIND THE NUMBERS ON THE NEXT PAGE. MORE FACTS ARE ALSO PROVIDED ON PAGES 38–40.

Everyday heroes

SEK 50 million. That's how much lower Vasakronan's costs for operations of and repairs to properties were in 2012 compared to 2011. It was possible thanks to our employees' smart solutions on how to save energy and make repairs to buildings.

JÖRGEN HEED, who works as a technician in Uppsala, is responsible for the property called Dragarbrunnsgatan, where the Swedish Social Insurance Agency (Försäkringskassan) is a tenant. This five-story building was built in 2005. It has raised floors with space underneath for pipes and ventilation. Outside air enters the premises through flooring appliances, each of which contains two fans. Hundreds of these flooring appliances are installed throughout the building.

"With time, the fans started making noise and we knew that they would soon have to be replaced. I checked with the supplier, who quoted a price of SEK 25,000 per fan, which would then be SEK 50,000 for each appliance. That's a lot of money," says Jörgen Heed.

He started thinking about what a better solution could be.

"I brought the fans to a company in Uppsala that works with electric motors. They were able to repair them by replacing the bearings. For each fan, the cost was SEK 9,000. That's quite a difference."

Jörgen Heed has continued sending broken fans there for repairs. In total, Vasakronan estimates that his idea has saved the company about SEK 220,000. The tenants are also happy that they get such fast service when the fans break down. There are sustainability aspects as well. It's good for the environment when you can make repairs, rather than throwing things away and buying something new.

For this smart solution, Jörgen Heed was named Vasakronan Champion in the category, "Best cost-saving idea of the year." His contribution and the contributions made by other employees have enabled Vasakronan to lower its costs by SEK 50 million. The savings have primarily been made in three ways: improvements in energy efficiency, smart repair solutions and by negotiating good service agreements with suppliers.

"This demonstrates that every small contribution

makes a difference when you add them all up. We've put a lot of effort into supporting the work done by our technicians as much as possible. Now we've got a good momentum going that's great to see," says Nicklas Walldan, Chief Technology Officer.

Improved IT support was one improvement appreciated by our technicians.

"For quite some time, we've all used the same IT system for inspections and maintenance. This makes it easy to plan the work in a structured way and keep track of when it is time to inspect elevators and ventilation, for example. That results in less interruptions and fewer repairs. Now we're also using this system to report faults instead of doing that in a separate system. We can keep track of things even better this way. We were able to get rid of one system by merging one into the other."

THE SYSTEM used for energy monitoring has also been replaced. "For example, many meter readings are now taken automatically. This frees up time for our technicians so they can focus on other tasks, rather than having to manually collect data. It also makes more options available for financial monitoring. Simple charts and graphs show direct changes when we look at our overall operating expenses."

In order to discuss what's been done and share experiences, Nicklas Walldan invites his entire staff to a technicians' meeting once per year.

"The meetings are a way of encouraging our technicians to build a personal network. It should be easy to just pick up the phone and ask a colleague if they've ever encountered the same problem. After all, we shouldn't ever have to reinvent the wheel."

Nicklas Walldan also emphasizes how important it is for employees to know that they can make decisions themselves.

"You don't have to ask your boss about everything. If you discover a smart solution, just go ahead and do it!"



For this smart solution, Jörgen Heed was named Vasakronan Champion in the category, "Best cost-saving idea of the year."

"I brought the fans to a company in Uppsala that works with electric motors."

VASAKRONAN CHAMPION

Each year, Vasakronan selects its Champions of the Year. There are several categories, which are: best customer team for office and retail, best deal, best achievement, best energy initiative and best cost-saving idea. It's a way of recognizing the good work that our employees do.



Spotlight on sustainability

Vasakronan's new Head of Sustainability, Anna Denell, looks forward to a very dynamic 2013.

"We will absolutely keep our focus on the environment. But we will also focus very much on our social responsibility in 2013," she says.

WITHOUT CLEAR and challenging goals, it's difficult to obtain results. Anna Denell, who previously worked as Vasakronan's Environmental Manager, is convinced about that.

"For environmental issues, we established tough goals already in 2009. We made significant progress rather quickly, particularly with energy saving initiatives and climate impact. Clear goals motivate people. They're a catalyst for the organization," she says.

She is now applying the experience she gained on environmental topics to other sustainability issues.

"In 2013, I would like to see Vasakronan start working in the same strategic, systematic way with issues having to do with our social responsibilities."

Continued work on ethics and values is another important area. In 2012, Vasakronan held a number of workshops throughout the organization to discuss ethics. This resulted in a Code of Conduct for the company.

CREATING a culture where all employees feel that they both can and must report inappropriate behavior is important to Vasakronan. For this reason, the company has a Compliance Officer, i.e. the person that receives reports of and takes action on suspected inappropriate behavior or crimes. Whistle-blower protection will then apply and the Compliance Officer is also bound by professional secrecy.

"This is a key function, particularly in terms of preventing the risk of corruption"

Anna Denell would also like to further develop Vasakronan's efforts in the areas of diversity and equality. She would like to bring in more employees with a foreign background and achieve a more balanced



PHOTO: GUSTAV KAISER

"Tough goals lead to results."

ANNA DENELL,
HEAD OF SUSTAINABILITY
AT VASAKRONAN

gender distribution. For example, it is predominantly men who are working with operations and management, and women who are working with administration.

"Of course we already have a diversity and equality policy, but I'd like us to set some clear goals as well. Otherwise, there's a risk that the policy is just another piece of paper."

"Another issue that I think is important is continuing to make progress on accessibility both inside and around our buildings."

In 2012, Vasakronan decided to expand its social responsibility. This resulted in a cooperation with Löparakademin, which is a non-profit organization that works with children and youth in socially deprived areas around Stockholm.

"Before we chose Löparakademin as our partner, we found out which issues matter the most to our employees. This was one such area. Using very few resources, Löparakademin helps prevent exclusion, segregation and unemployment among youth. In 2013, the program will start

being offered in Malmö as well.

On the environmental side, Anna Denell is particularly proud that two large properties, Kista Entré in Stockholm and Lilla Bommen in Gothenburg, obtained LEED certification at the Gold level in 2012.

"This was part of the effort to obtain environmental certification even for our existing property portfolio."

In 2013, Anna Denell wants to put even more effort into reducing the amount of waste that is sent to landfills or incineration plants. Instead, she'd like to see the figures for recycling and reusing waste rise.

"We want to make it easy for our tenants to sort waste and help them keep track of it. My vision is zero waste."

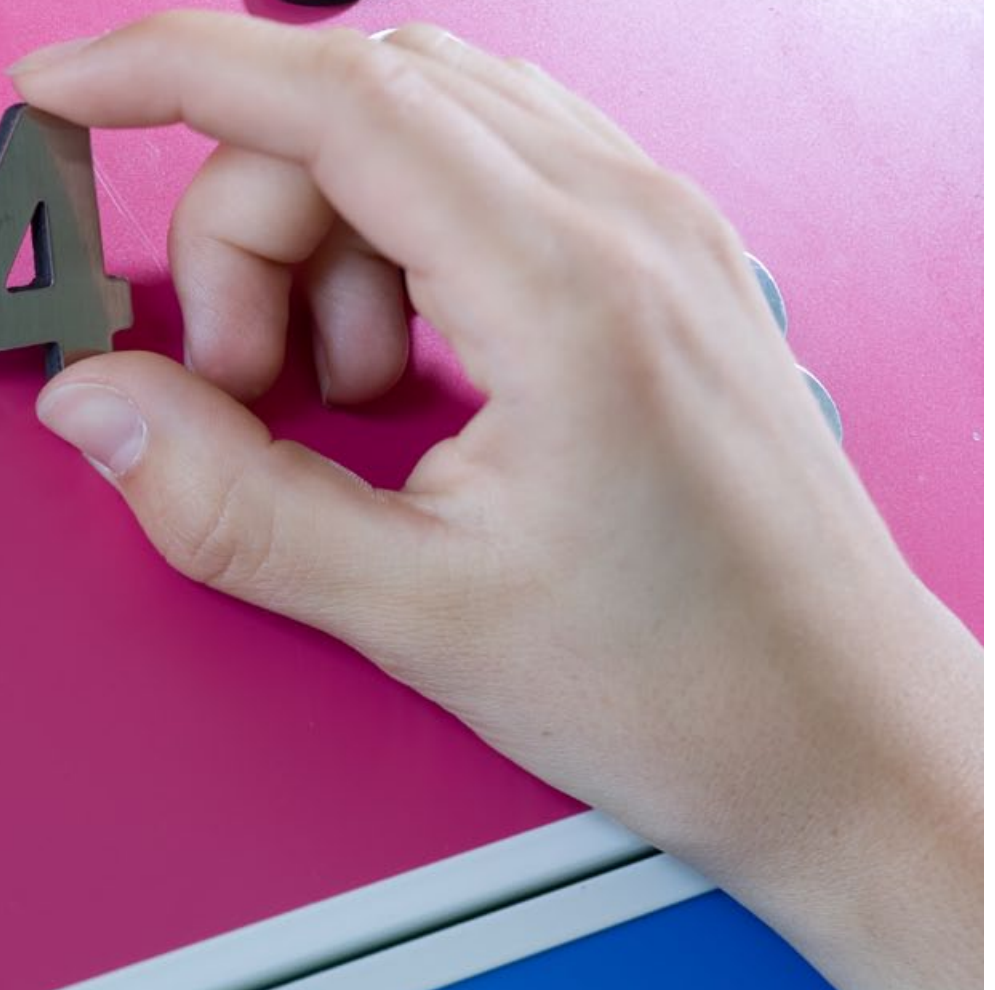
Please contact Anna Denell if you would like to learn more about how to work with sustainability issues.
anna.denell@vasakronan.se
+46 (0)8-566 20 581

