

Vasakronan

Annual Report 2021





Cover: Platinan in Gothenburg

This is an interactive, clickable PDF.

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The Corporate Governance and Financial Statements sections are part of the statutory Annual Report. The scope of the Sustainability Report is available on page 133.



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Sweden's leading property company

Vasakronan's assignment is to generate a high, risk-weighted return for our owners the First, Second, Third and Fourth Swedish National Pension Funds. A return that will benefit Sweden's current and future pensioners, though never at the expense of the environment and people.

In addition to our assignment, Vasakronan's ambition is to be Sweden's leading property company.

We will achieve this by:

- Generating a high total yield that should also exceed that of the industry in general
- Being the preferred choice for tenants looking for office or retail premises.
- Being perceived as the most attractive employer in the industry.
- Running our operations sustainably, from economic, environmental and social perspectives.

With a vision of future-proof cities for everyone, where people and companies thrive.

Uppsala
Stockholm
Gothenburg
Malmö



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How we work

To accomplish our assignment, our ambition is to be Sweden's leading property company and to ultimately achieve our vision of the future-proof city, we must create long-term sustainable value in the business. We do this in a variety of ways, primarily by concentrating our property portfolio in areas and sub-markets with the preconditions for strong economic growth and good transaction liquidity.

The portfolio encompasses 168 office and retail properties equivalent to a property value of SEK 182 billion in prime locations in Sweden's four largest cities: Stockholm, Gothenburg, Malmö and Uppsala.

We actively manage and develop our properties, neighbourhoods and areas. When we renovate or build new properties, we do so sustainably and with the goal of developing the best products in the best locations – and always from a holistic perspective. Our project portfolio is valued at SEK 30 billion and has a total rental value of more than SEK 700 million. We also have a development rights portfolio with the potential to develop just over two million square metres. To ensure that we meet our customers' needs, we regularly develop our products and services.

Since 75% of our rental revenue comes from offices and since our customers' circumstances can change quickly, flexibility is a keyword. This is why we offer several different office solutions in all of our neighbourhoods. Everything from customised premises that are ready for occupancy to fully furnished or Arena, our co-working offering. This way we can ensure that our products, properties and locations are attractive in the lettings market for the long term and generate stable cash flows.



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Vasakronan in figures

Operating surplus
SEK million

5,533

Interest coverage ratio
multiple

5.2

Environmental certification
of investment portfolio
share of market value, per cent

94

Property value
SEK billion

182

Loan-to-value (LTV) ratio
per cent

39

Energy intensity
kWh/sq. m.

83

Occupancy rate
per cent

91.4

Lettable area
sq. m., million

2.3

Project volume
SEK billion

10.1



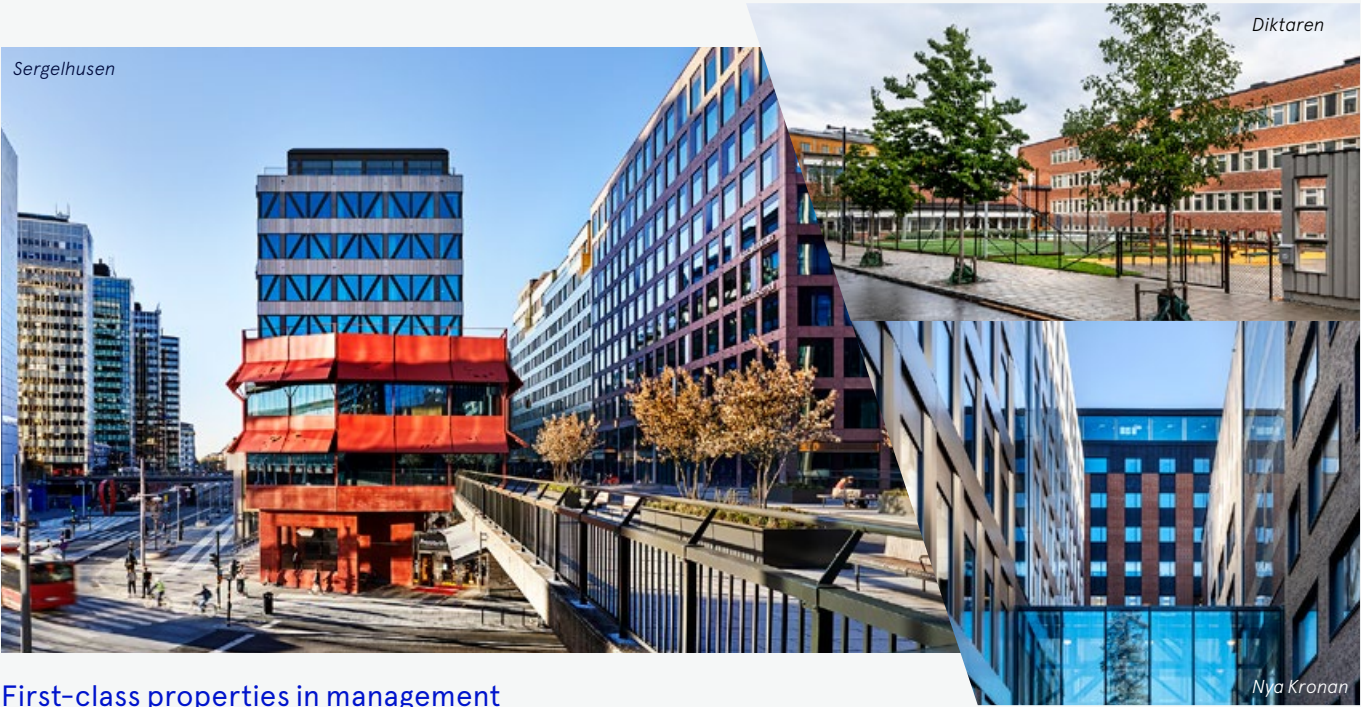
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For many people, organisations and companies, 2021 was a stressful year. Even Vasakronan was affected. At the same time, there are obvious rays of light worthy of note. We go into some of them here.



First-class properties in management

Successfully developing and refining our property portfolio improves our appeal and contributes to our long-term profitability. Two of the projects completed during the year were Sergelhusen in Stockholm City and Nya Kronan in Sundbyberg. Sergelhusen is Vasakronan’s largest-ever project and a total of SEK 4 billion has been invested in the property, which encompasses 37,000 square metres of offices and 12,000 square metres of retail space. The offices are essentially fully let

and the occupancy rate at street level is over 90%. Nya Kronan in Sundbyberg encompasses 47,500 square metres. The Swedish Tax Agency is renting essentially the entire property on a ten-year lease and moved in during the end of the year. The Diktaren property in Solna was also completed during the year. It encompasses slightly more than 6,400 square metres of office space and is fully let to Engelska Skolan on a fifteen-year lease.



G R E S B
REAL ESTATE
sector leader 2021

A sustainable business model – a winning concept

During the year we have received several recognitions for our sustainability efforts. We received an environmental strategy award for demonstrating, year after year, that clear climate goals and measures deliver results. Hötorgshusen won SGBC’s annual LEED award for existing properties. We are a little extra proud of this because there was nothing we did at Hötorgshusen that we don’t already do at all of our properties. Last but not least, the outcome of the Global Real Estate Sustainability Benchmark, GRESB, showed that we are a world leader in the highly competitive office/retail segment and that we placed well within development. It’s not just fun to win the world championship in sustainability – it’s also very profitable. It increases our revenue and lowers our costs. It also helps us deliver on our assignment from our owners.

World leaders in the office and retail segment



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27,000 square metres of new street-level lettings

A broad and well-thought out offering of retail, restaurants, culture and experiences is essential to how we experience our cities. During the year, we also completed several excellent lettings in all of our cities. For example, in Malmö, Polestar opened a showroom in Södertull and the Disgusting Food Museum opened on the city's pedestrian boulevard, Södra Förstadsgatan, At Platinan in Gothenburg, Poppels is opening a city brewery in the summer that will become a meeting place for beer, food and people. Unisport, Helly Hansen, Under Armour, Mango and Champion opened flagship stores at Sergelhusen in Stockholm and, in autumn 2022, Svensson's in Lammhult will launch a new concept on Sveavägen.

Sergelgatan is also starting to take form and it is clear that the location together with our vision for the street are attracting exciting new concepts that boost the whole. Soon Paradox will open a 1,000 square metre interactive museum with optical illusions and other attractions. "Spirit of..." also signed an agreement for 2,700 square metres and by the end of the year will offer visitors a palette of experiences, whether one is looking for an exhibition, good food and beverages, a library or a shop full of inspiration.



Continued diversification with historically advantageous terms

Vasakronan has a long-term strategy to be a leader in green financing, in spreading maturities over time and in diversifying borrowing across several markets and sources. During the year we continued to apply this strategy through our first green bond issued in Hong Kong dollars. Investors consider Vasakronan a safe choice. We have strong owners and are leaders in sustainability, which is a clear advantage when increasing amounts of capital are being allocated to sustainable investments. At the end of the year, the company also borrowed from an entirely new funding source in the German market, a green, digital registered bond known as NSV (Namensschuldverschreibung). Using new technology to make the entire lending process easier is an extra plus. During the year the company issued debt of just over SEK 12.5 billion in the bond market, all of which was green.

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Statement by the CEO

Vasakronan posted strong results for 2021 with increased rental revenue, higher earnings from operations and property management and strong value growth in the portfolio. A stable lettings market, active customer dialogues and a number of project developments that have progressed into management are important factors behind this success.

Vasakronan posted a record strong performance in 2021. How was this possible during a pandemic?

"There are several reasons for this. One is, of course, an overall strong market and continued high demand for high-quality premises in excellent locations. This benefits Vasakronan.

"I'd also like to give credit to all of my colleagues. It was an intense year and I'm extremely proud of everyone who contributed to our profit for the year. Revenue from tenants was very high during the year and we renegotiated a record large volume of lettings. It's clear that we have a stable organisation with a high level of skill and clear commitment."

The property value of Vasakronan's property portfolio increased SEK 15 billion last year. What drove this growth?

"The increase was due in part to successful renegotiations and new lettings, but also to projects in the portfolio starting to be completed. The transaction market has also been quite strong, which has kept yield requirements low. Even increased inflation had a positive effect, if only marginal."

During the year, many office employees worked from home and there has been an occasionally lively debate about the role of the office after the pandemic. What do you see in the future for offices?

"I'm positive. Insight into the meaning of the office and how it's designed to support an operation has grown and many companies and organisations are approaching the issue with a great deal of curiosity.

"The overall situation is that most customers believe that the office is important for cohesion and an important tool for retaining and attracting new talent. The pandemic has also demonstrated that working from home, at least part of the time, is an alternative for many people. This is why offices have to be even more attractive as a work and meeting place in the right context and location with easy access to public transportation. This is an exciting development that we are well prepared to meet."

Vasakronan's occupancy rate decreased during the year and is now at 91.4%. What is your view?

"We went into the pandemic with an occupancy rate of 94% so yes, vacancy rates are a little higher right now. This is partially due to a number of major notices we received and the fact that companies are reviewing what they need in terms of premises. Movement has increased.



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“We have a large, premium property portfolio with high-quality premises in excellent locations.”

“At the same time, the number of inquiries into new offices is once again rising, while the previously cautious position toward expansion and future investments has changed. It’s also encouraging to note that the vacancies we have meet the preferences and requirements that many operations have right now.”

Does Vasakronan have the right premises to meet changing customer needs?

