

Year-end report 2017

- Rental revenue increased in total to SEK 6,490 (6,251) million. For comparable holdings, the increase was 5 percent, primarily attributable to the positive effect of new leases and renegotiations.
- The occupancy rate was 93.1 (94.2) percent at the end of the year. During the year, the project property called Sergelhuset was vacated in accordance with plan, which lowered the occupancy rate by –1.4 percentage points.
- Property expenses amounted to a total of SEK –1,812 (–1,792) million. For comparable property holdings, the increase is 2 percent.
- Net operating income increased in total to SEK 4,678 (4,459) million. For comparable property holdings, the increase is 6 percent.
- Profit before value changes and tax increased to SEK 3,413 (3,217) million, which corresponds to an increase of around 6 percent, attributable to higher rental revenue.
- Changes in the value of property amounted to SEK 7,973 (12,056) million, which corresponds to a value increase of 6.9 (11.6) percent, primarily attributable to rising market rents. The value of the property portfolio at the end of the year was SEK 126,875 (115,922) million.
- The change in the value of financial instruments was SEK 468 (–764) million, which was due to a rise in long-term interest rates.
- Profit after tax was SEK 9,269 (11,472) million.
- The share of environmentally certified buildings increased to 84 (77) percent at the end of the year.
- Dividend of SEK 4,000 (4,000) million have been proposed to the AGM.

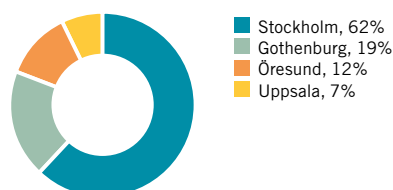
Amounts in SEK millions	Jan–Dec 2017	Jan–Dec 2016	Oct–Dec 2017	Oct–Dec 2016
Rental revenue	6,490	6,251	1,654	1,605
Net operating income	4,678	4,459	1,179	1,134
Profit before value changes and tax	3,413	3,217	859	823
Profit after tax	9,269	11,472	2,436	4,482
Cash flow from operating activities before change in working capital	3,383	3,137	807	812
Market value of property, SEK m	126,875	115,922	126,875	115,922
Occupancy rate, %	93.1	94.2	93.1	94.2
Surplus ratio, %	72.1	71.3	71.3	70.7
Interest coverage ratio, times	3.9	3.8	4.0	3.9
LTV (Loan-to-value ratio), %	45	46	45	46
NAV on closing date, SEK m	68,581	61,333	68,581	61,333
NNNAV on closing date, SEK m	60,872	55,083	60,872	55,083
Environmental certification, share of total area, %	84	77	84	77
Energy performance on closing date, kWh/sq. m.	100	110	100	110

Vasakronan in brief

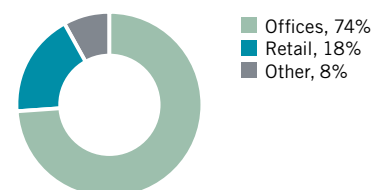
Vasakronan is Sweden's largest property company. There are 179 properties in the portfolio, with a total area of 2.4 million sq. m. and a market value of SEK 127 billion. They are centrally located office and commercial properties in Stockholm, Gothenburg, Malmö, Lund and Uppsala.

Ownership of Vasakronan is equally shared by the First, Second, Third and Fourth Swedish National Pension Funds. Accordingly, the company contributes to financing of the Swedish pension system. The company's operations involve managing and developing commercial properties in growth regions of Sweden. Our vision is to create future-proof cities, with buildings where both individuals and companies can thrive.

Contracted rent by geographic market



Contracted rent by property type



High number of new leases and successful renegotiations

Vasakronan fourth quarter

Strong brands and major renegotiations

Rent levels, particularly in Stockholm, kept rising during the last quarter of the year and the demand for premises is high. New leases were entered into during the quarter corresponding to 47,000 (35,000) sq. m. and an annual rent of SEK 206 (126) million. For example, a lease was signed with the Japanese clothing retailer, UNIQLO. During fall 2018, they will open their first store in the Nordic region at Sverigehuset, which is right in the heart of Stockholm next to Kungsträdgården. The store will be on four levels, with a total area of 2,100 sq. m. A lease was also signed with Royal Design Group during the quarter. The Group is the Nordic region's leading e-commerce company offering design and home furnishings for the home and office. During spring 2018, they will open a flagship store for the Royal Design and RUM21 brands on Kungsgatan in central Stockholm. The new brands are a good fit with Vasakronan's vision to make the shops along Regeringsgatan/Hamngatan and Kungsgatan one of the top shopping destinations of Stockholm.

Also during the quarter, a 15-year lease was signed with Tyréns AB for 12,000 sq. m. of space at Nattugglan which is located at Medborgarplatsen in Södermalm. The aim is to replace the existing building there with a new, expanded and modern office property totaling 15,000 sq. m. and also obtain green building certification, LEED Platinum. The start of construction is planned for 2018 with it ready for moving in during 2021. The agreement with Tyréns brings the occupancy rate to 80 percent already before the start of construction.

Besides the new leases that were signed, there were also renegotiations and lease extensions during the quarter corresponding to annual rent of SEK 318 (199) million, resulting in an increase to the closing amount by 9.0 (13.5) percent. Tieto, for example, has decided to remain in their premises totaling approximately 13,000 sq. m. at Värtahamnen in Stockholm and JM has extended its lease on 14,000 sq. m. at Frösunda. At the property called Nya Vattentornet in Lund, Sigma Connectivity has extended its lease on space totaling 4,500 sq. m.

Transports

Properties have a major impact on the environment throughout their life cycle, i.e. from project planning, construction and management to renovation and demolition. For this reason, Vasakronan works in a goal-oriented way to lower its emissions.

One of Vasakronan's goals, for example, is to lower emissions from its own transports to and from properties. Ways of doing this are opting for video meetings and only having electric or PHEVs as company cars. Vasakronan also strives to lower emissions from its customers' transports by, for example, installing charging stations and offering carpooling. Älskade Stad (Beloved City) in Stockholm is another important initiative for lowering emissions, along with the noise and congestion from freight transports. The initiative is a commercially sustainable, cross-sector collaboration between Vasakronan, Ragn-Sells, Bring and Stockholm City. The collaboration involves sustainable environmental initiatives that benefit a living urban environment. One concrete example is the electric truck that coordinates freight and waste logistics in central

Stockholm, thereby lowering transports of both incoming freight and outgoing waste. The collaboration is also scalable and it can be expanded both in Stockholm and other cities by adding more companies. In December, Vasakronan and Älskade Stad were recognized when this cross-sector initiative received the Sustainability Award from the Swedish Confederation of Transport Enterprises.

More focus on technology development

Technology at Vasakronan's properties is becoming increasingly integrated with IT and the development of technology is accelerating and becoming increasingly complex. Although this opens up new opportunities, it also puts new requirements on the organization. To respond and derive the greatest possible benefits, Vasakronan made some changes to its organization during the quarter. New roles were created to clarify responsibilities between operations and property development. There is now a new central function for technology development that is responsible for identifying, testing and developing new technology. The resources allocated to technology development will also increase. Simultaneous to that, Vasakronan is expanding and deepening its collaboration with Coor, which means that they will take on more responsibility for certain services. The new organization will become effective on 1 February 2018.

A contract was signed with UNIQLO, which will be opening its first store in the Nordic region.

Change in the portfolio

In December, Vasakronan took possession of Sthlm Seaside, a new property (developed by Skanska) at Hammarby Sjöstad. The total area is 12,500 sq. m. of creative business space and it is already nearly fully leased. The property value was SEK 900 million.