RESULTS

Sustainability Reporting (GRI) of Vasakronan's financial, environmental and social responsibilities 2012.

278
65

4



How we govern our sustainability efforts

Sustainability issues are a natural, integral part of our organization. This applies to the board, management and our everyday activities.

Vasakronan’s mandate from its owners is to generate a high, risk-balanced, long-term return from the Swedish property portfolio, while simultaneously considering both ethics and the environment. Our sustainability work is strategically important. It helps us achieve our return target and is reflected in our vision of “future-proof cities with buildings where both individuals and companies can thrive.”

Our aim is to be Sweden’s leading property company and a good role model for Swedish industry. We will achieve this by:

- Having a return that is higher 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 for our operations and striving for long-term, sustainable growth.

In conjunction with annual business planning, goals are established that also consider sustainability aspects of operations, both centrally and locally. The goals are continually monitored. Vasakronan’s sustainability goals are described in more detail in each section of the sustainability report.

ONGOING SUSTAINABILITY WORK

Vasakronan’s Annual Report for 2012 contains a description of the overall governance structure, where sustainability issues are a natural, integral part of our organization. The Board of Directors and CEO are ultimately responsible for sustainability efforts. A detailed description of Vasakronan’s governance structure is provided on pages 40–43 of the 2012 Annual Report.

NEW HEAD OF SUSTAINABILITY

In 2012, Vasakronan created a new function

– Head of Sustainability. The aim is to further improve coordination and follow-up of initiatives and goals pertaining to the environment and issues having to do with our social responsibility. The new function is also a result of the work completed in 2012 to define and structure a framework for sustainability efforts.

CODE OF CONDUCT

During 2012, we produced a code of conduct. It is a company-wide framework that provides guidelines for Vasakronan’s ethical and business conduct. The code of conduct applies to all of Vasakronan’s employees and its Board members. It is based on Vasakronan’s fundamental values, high ethical standards, holistic approach, humanistic philosophy and the ten principles of the UN Global Compact.

GLOBAL COMPACT Global Compact is a UN initiative aimed at coordinating corporate sustainability work in the areas of human rights, labor standards, the environment and anti-corruption. Global Compact contains 10 principles, which are summarized below: 1. Support and respect for human rights protection within one's sphere of influence. 2. Ensuring that we are not complicit in human rights abuses. 3. Freedom of association and the right to collective bargaining. 4. Elimination of all forms of forced and compulsory labor. 5. Abolition of child labor. 6. Elimination of discrimination. 7. Support of a precautionary approach to environmental risks. 8. Promoting greater environmental responsibility. 9. Encouraging the development and diffusion of environmentally friendly technologies. 10. Working against corruption in all forms.	RULES AND REGULATIONS THAT GOVERN VASAKRONAN'S SUSTAINABILITY WORK <table><tr><td> EXTERNAL Examples of legislation – Swedish Environmental Act – Swedish Work Environment Act – Swedish Companies Act Environmental certifications – BREEAM – Green Building – ISO 14001 – LEED – Miljöbyggnad Other applicable laws and regulations </td><td> INTERNAL Code of Conduct Examples of policies – Environment – Purchasing – Diversity and equality – Gifts and entertainment – Work environment Environmental management system Process descriptions Other applicable instructions </td></tr></table>	EXTERNAL Examples of legislation – Swedish Environmental Act – Swedish Work Environment Act – Swedish Companies Act Environmental certifications – BREEAM – Green Building – ISO 14001 – LEED – Miljöbyggnad Other applicable laws and regulations	INTERNAL Code of Conduct Examples of policies – Environment – Purchasing – Diversity and equality – Gifts and entertainment – Work environment Environmental management system Process descriptions Other applicable instructions
EXTERNAL Examples of legislation – Swedish Environmental Act – Swedish Work Environment Act – Swedish Companies Act Environmental certifications – BREEAM – Green Building – ISO 14001 – LEED – Miljöbyggnad Other applicable laws and regulations	INTERNAL Code of Conduct Examples of policies – Environment – Purchasing – Diversity and equality – Gifts and entertainment – Work environment Environmental management system Process descriptions Other applicable instructions		

OUR POLICIES

Daily operations are governed by policies and guidelines on such things as purchasing, communication, diversity, equality and the environment. The code of conduct, our 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. Violations will not be tolerated and may result in disciplinary action, dismissal or prosecution. All policies are available on our intranet and there is regular follow-up to ensure compliance throughout the organization.

The company also has a compliance officer. This is the person that any employee or outsider may turn to if they suspect that rules or policies are not being followed.

Based on the overall guidelines, processes and routines have also been developed to ensure

that daily operations are conducted in an appropriate manner. Everyday sustainability efforts throughout the organization receive the support of various resources, such as technical support, purchasing, HR and communication.

RISK ANALYSIS

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. They consist of risks in terms of such things as the market value of properties, projects and transactions, as well as various financial and administrative risks. Others are associated with sustainability factors that could impact the organization and the Vasakronan brand. One example is the risk of a negative impact on Vasakronan's reputation from specific events. Above all, the behavior of our employees is critical and risk

reduction is achieved by, among others, comprehensive efforts concerning our company culture and values.

Action plans are created based on the risk analysis. They specify certain activities and the individuals responsible for implementation and regular follow-up during the year. More information on Vasakronan's risk exposure, governance, management and reporting of risks is provided on pages 38–39 of the 2012 Annual Report.

COMPLIANCE OFFICER

A compliance officer is responsible for ensuring that a company complies with the laws and regulations applicable to the business. This is an important position, because a company can incur major damages in the form of lawsuits, increased costs, loss of confidence, or a bad reputation if it fails to comply with laws and regulations. A compliance officer typically reports directly to the company's Board of Directors or CEO.

At Vasakronan, Sheila Toresson Florell, serves as both General Counsel and Compliance Officer for the company. She is the person employees can turn to if they suspect any irregularities. Whistle-blower protection will then apply, which means that Sheila is bound by professional secrecy and may not divulge the source of information.

Our dialog with stakeholders

Vasakronan's operations affect a number of stakeholders financially, environmentally and socially. We need to have an ongoing dialog with them in order to work in a sustainable way.

Documenting and analyzing our stakeholders' expectations is necessary in order for Vasakronan to succeed in achieving its goal of a long-term high return. It is also fundamental to our aim of taking social and environmental responsibility and striving for long-term sustainable growth. We have an ongoing dialog with stakeholders that occurs in several ways.

Based on our operations, we have identified the following main stakeholders:

- Our tenants and their employees
- Our owners
- Our employees
- Our lenders
- Our suppliers
- Influential members of society

BUSINESS INTELLIGENCE

Based on dialog with our stakeholders, we have identified the sustainability issues that are most important for our business. In addition to our dialog with stakeholders, Vasakronan also monitors overall trends in the area of sustainability. This includes media analyses and comparisons with other property companies and other business sectors. All of this is aimed at identifying issues that could be of considerable importance to sustainability efforts. 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.

THE MOST IMPORTANT ISSUES

Based on dialog with our stakeholders and our business intelligence data, we have identified the sustainability issues that are most important for our business. Besides the expectation that Vasakronan should deliver a high return and maintain a stable financial position, sustainability efforts should primarily focus on the environment, which is logical given the impact that properties have on the environment. Other important aspects of our sustainability efforts are our employees, responsibility for the people both in and around our properties and our expanded social responsibility.

Our financial responsibility

- **Stable, high return:** We will provide our owner with a stable, high return that will benefit both current and future retirees.