“Yes. We have a wide range in our offering, which is key. We offer everything from offices that can be tailored to customer’s needs to Smart & Klart – meaning furnished offices with a high level of flexibility in the lease – as well as our own co-working offering, Vasakronan Arena. This, in combination with our size, means that we can almost always meet customers’ changing needs within our own property portfolio.

“A few examples of how we work with our existing property portfolio is the development at Grev Tureplan on Birger Jarls-gatan and Hötorgshus 2 on Sergelgatan in Stockholm. They’ll be ready for occupancy in the end of 2023 but we’re already seeing a great deal of interest in these premises. Dialogues are underway and they confirm that this type of first-class product in prime locations are what the market demands.”

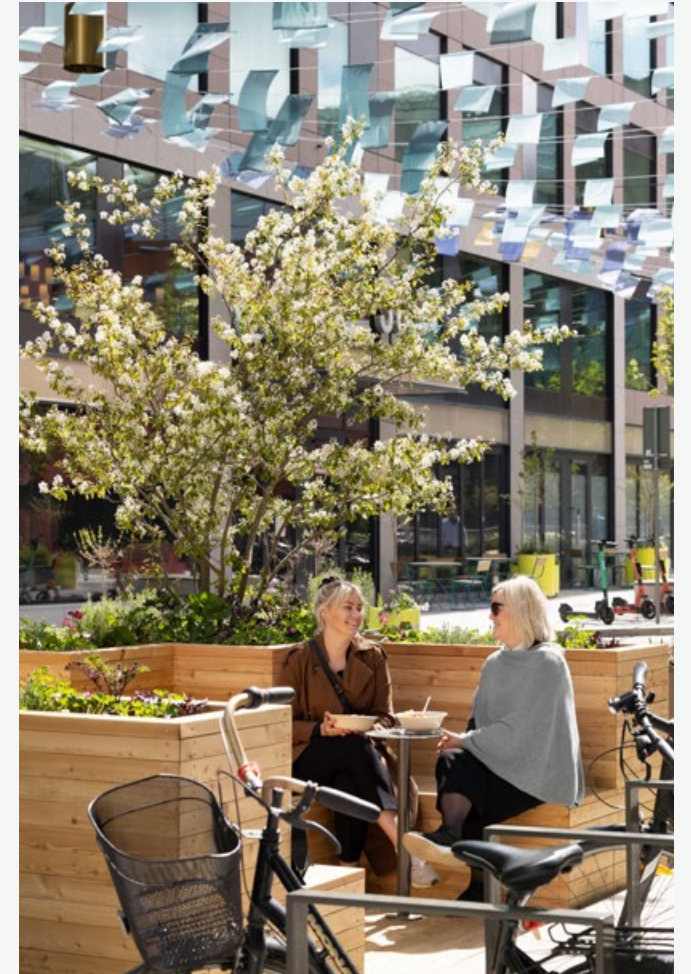
Several of your project developments were completed during the year. Have the projects gone well?

“Yes, very well. We had considerable focus on occupancy for Sergelhusen in Stockholm City. The offices are fully let, and with a total occupancy rate of 97 per cent, the only thing left is to find the right tenants for some of the street-level premises. In 2021, the Swedish Tax Agency also took occupancy of the Nya Kronan project development in Sundbyberg. They are leasing the entire property, with occupancy scheduled for 2022.

“In addition to Platinan in Gothenburg, Nattugglan at Medborgarplatsen in Stockholm and Magasin X in Uppsala will be completed soon. All three are centrally located and have generated a great deal of interest. The fact is that they’re already fully let even before occupancy. There has been a great deal of interest in Magasin X in particular, which is Sweden’s largest office property with a frame made entirely of wood.”

As more projects are completed, does this mean that you will start to wind down project development work?

“A lot of our projects enter management in 2021 and 2022. This means we’re now over a ‘hump,’ after a period where we had many large and resource-intensive development projects ongoing at the same time. Now we’re entering a quieter phase, but that doesn’t necessarily mean that we’re winding down development. Instead of acquiring during a rather hot transaction market, our strategy for several years now has to been to build new, and to refine and renew our existing property portfolio. We will stick with this successful and profitable strategy.



Malmskillnadsgatan in Stockholm. From a closed, inaccessible environment to a lively summer street with places to sit, green areas and outdoor dining.



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“We have several exciting development projects in the portfolio and will also invest in developing our neighbourhoods. Lilla Bommen in Gothenburg, Södra City in Uppsala, Södra Hagalund in Solna and Kista are some examples.”

The investments you just mentioned are extensive. Does this mean that Vasakronan is taking responsibility for developing larger areas in these cities?

“Yes, you could say that. The neighbourhoods where we operate and have an influence are to attract a healthy mix of people of various ages – younger, older, families with children – who can all feel safe and who all want to participate in the experiences offered by these areas.

“For us it’s important that the street level coordinates with operations higher up in the properties. We know that the street level’s offering makes the office premises even more appealing. A good example of this is the development of Sergelhusen and Malmskillnadsgatan in Stockholm. Before, it was a relatively closed environment with limited flows of people during the evening. Now, thanks to a restructuring of flows and a healthy mix of stores and restaurants at street level, there’s activity in the area during the day as well as the evenings.”

Speaking of the street level, how does the future of retail look to you?

“During the pandemic, there were naturally very few new establishments in city centre locations. Now there’s been a clear change. During the year we let a total of 27,000 square metres at street level. This is a high number and a testament to how people want to be in prime locations with favourable flows.



Magasin X in central Uppsala is Sweden’s largest office property built of wood. The property has a high sustainability profile and is fully let.

“Stores are still dominating, but we’re now seeing them alongside restaurants, services and, not least, various kinds of experiences aimed at different target groups. When Sergelgatan opens during the year, part of the street will become a cultural and experience centre with new kinds of tenants, including Paradox, a Swedish branch of the internationally acclaimed Museum of Illusions.”

Which factors are important for your tenants?

“Flexible solutions and well-designed offices in prime locations are in demand. Accessibility, a broad range of services, retail and culture – everything needs to be within reach.

“Sustainability is also becoming more important. Our customers increasingly expect that we, as a property owner, will live up to social as well as environmental and climate requirements. The environmental certification of our buildings is important for our customers, often even a requirement. We’ve made a lot of progress here and at the end of the year, 94% of our property portfolio was environmentally certified.

“We’ve worked systematically for a long time to reduce our environmental impact in a variety of ways. This benefits our customer relationships and is also a reason why, despite facing very stiff competition, we were ranked as the global sector leader in the office/retail segment of the Global Real Estate Sustainability Benchmark,GRESB last year.”



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“Vasakronan is a company that has a history of performing relatively well even in a turbulent market, and I’m convinced that we will continue to do so.”

You mentioned that requirements for social sustainability were increasing. What does this involve in practice?

“For us, it means that everyone who is present in and around our properties should have an inclusive experience and feel safe and secure at all hours of the day.

“Another important issue is how we can work with the industry so that everyone working on behalf of Vasakronan, such as during construction, has equitable employment terms and a safe work environment. Offering our customers premises and services that have been developed responsibly is essential for our business and our credibility.”

You’ve made several investments in digitalisation and PropTech recently. Why?

“There are many reasons, but in brief it’s about streamlining our way of working, structuring all of the data our properties generate and using it in a smart manner.

“For our own operations, this means working more efficiently with energy optimisations. We also have the ability to offer our customers more services and increase the utilisation rate of our properties. From a macro perspective, we also see an opportu-

nity for collaboration where we can build a larger whole together with several other players. If we can help develop technology and digital solutions that have the potential to lead to more sustainable cities, for example in terms of mobility and increased use of resources, that benefits everyone.”

If you look forward and reflect over 2022, what do expectations look like?

“Right now, many concerns prevail regarding national security in Europe. The exact consequences in the long term are impossible to know. But I know that we are heading into 2022 with a successful year behind us and a strong position.

“Demand for flexible high-quality premises in prime locations with easy access to public transportation is still high and we have the kinds of products and services customers are demanding. The projects that have progressed into management this year, or that will soon, are environmentally certified at the highest level and are largely fully let even before occupancy. During the year, we will continue to focus on deliveries while ensuring that we take advantage of the development opportunities we have.

“With a robust capital structure and buildings that have long-term appeal, Vasakronan is a financially stable company with strong owners. Our prominent position within sustainability boosts our appeal in the credit market and allows us to borrow on favourable terms. Our assessment is also that the majority of our properties meet the EU’s stringent new taxonomy requirements for financing that will start applying in 2022.

“Sweden’s economy is still strong and right now I see no slowdown in demand. Naturally we’re following developments with the war in Ukraine and the effects it might have on Sweden and our operations. Regardless of what happens, Vasakronan is a company that has a history of performing relatively well even in a turbulent market, and I’m convinced that we will continue to do so.”

Stockholm, March 2022

Johanna Skogestig
Chief Executive Officer



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Digitalisation affects everyone

Digitalisation connected to new technology and new innovations enables communication and interaction in an entirely new way. We are in the midst of a technology shift where everything is becoming more connected, monitored and analysed. Everyone is affected. This presents opportunities for Vasakronan, our customers and other societal actors.

Hybrid offices a new alternative

A sudden and compulsory switch to remote working has advanced digital development several years and the digital workplace has become self-evident. For companies and organisations, the weaknesses and strengths of digital infrastructure became clear when the full force of the pandemic hit in 2020 and many people started working remotely. Now that the pandemic has hopefully started to subside, we are entering a new phase where many companies intend to develop the right form of hybrid working. For that to work, technology also needs to work.

Companies and organisations have long demanded a higher degree of flexibility in office functions as well as rental agreements. Digital meetings and remote working have become the standard for many people during the pandemic. This challenges the traditional view of what an office is and what function it fills. Many have also started to think about how to design an office so it better meets needs for coordination and flexibility. Working remotely has highlighted the need of offices as meeting places. As a result, there is increased curiosity surrounding a mix of workplace resources. For example, a company can have their own office to build culture and create community, combined with places for meetings and for work, not least supplemented with virtual workplaces that can be located anywhere at all.



E-commerce affecting development of city centres

Structural changes in retail are ongoing constantly. This became extremely clear during the pandemic and 2020 and 2021 were the years when Swedish consumers really took to online shopping. For many, it was the only way. It is too early to tell exactly how retail will be transformed in the future, but we

can say without a doubt that it will have consequences for our city centres. New content will be developed and we are already seeing many exciting new ideas and concepts in the market. Transformation can be difficult but eventually it often leads to something better. For example, to a broader mix of stores, restaurants, experiences and services at street level.



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Sustainability topics rising in importance

Today sustainability topics are an important issue, maybe the most important, for many companies. The majority understand that those who take the environment and climate into consideration will be winners in the long run. But expectations that companies will take social responsibility are also growing. Not least when it concerns working conditions and human rights.