During the quarter, Kungsängen 37:13 in Uppsala was sold to Klövern for a property value of SEK 285 million. In addition, part of the site leasehold at Telefonfabriken 1 at Telefonplan was sold to HSB for a site leasehold value of SEK 32 million.

The property called Hubben at Uppsala Science Park was completed during the quarter. It totals 12,500 sq. m. of space and is fully leased. Nöten 5, a property totaling 4,400 sq. m. of space in Solna was also completed during the quarter. Construction on Priorn 5 in Malmö began when the development plan won legal force. An agreement was signed with COWI and Region Skåne, which means that 47 percent is already leased at the start of construction.

Fourth quarter profit

Profit before value changes and tax increased to SEK 859 (823) million, which is attributable to higher rental revenue. The change in the value of property during the quarter was 1.9 (3.5) percent, which corresponds to SEK 2,311 (3,899) million. The change in value of financial instruments was SEK -67 (1,013) million. Profit after tax was SEK 2,436 (4,482) million. Cash flow after investing activities was SEK -704 (655) million during the quarter and the negative cash flow is attributable to the acquisition of Seaside.

Strong economy and rising rents

Our world

Both the economy and labour market in USA are strong. The Federal Reserve raised interest rates for the third time during the year and it has forecast additional hikes in 2018 and 2019. In the Euro zone, growth has been fueled by higher investments and buoyant exports. It appears as though there was less political uncertainty during the fall, even though many questions remain about Brexit.

In Sweden, the economy grew even stronger during the last quarter of the year, with higher production and employment levels. One source of concern, however, is the drop in housing prices that occurred during the fall. According to the latest forecast from National Institute of Economic Research (NIER), GDP will increase 2.5 percent in 2017 and almost 3 percent in 2018. According to HUI Research, retail trade in Sweden is going strong, but they expect growth to slow down in the future. HUI has revised its forecast for retail growth by 0.5 percentage points to 2.0 percent in 2017 and 2.5 percent in 2018. E-commerce is also healthy. It grew by around 17 percent in 2017.

The labour market is strong and employment is expected to rise by 2.3 percent in 2017 and by 1.4 percent in 2018. According to forecasts by SCB and Evidens, office employment in metropolitan areas will increase almost 2 percent in 2017 and 2018.

At its meeting in December, the Riksbank (Sweden's central bank) decided to keep the repo rate unchanged at -0.50 percent. The Riksbank expects to raise the repo rate in mid-2018.

Property market

During the fourth quarter, transactions were conducted in the Swedish property market for a value of approximately SEK 51 (73) billion, according to information from Cushman & Wakefield. During the year, the transaction volume thus amounted to a total of SEK 157 (208) billion, where the comparison figure is affected by a single major transaction, which is Castellum's acquisition of Norrporten for SEK 22 billion. Of the total transaction volume, the single largest segment was residential property and most of the transaction volume was attributable to sales in Stockholm. As in the past, Swedish investors are still the ones making most of the transactions, even though the share of foreign investors has increased.

Stockholm

During the quarter, there was healthy growth in the rental market in Stockholm and market rents in the CBD have continued to rise. The

vacancy level for office and retail facilities in the Stockholm CBD is unchanged since the turn of the year, now at around 3.5 and 2.0 percent, respectively. In Stockholm's inner city, outside the CBD, and in the Stockholm suburbs, market rents have increased and vacancy levels were stable at around 8 and 13 percent respectively at the end of the year. The levels vary, however, between different areas and types of property.

The market's yield requirement, which has fallen for several years in the CBD and the rest of the inner city stabilized during the year at the low level of 3.5 and 3.9 percent, respectively. The yield requirement was also unchanged during the year in the inner suburbs. It is around 4.5 percent.

Gothenburg

The rent levels for offices in the Gothenburg CBD are still rising, which is attributable to limited new production and a limited supply of larger office space in the CBD. This also has an impact on the vacancy level, which is low. It is just under 5 percent for office facilities in the CBD and 2 percent for retail facilities.

The yield requirement for prime office and retail properties in Gothenburg's CBD has remained unchanged since the turn of the year at 3.9 percent.

Öresund

In Öresund, rent levels for offices in the Malmö CBD increased somewhat during the quarter. The vacancy level in the Malmö CBD is 9 percent for office facilities and 4 percent for retail facilities, which is unchanged since the turn of the year. The vacancy level for prime location properties in Lund is also unchanged since the turn of the year, now 5 percent for offices and 3 percent for retail facilities.

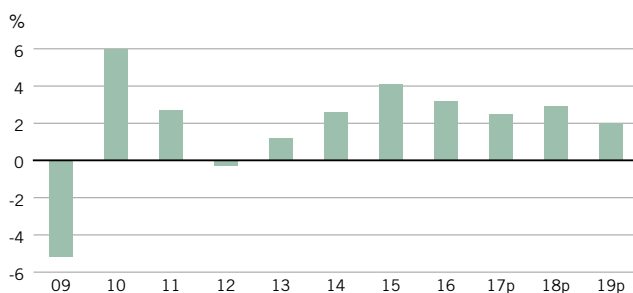
The yield requirement for the most attractive office premises in the Malmö CBD has been stable throughout the period and it is now 4.2 percent. For prime location properties in Lund, the yield requirement is unchanged and it is now 5 percent.

Uppsala

Rental levels for office facilities in central Uppsala increased during the quarter and the vacancy levels for office and retail facilities have remained unchanged since the turn of the year, now at 5 percent and 3 percent, respectively.

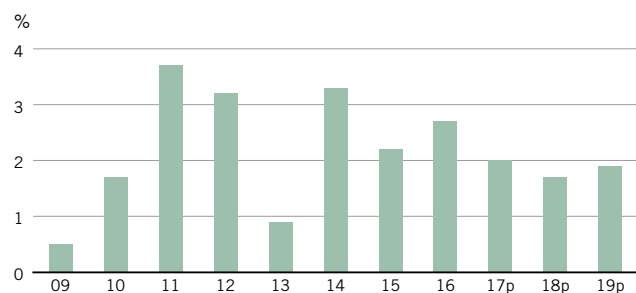
The yield requirement for centrally located office and retail facilities is 5 percent, which is unchanged since the turn of the year.

Stable growth



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

Upward office employment



Office employment, change in metropolitan regions
Source: SCB and Evidens

Consolidated income statement

Amounts in SEK millions	Jan-Dec 2017	Jan-Dec 2016	Oct-Dec 2017	Oct-Dec 2016
Rental revenue	6,490	6,251	1,654	1,605
Operating expenses	-662	-681	-169	-179
Repairs and maintenance	-110	-105	-28	-28
Property administration	-331	-300	-100	-90
Property tax	-544	-544	-134	-135
Site leasehold fees	-165	-162	-44	-39
Total property expenses	-1,812	-1,792	-475	-471
Net operating income	4,678	4,459	1,179	1,134
Central administration	-97	-87	-28	-25
Profit from participations in joint venture	-3	-3	-1	-1
Interest income	2	10	1	4
Interest expenses	-1,167	-1,162	-292	-289
Profit before value changes and tax	3,413	3,217	859	823
Change in value of investment properties	7,973	12,056	2,311	3,899
Change in value of financial instruments	468	-764	-67	1,013
Divested/impaired goodwill	-26	-18	-20	-7
Profit before tax	11,828	14,491	3,083	5,728
Current tax	-95	0	80	164
Deferred tax	-2,464	-3,019	-727	-1,410
Profit for the period	9,269	11,472	2,436	4,482
Other comprehensive income				
<i>Items that may be reclassified ¹</i>				
Cash flow hedges	-	17	-	-
Income tax on cash flow hedges	-	-4	-	-
<i>Items that may not be reclassified ²</i>				
Pensions, revaluation	-14	-89	-14	-89
Restriction for surplus in pension plan with asset cap	3	16	3	16
Income tax on pensions	2	16	2	16
Comprehensive income for the period, net of tax	-9	-44	-9	-57
Total comprehensive income for the period ³	9,260	11,428	2,427	4,425
Performance measures				
Surplus ratio, %	72.1	71.3	71.3	70.7
Interest coverage ratio, times	3.9	3.8	4.0	3.9

1) Items that may be reclassified to profit and loss.