Our environmental responsibility

- **Energy consumption:** We will improve the energy performance of the property portfolio and use renewable energy sources.
- **Material:** The material used for new construction,

renovation, tenant modifications and maintenance may not contain any hazardous substances and it must be used in the most resource efficient way possible.

- **Waste:** We will reduce the amount of waste. Whatever waste remains, we will recycle or reuse.
- **Transports and travel:** We will reduce our transport needs and increase our use of modes of transport with a lower environmental impact.

Our social responsibility

- **Employees:** We will have satisfied employees and be the most attractive employer in our sector.
- **People in and around our properties:** We will create healthy, pleasant indoor environments and surrounding areas. We will also increase accessibility to our properties.
- **Our role in society:** We will fulfill our social responsibilities by participating in urban development, collaborating with others on sustainability issues and running our business in accordance with laws, regulations and strong values.

STAKEHOLDER	DIALOG OPPORTUNITIES	OUR STAKEHOLDERS' EXPECTATIONS
Tenants	Focus meetings with tenants. Annual customer satisfaction survey. Customer service and an ongoing dialog with technicians about maintenance issues and service.	Long-term property management that offers appropriate and affordable premises with good service and work environments. A strong commitment behind initiatives and cooperative efforts aimed at minimizing negative environmental impact.
Owners	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.
Employees	Performance appraisals. Annual employee survey.	A stable, long-term employer that offers good terms of employment. A good work environment where employees can improve their skills. Expanded social responsibility.
Lenders	Separate meetings with each bank. Financial reports and capital market presentations.	Good financial management, clear and transparent reporting.
Suppliers	In the procurement of framework agreements, ordering and meetings. Regular audits.	Good financial management, clear and transparent reporting.
Society	Present and engaged in meetings with professional and industrial organizations, as well as other forums.	A driving force for sustainable urban development and sustainable development in the property sector. Committed to positive development of society. Help minimize negative environmental impact.

Our financial responsibility

We need to take financial responsibility in order to succeed with our mission.

Our mission is to provide our owner with a long-term, stable, high return that will benefit both current and future retirees. At the same time, we must run our business ethically and with consideration for the environment.

We also need to take financial responsibility and maintain a stable, sound financial situation in order to fulfill the expectations of other stakeholders and have a long-term approach.

PRIORITIZED AREAS

We focus our efforts on the areas where we have the greatest opportunity to influence and where we can have the greatest impact. Within the scope of our financial responsibility, providing a return to our owner is the prioritized area.

The business generates value primarily

through rental revenue, but over time, changes in the value of property should also make a positive contribution. 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 investment activities in order to ensure that the company maintains a long-term stable financial position.

For more detailed information on how Vasakronan strives to ensure that it continues delivering a high return, please see pages 6–7 in our 2012 Annual Report.

However, in order to achieve the overall financial goal of a long-term, stable, high return, we

must also address a number of other issues, such as how we set the salaries of our employees, systematic purchasing activities and anti-corruption efforts.

COMPENSATION TO OUR EMPLOYEES

As employer, we are responsible for running the business in a stable way over the long term so that all of our employees, approximately 340 in total, feel that they have financial security while employed here. But we must also ensure that the salaries of our employees are at a reasonable level. We do this, for example, by following the state policy on remuneration to senior executives and by regularly conducting wage surveys for other categories of employees. We do not strive

	GOALS 2012	GOALS 2013	LONG-TERM GOALS
FINANCIAL GOALS	Net operating income Increase operating income when comparing equivalent property holdings by 2.5 percent. Actual: Operating income when comparing equivalent property holdings increased by 3.8 percent. The goal has thus been achieved.	Increase operating income when comparing equivalent property holdings by 1 percent.	Our total yield should be at least 7.5 percent per year and at least 0.5 percentage points higher than the industry average as reported by SFI/IPD Swedish Property Index. Actual: Over the last ten years, the average total yield has been 8.2 percent per year. The industry average during the same period, as reported by SFI/IPD Swedish Property Index, has been 7.3 percent per year. The goal has thus been achieved.
	Occupancy rate For 2012, Vasakronan's ambitious goal was to achieve an occupancy rate of 94 percent. Actual: The weakening of the Swedish economy has had a negative impact on the rental market. The occupancy rate remained at 93 percent at the end of 2012. The goal has thus not been achieved.	Increase the occupancy rate to 94 percent.	
	Administrative expenses Total administrative expenses should not exceed SEK 130/m ² . Actual: In 2012, the results of prior cost-saving measures were realized. Total administrative expenses fell to SEK 125/m ² . The goal has thus been achieved.	The goal for administrative expenses was achieved in 2012, so this goal can now be removed from our list. For 2013, the goal is to shorten the vacancy period of facilities.	

to offer the highest salaries, but it's important to have good terms of employment in order to retain current employees and attract new ones. The total amount of salaries and remuneration paid to employees during 2012 was SEK 181 million, not including social security and pension provisions.

SYSTEMATIC PURCHASING

The choice of suppliers affects Vasakronan's profitability as well as its reputation. To ensure that we have both lower prices and better quality of execution, we conduct our purchasing in a systematic way by carefully selecting our suppliers. This also helps us minimize the risk of corruption. We have a good structure and system for the deciding which requirements to put in our contracts. However, we've noted some deficiencies in

our efforts to track how well suppliers are executing their tasks. This is an area where we can improve going forward.

PREVENTING CORRUPTION

The presence of possible corruption has a negative impact on the company and society. Corruption can result in both direct and indirect financial consequences and it is thus necessary to prevent all forms of it. More information on how Vasakronan works to prevent corruption is available in the section on governance on page 35. Our organization has a compliance officer and this is the person to turn for anonymously reporting suspicion of inappropriate behavior or crimes. More information about this is available on pages 8 and 35.

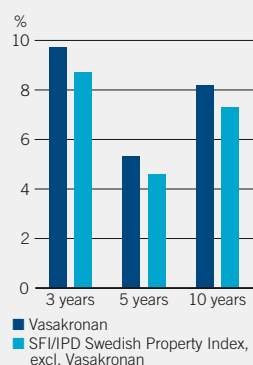
DONATIONS AND VOLUNTARY ACTIONS

In 2012, we decided to expand the support we give to Löparakademin, which is a non-profit organization that uses running as a tool for teaching youth how to set and achieve their study, exercise and other goals in life.

Read more about the support we provide to Löparakademin on pages 25–27.

For more detailed financial information on Vasakronan, please see the 2012 Annual Report. On pages 38–44 of the 2012 Annual Report, an overview is provided of the organization's exposure, governance, management and reporting of risks.

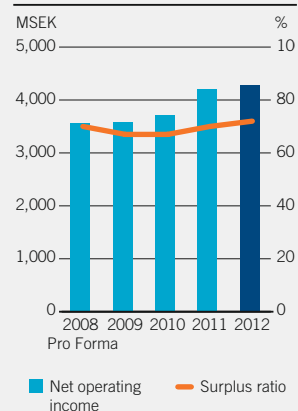
Total yield SFI/IPD Swedish Property Index



Source: SFI/IPD Swedish Property Index

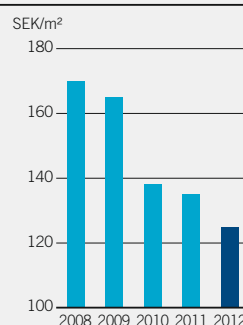
Total yield is comprised of both the yield and change in value of properties. Over the last ten years, our total yield has been 8.2 percent per year.

Net operating income



Operating income in 2012 increase by slightly more than 1 percent. The surplus ratio was 72 percent.

Administrative expenses



In 2012, the results of prior cost-saving measure were realized and total administrative expenses fell to SEK 125/m².

Economic value created and distributed, SEK millions

Direct value created		2012	2011	2010	Comments
	Revenue	5,969	6,048	5,508	Rental revenue
	Changes in value	646	3,008	4,407	Properties, derivatives and goodwill
	Other revenue	0	0	502	Profit from discontinued operations
Total direct value created		6,615	9,056	10,417	
Distribution of economic value					
	Employees	-305	-333	-348	Salaries, social security and other remuneration
	Lenders	-1,577	-1,649	-1,274	Net interest income/expense
	Society	-585	-592	-545	Property tax and site leasehold fees
	Suppliers	-899	-1,047	-1,016	
	Owners	-1,247	-1,060	-3,965	Dividends and Group contributions
	Retained by the company	-2,673	-2,991	-1,934	
	Reported taxes	671	-1,384	-1,335	
Total distributed value		-6,615	-9,056	-10,417	

Our responsibility for the environment

Properties have an impact on the environment throughout their lifecycle, i.e. from project planning, construction and management to renovation and demolition. For this reason, we need to think long-term during every stage and in all parts of our organization.