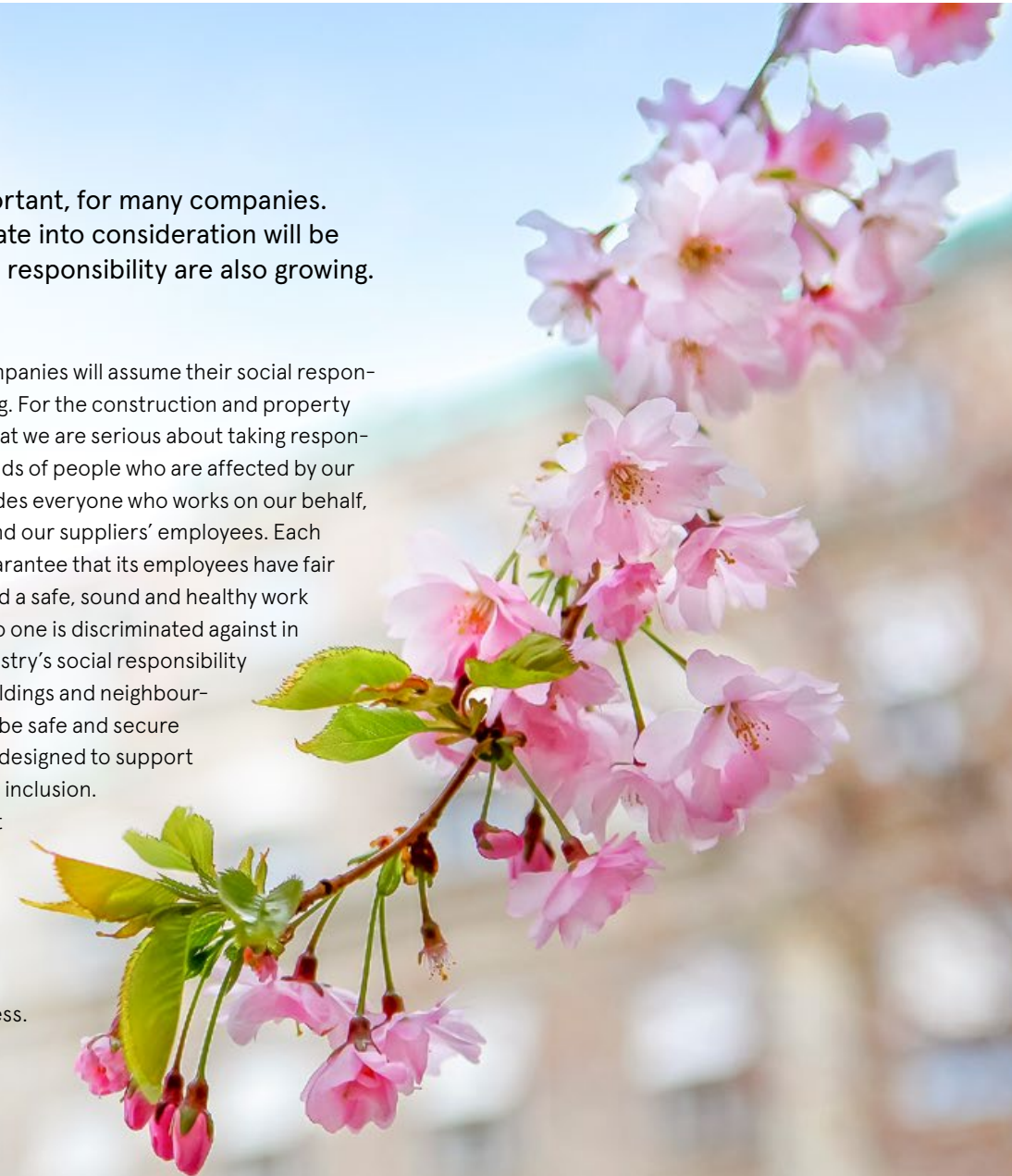
There are few left today who doubt that we face a gigantic climate challenge. Politicians and companies are both serious in prioritising the issue. Major decisions are under way in the EU as well as at national and local levels. Many companies have stated unequivocally that a well-conceived environmental agenda has become essential in their business models. For those yet to start, things have become urgent.

Demand is increasing for responsibly produced goods and services, and even investors are increasingly choosing to allocate their capital to more sustainable investments. And the climate is hardly the only challenge. Biodiversity, water shortages, resource efficiency and human rights are other issues that challenge current business models and put the company's future earnings ability to the test.

For the property industry, this will affect how we plan and build our cities. It sets serious efficiency requirements for using resources like materials and energy as well as in waste management and transportation systems within cities. A changing climate also entails adaptations in society, for businesses as well as our shared physical environment. This can be protection against flooding, extreme heat waves or landslide risks.

Expectations that companies will assume their social responsibility are also growing. For the construction and property industry this means that we are serious about taking responsibility for the thousands of people who are affected by our operations. This includes everyone who works on our behalf, our own employees and our suppliers' employees. Each company needs to guarantee that its employees have fair working conditions and a safe, sound and healthy work environment where no one is discriminated against in any capacity. The industry's social responsibility also encompasses buildings and neighbourhoods, which need to be safe and secure and which need to be designed to support health, well-being and inclusion.

For companies that have not reviewed how sustainable their business model is, it is high time to investigate the possibilities. They are endless.





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Thomas Nystedt
Group Treasurer

Anna Denell
Chief Sustainability Officer

Jan-Erik Hellman
Property Development Manager

Our financial responsibility

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

Our environmental and climate responsibility

The construction and property sector affects the environment in a variety of ways. For example, the sector accounts for just over 20% of emissions of greenhouse gases and just over 30% of energy consumption and waste generated in Sweden. Vasakronan has identified energy consumption, material use, waste and transportation, both from tenants and development activities, as the four most material environmental topics.

Our responsibility for people and society

Our operations affect thousands of people. In particular, those who work for Vasakronan – our employees and our suppliers. But we also affect all of the people that spend their time in and around our approximately 170 properties. Our operations are only sustainable if we ensure supportive, safe and sound work environments with good working conditions where everybody receives equal treatment.



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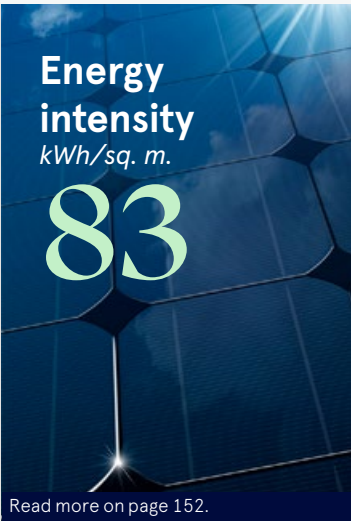
– Uppsala

Financing

Our four focus areas within our environmental and climate responsibility

Energy

Properties account for more than 30% of total energy consumption in Sweden. Reducing our energy consumption is thus an important issue for us. We are reducing our energy needs through operating optimisations and placing very high demands on energy intensity when developing or renovating. We are also working to reduce our power demand and to increase our own production and storage of energy. Low energy consumption is also a prerequisite for buildings attaining environmental certification with high ratings and a prerequisite for green financing.



Waste

Large amounts of waste are created in our new construction and redevelopment projects as well as by our tenants' operations. Our overarching goal is that neither our own nor our tenants' operations should generate waste that cannot be reused or recycled. The waste hierarchy governs our waste policy. The first step is to prevent waste from being generated, such as by not renovating unnecessarily. Any waste generated is to be reused, if possible, or recycled in new production. Only a minimal share is to be sent to incineration or landfill and it is to be managed responsibly.



Materials

Large quantities of material are used for the construction and maintenance of properties. Extraction, production and transportation of materials all have a significant impact on the climate and biodiversity. That is why we have high standards for our architects, planners and contractors when it comes to resource management. The goal is to only use reused, renewable or recycled material. The material used must also not contain hazardous substances that poses a risk to people who spend time in the building or to the ecosystems outside.



Transportation

Transportation is often necessary, but can cause climate change, local emissions, noise and congestion. Our construction projects entail a lot of transportation. That is why we have high requirements for our contractors when it comes to smart logistics and environmentally friendly vehicles and fuel. We also work to reduce the environmental impact from our tenants' travel and transportation to and from the properties. We do this by offering charging stations, smart bicycle solutions and coordinating logistics for deliveries and waste shipments, such as the "Älskade stad" (Beloved City) partnership.





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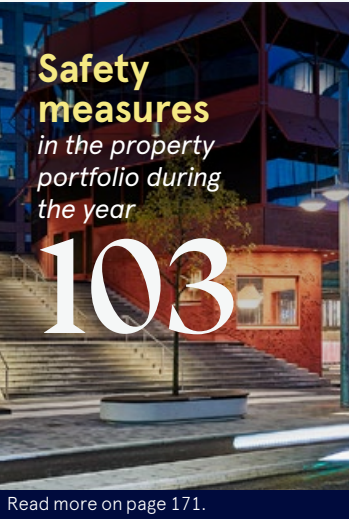
Our four focus areas within our responsibility for people and society

Safety and security

Our tenants want their employees to feel safe, in the workplace and on their way to and from work. Being able to ensure this is becoming increasingly important when companies choose office locations.

Even our store tenants depend on the surrounding environment being perceived as safe and secure.

That is why we work continuously with various safety measures, from alarms and surveillance to the design of outdoor lighting, landscaping and walk paths. We also have a number of partnerships with stakeholders in the cities in which we operate, for example, City i Samverkan and Centrum för AMP. (Swedish)



Health and well-being

Most people spend a lot of time indoors, and the design of the buildings has a substantial impact on health and well-being. We work to create the right light, acoustic and air quality as well as physical environment to promote movement and an active life.

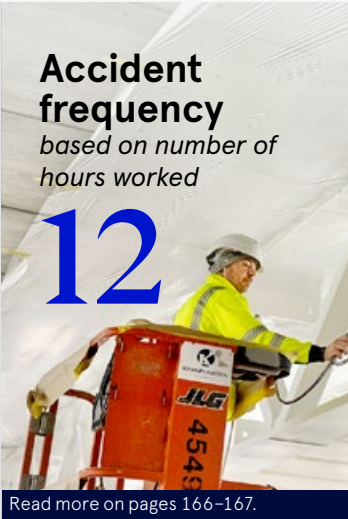
Another important factor is ensuring that the construction materials we use do not contain hazardous substances or other substances that can harm a person's health. We use Byggarubedömningen to filter out hazardous construction material.



Work environment

Our operations can never come at the expense of people's health or well-being. A poor work environment could lead to absenteeism, human suffering and financial consequences. In our own organisation, we can see that the risks of accidents or long-term illness are relatively small.

The risks are greater for our construction and service contractors. We work systematically to ensure that everyone has a safe work environment and are part of the Håll Nollan initiative. The vision is that everyone should come home uninjured after a day at work.



Diversity and equal treatment

We are convinced that we become more successful when our company reflects society. Heterogeneous groups are more innovative and better at solving problems. Our goal is for our organisation to be characterised by diversity and free from discrimination. Our Code of Conduct for suppliers includes anti-discrimination requirements.

Buildings and areas need to be designed so they are accessible for everyone. We need to ensure that people are not discriminated against because of disability. As such, we are a driver behind the UUA association (Universal Design in the Workplace).





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Future-proof cities

For everyone, where people and companies thrive.

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Read more on pages 13–14.

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High return & sustainable business

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Our values

Openness binds us together • Enthusiasm drives us forward
We get things done • Fair and honest • A holistic approach



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Our strategies

To ensure that the assignment from owners is fulfilled and that we remain relevant and continue to create value for other stakeholders, management develops an annual strategic plan that the Board than ratifies. The plan guides the coming years and is framed by seven strategies.



PRODUCT STRATEGY

We offer a broad product range for work-places and street-level operations with everything from customised or ready-made premises to Arena for shared offices and services. Our technological solutions in buildings make things simple and efficient for our customers.



TECHNOLOGY STRATEGY

Our technological solutions simplify our customers’ daily tasks and lead to increased efficiency and profitability for the company. We stay one step ahead and are not afraid to try new technologies.



INVESTMENT STRATEGY

We focus primarily on property holdings focused on offices and city retail in Swedish growth areas, and our properties and areas should be survivors in the lettings market. We adapt and develop the property portfolio based on how the market is expected to change.



EMPLOYEE STRATEGY

We are an organisation that adapts to match our changing surroundings, and have leadership that creates the preconditions for our employees to succeed and thrive in their work.