2) Items that shall not be reclassified to profit and loss.

3) Because there are no minority interests, the entire profit is attributable to the Parent Company's shareholders.

There are no potential shares, which means that there is no dilutive effect.

Comments on the income statement

Rental revenue

Rental revenue increased during the year to SEK 6,490 (6,251) million. When comparing equivalent property holdings, the increase was 5 percent and the main reason for this was higher net rent from the new leases that were signed and leases that were renegotiated.

New leases, corresponding to 167,000 (140,000) sq. m. and an annual rent of SEK 613 (475) million were entered into, of which 18 (17) percent had an impact on revenue in 2017. Of the year's new leases, 23 percent is attributable to new construction projects. Notice of termination was received during the period (tenant will be moving out) corresponding to annual rent of SEK 446 (414) million, whereby net leasing amounted to SEK 167 (61) million.

During the year, there were also renegotiations and lease extensions corresponding to annual rent of SEK 1,036 (807) million, resulting in an increase to the closing amount by 10.2 (10.6) percent. Of all the contracts up for renegotiation during the last 12 months, 64 (76) percent of the tenants decided to remain in their premises. The change between the years is attributable to SEB having moved out of Sergelhuset in Stockholm.

Contracted rent at the end of the year amounted to SEK 6,638 (6,481) million and the average remaining term to maturity was 4.2 (4.3) years. At year-end, the occupancy rate was 93.1 (94.2) percent. Of the total

vacancies, 2.5 (0.4) percentage points is attributed to ongoing projects and 0.3 (0.3) is attributed to vacant development properties. When SEB moved out, the impact on the occupancy rate was -1.4 percentage points.

Property expenses

Property expenses amounted to SEK -1,812 (-1,792) million for the period. For comparable property holdings, the increase in property expenses was 2.1 (5) percent. The increase is primarily attributable to higher costs for property administration.

The portfolio's energy performance improved to 100 (110) kWh/sq. m. at the end of the year.

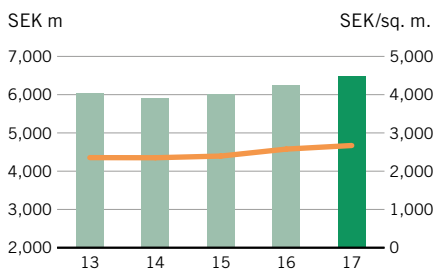
Net operating income

Net operating income increased during the period to 4,678 (4,459) million. For comparable property holdings, the increase in net operating income was almost 6.0 (3) percent. The surplus ratio was 72 (71) percent.

Administration

Property administration costs were SEK -331 (-300) million and central administration costs were SEK -97 (-87) million. The changes are primarily attributable to higher personnel costs. The number of employees during the year increased by 10.

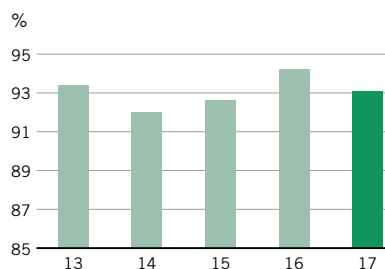
Rising rental revenue SEK/sq. m.



January–December

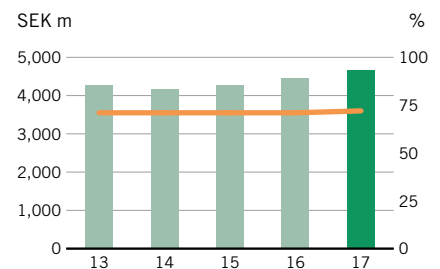
■ Rental revenue, SEK million — Rental revenue SEK/sq. m.

Stable occupancy rate



As of 31 December

High surplus ratio



January–December

■ Net operating income, SEK m — Surplus ratio, %

Widely distributed over many tenants

	Share in %
National Police Board	3
Ericsson	3
H&M	2
Swedish Prison and Probation Service	2
Swedish Social Insurance Agency	2
National Courts Administration	1
Åhléns	1
Ramböll	1
Sony Mobile	1
KPMG	1
Total	17

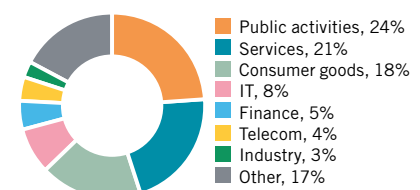
Largest tenants, share of contracted rent

Even distribution of when rents fall due

	Number contracts	Annual rent, SEK m	% of total
2018	1,349	1,142	17
2019	958	1,167	18
2020	830	1,120	17
≥ 2021	1,146	2,865	43
Total	4,283	6,294	95
Residential	1,168	99	1
Garage	–	245	4
Total	5,451	6,638	100

Maturity structure for contracted rent

Largest share of tenants involved in public activities



Breakdown by sector, share of contracted rent

Comments on the income statement (cont.)

Net interest income/expense

Net interest income/expense deteriorated slightly to SEK -1,165 (-1,152) million because there was a larger loan portfolio during the period. The average interest rate for loans and derivatives was 1.7 (2.0) at the end of the period.

The average fixed-interest term increased to 4.5 (4.3) years, primarily because new long-term interest rate derivatives were acquired during the year. The proportion of loans with fixed interest terms maturing within the next 1 year was 41 (45) percent and loans with a fixed rate period of 5 years or more amounted to 43 (42) percent of interest-bearing liabilities.

The interest coverage ratio increased to 3.9 (3.8) times as a result of an improved net operating income. The policy is that the interest coverage ratio should not fall below 1.9 times.

Profit before value changes and tax

Profit before value changes and tax was SEK 3,413 (3,217) million, which corresponds to an increase of 6.1 percent. The increase is due to the higher net operating income.

Change in value of investment properties

As of 31 December 2017, the entire property portfolio had been valued by external appraisers (Cushman & Wakefield and Forum Fastighets-ekonomi).

Altogether, the change in the value of Vasakronan's property amounted to SEK 7,973 (12,056), million, which corresponds to a 6.9 (11.6) percent increase in value. The increase is primarily attributable to rising market rents, particularly in the Stockholm portfolio, which increased by 8.5 percent.

On average, the yield requirement for the portfolio was 4.5 percent, compared to 4.6 percent for corresponding properties at the end of 2016.

Change in value by region

	Change in value, %	Contribution to change in value, % points
Stockholm	8.5	5.5
Gothenburg	4.9	0.9
Öresund	0.2	0.0
Uppsala	8.4	0.5
Total		6.9

Change in value, by category

	Change in value, %	Contribution to change in value, % points
Investment properties	6.6	5.7
Project and development properties	7.9	0.9
Transactions		0.3
Total		6.9

Comments on the income statement (cont.)

Change in value of financial instruments

Derivatives are primarily used to adjust the maturity structure in the loan portfolio and to hedge borrowings in NOK. The nominal value of the derivative portfolio at the end of the period was SEK 63,727 (52,781) million. The increase is primarily attributable to hedging on borrowings in NOK and an adjustment to fixed-interest terms on bonds issued at a fixed rate. The change in the value of derivatives was SEK 468 (-764) million, which was due to higher long-term interest rates during the year. During the year, Vasakronan opted for early redemption of interest rate derivatives for a nominal value of SEK 3,200 (2,900) million. With that, a prior reported loss of SEK -359 (-519) million was realized. At the same time, new interest rate derivative were acquired with longer maturities.