Environmental initiatives are a natural, integral part of our daily work routines and they are governed by the guidelines established by Vasakronan's management team, in consultation with the Head of Sustainability. Planning, execution and monitoring are based on ISO 14001 Environmental Management System and the processes have been designed to address environmental aspects during every stage in the property's lifecycle. Each year, internal and external audits are conducted to ensure compliance with the environmental management system (EMS). The EMS has been integrated into the company's overall quality

system and coordinated with business planning. The most recent external audit was carried out in December 2012.

PRIORITIZED AREAS

We focus our efforts on the areas where we have the greatest opportunity to influence and where we can have the greatest impact. Therefore, we have identified the following prioritized sub-areas:

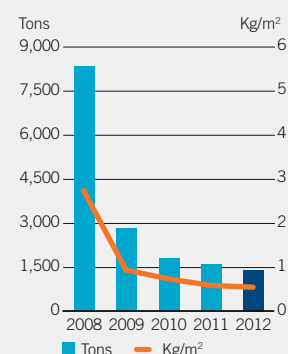
1. Energy use
2. Material use
3. Waste
4. Transports and travel

OUR GOALS

Vasakronan's goal over the long term is to remain the industry leader for environmental and sustainability initiatives. The short-term goals for 2012 were to increase the percentage of environmentally certified buildings, sign more green leases and decrease energy use even more. The goal of increasing the percentage of environmentally certified buildings was not achieved because it has taken more time than we anticipated to select and prioritize among our existing buildings. At the end of the year, buildings corresponding to 14 percent of total area were certified. However, many of

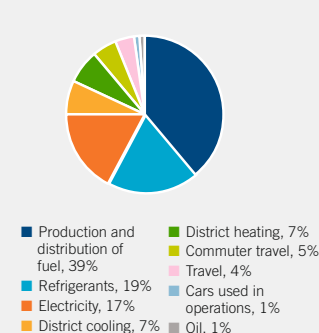
GOALS	GOALS 2012	GOALS 2013	LONG-TERM GOALS
Environmental certifications	Buildings corresponding to 30 percent of the total area should have environmental certification. Actual: Buildings corresponding to 14 percent of the total area had environmental certification. The goal was thus not achieved	Buildings corresponding to 50 percent of the total area should have environmental certification.	Vasakronan is the industry leader for sustainability initiatives.
Green leases	To have 250 new Green Leases in place by the end of 2012, in addition to the 558 that already exist. Actual: In 2012, 316 new Green Leases were signed. The goal was thus achieved.	Increase our cooperation with Green Lease tenants even more.	Vasakronan is the industry leader for sustainability initiatives.
Energy consumption	Improve the energy performance of the property portfolio by 6 percent compared to 2011. Actual: The energy performance of the property portfolio improved by 7 percent. Thus, the goal was achieved.	Improve the energy performance of the property portfolio by 6 percent compared to 2012. In addition, energy consumption should be: – 50 percent lower than the Swedish BBR new construction requirements. – 50 percent lower after renovation work has been completed.	Energy consumption per square meter (energy performance) should be 50 percent lower than the industry average.
Waste	For 2012, no specific goals have been established for this area. However, activities will be implemented aimed at achieving the long-term goal. Actual: For example, a waste audit was carried out at Kista Entré, which resulted in new knowledge and ideas.	Develop a business model for how to manage the waste that both we and our tenants generate. The goal is to increase the financial incentives for reusing and recycling waste.	The waste created from our own operations and those of our tenants should be recycled or reused.

Carbon emissions



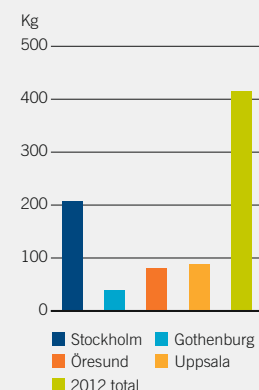
The graph only shows carbon emissions. It does not show CDEs.

Sources of carbon emissions, share of total emissions in 2012



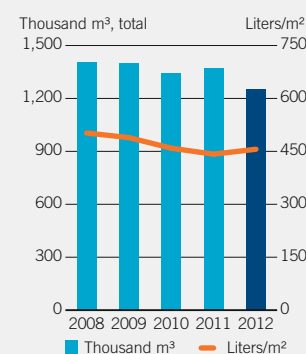
Of the remaining emissions from our operations, a large portion is from two emission sources that we did not consider in the past, i.e. the production and distribution of fuel by our energy suppliers and leakage from refrigerating machines.

Use of ozone-depleting substances in 2012



Since 2011, the principle for reporting the use of ozone-depleting substances has changed. Starting in 2012, the reporting only pertains to replenishment of refrigerants in refrigerating machines.

Water consumption



We have decided to report water consumption because many people and companies around the world only have a limited supply of water. Also, in many cases, these figures are important to our tenants.

Vasakronan's properties already meet the requirements and the process of obtaining certification for them is underway. For 2013, the goal is to obtain certification corresponding to 50 percent of total area.

For Green Leases, the goal is to increase our cooperation with tenants even more in order to create value for both them and the environment.

We work together with our tenants to become even better at caring for the environment and reducing our carbon footprint in various ways. 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. In 2012, we also worked with the Green Retail concept, which is based on Green Leases, with the addition of green services for such things as electricity supply, waste management and others.

NEW PRINCIPLE FOR CALCULATING CLIMATE IMPACT

During the last six years, we have systematically worked with the way of calculating and decreasing our carbon emissions. Since 2006, Vasakronan

has succeeded in reducing its carbon emissions by more than 96 percent to the level of 1,404 tons at the end of 2012. Over the period 2011 and 2012, we reduced our carbon emissions by 9 percent.

This has been possible by continually decreasing our energy consumption. In addition, we are purchasing a higher percentage of green electricity, carbon neutral district heating and cooling, which has also had an effect. The components of purchased electricity are as follows: 75 % hydro-electric, 15 % wind power and 10 % biofuel.

In 2012, we started using a new principle for

calculating our climate impact. Now, we not only calculate our carbon emissions but also all greenhouse gas emissions, which are converted to CDEs (carbon dioxide equivalents). For example, this includes emissions from the production and distribution of energy and vehicle fuels. Our use of refrigerants is also included in the calculation.

Altogether, Vasakronan's climate impact in 2012 was 4,496 tons of CDEs, which is a figure that is not possible to compare with the carbon emission calculations of prior years. For the purpose of comparability, however, we will continue

reporting our carbon emissions. See the graphs on the previous page.

In 2007, we began compensating for the remaining emissions resulting from our operations and this has made us carbon neutral. This means that our activities do not result in a net increase in emissions. We have decided to compensate for our emissions by purchasing shares in projects regulated by the United Nations called Clean Development Mechanism (CDM) and we have chosen projects at the Gold standard level.

CLEAN DEVELOPMENT MECHANISM (CDM) – Vasakronan

has chosen the route of climate compensation by investing in Clean Development Mechanism (CDM) projects, which results in a corresponding reduction in emission levels. For us, this has involved investing resources in wind power plants in China during 2012.

ENVIRONMENTAL CERTIFICATION IS IMPORTANT PROOF

Environmental certification is a stamp of quality. It is third-party certification that we are working with environmental issues in a structured way that leads to results. Environmental certification helps us communicate the environmental aspects of a particular property to our customers. The demand for this information is growing all the time. We also believe that environmentally certified buildings have a higher property value and the actual certification helps simplify negotiations when transactions are made.

Certification system for Vasakronan's property portfolio

BREEAM is a system established in the UK for assessing a building's environmental performance based on aspects related to energy, water and materials consumption, the indoor environment, the impact on the surrounding area and transports. The authority in charge of the system is Building Research Establishment (BRE).



GreenBuilding is an EU program for achieving energy savings in commercial properties and assessing a building's energy use. The authority in charge of the system is Sweden Green Building Council.



LEED is a system established in USA for assessing a building's environmental performance based on aspects related to energy, water and materials consumption, the indoor environment, the impact on the surrounding area and transports. The authority in charge of the system is US Green Building Council.



Miljöbyggnad is a Swedish system for assessing a building's environmental performance based on aspects related to energy use, indoor environment and the content of building materials. The authority in charge of the system is Sweden Green Building Council.



Together, we use less energy

By working together with our tenants, we can find effective ways of reducing our energy consumption. And, as our carbon footprint gets smaller, we can also lower our costs.