CUSTOMER STRATEGY

We follow our customers in their development and offer solutions to meet their needs. We actively share our knowledge about how office space and other resources can be used more efficiently.



SUSTAINABILITY STRATEGY

We are to run our entire business with a sustainable approach and our sustainability ambitions influence all decisions taken by the company. We take responsibility for our impact on the environment.



FINANCING STRATEGY

We have low financial risk through diversified sources of finance, secured credit limits and a spread of maturities. We are increasing our share of green financing and gradually stepping up the requirements in our framework.



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Financial targets

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

LONG-TERM FINANCIAL TARGETS	Targets 2021	Target fulfilment		Targets 2022
A total yield of at least 6.5% per year (rolling average over ten years) ¹ . A total yield of at least 0.5 percentage points higher than the industry ² .	—	The total yield was 12.8% (4.0) for 2021, and 10.9% (10.7) on average over the latest ten-year period. Read more on page 36.	Total yield, % 2021 12.8 2020 4.2 2019 13.4	
	—	The total yield for the industry was 14.6% (6.0) for 2021, and 10.0% (9.7) on average over the latest ten-year period. Read more on page 36.	The industry’s total yield, % MSCI Property index excluding Vasakronan 2021 14.6 2020 6.0 2019 9.9	
	An increase in operating surplus for comparable property holdings of 1.0% compared with 2020.	The operating surplus growth for comparable property holdings was 2.2% (0). Read more on page 85.	Operating surplus growth for comparable property holdings, % 2021 2.2 2020 -0.3 2019 6.3	An increase in operating surplus for comparable property holdings of 2.0% compared with 2021.
	An occupancy rate of at least 92.5% at the end of 2021.	The occupancy rate was 91.4% (91.9) at the end of the year. Read more on page 83.	Occupancy rate, % 2021 91.4 2020 91.9 2019 94.1	An occupancy rate of at least 91% at the end of 2022. Net lettings of SEK 200 million.

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



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LONG-TERM FINANCIAL TARGETS	Targets 2021	Target fulfilment	Targets 2022
A total yield of at least 6.5% per year (rolling average over ten years) ¹ . A total yield of at least 0.5 percentage points higher than the industry ² .	A 10% decrease (>24 months) in the percentage of premises with long-term vacancies.	The percentage of premises (>24 months) with long-term vacancies exceeded last year's level.	A lower percentage of premises (>24 months) with long-term vacancies than at the end of 2021.
	The cost of leasehold improvements in conjunction with new office lettings should average less than SEK 2,500 per square metre.	The cost of leasehold improvements in conjunction with new office lettings declined to less than SEK 2,115 per square metre.	The cost of leasehold improvements in conjunction with new office lettings should average less than SEK 2,500 per square metre. At least 50% of new lettings in offices with low or no leasehold improvements (SEK 0–500 per sq. m.).
	Price changes in conjunction with renegotiations should exceed 7.3%.	Price changes in conjunction with renegotiations totalled 8%. Read more on page 83.	Price changes in conjunction with renegotiations should exceed 5.5%. Overall customer satisfaction should exceed 75.
All of our financing is green.	We have broadened our green financing with a new debt instrument.	In 2021, Vasakronan issued Europe's first digital green registered bond (Namensschuldverschreibung, NSV). Read more on page 56.	We expanded our financing by including social aspects as well.

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






2) Measured against MSCI outcome, excluding Vasakronan.



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Environmental targets



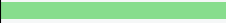
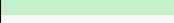



Vasakronan’s long-term overarching goal is to be climate neutral across the entire value chain by 2030. We can reach that by focusing on long-term targets in four areas: energy, material, waste and transportation.

LONG-TERM ENVIRONMENTAL TARGETS FOR 2030	Targets 2021	Target fulfilment	Contribution to SDGs	Targets 2022
Our properties are self-sufficient and do not require any energy to be purchased.	Decrease purchased energy by 5%.	Energy intensity amounted to an average of 83 kWh/sq. m., which is at the same level as the previous year. Read more on pages 151–152.	Annual energy intensity, kWh/sq. m. 2021 <div><div></div></div> 83 2020 <div><div></div></div> 83 2019 <div><div></div></div> 92 	Decrease purchased energy by 5%.
	At least 80 solar photovoltaic systems in operation.	At the end of the year, 77 (71) solar photovoltaic systems were in operation, producing a total of 8,029 MWh (3,749) of energy. Read more on pages 151–152.	On-site produced electricity, MWh 2021 <div><div></div></div> 8,029 2020 <div><div></div></div> 3,749 2019 <div><div></div></div> 3,211 	At least 85 solar photovoltaic systems in operation.
We only use renewable, recycled or reused materials in our construction projects.	Increase the share of reused, renewable and recycled material in construction projects.	The share of renewable material used in redevelopment projects completed for the year increased to 11% (4). The share of reused and recycled material in projects amounted to 2% (4). Read more on pages 149–150.	Share of renewable and reused/recycled material, % 2021 <div><div></div></div> 11 2020 <div><div></div></div> 4   Renewable material	Increase the share of reused, renewable and recycled material in construction projects.
			2021 <div><div></div></div> 2 2020 <div><div></div></div> 4  Renewable and recycled material	



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Environmental targets, cont.

LONG-TERM ENVIRONMENTAL TARGETS FOR 2030	Targets 2021	Target fulfilment	Contribution to SDGs	Targets 2022
Our business and those of our customers generate no waste that is unable to be recycled or reused.	Increase the share of sorted food waste in relation to total household waste.	The share of food waste in relation to total household waste was approximately 15% (15), based on actual amounts of food waste measured from properties in Gothenburg. Read more on pages 161–163.	 	Increase the sorting of food waste among our tenants
	Reducing waste in our construction projects.	In 2021, the average amount of construction waste at completed redevelopment projects amounted to 387 kg/sq. m. (296). The increase is due to the redevelopment of Sergelhusen, which was a much more comprehensive redevelopment than those completed in the previous year. Read more on pages 161–163.	Waste in redevelopment projects, kg/sq. m. 2021  386 2020  296 Refers to the average waste per square metre of GFA in redevelopment projects completed during the year.  	Reducing waste in our construction projects.
NEW LONG-TERM ENVIRONMENTAL TARGETS FOR 2022	Targets 2021	Target fulfilment	Contribution to SDGs	Targets 2022
Transportation for ourselves and our customers not dependent on fossil fuel.	—	—		Increase the number of charging stations to 1,300.

In addition to the targets presented above, for 2021, Vasakronan had targets of a 2% reduction in water consumption and of assessing at least 150 of our suppliers with respect to compliance with our environmental requirements.

For information about how these went, refer to pages 153 and 165.



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Social targets

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

LONG-TERM SOCIAL TARGETS FOR 2030	Targets 2021	Target fulfilment	Contribution to SDGs	Targets 2022
Everyone who works for Vasakronan has a good working environment free from worksite accidents.	Our employees feel that stress levels at work are reasonable and that they have an opportunity to recover between workdays.	The year's employee survey showed that 73% (78) of the employees would say that they have a reasonable level of stress and 77% (85) would say that they can recover between workdays. Read more on pages 166–167.	<div><div>Reasonable work load</div><div>Share of employees, %</div><div><div>2021</div><div>2020</div><div>2019</div></div><div><div>73</div><div>78</div><div>78</div></div></div> <div><div>Opportunity to recover</div><div>Share of employees, %</div><div><div>2021</div><div>2020</div><div>2019</div></div><div><div>77</div><div>85</div><div>79</div></div></div>	Our employees would agree that we have a good organisational and social work environment.
	Reduced number of worksite accidents in construction projects.	Accident frequency in major new construction and redevelopment projects decreased to 12 (17) Read more on pages 166–167.	<div><div>Accident frequency in major projects</div><div>Based on number of hours worked</div><div><div>2021</div><div>2020</div></div><div><div>12</div><div>17</div></div></div>	Reduced number of worksite accidents in construction projects.



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LONG-TERM SOCIAL TARGETS FOR 2030	Targets 2021	Target fulfilment	Contribution to SDGs	Targets 2022
Our company and our suppliers are diverse and have an inclusive corporate culture.	To increase the percentage of employees with foreign backgrounds.	The percentage of employees with foreign backgrounds decreased to 12% (14). Read more on pages 168–169.	Share of employees with foreign backgrounds, % 2021 12 2020 14 2019 13 	Our employees would agree that we have an inclusive culture.
	Our employees know how to act in cases of discrimination.	This year’s survey shows that 91% of employees know how to respond to discrimination ¹ . Read more on page 168.	 	Our employees know how to act in cases of discrimination.
Our areas and properties are aesthetically pleasing and are designed to support: – occupational health and safety – health and well-being – inclusivity for everyone	Implement at least 100 measures to create security at our properties and our development projects.	During the year, over one hundred different measures were implemented to improve safety and security in and around properties. Read more on page 171.	Safety measures, number 2021 103 2020 70 2019 52 	We intend to create an overall safety strategy for the property portfolio.

1) 2021 was the first year that the question was included in the employee survey, so there are no comparative figures for 2020.
In addition to the targets presented above, for 2021 Vasakronan also had a goal of assessing at least 150 of our suppliers with respect to work environment, working conditions and human rights. We also want our customers to be aware of our efforts to create healthy and inclusive indoor environments.

For information about how these went, refer to pages 167 and 170.



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Strong recovery

The Swedish economy posted a strong recovery in 2021. According to the latest report from the National Institute of Economic Research from December, GDP increased 4.9% in 2021, compared with a decrease of 2.9% in 2020. Growth rose primarily in the second and third quarters as the vaccination rate increased, the spread of infection decreased and restrictions were eased. Global and domestic demand for our goods and services increased drastically. The shortage of input goods and delivery problems in the manufacturing industry as well as staffing problems in portions of the service sector limited economic growth.

Portions of consumer durables, primarily physical retail, were hit hard by the pandemic and the subsequent restrictions. The digital transition in the industry, which was already under way, was given an incredible boost and an increasing share of consumer durables are purchased online. As restrictions have been lifted, the recovery in physical retail grew stronger and retail foot traffic returned. This was confirmed by Vasakronan’s city retail index, which also shows a strong recovery primarily for sports and leisure as well as footwear.

As a result of the strong financial recovery, there is a significant demand for employees in many industries. In the metropolitan regions office employment rose 7.7% (0.9) in 2021 and is expected to rise around 2% in 2022 and 2023.

High inflationary pressure

As a result of the strong recovery, inflation has increased and is significantly above the Riksbank’s, Sweden’s central bank’s, goal of 2%. The rise was initially due to rising energy prices and

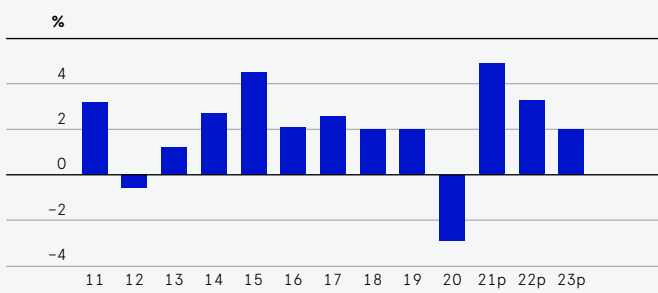
supply chain bottlenecks, but price increases have now spread to several parts of the economy. Inflation trends and duration are currently difficult to predict. This is reflected in the difference between the Riksbank’s repo rate path and short market interest rates. At its most recent meeting in February 2022, the Riksbank decided to keep the repo rate unchanged at 0% with a first hike in the latter half of 2024. In parallel, the Riksbank indicated that its bond holdings would remain essentially unchanged for the remainder of the year before being gradually wound down. However, the market’s assessment is that the high inflation outcome we have seen recently will lead to interest rate increases as early as 2022, which the Riksbank confirmed to a certain extent. The Riksbank’s downsizing of holdings in securities is believed to be coming earlier than what the Riksbank has signalled.