Tax

The Group reported a total tax expense of SEK -2,559 (-3,019) million. Of the total tax expense for the period, SEK -95 (-0) million was current tax and SEK -2,464 (-3,019) million was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments. The effective tax rate amounted to 21.6 (20.8) percent during the period.

Vasakronan has a tax policy that has been established by the Board of Directors to ensure that tax issues are dealt with in a socially responsible way. For more information on Vasakronan's tax policy, please see Vasakronan's website and the section on GRI.

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

The average fixed-interest term increased to 4.5 (4.3) years and loan-to-maturity increased 3.8 (3.4) years.

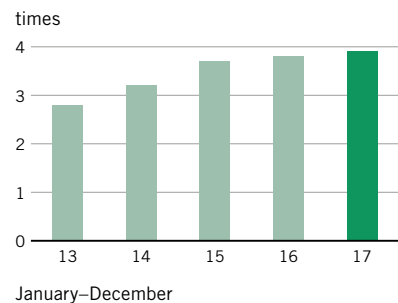
Maturity date	Fixed-interest term		Loan maturity	
	SEK m	Share, %	SEK m	Share, %
0-1 years	24,148	41	13,710 ¹	23
1-2 years	1,530	3	11,686	20
2-3 years	2,314	4	6,774	12
3-4 years	3,690	6	6,318	11
4-5 years	1,989	3	4,320	7
5 years or more	24,750	43	15,613	27
Total	58,421	100	58,421	100

1) The revolving credit facility from owners of SEK 18,000 million, unutilized loan commitment from EIB for SEK 1,376 million plus cash and cash equivalents of SEK 1,423 million correspond to 152 percent of loans maturing in the next 12 months. More information is available on page 10.

Financial risks

	Treasury policy in brief	Actual 2017-12-31
Financing risk		
Loan-to-maturity	at least 2 years	3.8
Loan maturity 12 months	max 40 %	23%
Credit commitments and cash/loan maturity 12 months	at least 100 %	152%
Interest rate risk		
Interest coverage ratio	at least 1.9 times	3.9
Fixed-interest term	1-6 years	4.5
Fixed-interest maturity within 12 months	max 70 %	41%
Credit risk		
Counterpart's rating	at least A-	fulfilled
Currency risk		
Currency exposure	not allowed	fulfilled

Improved interest coverage ratio



Consolidated balance sheet

Amounts in SEK millions	2017-12-31	2016-12-31	2017-09-30	2016-09-30
ASSETS				
Non-current assets				
Intangible assets	2,145	2,171	2,165	2,178
Property, plant and equipment				
Investment properties	126,875	115,922	122,999	111,566
Equipment	46	54	49	54
	126,921	115,976	123,048	111,620
Financial assets				
Shares and participations in joint ventures	368	372	369	379
Derivatives	242	423	338	–
Other long-term receivables	313	58	157	59
	923	853	864	438
Total non-current assets	129,989	119,000	126,077	114,236
Current assets				
Accounts receivable	20	31	36	27
Receivables from joint ventures	1	111	141	122
Current tax assets	–	15	–	–
Receivables from Parent Company	–	–	–	2,056
Derivatives	33	35	28	32
Other current receivables, prepaid expenses and accrued income	817	717	950	977
Cash and cash equivalents	1,423	2,147	2,963	2,097
Total current assets	2,294	3,056	4,118	5,311
TOTAL ASSETS	132,283	122,056	130,195	119,547
EQUITY AND LIABILITIES				
Equity	51,377	46,117	48,950	43,749
Non-current liabilities				
Non-current interest-bearing liabilities	44,711	39,334	46,095	38,724
Deferred tax liability	16,824	14,362	16,099	12,969
Derivatives	2,699	3,383	2,915	3,887
Other non-current liabilities	55	198	154	297
Provision for pensions	86	80	75	9
Total non-current liabilities	64,375	57,357	65,338	55,886
Current liabilities				
Current interest-bearing liabilities	13,710	15,906	12,963	17,196
Accounts payable	124	132	109	114
Liabilities joint ventures	17	–	–	–
Current tax liabilities	80	–	149	138
Derivatives	3	–	10	3
Other current liabilities, accrued expenses and deferred income	2,597	2,544	2,676	2,461
Total current liabilities	16,531	18,582	15,907	19,912
TOTAL EQUITY AND LIABILITIES	132,283	122,056	130,195	119,547

Comments on the balance sheet

Intangible assets

Intangible assets primarily consist of goodwill. Goodwill has arisen because deferred tax on property was calculated using the nominal tax rate at the time of the business combination, while the tax rate that was applied when calculating the purchase sum for the acquisition was lower than the nominal one. The value of goodwill as of 31 December 2017 was SEK 2,045 (2,071) million, and the decline was primarily due to impairment of goodwill and the sale of properties.

The remaining portion of intangible assets is comprised of the value of the Vasakronan brand, which amounted to SEK 100 (100) million.

Investment properties

As of 31 December 2017, the estimated market value of Vasakronan's property portfolio based on external appraisals was SEK 126,875 (115,922) million. The change in value during the period was SEK 7,973 (12,056) million and the remaining change in the market value is comprised of net investments. A change in yield of +/-0.25 percentage points would affect the value of the current property portfolio by -5.1/5.7 percent.

Valuations have been conducted in accordance with RICS Red Book guidelines and using the same methodology that was applied for prior valuations. Market value is affected by property-specific events that

impact value, such as the signing of new and renegotiated leases, properties being vacated and investments.

Consideration is also given to changes that are deemed to have had occurred in market rents and yield requirements. For a more detailed description of the valuation methodology used for Vasakronan's properties, please see page 87 of Vasakronan's Annual Report for 2016.

Vasakronan has set high goals for environmental certification of its property portfolio. It aims to eventually obtain certification for all of its properties and as of 31 December 2017, 84 (77) of the portfolio had environmental certification.

Property projects

Ongoing property projects have a total investment volume of SEK 9,397 (3,423) million, of which SEK 2,663 (2,061) million had been capitalized as of 31 December. The occupancy rate for major projects was 44 (72) at the end of the period. Several major projects with a low initial occupancy rate are in the start-up phase (e.g. Sergelhuset and Platinan). The strong rental market makes it possible to start projects at attractive locations without needing to have all of the premises leased by the project start date.

During the quarter, detailed planning work began on the property called Nattugglan. It is located at Medborgarplatsen in Södermalm and the total area is 15,000 sq. m. The investment amounts to an estimated SEK 800 million and the property is expected to be completed by mid-2021. A rental agreement was signed with Tyréns, which brings the occupancy rate to just over 80 percent already before the start of construction. Construction on Priorn 5 in Malmö also began when the development plan was validated. An agreement was signed with COWI and Region Skåne, which means that 47 percent is already leased at the start of construction.

During the quarter, Hubben at Uppsala Science Park and Nöten 5 at Solna Strand were completed. Both properties were fully leased at the time of completion.