Reducing our energy use is a priority. The incentive, besides benefiting the environment, is lower costs for both us and our tenants. The energy used at Vasakronan's properties, and for the activities conducted there, is for heating, cooling and electricity. Vasakronan constantly strives to use energy as efficiently as possible and is able to do so thanks to technical solutions and its effective, competent organization. We also work closely with our tenants to find ways of decreasing energy use. This occurs, for example, within the scope of our Green Lease concept.

OUR GOALS

Vasakronan's long-term goal is for the energy use (from heating, cooling, electricity and the tenant's own operations) per square meter (i.e.

energy performance) of its property portfolio to be 50 percent lower than the industry average.

At present, no industry-wide statistics are available on the energy use of buildings. For that reason, Vasakronan has decided to compare its results with the statistics that are available, i.e. Statistics Sweden's statistics on energy use from heating in Swedish buildings. In this comparison, Vasakronan is 45 percent below the industry average.

GOOD RESULT IN 2012

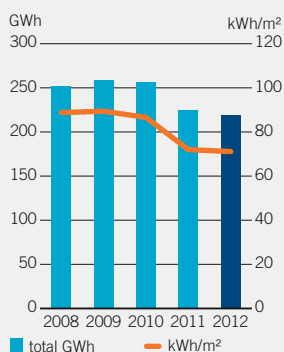
To assist us in achieving our long-term goals, we also set short-term, annual goals for energy use. The goal for 2012 was to improve the energy performance of the entire property portfolio by 6 percent compared to 2011. We exceeded that

goal by improving energy performance by 7 percent.

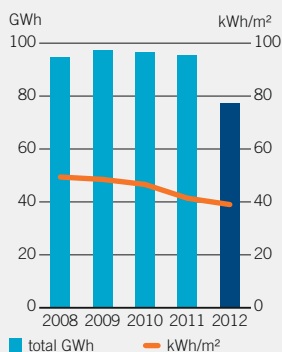
We were able to achieve this primarily by fine-tuning existing installations at our properties, along with both the small and large energy investments that we continue to make.

Another parameter that affects our result each year is the fact that we continually make changes to our property portfolio. For example, when we divest a property that has relatively poor energy efficiency it improves our result, as does the acquisition of properties with relatively good energy efficiency.

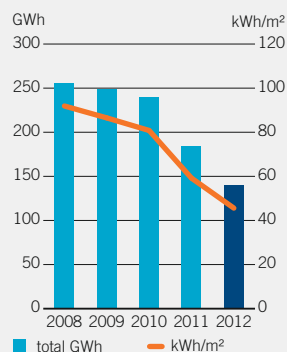
Energy use for heating



Energy use for cooling



Energy use for electricity

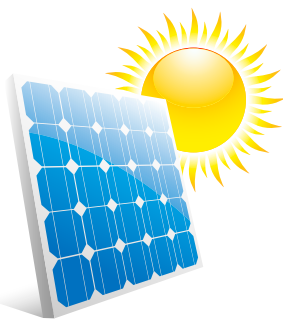


The energy performance for each of the following, heating, cooling and electricity, improved during 2012, resulting in lower energy use. This success was due to efforts to fine-tune existing installations, along with prior energy investments that are gradually starting to pay off. In 2012, total energy use declined by 7 compared to 2011. The graphs also show the effect of property transactions conducted during the year.

THREE-PART STRATEGY FOR ACHIEVING THE ENERGY GOALS



Reduction – We will reduce the amount of energy used through conservation and efficient consumption.



Organization – We will organize our energy use such that source and use are appropriately matched. For heating purposes, the primary sources of energy are district heating, biofuels used in own boilers and hot water from solar collectors. Electricity use is limited to lighting and the operation of appliances, installations and office equipment.



Selection – We will lower our greenhouse gas emissions. This is done by reducing our dependence on fossil fuels and simultaneously increasing the share of renewable energy sources.

CONTINUED CHALLENGES

For new construction, Vasakronan's goal is energy use that is 50 percent below BBR's requirements. The forecasts for ongoing projects that were started after setting this goal show that most of them are meeting this target.

For renovation, the goal is to reduce energy use by 50 percent compared to what it was before reconstruction. This is a challenging goal and we're striving to achieve it with all renovation projects that involve the technical installations and/or the shell of a property, i.e. the facade, windows and roof.

For retail property, lighting is what really uses a lot of energy. However, investments in such things as LED lighting can reduce energy use significantly.

Besides our ongoing efforts to reduce the energy use of our properties, we are also equipping our buildings to use self-generated renewable energy, like solar cells.

GOALS GOING FORWARD

The goal for 2013 is to once again improve the energy performance of the property portfolio by 6 percent compared to 2012. In addition, the energy use of new construction should still be 50 percent below BBR's requirements and for major renovation projects, energy use should still be reduced by 50 percent.

We reduce and manage waste

Vasakronan would like to do its part in promoting wise ecosystem strategies by both reducing the amount of waste and either reusing or recycling what remains. This is good for the environment and the economy.

The waste produced by both Vasakronan and its tenants could actually be a resource for someone else. By sorting waste, we can recycle and reuse it in an effective way. The starting point for our efforts is that all waste, regardless of the source or type, should always be dealt with in an environmentally correct way, respecting all laws, regulations and industry agreements.

Within the scope of our operations, we manage three types of waste:

- The waste that arises in conjunction with new construction or renovation of facilities and properties.
- The waste generated by our tenants that we are responsible for taking care of.
- The waste that is produced from the operation of our properties and from our own offices.

OUR GOALS

Vasakronan's long-term goal is that all waste resulting from our own operations and those of our tenants should be regarded as a resource that is either recycled or reused. We can achieve this goal by managing the waste from our properties more effectively so that all of it can be reused in various types of lifecycles.

CHALLENGES AND OPPORTUNITIES

The biggest challenge when it comes to waste management is the ability to measure the amount of waste. For new construction and renovation projects, we require our suppliers to sort all waste and deal with it in accordance with the laws and regulations that apply. If possible, it should be reused or recycled. However, we feel that we could tighten the requirements on our suppliers even more by putting requirements on the amount of waste generated as well.

For our tenants, we try to make effective waste management at our properties easy by, for example, setting up waste sorting rooms and posting clear signs and instructions on the containers. We are also able to adapt a tenant's facilities in a way that makes waste sorting easier for them. At present, it's difficult for us to provide our tenants with the waste-related statistics that they often need for their own environmental reports. The main reason for this is the lack of good technological solutions for measuring the type and amount of waste deposited by each tenant.

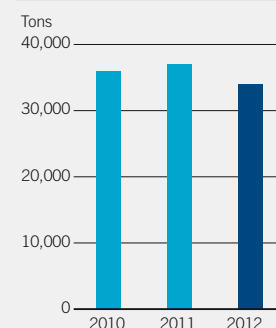
All household waste generated at our properties must be deposited with the waste contractor responsible for each municipality. As property owner, we are unable to put any demands on these waste contractors and we can't require them to provide us with waste statistics either.

However, the national waste report that was presented in fall 2012 could make some exceptions possible for business activities. For example, it might be possible for us to choose the waste contractor ourselves and thus require them to provide both us and our tenants important statistics on waste.

In 2012, the amount of sorted waste was 34,500 tons. The amount of sorted waste does not vary so much from year to year (see graph). Our interpretation is that our waste sorting stations are being regularly used by us and our customers. However, since we lack statistics on the total amount of waste produced by our activities and those of our customers, it's not possible to make any conclusions on whether the amount of total waste is increasing, decreasing, or remaining constant. Neither do we know if the proportion of sorted waste is increasing or decreasing.

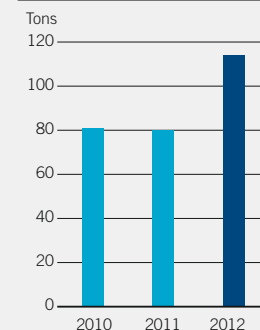
The amount of hazardous waste generated in 2012 was 114 tons.

Sorted waste, 2012¹⁾



The amount of sorted waste does not vary so much from year to year. Our interpretation is that our waste sorting stations are being regularly used by us and our customers.

Hazardous waste, 2012¹⁾



In 2012, the amount of hazardous waste managed was 114 tons. That is an increase of 40 percent compared to 2011. One reason for the increase is that in 2012, we took over responsibility from our customers for a large amount of hazardous waste. This even included large volumes of oily sludge. The reported figures do not include hazardous waste that tenants deal with themselves.

1) The report does not include category 1 waste (new construction/renovation).

We consider the environment when selecting materials

Vasakronan's goal is to use eco-friendly materials and building products during all phases of a property's lifecycle. We also strive to use resources as conservatively as possible.