However, the ongoing conflict in Ukraine together with the uncertain geopolitical situation in the world may impact both on financial markets and on monetary policy. Swedish companies have low exposure to Ukraine and Russia, but the conflict can have effects on inflation as well as financial systems. At this stage it is too early to predict how serious and how long-term these effects may be.

Record high transaction volume

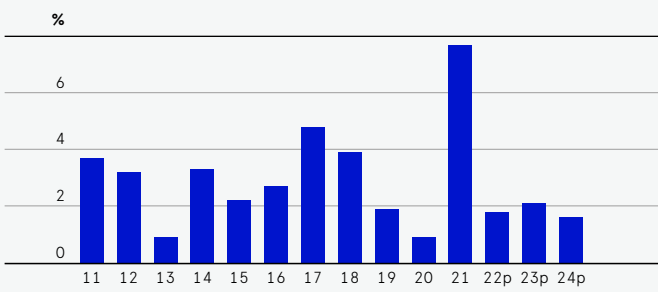
2021 was the strongest year in Swedish property history with a total transaction volume of SEK 389 billion (183). The high volume was due primarily to several major structural transactions. The first five transactions of the year accounted for one third of sales. They were driven primarily by the opportunity for cheaper financing.

Strong recovery for growth



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

Rising office employment



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



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Swedish investors accounted for 75% of the transaction volume, and the bulk of sales were in the residential and office properties segments. The high transaction volume indicates continued good access to capital and strong interest in property investments despite concern over climbing interest rates.

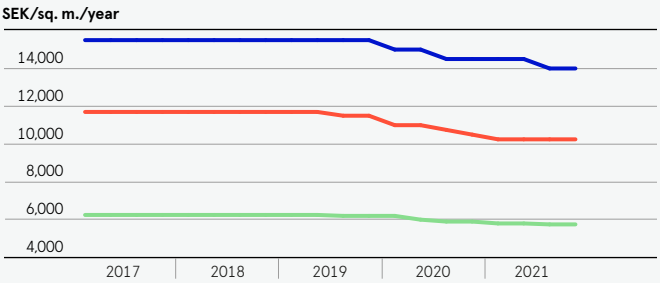
Stable market rents and lowered yield requirements

During the year, office rents remained stable in all of Stockholm’s sub-markets and in Malmö, whereas they have risen slightly toward the year end in Gothenburg and Uppsala. The difference in rent levels between centrally located, space- and cost-efficient offices, and offices that require investments in new technology and sustainable solutions is increasing even further.

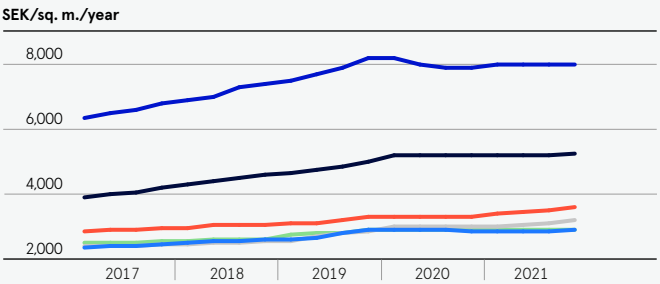
Yield requirements have fallen in all of Vasakronan’s regions, which has positively impacted property values. The largest decline was noted in Central Stockholm and its suburbs as well as in central Malmö where yield requirements have fallen 30–40 bps. Office vacancies were assessed as relatively stable in Gothenburg, Malmö and Uppsala over the year, while a slight increase was noted both in Stockholm’s CBD and central Stockholm, which can primarily be seen as an effect of the pandemic.

Within retail and primarily in Stockholm, a slight downturn was noted in market rents. The trend had been noted prior to the outbreak of the pandemic as a result of increased e-commerce. Vacancy levels for stores were assessed as having risen slightly since the year end, primarily in central Stockholm. The market’s yield requirements for stores, however, remains at unchanged levels since the end of 2020.

Stagnating market rents, retail

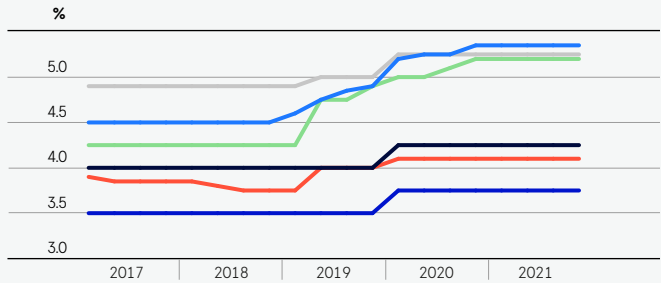


Cautious market rents, offices

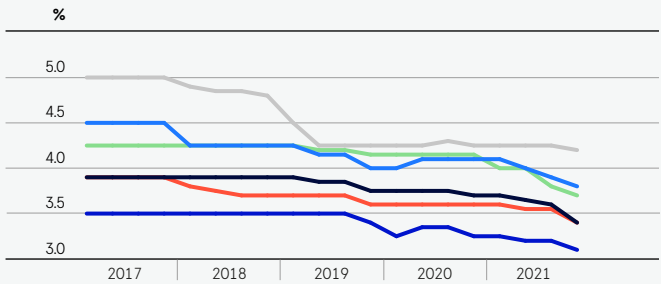


— Stockholm's CBD — Central Stockholm (excl. CBD) — Stockholm Suburbs

Rising yield requirement, retail



Lower yield requirement, offices



— Central Uppsala — Gothenburg's CBD — Malmö's CBD

Source: Cushman & Wakefield



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Property development

Our property portfolio should consist of properties that are attractive in the lettings market over time. Continuously building new properties as well as refining and developing the property portfolio to make it more sustainable and appealing generates healthy cash flows, increases property values and thereby increases long-term returns.

Project investment volume
SEK billion

10.1

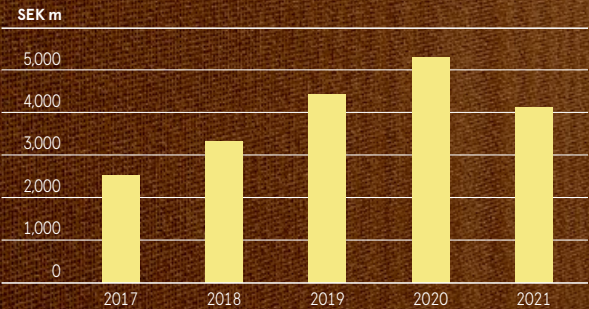
Occupancy rate major projects
per cent

83

Contracted rent
SEK million

440

Investments in new construction, extensions and redevelopment projects per year



Major focus on development work

At year end, ongoing property projects had an estimated investment volume of SEK 10.1 billion (14.3), of which SEK 7.9 billion (10.2) was capitalised.

Of the total investment volume, SEK 9.2 billion (13.1) accounted for new construction, extensions and redevelopment projects in excess of SEK 75 million. The total encompassed nine projects in which a collective total premises area of 170,000 sq. m. is being created or upgraded. Offices account for 122,000 square metres, hotels 25,000 square metres and stores and services 24,000 square metres.

High demand for ongoing projects

At the end of the year, the occupancy rate for major projects was 83% (81), which represents an annual contracted rent of SEK 440 million. The total contracted annual rent when fully let amounts to SEK 720 million.

Occupancy has started in several of these projects. In December, the Swedish Tax Agency moved into Kronan 1 in Sundbyberg. The Agency is renting the entire property, or 44,000 square metres, for a period of ten years. Occupancy has also started in the newly built Magasin X property in Uppsala. The Swedish Tax Agency was one of the tenants to move in at the end of the year. The Agency has signed a five-year agreement for approximately 5,000 square metres. Occupancy has also started in Platinan. Scandic, which has signed a 20-year agreement for 25,000 square metres at the property, will move into the premises in spring 2022.

The high occupancy rate and reduced project risk had a positive effect on project developments¹. Overall, the value of

1) Includes ongoing projects and projects >SEK 75 million that were completed during the year.



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project developments increased SEK 3.3 billion or 13.7% to a total value of SEK 30 billion at the end of the year.

Upgrading blocks in central Stockholm

Redevelopments at Hötorgshus 2 and Sperlingens Backe 47 in central Stockholm began during the year. The properties will be renovated and modernised. The investments are estimated at SEK 460 million and SEK 610 million, respectively. The projects are important elements of Vasakronan’s equipment and

development of Sergelstan and the neighbourhood around Stureplan.

High-profile project completed

The redevelopment of Sergelhusen in Stockholm, Vasakronan’s largest-ever project, was completed in the end of the year. A total of SEK 4 billion was invested in the properties, which include 37,000 square metres of office space and 12,000 square metres of retail space. They also include 34 apart-

ments. At the end of the year, the occupancy rate of Sergelhusen was 96% for office space and 90% for retail space. Contracted annual rent for Sergelhusen at the end of the year amounted to SEK 410 million. Fully let, the rental value is an estimated SEK 455 million.

The Diktaren property was also completed before the end of the year. The property comprises just over 6,400 square metres and is fully let to Engelska Skolan for a term of 15 years.

Investments in ongoing property projects

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Occupancy date	Occupancy rate, % ¹	Rental value, SEK m ³	Estimated completion date	LEED environmental certification ⁵
Gothenburg	Platinan	2,600	2,561	99	53,700	Q2 2022	91	169	Apr 2022	Platinum
Stockholm	Sergelgatan	1,925	1,413	73	15,500	N/A	N/A ²	100	Mar 2023	Gold
Sundbyberg	Kronan 1	1,680	1,499	89	44,400	Q4 2021	100	N/A ⁴	Nov 2021	Platinum
Stockholm	Nattugglan, block 2	800	643	80	15,000	Q2 2022	88	N/A ⁴	Jun 2022	Platinum
Stockholm	Sperlingens Backe 47	610	54	9	8,500	Q4 2023	6	70	Jan 2024	Platinum
Uppsala	Magasin X	530	494	93	11,500	Q4 2021	96	38	Mar 2022	Platinum
Stockholm	Hötorgshus 2	460	169	37	8,000	Q3 2022	0	65	Apr 2023	Gold
Stockholm	Sperlingens Backe 45	370	216	58	3,900	N/A	47	34	Dec 2022	Gold
Gothenburg	Strömshuset	270	257	95	10,450	N/A	92	40	Jan 2022	Platinum
Total major property projects (>SEK 75 million)		9,245	7,306	79	170,950		83	720		
Other projects		889	626							
Total		10,134	7,932							

1) Calculated based on area. 2) Part of the property and the occupancy rate is therefore not reported. 3) For fully let properties. 4) Not reported due to one or few tenants. 5) Forecast at completion.

Completed projects

City	Property	Total investment, SEK m	Area of premises, sq. m.	Occupancy rate 31 Dec 2021, %	Rental value, SEK m	LEED environmental certification
Stockholm	Sergelhusen	3,900	56,500	95	455	LEED Platinum
Stockholm, Solna	Diktaren	126	6,400	100	N/A	–
Total		4,026	62,900			



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Future projects



Lilla Bommen

In central Gothenburg, along the Göta älv and the new Hisingsbro bridge, the Lilla Bommen neighbourhood is being developed. In spring 2022, the newly built Platinan property was completed, encompassing just over 53,000 square metres of office, co-working, retail, hotel and restaurant space. The next stage of the Lilla Bommen project will be closer to the water, with the development and expansion of Kaj 16. Kaj 16 includes a development right of 37,500 square metres. The goal is to build a property in wood and glass that includes offices as well as retail, restaurants and homes. Completion is scheduled for 2024.