Higher property values

SEK m	2017	2016
Opening value, 1 January	115,922	103,894
Investments	2,543	2,035
Acquisitions, consideration	1,049	58
Sales, consideration	-612	-2,121
Change in value	7,973	12,056
Closing value, 31 December	126,875	115,922

Large investments in property projects

Location	Property	Total investments, SEK m	Capitalized, SEK m	Share capitalized, %	Area of premises, sq. m.	Estimated date of completion	Occupancy rate, % ¹	Environmental certification
Stockholm	Sergelhuset	3,100	480	15	62,000	Dec -21	4	LEED
Gothenburg	Platinan	1,800	252	14	35,500	Dec -20	54	LEED
Stockholm	Nattugglan, bldg. 2	800	31	4	15,000	June -21	80	LEED
Malmö	Priorn 5	580	41	7	13,200	Dec -19	47	LEED
Uppsala	Kronåsen 1:1 Hubben	485	475	98	12,850	Dec -17	100	LEED
Uppsala	Kronåsen 1:1 Celsius	420	18	4	10,150	Dec -20	82	LEED
Stockholm, Frösunda	Hilton 7	390	303	78	11,000	Jan -19	2	LEED
Stockholm	Styrpinnen 15	190	25	13	3,850	June -19	0	LEED
Gothenburg	Drivhuset	190	153	80	12,200	April -18	64	Miljöbyggnad ²
Stockholm	Part of Nöten 5	184	181	98	4,400	Nov -17	100	LEED
Gothenburg	Part of Läppstiftet	175	147	84	8,800	June -18	84	LEED ²
Gothenburg	Bohusgatan	114	23	20	5,400	Dec -18	100	LEED
Total major property projects		8,428	2,129	25			44	
Other projects		969	534					
Total		9,397	2,663					

1) Calculated based on area.

2) Pertains to the property's prior certification. The project pertains to part of the property and special certification of the project will not occur.

Comments on the balance sheet (cont.)

Deferred tax

Deferred tax is calculated using a nominal rate of 22 percent on differences between the carrying amount and tax base of assets and liabilities. As of 31 December 2017, the deferred tax liability were SEK 16,824 (14,362) million and it is primarily attributable to investment properties. The main reason for the increase was the higher market value of the properties.

Liabilities and cash

Interest-bearing liabilities, net of cash and cash equivalents, increased to SEK 56,998 (53,093) million, primarily due to dividends that were paid during the year. The average loan-to-maturity increased to 3.8 (3.4) years and average loan-to-maturity taking into consideration unutilized credit commitments increased to 4.4 (3.9) years. The proportion of debt in the form of commercial papers fell to 12 (17) percent of the total loan portfolio. The proportion of loans maturing within the next 12 months decreased to 23 (29) percent, which was attributable to having a lower proportion of debt in the form of commercial papers. The percentage of loans maturing in 5 years or more increased to 27 (16) percent of interest-bearing liabilities, which is attributable to newly acquired loans with a longer maturity. Vasakronan strives to have diversified borrowings that are distributed among several sources of financing. At the end of the period, the share of capital market financing was 68 (72) percent and the share of bank financing was 32 (28) percent. The aim is to increase the share of unsecured bank financing which, during the year, increased to 6 (1) percent of the total loan portfolio. During the year, Vasakronan issued bonds for SEK 10.3 (8.0) billion in the Swedish capital market, as well as for NOK 2.8 (2.9) in the Norwegian capital

market. This makes Vasakronan the largest issuer on the Swedish capital market. Secured bank loans for SEK 3.2 (4.6) billion were obtained and at the end of the year, outstanding bank loans secured by mortgages amounted to 12 (13) percent of the Group's total assets. The treasury policy states that collateralized loans must not exceed 20 percent of total assets.

Total outstanding green bonds increased during the period to SEK 8.0 (5.2) billion. During the period, unsecured green loan agreements were signed for a total of SEK 4.3 (0.5) billion. The percentage of green financing consisting of green bonds and green loans¹ increased during the period to 20 (10) percent of the total loan portfolio.

The revolving credit facility from the First, Second, Third and Fourth Swedish National Pension Funds, whereby, at Vasakronan's request, there is an obligation to purchase commercial papers, amounts to SEK 18 billion, with a notice period of 2 years. Cash and cash equivalents of SEK 1,423 (2,147), the unutilized credit facility of SEK 18,000 (18,000) million and the unutilized portion of the loan from EIB of SEK 1,370 (-) million together correspond to 152 (127) percent of loans maturing over the next 12 months or all loan maturities through July 2019.

The credit margins in the Swedish bond market have steadily fallen during the year and access to capital is assessed as being very good in both the banking and capital markets.

Equity

Equity increased during the year to SEK 51,377 (46,117) million due to the positive comprehensive income of SEK 9,269 (11,472) million. The equity/assets ratio was 39 (38) percent and LTV (loan-to-value ratio) was 45 (46) percent.

Diversified funding with good reserves

SEK m	Loan limit	Amount utilized	Share, %
Commercial papers	20,000	6,948	12
MTN Bonds	50,000 ⁴	17,652	30
MTN Green bonds		8,035	14
MTN inflation-linked bonds		450	1
MTN NOK bonds		6,660 ²	11
Bank loans, with collateral	15,290	15,290	26
Nordic Investment Bank	2,790	2,790	5
European Investment Bank	1,966 ³	596	1
Revolving credit facility	18,000		
Total		58,421	100

1) A loan where the liquidity goes to investments that help lower energy consumption and reduce the environmental impact.

2) The amount corresponds to NOK 6,550 million and it is fully hedged.

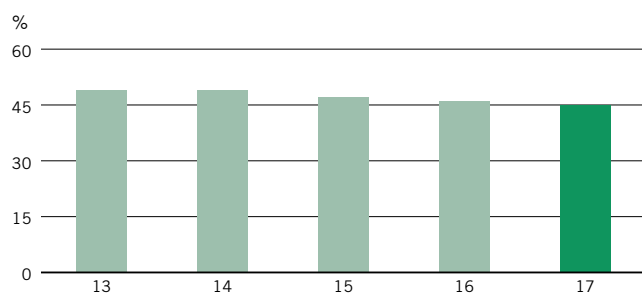
3) The amount corresponds to EUR 200 million.

4) Joint loan limit for EUR, SEK and NOK.

Consolidated statement of changes in equity

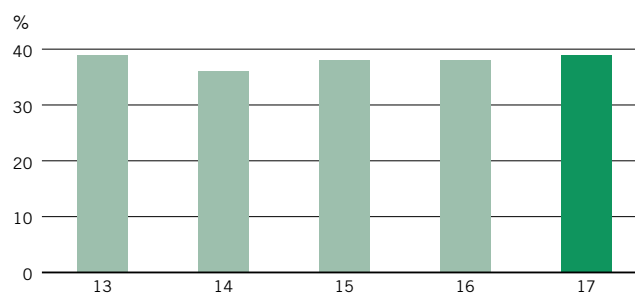
Amounts in SEK millions	Share capital	Other contributed capital	Hedging reserve	Retained earnings	Total equity
Equity opening balance 2016-01-01	4,000	4,227	-13	33,031	41,245
Cash flow hedges, after tax			13		13
Pensions, net after tax				-57	-57
Profit (loss) for the year				11,472	11,472
<i>Total comprehensive income</i>			13	11,415	11,428
Dividends				-4,500	-4,500
Group contribution paid				-2,058	-2,058
Tax effect of Group contribution paid				2	2
Equity closing balance 2016-12-31	4,000	4,227	-	37,890	46,117
Equity opening balance 2017-01-01	4,000	4,227	-	37,890	46,117
Pensions, net after tax				-9	-9
Profit (loss) for the year				9,269	9,269
<i>Total comprehensive income</i>				9,260	9,260
Dividends				-4,000	-4,000
Equity closing balance 2017-12-31	4,000	4,227	-	43,150	51,377

LTV (Loan-to-value ratio)