The materials used for new construction, renovation, tenant modifications and maintenance greatly impact the effect that a property has on the environment. During the year, we initiated efforts to decrease the amount of new material used in renovation projects. This provides us with a tool for understanding the extent to which new material can be replaced by reused resources. Additionally, one result of our environmental certification efforts is that we've started looking for building materials that contain recycled raw material.

OUR GOALS

Vasakronan aims to reduce the total amount of resources used. However, the materials that we do use may not contain any dangerous substances and they must have a low environmental impact. Accordingly, all materials and building products used by us

and our tenants must be BVB approved (a standard for environmental assessment of building materials). Thousands of products are listed in the BVB database. This requirement is also specified in most of our lease agreements.

PROCEDURES FOR MONITORING

When we conduct our environmental audits, we check whether our contractors are using BVB approved products. In 2012, we conducted three supplier audits that were supplemented by around 15 internal audits. During these audits, we checked compliance with BVB.

The results show that, for major projects, the review and documentation of building materials works very well. For smaller projects, there is much room for improvement.

Despite making this very clear in our contracts,

we've found that contractors are not living up to their responsibilities. We must therefore monitor our suppliers more closely.

PCB AND ASBESTOS HANDLING

We have determined that only a very small amount of PCB and asbestos remains in our properties following the investments that we've made to remove them. It is not necessary to remove asbestos if there is no risk of it being spread into the air. However, as property owner, we are responsible for knowing where asbestos exists so that we can prevent any risks of it being spread during demolition. We follow all legal requirements on PCB remediation when dealing with the remaining PCBs at our properties.

FACTS ON BVB (BYGGVARUBEDÖMNINGEN)

For construction projects, there is a long list of substances that are no longer used because they are considered dangerous, such as asbestos, PCBs, CFCs, cadmium and lead. However, a steady flow of new hazardous substances is continuously being added to the list. Endocrine disruptors, phthalates and brominated flame retardants are just the tip of the iceberg.

The legislation to restrict them is decades behind, which is why property owners and building contractors have taken matters into their own hands by developing an environmental evaluation system for the contents of a particular product. Evaluations are based on product declarations and safety data sheets and everything is collected in a web-based tool that also facilitates the documentation of products and materials selected for construction or maintenance. The database currently contains more than 10,000 evaluated building products.

Seven individual categories have been evaluated for each product. After that, each category is weighted to arrive at a final evaluation. The evaluation criteria were developed by a group of environmental and chemical experts.

The seven evaluation areas are:

- Declaration of contents
- Raw materials and goods specification
- Manufacturing of the product
- Transport and packaging
- Usage stage
- Waste and demolition
- Indoor environment

The product is evaluated as either "Recommended", "Acceptable" or "Avoid using".

BVB is endorsed by the following companies: Akademiska Hus, AMF, Etab i Stockholm, Familjebostäder, HSB, Göteborgs Stad, Hufvudstaden, Landstinget i Västmanland, Micasa fastigheter, NCC, Norrporten, Landstingsfastigheter Örebro läns landsting, Locum, Nya Karolinska Solna, Peab, SISAB, Storstockholms Lokaltrafik, Statens Fastighetsverk, Skanska, Stockholmshem, Svenska Bostäder, Vasakronan, White arkitekter AB, Västfastigheter.

Vasakronan is represented on the organization's Board of Directors.

Our travel and transports

Vasakronan's vision is to be carbon neutral and we are striving to eliminate fossil-dependent transports and travel from our operations.

Transports result in various types of emissions, such as carbon dioxide. The best way we can reduce such emissions is by decreasing the number of transports and travel, along with choosing alternatives that have less environmental impact.

Our operations result in many types of transports and travel. For example, our employees travel to and from work and some also take business trips. Our tenants need to transport goods and materials to and from the properties where they conduct their operations. In addition, a large number of heavy transports are required for our new construction and renovation projects.

MORE CHOICES AVAILABLE

In order to reach our goal, we need to reduce the number of transports and make it easier to choose modes of transport that have less impact on the environment. We are also trying, as much as possible, to locate our own offices close to our properties in order to reduce the travel distance. For travel associated with our daily operations, we primarily use ECVs and we also now have a few electric cars in our fleet of vehicles.

For Vasakronan's employees, our travel policy states that we should travel by train whenever possible for business trips within Sweden. Our travel agency also offers a web service that compares figures on the emission levels and costs associated with each mode of transportation.

Vasakronan's main office is now also located very close to Stockholm's most important travel hub, Central Station, and we hope that this will encourage more employees to use public transport when traveling to and from work. Additionally, we've equipped all of our own offices with advanced technology for video conferencing, which helps reduce the need to travel.

In 2012, our own travel and transports was responsible for 434 tons of carbon emissions. That corresponds to 10 percent of our climate impact and 30 percent of our carbon emissions.

COORDINATION AND DIALOG

One way that we can help reduce the number of transports is by improving the coordination of deliveries that we manage on behalf of our tenants. This particularly pertains to instances when deliveries are going to the same properties or ones that are very close to each other. We try to make it easier to "leave the car at home" by making sure that there are safe parking areas for bicycles at our properties, as well as changing rooms.

We've also started an initiative to encourage our tenants to reduce or change their transport and travel behavior. Furthermore, we cooperate with public transport providers to help bring about more travel options for commuting and business trips.

Our supplier contracts contain clear directives

stating that environmentally certified vehicles should be used for all transportation to and from our properties. However, we allow exceptions for very heavy transports to and from new construction and renovation projects, since the use of environmentally certified vehicles isn't always possible in such situations.

In conjunction with some of our third-party audits, we have discovered that some of our suppliers are not living up to the requirements we have on transports with environmentally certified vehicles. For this reason, we feel it is necessary to intensify our dialog with suppliers so that together, we can reduce the amount of fossil-dependent transportation.

Another aim is to clarify the areas of transportation where we will be tightening our requirements even more in order to influence the modes of transportation that our suppliers select.

Our social responsibility

Vasakronan's social responsibility is all about the people who are affected by our operations. Besides taking good care of our employees, we want to help people and communities grow by creating sustainable neighborhoods, where people are happy and companies can develop.

We want to do what's good for society and the starting point for our social responsibility is caring about the people who are most affected by our operations. Of course, this includes our employees and we prioritize long-term, systematic efforts to ensure that we have a high employee satisfaction index (ESI) and an excellent work environment. In 2012, we continued our efforts to identify other groups who are affected by our operations, along with analyzing how they are affected.

PRIORITIZED AREAS

Our initiatives focus on the areas where we have the greatest opportunity to influence and where we can potentially have the greatest impact. Based on that, we have identified the following groups and areas:

1. Employees
2. People in and around our properties
3. Our role in society

OUR GOALS

Our goal for employees has been firmly established for quite some time. We want to have satisfied employees and be the most attractive employer in our sector. We believe that the best way to achieve this is by ensuring that our employees are involved, motivated and happy in the workplace.

We are also firmly committed to creating healthy, pleasant, safe indoor environments and surrounding areas, as well as making our properties more accessible.

Furthermore, we would like to expand our social responsibilities. The main way of doing that is by running our business ethically and in accordance with laws and regulations. We also participate in urban development initiatives and collaborate with others on sustainability issues.

Therefore, in 2012, we developed a plan that clarifies what we mean by expanded social responsibility for Vasakronan.

Vasakronan will expand its social responsibility through collaboration and projects with established organizations. The projects that we get involved with should be relevant to our employees and they should also have local support. They should not primarily focus on providing financial support. Instead, they should enable our employees to get actively involved. There should also be a long-term commitment by all parties involved.

GOALS	GOALS 2012	GOALS 2013	LONG-TERM GOALS
Employees	Through active, committed efforts maintain an employee satisfaction index (ESI) of at least 97. Actual: The ESI from our most recent employee survey was 97. The goal was thus achieved.	To maintain an ESI of at least 97.	Vasakronan should be the most attractive employer of all Swedish property companies.
Customers	65 percent of Vasakronan's work teams should receive a score of at least 80 for the contact section of our customer survey called "Tell us what you think about Vasakronan". Actual: 58 percent of our work teams received a score of at least 80. The goal was thus not achieved.	85 percent of Vasakronan's work teams should receive a score of at least 80 for the contact section of our customer survey called "Tell us what you think about Vasakronan".	Customers should feel that Vasakronan has the most attractive offering in its sector.

We invest in our employees

All of our employees should feel involved, motivated, committed and happy. That's the key to our success as a long-term, reliable member of society, partner and employer.

The average number of employees for the year was 332 (341). Employee turnover fell to approximately 6 (11) percent. We believe this means that our employees feel more involved, able to contribute their unique skills and quite simply, that they enjoy their work.