Södra city

The development of Södra City in Uppsala has started. Södra City includes approximately 70,000 square metres of project opportunities in the form of offices, homes, hotels and preschools. The detailed development plan covers several city blocks and a green area being developed with the Municipality of Uppsala. The first stage will encompass 16,500 square metres of office space and is expected to be completed by the end of 2023. When all of Södra City is complete, the area will link Uppsala Travel Center together with Fyrisån in an east-to-west direction, and central Uppsala and Kungsängen in a north-to-south direction.



Kista

We have worked with the other four major property owners in Kista to develop a vision for developing the area. By the end of 2035, the property owners will have invested a total of SEK 20 billion in new and renovated infrastructure and added commercial space, public sector properties and homes with the goal of strengthening the area. Right now, Vasakronan is focusing on developing the Hekla block, located in the centre of Kista and is bordered by Grönlandsparken and the street of Kistagången. Plans for the block include offices as well as homes.

Future performance

In addition to the potential in developing existing properties, Vasakronan also works actively to refine our existing portfolio of development rights. In total the portfolio consists of development rights for approximately two million square metres, of which over 305,000 are planned.

Approved and planned development rights

Sq. m.	Development rights	Approved (GFA)	Planned, not approved (GFA)
Central Stockholm	109,000	6,000	103,000
Stockholm Suburbs	1,431,200	69,000	1,362,200
Gothenburg	158,950	87,850	71,100
Malmö	6,000	6,000	–
Uppsala	255,000	137,000	118,000
	1,960,150	305,850	1,654,300



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Property portfolio

Our property holding is concentrated to markets with conditions for strong economic growth and good liquidity in the transaction market. The property portfolio should consist of properties that, over time, are attractive in the lettings market in terms of both product and location.

Market value
SEK billion

182

Contracted rent
SEK million

7,763

Properties
number

168

Lettable area
sq. m., million

2.3

Occupancy rate
per cent

91.4

Environmental certification
per cent

94

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

Distribution of contracted rent



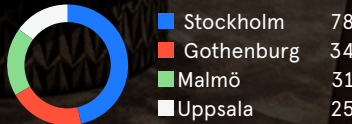
Market value by region



Breakdown by property type



Number of properties per region





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The property portfolio

Vasakronan is a long-term actor with a focus on offices and city retail. The strategy is to be present in growth areas, where people want to be – primarily in central locations.

At the end of 2021, the property portfolio consisted of 168 (171) properties across Stockholm, Gothenburg, Malmö and Uppsala. The total lettable area amounted to 2.3 million square metres (2.3), of which 2.0 million (2.0) square metres were office space and 0.3 million (0.3) square metres were retail space. Just over 30% of the area is in central Stockholm.

Continuous upshifts in quality

Vasakronan works to continuously upshift the quality of the property portfolio, which means developing the existing portfolio as well as purchasing and divesting properties.

A total of SEK 4.1 billion (5.3) was invested in the property portfolio in 2021 in the form of new construction, extension and redevelopment. Half of the year’s investments were made in major ongoing projects and the remaining pertain to smaller projects and leasehold improvements.

Transactions corresponded to a net expense of SEK 235 million (expense: 48). The Smedjan 13 and 15 properties in Malmö were sold to Trianon AB for SEK 88 million. A development right of SEK 188 million was acquired in Solna. This, and another nearby development right, were divested to JM AB at a value of SEK 364 million.



Change in property values

SEK m	2021	2020
Opening value, 1 January	162,420	156,071
Investments	4,137	5,314
Acquisitions	214	181
Sales	-449	-229
Change in value	15,255	1,083
Closing value, 31 December	181,575	162,420

Rising market values

	2021	2020	2019	2018	2017
Number of properties	168	171	174	174	179
Lettable area, thousand sq. m.	2,348	2,339	2,322	2,372	2,430
Market value of property, SEK bn	182	162	156	139	127
Value change, %	9.5	0.8	9.6	8.5	6.9



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The ten most valuable properties

Property	Known as	Location	Lettable area, thousand sq. m.
Blåmannen 20	Klara Zenit	City, Stockholm	65,526
Hästkön 12	Sergelhusen	City, Stockholm	57,172
Uggleborg 12	Klara C	City, Stockholm	33,157
Garnisonen	Garnisonen	Östermalm, Stockholm	135,024
Spektern 13	Swedbankhuset	City, Stockholm	28,192
Telefonfabriken	Telefonplan	Telefonplan, Stockholm	101,539
Jakob Större 18	Jakob Större	City, Stockholm	26,590
Kronåsen 1:1	Uppsala Science Park	Uppsala	79,911
Gullbergsvass 3:3	Platinan	Gothenburg	53,700
Nordstaden 8:27	Part of Nordstan	City, Gothenburg	44,061

The ten most valuable properties account for 30%, or SEK 55 billion, of Vasakronan’s total property value of SEK 182 billion.





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Rising property values

At the end of 2021, the total property value amounted to SEK 181.5 billion (162.4), a net increase of SEK 15.3 (1.1) or 9.5% (0.8) compared with the end of 2020.

Investment properties increased 8.8% while project developments increased 13.7%. The value growth was primarily attributable to the downward adjustment of yield requirements as well as adjustments of market rents estimations. The average yield requirement used for valuation of the property portfolio was 3.88%, compared with 4.12% for corresponding properties at the end of 2020.

The public sector properties category grew the most during the year, increasing just over 15%, followed by offices in central Stockholm, which increased 11.5%.

Quarterly valuations

The entire property portfolio is valued externally every six months according to the RICS Red Book guidelines and MSCI Sweden Annual Property Index. Internal valuations are carried out in other quarters based on the most recent external valuation.

The market values are primarily assessed using a yield-based valuation method that utilises cash-flow statements with a horizon of at least ten years. The valuation principles remain unchanged since 1997. For more information about valuation of the property portfolio, refer to Note 4.2 on pages 109–110.

The property portfolio by property type

Property holdings	Market value, SEK m	Change in value, SEK m	Change in value, %	Number of properties	Lettable area, thousand sq. m.	Contracted rent, SEK m	Occupancy rate, %
Investment properties	148,744	11,971	8.8	143	2,084	6,851	91.7
Project developments ¹	30,483	3,306	13.7	12	191	826	90.2
Development properties	2,348	116	5.6	13	73	86	85.6
	181,575	15,393	9.5	168	2,348	7,763	91.4

1) Ongoing projects incl. projects >SEK 75 million that were completed during the year.

Yield requirements² by region

%	Interval	2021 average	2020 average
Central Stockholm	3.1–4.80	3.58	3.82
Stockholm suburbs	3.5–5.75	4.53	4.77
Uppsala	4.1–5.60	4.66	4.94
Gothenburg	3.4–4.00	3.73	3.98
Malmö	3.75–5.5	4.39	4.60
Total	3.1–5.75	3.88	4.12

Yield requirements² by property type

%	Interval	2021 average	2020 average
Offices	3.1–5.6	3.84	4.09
Retail	3.4–5.5	4.15	4.34
Other	4.75–5.75	5.02	5.32
Total	3.1–5.75	3.88	4.12

2) At valuation.

Factors impacting value

	Value impact, %
Yield requirement	6.3
Market rents	5.0
Vacancies and other valuation parameters, e.g., changed cost and investment assumptions	-1.8
Total	9.5

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	10.3	7.0
Gothenburg	9.4	1.7
Uppsala	6.9	0.4
Malmö	5.2	0.4
Total		9.5



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Wide distribution lowers risk

Contracted rent amounted to SEK 7.8 billion (7.4) at the end of the year, with offices accounting for 75% (74).

The wide spread of tenants, industries and maturity structures limits the risk in the lease portfolio. No individual tenant accounts for more than three percentage points of the contracted total rent, while the ten largest tenants account for only 18%. Of these ten, five are public sector tenants. Broken down by sector, public sector tenants account for 25% of the contracted rent.

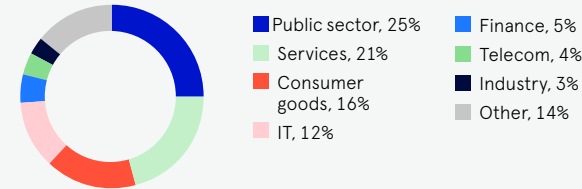
For the lease portfolio as a whole, the average remaining term to maturity is 3.8 years (3.9) and 6.4 (6.6) years for contracts within the public sector.

Stable occupancy rate

At the end of 2021, the occupancy rate was 91.4% (91.9). Of total vacancies, 1.1 percentage points (2.0) were attributable to ongoing projects and development properties. The downturn in the occupancy rate is due primarily to previously given notices, the majority of which were in Central Stockholm. The pandemic also affected the occupancy rate in that it took longer to complete transactions.

In Malmö, the occupancy rate increased from 88% to close to 91%. The increase was due the successful performance of the letting organisation. In other regions, the occupancy rate at the end of 2021 was unchanged or somewhat lower than at the end of 2020.

Public sector comprises largest share of tenants



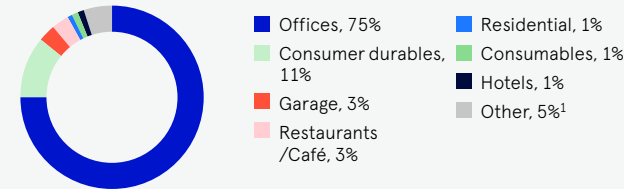
Breakdown by sector, share of contracted rent.

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2022	1,222	1,287	17
2023	862	1,213	16
2024	709	1,180	15
≥2025	1,210	3,742	48
Total	4,003	7,422	96
Residential	1,169	104	1
Garage	–	237	3
Total	5,172	7,763	100

Maturity structure for contracted rent

Predominantly office tenants



Breakdown by sector, share of contracted rent.

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

Widely distributed over many tenants

	Share in %	Contracted rent, SEK m
Ericsson	3	226
Swedish Police Authority	3	224
H&M	2	169
Swedish Prison and Probation Service	2	156
The Swedish Tax Agency	2	138
King	2	122
Försäkringskassan (Social Insurance Agency)	1	117
Swedish National Courts Administration	1	77
EY	1	77
Åhléns	1	74
Total	18	1,380

Largest tenants, share of contracted rent.



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Record renegotiation volumes

In 2021, new leases corresponding to an annual rent of SEK 592 million (535), or 124,000 sq. m. (119,000), were signed. Stores and restaurants accounted for over SEK 100 million of new lettings, which was the highest level in many years.

Notices to vacate corresponding to annual rent of SEK 648 million (554) were received. Net lettings thereby amounted to a decline of SEK 56 million (neg: 18). The year ended positively with net lettings of SEK 132 million (neg: 136).

The renegotiation volume was record high. Contracts corresponding to an annual rent of SEK 1,326 million (977) or 384,000 square metres (315,000) were renegotiated. Stockholm accounted for just over SEK 1,000 million. Several major contracts were renegotiated, including a contract with Försäkringskassan (the Swedish Social Insurance Agency), Ericsson and KPMG. Price changes for the year in conjunction with renegotiations totalled 8% (7).