As of 31 December

Equity/assets ratio



As of 31 December

Consolidated cash flow statement

Amounts in SEK millions	Jan-Dec 2017	Jan-Dec 2016	Oct-Dec 2017	Oct-Dec 2016
Operating activities				
Profit before value changes and tax	3,413	3,217	859	823
Adjustment for items not included in cash flow	11	7	4	2
Net interest income/expense	1,165	1,152	291	285
Interest paid, net	-1,191	-1,191	-344	-296
Taxes paid	-15	-48	-3	-2
Cash flow before changes in working capital	3,383	3,137	807	812
Increase (-) / decrease (+) in operating receivables	-233	9	132	248
Increase (+) / decrease (-) in operating liabilities	-39	293	-77	49
Cash flow from operating activities	3,111	3,439	862	1,109
Investing activities				
Investments in existing property	-2,543	-2,035	-814	-628
Acquisitions of property	-1,049	-58	-1,049	0
Divestment of property	612	2,121	297	172
Other PPE, net	-5	-5	0	2
Cash flow from investing activities	-2,985	23	-1,566	-454
Cash flow after investing activities	126	3,462	-704	655
Financing activities				
Dividends and Group contributions	-4,000	-7,382	-	-2,058
Loans to owner	-	-	-	2,051
Raised debt: interest-bearing liabilities	19,193	16,993	3,267	3,954
Repayment of debt: interest-bearing liabilities	-15,684	-12,708	-3,744	-4,552
Redemption of financial instruments	-359	-519	-359	-
Cash flow from financing activities	-850	-3,616	-836	-605
Cash flow for the period	-724	-154	-1,540	50
Opening balance, cash and cash equivalents	2,147	2,301	2,963	2,097
Cash flow for the period	-724	-154	-1,540	50
Closing balance, cash and cash equivalents	1,423	2,147	1,423	2,147

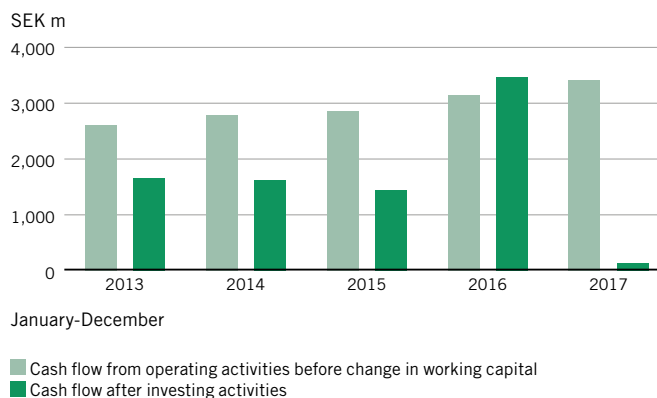
Comments on cash flow statement

Cash flow from operating activities before, change in working capital, improved by SEK 246 million and was SEK 3,383 (3,137) million. The improvement is primarily attributable to higher net operating income. Cash flow from working capital deteriorated by SEK -574 million, which is primarily attributable to increased deposits to cover under-valued outstanding currency derivatives. Cash flow from operating activities after changes in working capital fell because of this to SEK 3,111 (3,439) million.

Investments in existing properties increased during the period to SEK -2,543 (-2,035) million due to major investments in projects. Furthermore, cash flow deteriorated by SEK -670 (2,063) million due to property acquisition and fewer property sales. The cash flow after investing activities thus amounted to SEK 126 (3,462) million.

In total, net borrowing for the year amounted to SEK -3,150 (-4,285) million. The impact on cash from financing activities was SEK -4,000 (-7,382) million from dividends paid to owners and it amounted to SEK -850 (-3,616) million. In total, cash and cash equivalents fell by SEK 724 (-154) million and was SEK 1,423 (2,147) million at the end of the period.

Stable cash flow from operating activities



Property divestments

Property	Location	Buyer	Purchase price, SEK m	Transfer date
Part of Skytteholm 2:24	Stockholm	Swedish Transport Administration	4	2017-01-23
Part of Gullbergsvass 1:16, 16:1 and 3:3	Gothenburg	Gothenburg municipality	170	2017-03-31
Benzelius 1	Lund	Hemsö	150	2017-06-01
Kungsängen 37:1 (Seaside)	Uppsala	Klövern	285	2017-10-02
Part of Telefonfabriken 1	Stockholm	HSB	32	2017-11-21
Total property value			641	
Costs associated with acquisition, e.g. stamp duty and other transaction costs, as well as deduction for deferred tax			-29	
Total purchase price			612	

Property acquisitions

Property	Location	Seller	Purchase price, SEK m	Transfer date
Hammarby Gård 12	Stockholm	Skanska	900 ¹⁾	2017-12-01
Solna Järva 2:28, 2:35, 2:36	Solna	Järvastaden	149 ²⁾	2017-12-19
Total property value			1,049	

1) Net after deduction for deferred tax.

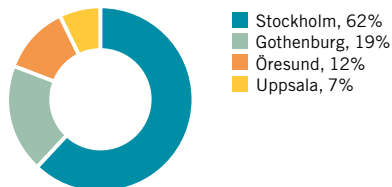
2) Acquisitions from associated companies. An agreement was signed concerning resale to external party with vacancy in 2018.

Vasakronan total and by region

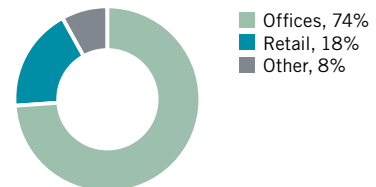
Total Vasakronan Jan–Dec

	2017	2016
Market value, SEK m	126,875	115,922
Rental revenue, SEK m	6,490	6,251
Net operating income, SEK m	4,678	4,459
Surplus ratio, %	72	71
Occupancy rate, %	93	94
Number of properties	179	179
Area, thousand sq. m.	2,430	2,426
Environmental certification, %	84	77

Contracted rent by geographic market



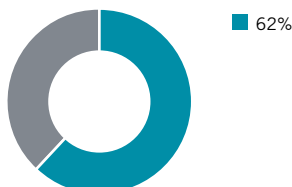
Contracted rent by property type



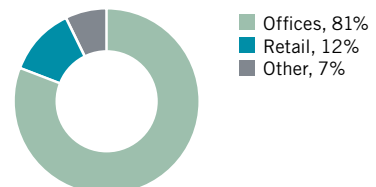
Stockholm Jan–Dec

	2017	2016
Market value, SEK m	82,978	74,298
Rental revenue, SEK m	4,026	3,840
Net operating income, SEK m	2,902	2,716
Surplus ratio, %	72	71
Occupancy rate, %	92	94
Number of properties	82	78
Area, thousand sq. m.	1,425	1,413
Environmental certification, %	79	75

Contracted rent Stockholm



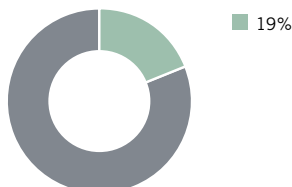
Contracted rent Stockholm by property type



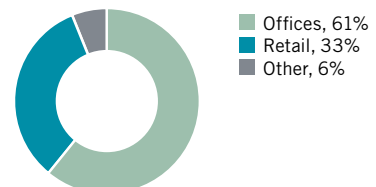
Gothenburg Jan–Dec

	2017	2016
Market value, SEK m	23,689	22,147
Rental revenue, SEK m	1,246	1,205
Net operating income, SEK m	957	928
Surplus ratio, %	77	77
Occupancy rate, %	96	97
Number of properties	36	36
Area, thousand sq. m.	423	422
Environmental certification, %	94	90