CODE OF CONDUCT

One important initiative in 2012 was the joint effort with our employees to develop and instill a code of conduct. It summarizes Vasakronan's conduct as business partner, employer and member of society. All employees are expected to follow the code and we assume that our partners and customers share our ambition to act in a sound and responsible way. The Code of Conduct is based on Vasakronan's fundamental values, high ethical standards, holistic approach, humanistic philosophy and the ten principles of the UN Global Compact.

EMPLOYEE SURVEY

The results of this year's employee survey were good, with an Employee Satisfaction Index (ESI) of 97. This year's survey also included a couple of questions about how involved our employees feel: Do you know what you should do and how you can contribute to developing the business? Do you feel motivated to do so? Any discrepancy tells us that the employee is motivated, but doesn't know how to contribute or vice versa. This information helps us identify the organization's needs. It also helps us focus our efforts going forward. For 2013, our goal is an ESI of at least 97. In order to achieve our goal of satisfied employees, we continually work with both skill development and career planning so that our employees feel involved.

Communicative leadership

In 2012, our managers participated in communicative leadership trainings. This training is focused on how various types of messages can

be formulated in an interesting, understandable and inspiring way, along with appropriate body language and tone of voice. One of the goals was to help our managers feel more secure when they communicate information in different types of situations. It also helped them practice how to use their own words to deliver a message in a personal way.

Measurable leadership development

In order to measure the results of our leadership development activities, all of our managers with reporting employees participated in 360 degree feedback sessions on two occasions (2010 and 2012). This provided each manager with feedback on their leadership skills from their own superiors, colleagues and reporting employees. The results help us evaluate leadership and provide the foundation for creating a constructive development plan. The overall results from our leadership initiatives show that we are making progress in nearly all areas.

Own skill development

We're convinced that power comes from within. Employees at Vasakronan are expected to take responsibility for their own skill development. They should take the initiative to set up performance appraisals and follow-up discussions with their managers in order to jointly create an individual development plan. During the year, the format and timing of performance reviews has thus changed. These types of discussions should be held more often, and follow-up should be more frequent. This requires mutual responsibility and managers must engage with their employees in a constructive way.

More customized trainings

The skill development trend for our employees is quite clear. The demand for traditional courses has declined substantially. Instead, employees are seeking out knowledge on their own, or look-

ing for customized training opportunities. It's a more individualized, behavioral approach in the form of communication and interaction training, for example. For this reason, we have decided not to report on the total training hours for 2012. Instead, we can only comment on the fact that skill development initiatives are still going strong.

INCENTIVE PROGRAM

To help motivate and involve our employees even more, we've established an incentive program. It is open to all employees at Vasakronan except the senior management team. The program 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.

HIGH RANKING

According to the Swedish property sector's recruitment survey for 2012, Vasakronan is the most attractive employer in the sector. This could be the result of our frequent promotional activities at a number of strategically selected universities of technology and vocational colleges. Another way to attract promising new talent is by offering internships. We received over 1,000 applications from college students for the ten internships that we offered last summer.

SUCCESSION PLANNING

We encourage skill exchange by providing our employees with opportunities to improve their skills and also move about within the organization in a natural, but strategic way. When we recruit for replacement purposes, we put a lot of thought into which skills we need the most both now and in the future.

In order to manage office and retail properties, we need employees with advanced technical skills. For this reason, a university degree will become even more important to us in the future. And, to communicate the importance of skill

exchange, we've changed the title of property technician to operations technician.

We regularly review the education level of our employees and the statistics show that 58 (58) percent have obtained higher education. 44 percent have obtained higher education for a period of time shorter than three years.

EMPLOYEE HEALTH

Employee health and well-being is regularly monitored and we put a great deal of effort into preventing occupational injuries, as well as rehabilitation for employees on long-term sick leave. In 2012, the level of sick leave was 2.8 percent.

The long-term goal is for sick leave to be below 3 percent. As in 2011, no occupational injuries were reported in 2012.

Vasakronan's diversity and equality policy forbids discrimination, hostility towards foreigners and harassment. All employees and job applicants will be treated equally. Women and men are given equal opportunities to advance as well as equal pay for equal work. Employees are encouraged to immediately report any suspected cases of discrimination to: their closest supervisor, the HR department, their union representative or the company's compliance officer. No cases of discrimination were reported in 2012.

Employees 2012	Salaried employees	Employment under a collective agreement	Total
Stockholm	165	53	218
Gothenburg	33	13	46
Öresund	27	12	39
Uppsala	26	8	34
Total	251	86	337

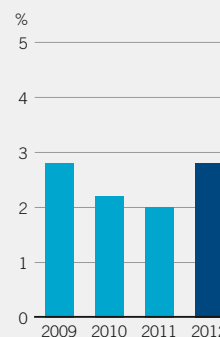
Age distribution of employees		
–29 years	8%	
30–49 years	62%	
50– years and above	30%	
Average age, years	45,17	

Gender distribution		
	Women	Men
Employees	116	221
Senior management team	3	9
Board	2	8

Sick leave 2012			2.8%
	Women	Men	
–29 years	1.9	2.8	
30–49 years	2.0	2.6	
50– years and above	2.8	3.9	

Employee turnover		
Women	2.7%	
Men	3.6%	
Total	6.3%	

Total sick leave



In 2012, total sick leave increased slightly, but it is still at a low level.

People in and around our properties

Hundreds of people work in and visit our properties every day. Our goal is to create environments where people are happy and companies can grow. We also aim to make our buildings and the surrounding areas more accessible to all people.

One important component of Vasakronan's sustainability efforts is providing pleasant indoor environments and surrounding areas to the approximately 180,000 people that visit or work in and around our properties each day.

As Sweden's largest property owner, we have both a responsibility and ability to actively participate in developing the communities where our properties are located. This applies to our existing properties and future construction projects alike.

PEOPLE IN THE BUILDINGS

We contribute to the success of our customers by creating pleasant work environments that promote good health and efficiency.

The areas where our properties are located should be adapted to the needs of modern society by offering a number of services and proxim-

ity to public transportation. We also want our city centers to thrive and do what we can to ensure that.

We always take appropriate and necessary safety precautions to avoid accidents and incidents during, for example, new construction or renovation projects.

Additionally, we are trying to improve accessibility to our properties and the surrounding areas so that everyone, regardless of their individual abilities or disabilities, is able to visit our buildings and the businesses that are run there.

GOALS FOR CUSTOMER SATISFACTION

The most recent customer survey, which was carried out during the first quarter of 2012, shows that our customers' overall assessment of us is still positive. Our ratings are high in all regions

and accordingly, for Vasakronan as a whole. The overall assessment from customers who lease office space improved slightly from 74 in 2011 to 76 in 2012. The overall assessment from customers who lease retail space also improved from 65 last year, to 69.

How our customers feel about their interactions with Vasakronan's employees is critical to the overall assessment. For that reason, we began an initiative in 2012 aimed at improving how we cooperate and consult with our tenants, as well as helping them identify their potential needs and proposing solutions. In order to measure how we are doing in this area, we have set a very ambitious goal in 2013 for how customers feel about their interactions with Vasakronan. The goal is for 85 percent of our work teams to receive a score of at least 80 on the contact section of our customer survey.

FACTS ON EASILY ELIMINATED OBSTACLES

On 1 July 2011, a retroactive requirement came into force via Section 21a, Chapter 17 of the Planning and Building Act. This requires the removal of easily eliminated obstacles to accessibility and usability in buildings where facilities intended for the general public are located, and also in public places. The nationwide action plan for disabled individuals stipulates that such easily eliminated obstacles should be removed by 2010 at the latest.

WHICH FACILITIES AND PLACES

Facilities intended for the general public are ones intended for and used by the public. Public places means streets, roads, town squares and parks that are designated as public places in the detailed development plan of a city or town. Easily

eliminated obstacles involve a "cost-benefit" assessment, which means that the benefit created by removing an obstacle far exceeds the cost. The ease of removing the obstacle is also considered. Furthermore, the economic consequences should not be unduly burdensome for the property owner.

EXAMPLE

Easily eliminated obstacles include minor level differences, lack of contrast markings, warning signs, balance support, lighting, signage and fixtures. The property owner is responsible for correcting such deficiencies. The supervisory authority is the municipality.

More information is available on the Swedish National Board of Housing, Building and Planning's website.

Our role in society

Vasakronan's vision of "creating good cities" requires us to be involved in urban development initiatives. As Sweden's largest property owner, we want to, and are able to, actively take responsibility for a sustainable development of society.

Our social responsibility is based on the ten 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 our internal policies as well as our actions.