Total yield¹ in focus

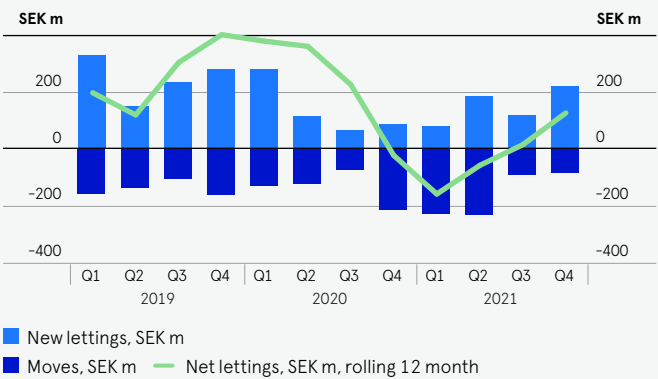
To evaluate how well the operations and individual properties are developing financially, total yields are followed up continuously. Reviews are conducted against the MSCI Swedish Property Index.

For 2021, Vasakronan’s total yield was 12.8% (4.0), where the average for the index not including Vasakronan was 14.6% (6.0). Over the past ten-year period, the company’s total yield averaged 10.9% (10.7) a year, where the average for the index not including Vasakronan was 10.0% (9.7).

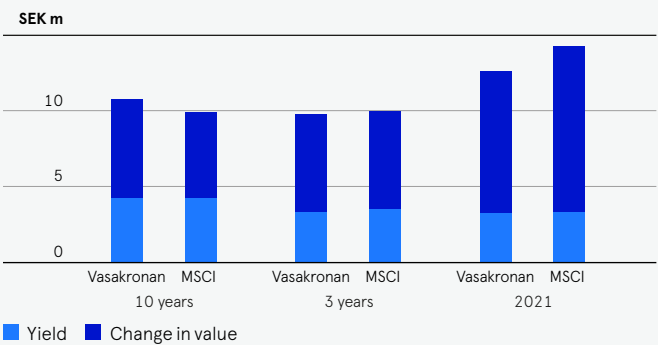
The company’s direct yield for 2021 was 3.2% (3.2), compared with the index excluding Vasakronan of 3.3% (3.5).

1) Total yield is the sum total of yield and change in value, including projects and transactions.

Net lettings



High long-term total yield

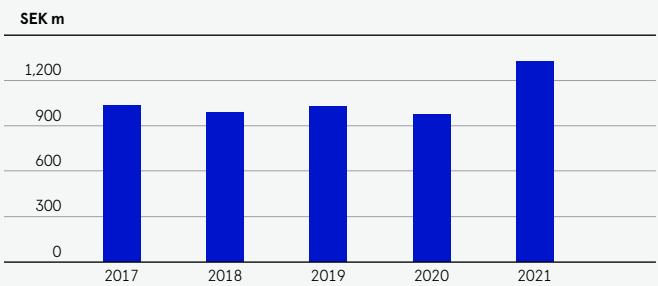


Vasakronan’s total yield compared with MSCI Sweden Annual Property Index (not including Vasakronan).

Increased contracted rent

	2021	2020	2019	2018	2017
Rental value, SEK m	8,592	8,187	7,785	7,403	7,190
Contracted rent, SEK m	7,763	7,420	7,193	6,854	6,638
Occupancy rate, %	91.4	91.9	94.1	93.1	93.1
Surplus ratio, %	75	74	74	73	72
Yield, total holdings, %	3.2	3.2	3.5	3.8	3.9
Yield, investment properties, %	3.6	3.7	3.9	4.0	4.2
Total yield, %	12.8	4.0	13.4	12.5	11

Renegotiation volume





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Finansiering

	Total Vasakronan		Central Stockholm		Stockholm inner suburbs		Gothenburg		Malmö		Uppsala	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of properties	168	171	46	46	32	33	34	34	31	33	25	25
Offices	125	127	44	44	23	23	23	23	19	21	16	16
Retail	27	27	–	–	–	–	11	11	10	10	6	6
Other	16	17	2	2	9	10	–	–	2	2	3	3
Area, thousand sq. m.	2,348	2,339	789	785	613	588	392	403	300	309	254	254
Offices	1,993	1,987	780	776	572	547	242	254	199	210	200	200
Retail	299	296	–	–	–	–	150	149	97	95	52	52
Other	56	56	9	9	41	41	–	–	4	4	2	2
Market value, SEK m	181,575	162,420	94,634	84,720	28,616	25,079	33,317	29,365	13,719	13,017	11,289	10,239
Offices	160,378	142,315	94,574	84,700	27,281	23,742	20,038	16,979	9,815	9,178	8,670	7,716
Retail	19,341	18,304	–	–	–	–	13,279	12,386	3,694	3,631	2,368	2,287
Other	1,856	1,801	60	20	1,335	1,337	–	–	210	208	251	236
Contracted rent, SEK m	7,763	7,420	3,617	3,448	1,502	1,352	1,326	1,314	734	722	584	584
Offices	6,673	6,340	3,617	3,448	1,434	1,286	705	707	467	462	450	437
Retail	1,004	998	–	–	–	–	621	607	257	251	126	140
Other	86	83	–	–	68	66	–	–	10	10	8	7
Occupancy rate, %	91	92	91	92	90	90	95	95	91	88	94	96
Offices	91	92	91	92	89	90	94	94	91	87	96	97
Retail	94	94	–	–	–	–	96	95	93	92	88	96
Other	92	92	–	–	100	100	–	–	59	58	76	5
Operating surplus, SEK m	5,533	5,189	2,649	2,451	1,000	893	964	962	481	475	439	408
Offices	4,775	4,529	2,651	2,455	951	850	500	517	335	328	338	307
Retail	696	590	–	–	–	–	464	445	139	141	93	97
Other	61	71	–2	–4	49	43	–	–	7	6	7	5
Change in value, %	9.5	0.8	9.8	1.2	11.6	1.2	9.4	0.4	5.2	–1.0	6.9	0.4
Environmental certification¹, %	94	92	93	91	90	89	96	96	100	100	90	83

1) Environmental certification of investment portfolio, share of market value, %.



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Stockholm central



Lettable area



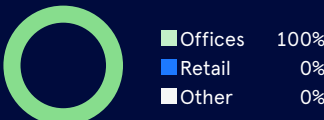
Contracted rent



Market value



Breakdown by property type



Property owners, Central Stockholm





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“Companies and organisation are doing well. It’s noticeable in the record volumes of new lettings and renegotiations.”

Ronald Bäckrud,
SVP, Stockholm Region

Market value
SEK billion

95

Contracted rent
SEK million

3,617

Environmental certification¹
per cent

93

Properties
number

46

Occupancy rate
per cent

91

Area
thousand sq. m.

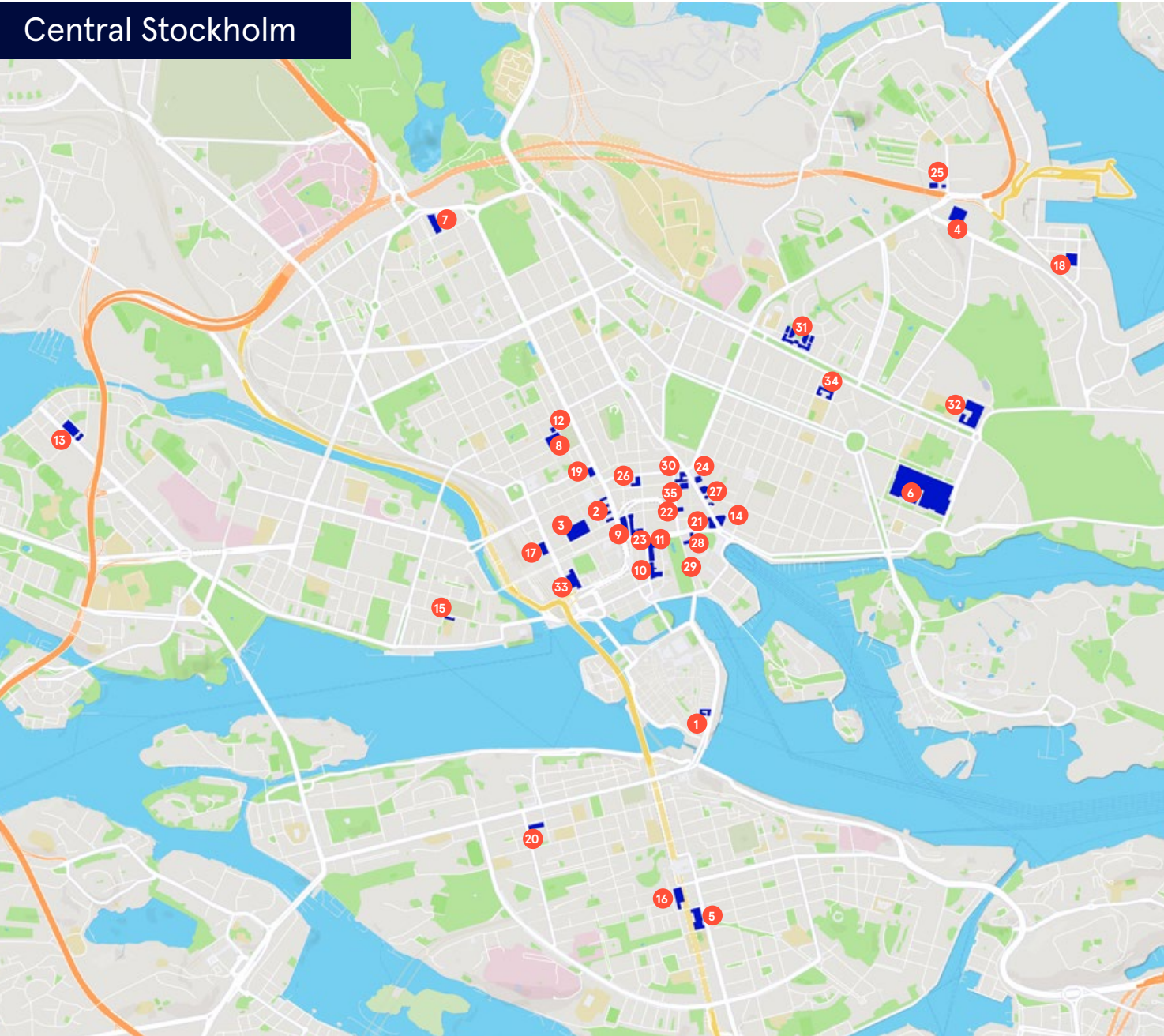
789

Largest tenants, share
(of the region’s contracted rent)

HM	4%
King	3%
EY	2%
Riksdag Administration	2%
Amazon	2%

1) Environmental certification of investment portfolio, share of market value, %.