Contracted rent Gothenburg



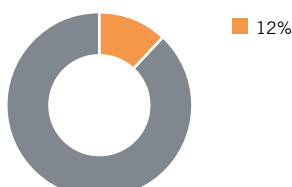
Contracted rent Gothenburg by property type



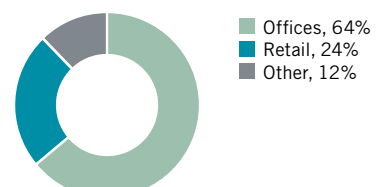
Öresund Jan–Dec

	2017	2016
Market value, SEK m	12,666	12,606
Rental revenue, SEK m	755	756
Net operating income, SEK m	498	501
Surplus ratio, %	66	66
Occupancy rate, %	90	90
Number of properties	37	38
Area, thousand sq. m.	353	360
Environmental certification, %	97	69

Contracted rent Öresund



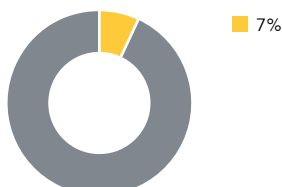
Contracted rent Öresund by property type



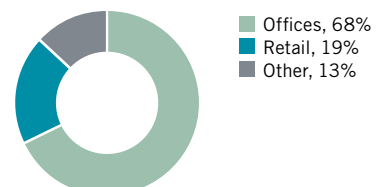
Uppsala Jan–Dec

	2017	2016
Market value, SEK m	7,542	6,871
Rental revenue, SEK m	463	450
Net operating income, SEK m	321	314
Surplus ratio, %	69	70
Occupancy rate, %	96	96
Number of properties	24	27
Area, thousand sq. m.	229	231
Environmental certification, %	79	79

Contracted rent Uppsala



Contracted rent Uppsala by property type



Vasakronan AB – Parent Company in summary

Income statement

Amounts in SEK millions	Jan-Dec 2017	Jan-Dec 2016
Net sales	453	423
Operating expenses	-565	-525
Capital gain (loss) on sales	-	1
Profit/loss before financial items	-112	-101
Financial items		
Profit from participations in subsidiaries	3,500	10,796
Net interest income/expense	-1,127	-1,119
Change in value of financial instruments	468	-764
Appropriations	-142	-
Profit before tax	2,587	8,812
Tax	-326	74
Profit (loss) for the year	2,261	8,886

Statement of Comprehensive Income

Profit for the period		
<i>Items that may be reclassified</i>		
Cash flow hedges	-	17
Income tax related to cash flow hedges	-	-4
Comprehensive income for the year, net of tax	-	13
Total comprehensive income	2,261	8,899

Parent Company

The operations of the Parent Company, Vasakronan AB (publ), consist of Group-wide functions and providing an organization for the management of properties owned by subsidiaries. The Parent Company does not directly own any properties.

The Parent Company's revenue for the period was SEK 453 (423) million, which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered. The change in the value of financial instruments was SEK 468 (-764) million, which was due to higher long-term interest rates during the year. More information is available on page 7. Profit (loss) before tax was SEK 2,587 (8,812) million. Cash at the end of the period amounted to SEK 1,420 (2,146) million.

Balance sheet

Amounts in SEK millions	2017-12-31	2016-12-31
ASSETS		
Non-current assets		
Equipment	19	25
Shares and participations in subsidiaries	30,610	30,759
Receivables from subsidiaries	9,196	9,771
Shares and participations in joint ventures	1	1
Deferred tax assets	246	478
Derivatives	242	423
Long-term receivables	309	54
Total non-current assets	40,623	41,511
Current assets		
Receivables from subsidiaries	29,897	28,326
Derivatives	33	35
Current receivables	546	423
Cash and cash equivalents	1,420	2,146
Total current assets	31,896	30,930
TOTAL ASSETS	72,519	72,441
EQUITY AND LIABILITIES		
Equity	9,200	10,939
Untaxed reserves	186	44
Liabilities		
Interest-bearing liabilities	58,421	55,240
Derivatives	2,699	3,383
Non-interest-bearing liabilities	595	694
Liabilities to subsidiaries	1,415	2,141
Total liabilities	63,133	61,458
TOTAL EQUITY AND LIABILITIES	72,519	72,441

Other information

Personnel

The number of employees at the end of the period was 349 (339).

Risks and uncertainties

The Board of Directors and management team continuously strive to achieve the desired risk profile, based on the policy established by the Board. The policy contains uniform methods for identifying, valuing, taking responsibility for, managing and reporting risks. Vasakronan's risks are described in the Annual Report for 2016 on pages 56–57. No other changes have occurred since then that affect the Board's and management team's assessment. Comments on the overall situation in the property and finance markets can be found in the relevant sections of this report.

In order to prepare its financial statements in accordance with generally accepted accounting principles, the company management team must make assessments and assumptions that affect the amounts reported as assets and liabilities in the balance sheet, as well as income and expense items reported in the income statement and other information that has been provided. The actual results may deviate from these estimates and assessments. The financial statements are particularly sensitive to assumptions that provide the basis for the valuation of the investment properties.

During the first half of the year, a proposal was presented on new tax rules that would limit interest deductions and raise taxation on the sale of properties. During the fall, Vasakronan submitted comments on both of the legislation proposals. The conclusion on both of those legislation proposals is that, if implemented, they would have a negative impact on the company's ability to invest in and develop office areas and city districts in metropolitan areas.

Related-party transactions

Information on Vasakronan's related-party transactions is provided in Note 34 of Vasakronan's Annual Report for 2016. At the end of the period, the Third Swedish National Pension Fund had bond holdings with Vasakronan of SEK 165 million.

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

Accounting policies

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Comparison figures in parentheses are amounts for the corresponding period last year. The same accounting policies, valuation principles and calculation methods as the ones used in the most recently issued annual report have been applied. Please see Vasakronan's Annual Report for 2016, pages 80–83.

Vasakronan's activities have been organized according to the geographic regions of Stockholm, Gothenburg, Öresund and Uppsala. These regions thus represent the operating segments used for reporting purposes. More information is available on page 84 of Vasakronan's Annual Report.

Derivatives valued at fair value in the balance sheet and other financial instruments at amortized cost. For interest-bearing liabilities, which consist of bond loans, bank loans and certificate loans, the fair value differs from the reported amount of amortized cost. Fair value is established using the current yield curve along with a borrowing margin and it is included in the calculation of NNNAV.

Derivatives are valued in accordance with level 2 in the fair value hierarchy. For all derivatives there are ISDA agreements in place that allow offsetting of payables and receivables from the same counterparty, in the event of insolvency. Investment properties are recognized at fair value in accordance with level 3 in the fair value hierarchy.

The Parent Company prepares its financial statements in accordance with the Annual Accounts Act and RFR 2 Reporting for Legal Entities.

New standards that have not yet entered into force or been adopted

During fall 2016, the International Accounting Standards Board adopted two new standards, IFRS 15 Revenue, and IFRS 9 Financial Instruments, which will apply as of 1 January 2018. Vasakronan has evaluated these new standards and concluded that they do not have any impact on the Group's opening balances as of 1 January 2018, but they will require more extensive disclosures in the annual report. IFRS 16 Leasing enters into force on 1 January 2019. Vasakronan's assessment is that this will primarily impact reporting of site leasehold fees, which will increase total assets and net operating income.

Alternative performance measures

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

Alternative performance measures used in Vasakronan's interim report are defined and motivated on page 18. Page 17 also includes a breakdown on specific performance measures where this is required.

Subsequent events

Besides the proposed dividends, no significant events have occurred after the closing date that impact the assessment of Vasakronan's financial position.