At the national level, our involvement focuses on such things as participation in networks, industry-related projects and associations.

MAKING A DIFFERENCE

Vasakronan's aim is to expand its social responsibility primarily in the communities where we do business. We want to do this by getting involved in social issues where we can make a difference and by collaborating with other professionals. In 2011, we started out by trying to answer the question, "where do we start?". This effort continued in 2012, resulting in an internal frame-

work that defines both the direction and prerequisites for expanding our social responsibility.

EMPLOYEE INVOLVEMENT

A guiding star for expanding our social responsibility is that our involvement must be in something the employees feel is relevant. Projects must have local support and they should not primarily focus on providing financial support. Instead, they should enable our employees to get actively involved. There should also be a long-term commitment by all parties involved.

After having held a number of workshops throughout the organization, we've identified areas that our employees are most interested in, such as ensuring a good future for children and youth in socially deprived areas. We have now decided to support Löparakademin, which is a non-profit organization that is involved with high school students at some of the "million homes" housing projects near Stockholm. Löparakade-

min uses running as a tool for teaching youth how to set and achieve their study, exercise and other goals in life. Vasakronan has collaborated with Löparakademin in the past, on projects located in Kista. We will now become more involved by providing them with financial support and by setting up an Advisory Board. Our employees will also be able to participate in some of the organization's activities as volunteers. Vasakronan is one of Löparakademin's main sponsors.

SOME OF VASAKRONAN'S COLLABORATIONS

Sweden Green Building Council

Sweden Green Building Council is a non-profit organization that was founded in 2009 by Vasakronan and twelve other Swedish companies and organizations active in the construction and property sector. The aim is to develop and influence environmental and sustainability efforts in the sector.

Haga Initiative

Vasakronan started up the Haga Initiative in cooperation with seven other well-known companies in 2010. The aim of the initiative is to reduce industrial emissions and promote climate change as one of the most important issues for the future. At the end of 2012, twelve companies were involved in the initiative.

Löparakademin

In 2012, Vasakronan expanded its cooperation with Löparakademin. It is a non-profit organization that works with children and youth in socially deprived areas around Stockholm. Long-distance running and exercise are used as a tool for their own personal development. The cooperation stretches over three years and it also aims to help Löparakademin expand into other regions.

About Vasakronan's Sustainability Report

This report is the fourth 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 2012 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 2011 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.

In the text below, references to the 2012 Annual Report are abbreviated as AR.

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.	Pages 3–5	
01.02	Description of main impact, risks, and opportunities.	Pages 35–37, 39, AR pages 38–39	
Organizational profile			
02.01	Name of the organization.	Cover of the report	
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 40–44, Notes 20–22, pages 75–77	
02.04	Location of the organization's head office.	AR Note 1, page 63	
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	Vasakronan only has operations in Sweden.
02.06	Ownership structure and type of company.	Contents page, AR inside cover, pages 12–14	
02.07	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Contents page, AR inside cover, pages 12–14	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 38–40, 51 (number of employees), AR pages 10, 18, (quantities/volumes), 30–31 (financing)	
02.09	Significant changes during the reporting period in terms of size, structure or ownership.	AR page 15	
02.10	Awards and prizes that were received during the reporting period.	Pages 6–7	

DISCLOSURE	DESCRIPTION	LOCATION	COMMENTS
Report profile			
03.01	Reporting period.	Cover of the report	
03.02	Date when the most recent report was published.		The 2011 report was published in March 2012.
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.	Page 58	
03.05	Processes for definition of the content of the report.	Pages 36–37	
03.06	Report boundary.	Pages 36, 54	
03.07	Limitations on scope or content.	Pages 36, 54	
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 Note 2 pages 63–66	
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.	Page 54	
03.10	Explanation of the effect of any restatements of information provided in earlier reports and the reasons for such changes.	Page 54	
03.11	Significant changes from previous reporting periods in the scope, boundary setting or measurement methods applied in the report.	Page 54	
03.12	Table identifying the location of the Standard Disclosures in the report.	Pages 54–57	
03.13	Policy and current practice with regard to seeking external assurance for the report.	Page 54	
Governance			
04.01	Governance structure of the organization, including Board committees that are responsible for specific tasks, such as setting strategy or organizational oversight.	Pages 34–35, AR pages 40–44	
04.02	Indicate whether the Chairman of the Board is also the CEO.	AR, pages 46–47	
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 46–47	
04.04	Mechanisms for shareholders and employees to provide recommendations or Guidance to the Board or management team.	AR page 40	
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 42–44, Note 9 page 70	
04.06	Routines and processes used by the Board to ensure that there are no conflicts of interest.	AR, pages 40–44	
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 40–44	
04.08	Internally developed statements of mission or values, Code of Conduct and principles relevant to economic, environmental and social conduct along with the extent to which they have been implemented by the organization.	Pages 20–21, 34–35, 50, AR pages 34–36	
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.	Pages 34–35, AR pages 38–39, 40–43	
04.10	Processes for evaluating the performance of the Board of Directors, particularly with regard to financial, environmental and social performance.	AR, pages 40–44	

DISCLOSURE	DESCRIPTION	LOCATION	COMMENTS
04.11	Explanation of whether the organization adheres to the Prudence Concept and how it does so.	Pages 5, 34–35	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 5, 34	Also reported in each of the following sections: financial, environmental and social.
04.13	Memberships in organizations (such as industry associations) and/or national/international advocacy organizations.	Pages 38–53	Reported under each section.
04.14	List the stakeholder groups that the organization interacts with.	Page 36	
04.15	Principles for identifying and selecting stakeholders.	Page 36	
04.16	How the organization engages in dialog with stakeholders.	Pages 36–37	
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.	Pages 36–37	
Economic indicators			
EC1	Direct economic value generated and distributed.	Page 40	
EC3	Scope of the organization's defined benefit plan obligations.	AR Note 9, page 70	
Environmental indicators			
EN3	Direct energy consumption broken down by primary energy source.	Page 44	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 44	See above.
CRE1	Average energy consumption.	Page 44	
EN5	Energy saved due to conservation and efficiency improvements.	Pages 44–45	
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 44–45	
EN8	Total water consumption by source.	Pages 42	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 42	
EN16	Total direct and indirect greenhouse gas emissions, by weight.	Page 42	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.
CRE3	Average greenhouse gas emissions.	Page 42	
EN18	Initiatives to reduce emissions and reductions achieved.	Pages 42–43	
EN19	Emissions of ozone-depleting substances, by weight.	Pages 42	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 46	Information provided by one of the company's waste contractors was used to calculate the quantity, type and weight of waste.
EN29	The environmental impact from transporting products, other goods and materials used by the organization, including the travel of employees.	Page 48	

DISCLOSURE	DESCRIPTION	LOCATION	COMMENTS
Indicators for product responsibility			
CRE8	Number and type of environmental certifications for buildings.	Pages 41–42	The number is reported as a percentage share of the total area.
PR5	Routines for ensuring customer satisfaction, including the results of customer surveys.	Page 52	
Indicators for labor practices and decent work			
LA1	Total workforce by employment type, employment terms, and region.	Page 51	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.	Page 51	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, absenteeism and the total number of work-related fatalities by region.	Page 51	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.	Page 50	The average number of training hours is no longer calculated. See the text on page 50.
LA12	Percentage of employees receiving regular performance and career development reviews.	Page 50	All employees participate in performance reviews once per year.
LA13	Composition of Board of Directors and management team, as well as a breakdown of other employees by gender.	Page 51	Minority group membership is not reported.
Indicators for the organization's role in society			
SO5	Public policy positions and participation in public policy processes and lobbying.	Pages 8, 27, 53	
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 51	Vasakronan did not have any reported cases of discrimination.
HR5	Freedom of association and collective bargaining.		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		There is no risk that child labor is 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		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.

Sustainability issues

Anna Denell
Head of Sustainability
+46 (0)8-566 20 581
anna.denell@vasakronan.se

HR issues

Cecilia Söderström
HR Manager
+46 (0)8-566 20 531
cecilia.soderstrom@vasakronan.se



The stage is yours

Come right in! The stage is yours. At Vasakronan's new head office, the circus tent is just one of several meeting places and each one has its own design and function. And, whatever you say stays within these walls, thanks to sound-absorbing textiles and materials, with 100 percent locally produced wool from the Nordic countries. On page 9, you can read more about our new office, which we're super proud of.

VASAKRONAN

Mailing address: Box 30074
104 25 Stockholm

Street address: Mäster Samuelsgatan 56

Tel: +46 (0)8-566 20 500,

Fax: +46 (0)8-566 20 501

www.vasakronan.se

CIN: 556061-4603