Stockholm, 1 February 2018

Fredrik Wirdenius
CEO

The report has not been reviewed by the company's auditors.

For more information about this year-end report, please contact:

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CFO
Phone: +46 8-566 205 40
email: christer.nerlich@vasakronan.se

This report contains information that Vasakronan AB (Publ) is required to make public in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication by the contact person on 1 February 2018 at 13.00 CET.

Performance measures

	Jan-Dec 2017	Jan-Dec 2016	Oct-Dec 2017	Oct-Dec 2016
Property-related information				
Occupancy rate on closing date, %	93.1	94.2	93.1	94.2
Surplus ratio, %	72.1	71.3	71.3	70.7
Investments in existing projects, SEK m	2,543	2,035	814	628
Property acquisitions, SEK m	1,049	58	1,049	–
Property divestments, SEK m	–612	–2,121	–297	–172
Net investments in property, SEK m	–2,980	–28	–1,566	456
Market value of property on closing date, SEK m	126,875	115,922	126,875	115,922
Area on closing date, thousand sq. m.	2,430	2,426	2,430	2,426
Number of properties on closing date	179	179	179	179
Environmental certification on closing date, %	84	77	84	77
Energy performance on closing date, kWh/sq. m.	100	110	100	110
Financial information				
Interest coverage ratio, times	3.9	3.8	4.0	3.9
Equity/assets ratio on closing date, %	39	38	39	38
LTV (loan-to-value ratio) on closing date, %	45	46	45	46
Average fixed-interest term, years	4.5	4.3	4.5	4.3
Average loan-to-maturity*, years	3.8	3.4	3.8	3.4
NAV on closing date, SEK m ¹	68,581	61,333	68,581	61,333
NNNAV on closing date, SEK m ²	60,872	55,083	60,872	55,083
Average rate of interest on closing date, %	1.7	2.0	1.7	2.0
Interest-bearing liabilities, net, on closing date, SEK m	56,998	53,093	56,998	53,093
Cash flow before change in working capital, SEK m	3,383	3,137	807	812
FFO / net debt, %	6.1	6.2	6.1	6.2
Other				
Number of employees on closing date	349	339	349	339
Calculation of performance measures				
1) NAV, SEK m				
Equity	51,377	46,117	51,377	46,117
Add back goodwill	–2,045	–2,071	–2,045	–2,071
Add back derivatives	2,426	2,925	2,426	2,925
Add back reported, deferred tax	16,824	14,362	16,824	14,362
	68,581	61,333	68,581	61,333
2) NNNAV, SEK m				
Equity	51,377	46,117	51,377	46,117
Add back goodwill	–2,045	–2,071	–2,045	–2,071
Add back reported, deferred tax	16,824	14,362	16,824	14,362
Deferred tax at fair value	–4,933***	–3,219**	–4,933***	–3,219**
Adjustment of interest-bearing liabilities to fair value	–351	–106	–351	–106
	60,872	55,083	60,872	55,083

* Not including unutilized credit commitments.

** Calculated on the basis of a 25 percent current tax rate, i.e. 5.5 percent.

*** Calculated on the basis of a 30 percent current tax rate, i.e. 6.6 percent.

Definitions

Area, sq. m.

Leasable area, not including garages and parking spaces on the closing date.

LTV (Loan-to-value ratio), %

Net interest-bearing liabilities divided by investment properties on the closing date. Intended as an indication of the company's financial risk.

Central administration, SEK m

Costs (at the Group level) that are not directly related to property management, such as the costs associated with the Group management team, property investments, financing and central marketing.

Net operating income, SEK m

Rental revenue less operating costs, repairs and maintenance, property administration, property tax and site leasehold fees. Intended as an indication of the operating income from investment activities.

Energy performance, kWh/sq. m.

The annual total for energy consumption from heating, adjusted to the level of a normal year, along with comfort cooling and property electricity, divided by the temperate area (indoor area of all floors of a building that are heated to more than 10°C). Reported energy performance also includes some tenant electricity and process cooling which, for technical reasons, is not possible to remove from the calculation.

Property acquisitions, SEK m

Acquisition of investment properties. Intended as an indication of the company's acquisitions during the period.

Property divestments, SEK m

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

FFO / net debt, %

Cash flow from operating activities before change in working capital for the last 12 months divided by average interest-bearing liabilities, net. It measures the portion of the company's net liabilities that can be paid by its cash flow from operating activities.

Average loan-to-maturity, years

The volume-weighted remaining maturity on interest-bearing liabilities and derivatives on the closing date. Intended as an indication of the company's financial risk.

Average interest rate, %

The volume-weighted interest rate on interest-bearing liabilities and derivatives on the closing date. Intended as an indication of the company's financial risk.

Average fixed-interest term, years

The volume-weighted remaining maturity on the fixed-interest term for interest-bearing liabilities and derivatives on the closing date. Intended as an indication of the company's financial risk.

Average remaining term to maturity, years

The total contract value of commercial facilities divided by contracted rent for commercial facilities.

Rental value, SEK m

Contracted rent plus the assessed market rent for vacant premises.

Investments in existing projects, SEK m

Investment in ongoing projects. Intended as an indication of the company's investment volume.

Comparable property holdings

Properties included in holdings during the entire reporting period, and during the entire comparison period. Properties that were classified as project properties, or that were acquired or sold during the reporting period or comparison period are not included.

Contracted rent, SEK m

Total annual rent from contracts in effect as of the closing date.

Contracted rent by property type

Contracted rent categorized on the basis of the how, for each lease, the premises are to be used. The category types are office, retail and other. The category "other" includes, for example, residential space, parking and hotels.

Cash and cash equivalents, SEK m

Cash and bank balances, along with short-term investments, with maturities of less than three months. Intended as an indication of liquidity.

Environmental certification, %

Total area of properties that have obtained certification in accordance with BREEAM, LEED or Miljöbyggnad, divided by the area for the entire property portfolio, on the closing date.

NAV (Net asset value), SEK m

The amount of reported equity, adding back goodwill, derivatives and deferred tax. Intended as an alternative calculation of equity. See page 17 for more information on how it is calculated.

NNNAV (Triple net asset value), SEK m

The amount of reported equity, adding back goodwill and fair value of loans, and adjusted for estimated deferred tax. It is calculated on the basis of a 25 percent current tax rate. Intended as an alternative calculation of equity. See page 17 for more information on how it is calculated.

Net investments, SEK m

The purchase price for acquisition of property, along with investments in property projects, less the consideration received from property divestment. Intended as a measure of capital invested in property.

Net leases, SEK millions

Contracted rent for new leases that were signed during the period less contracted rent for leases where notice of termination was received during the period (tenant will be moving out).

Profit before value changes and tax, SEK m

Net operating income less central administration, profit (loss) from participations in joint ventures and net interest income/expense. Intended to as an indication of the operating earnings of the business.

Net interest-bearing liabilities, SEK m

Interest-bearing liabilities less cash and cash equivalents. Intended as an indication of the company's financial risk.

Interest coverage ratio, times

Net operating income plus central administration, profit (loss) from participations in joint ventures divided by net interest income/expense. Intended as an indication of the company's sensitivity to fluctuations in interest rates.

Equity/assets ratio, %

Equity divided by total assets on the closing date. Intended as an indication of the company's financial stability.

Occupancy rate, %

Contracted rent divided by the rental value, on the closing date.

Surplus ratio, %

Net operating income divided by rental revenue. Intended as an indication of the operating income from investment activities.

Calendar

Reports

Annual Report 2017	March 2018
AGM	3 May 2018
Interim report January–March 2017	3 May 2018

More information about the company is available on Vasakronan's website www.vasakronan.se