Central Stockholm





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	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy figure, kWh/sq. m.	Environmental certification
1	Argus 8	Skeppsbron 38/Packhusgränd 7/Tullgränd 4/Österlånggatan 47	1788/2002	5,717	5,711	–	6	82	LEED Silver
2	Beridarebanan 11	Sergelgatan 8–14/Sveavägen 5–9 Hitechbuilding/Mäster Samuelsgatan 42	1961/2007	24,352	18,016	4,921	1,415	126	LEED Platinum
2	Beridarebanan 4	Sergelgatan 16–18/Sveavägen 13/Läkarhuset	1962/2000	12,943	7,939	3,561	1,443	104	LEED Gold
2	Beridarebanan 77	Sveavägen 17/Sergelgatan 20–22/Hötorget 2–4	1958/1996	15,447	8,669	5,507	1,271	57	LEED Platinum
3	Blåmannen 20	Drottninggatan 53/Mäster Samuelsgatan 50–60/Bryggargatan 1–9/Klara Norra Kyrkogata 14	2000–2003	65,526	33,109	16,418	15,999	93	LEED Platinum
4	Bremen 1	Tegeluddsvägen 3–9	1964/2008	21,334	19,239	818	1,277	142	–
5	Gamen 12	Götgatan 74–80/Vartoftagatan 21–51	1959/2006	31,192	7,647	8,434	15,111	113	LEED Certified
5	Gamen 8	Åsögatan 106A–108/Götgatan 72A	2000/2001	5,835	5,342	493	–	87	LEED Platinum
6	Garnisonen 3	Karlavägen 96–112/Oxenstiernsgatan 15/Linnégatan 87–89/Banérgatan 16–30	1886/2004–05	135,024	111,748	7,525	15,751	101	LEED Gold and Platinum
7	Getingen 11	Sveavägen 163–167/Ynglingagatan 18	1955/2005	23,853	14,910	3,246	5,697	72	LEED Platinum
8	Grönlandet Norra 1–5	Drottninggatan 96–98/Wallingatan 2/Holländargatan 17/Kammakargatan 15	1800/2001	15,572	14,057	501	1,014	96	LEED Gold
9	Hästskon 12	Sveavägen 2–10/Hamngatan 24–32/Mäster Samuelsgatan 39A–B/ Malmskillnadsgatan 13–17, 36–40/Sergelarkaden 2/Sergelgången	1963	57,172	37,276	13,092	6,804	81	LEED Platinum
9	Hästskon 9	Hamngatan 22/Regeringsgatan 45	1935	9,667	5,178	4,489	–	90	–
10	Jakob Större 18	Jakobsgatan 2–8/Regeringsgatan 8–24/Västra Trädgårdsgatan 7	1975/2009	26,590	20,604	4,283	1,703	117	LEED Gold
11	Kungliga Trädgården 7	Hamngatan 25–27/Västra Trädgårdsgatan 10–12	1969	5,423	3,463	1,945	15	124	LEED Platinum
12	Kurland 11	Holländargatan 21A/Kammakargatan 32	1884	2,274	2,229	–	45	72	LEED Gold
13	Lyckan 10	Lindhagensgatan 124–132/Hornsbergsvägen 17	1940/2005	23,718	21,893	703	1,122	82	LEED Gold
13	Lyckan 9	Lindhagensgatan 122/Nordenflychtsvägen 55	1936/2003	8,370	8,314	–	56	82	LEED Gold
14	Matrosen 4	Birger Jarlsgatan 2–4/Nybrogatan 1–3/Ingmar Bergmans gata 1–3	1893/1984	9,264	6,477	2,489	298	145	LEED Gold
15	Munklägret 21	Hantverkargatan 15/Parmmätargatan 12	1958/2000	6,330	6,330	–	–	84	LEED Platinum
16	Nattugglan 14	Västgötagatan 1–7/Folkungagatan 44	1978/2015	14,179	13,220	–	959	77	LEED Platinum
17	Pennfåktaren 11	Vasagatan 7	1977/2009	12,010	10,426	1,544	40	82	LEED Gold
18	Riga 2	Hamburgsvägen 12–14/Fjärde Bassängvägen 11–19/ Malmvägen 7–13/Tredje Bassängvägen 2–14	2010	24,386	20,075	4,285	26	53	LEED Gold
19	Sejlaren 7	Sveavägen 25–29/Olofsgatan 6–8/Olof Palmes gata 7/Apelbergsgatan 44	1930/1995	10,232	8,515	1,609	108	100	LEED Platinum
20	Skjutsgossen 8	Krukmakargatan 15–21	1942/2008	12,275	12,274	–	1	93	LEED Gold
21	Skravelberget Mindre 12–13	Hamngatan 2/Birger Jarlsgatan 1–5/Smålandsgatan 5	1903/1999	9,052	6,431	2,116	505	126	–
22	Skären 3	Mäster Samuelsgatan 11/Norrlandsgatan 12	1853/1984	1,758	1,350	284	124	78	LEED Certified
23	Spektern 13	Hamngatan 29–33/Regeringsgatan 26–32/Sergelgången/Västra Trädgårdsgatan 17	1975/1995	28,192	21,721	4,725	1,746	87	LEED Gold
24	Sperlingens Backe 45	Stureplan 2	1897/1959	3,905	2,914	956	35	246	–
24	Sperlingens Backe 47	Birger Jarlsgatan 16/Grev Turegatan 1	1935/1993	8,222	6,447	1,775	–	111	–



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	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy figure, kWh/sq. m.	Environmental certification
25	Starkströmmen 2 & 4	Midskogsgränd 1–5	1965	9,192	5,859	–	3,333	–	–
26	Stuten 12	Kungsgatan 25–27/Regeringsgatan 67–71/Oxtorgsgatan 2–4	1925/2002–05	14,888	11,789	2,536	563	133	LEED Platinum
27	Styckjunkaren 11	Birger Jarlsgatan 6D & 10	1891/1984	1,615	1,345	153	117	100	LEED Silver
27	Styckjunkaren 7	Birger Jarlsgatan 14/Grev Turegatan 2/Riddargatan 2	1900/1987	2,244	1,679	473	92	140	LEED Silver
28	Styrpinnen 12	Hamngatan 13	1979/1995	2,223	1,902	320	1	76	–
29	Styrpinnen 15	Kungsträdgårdsgatan 16/Näckströmsgatan 1	1901/1990	3,647	3,444	–	203	70	LEED Gold
30	Sumpen 14	Lästmakargatan 6/Norrlandsgatan 22	1856/1985	2,046	1,529	517	–	131	LEED Silver
30	Sumpen 15	Stureplan 17–19/Birger Jarlsgatan 19/Kungsgatan 1	1895/1980	3,981	3,075	748	158	143	LEED Certified
30	Sumpen 16	Stureplan 13/Lästmakargatan 2–4	1862/1988	3,010	2,328	579	103	134	LEED Platinum
31	Svea Artilleri 14	Valhallavägen 117 Bldg 81–Bldg 87	1877/2013	22,819	20,267	–	2,552	106	LEED Gold
32	Tre Vapen 2	Valhallavägen 191–215/Lindarängsvägen 1–7/Borgvägen 6–22	1959/2005	38,473	38,405	–	68	69	LEED Platinum
33	Uggleborg 12	Vasagatan 14–18/Klara Västra Kyrkogatan 9–15/Klara Vattugränd 1/Klarafaret 4	1934/2016	33,157	30,398	1,839	920	64	LEED Platinum
34	Uppfinnaren 2	Östermalmsgatan 87/Artillerigatan 62 A–B/Skeppargatan 61–63	1914/2003	16,819	15,509	–	1,310	76	LEED Platinum
35	Vildmannen 6	Biblioteksgatan 11/Lästmakargatan 1	1925/1981	4,809	3,143	1,442	224	88	LEED Silver
Total Central Stockholm			–	788,737	602,196	104,326	82,215	95	–



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Stockholm inner suburbs



Lettable area



Contracted rent



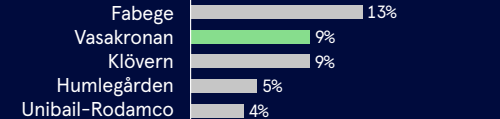
Market value



Breakdown by property type



Property owners, Stockholm inner suburbs





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“We have successfully completed renegotiations for a total of 93,000 square metres with JM, The Social Insurance Agency, Ericsson and the Swedish Transport Administration.”

Ronald Bäckrud, SVP, Stockholm Region

Market value
SEK billion

29

Contracted rent
SEK million

1,502

Environmental certification¹
per cent

90

Properties
number

32

Occupancy rate
per cent

90

Area
thousand sq. m.

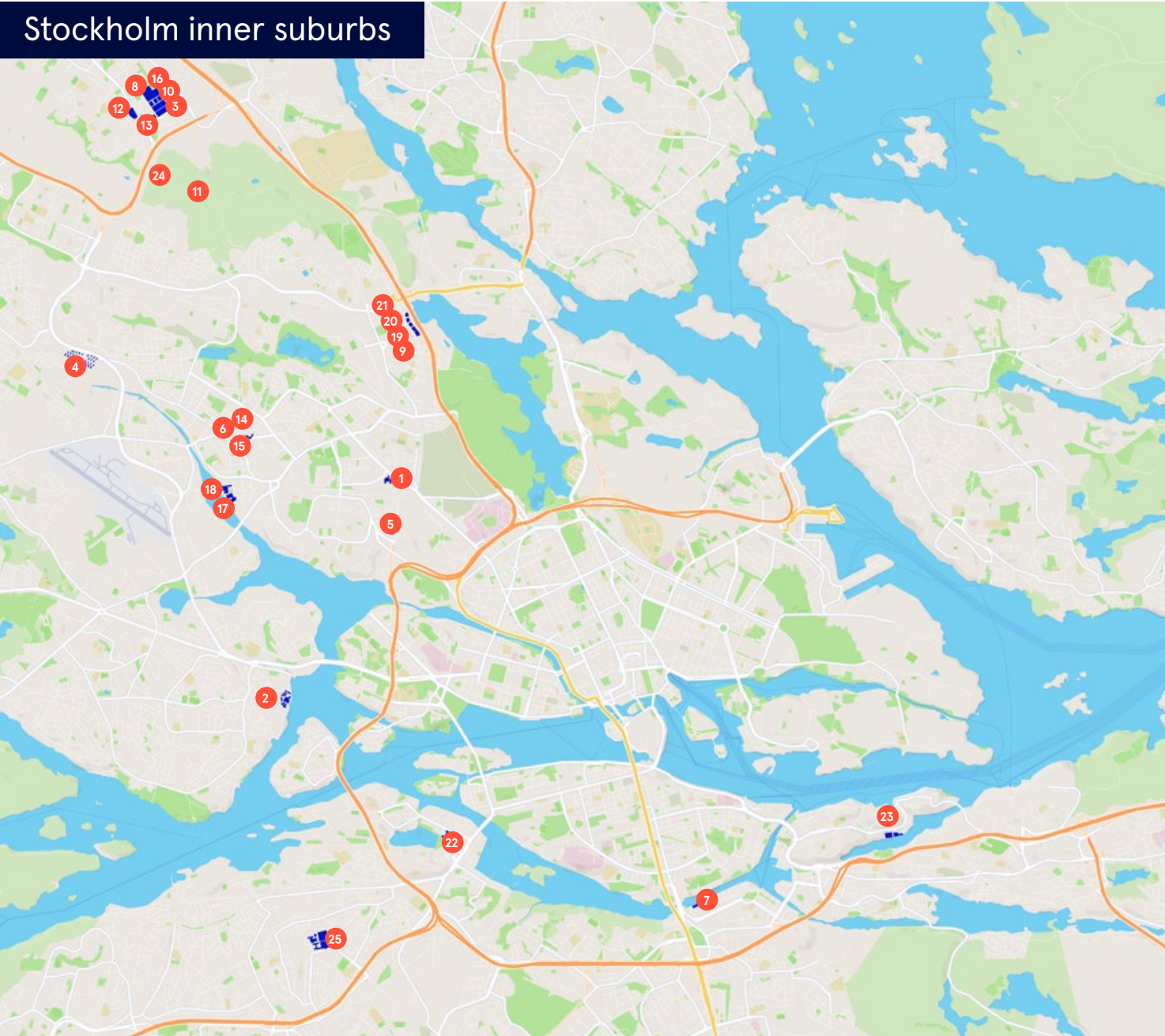
613

Largest tenants, share
(of the region's contracted rent)

Ericsson	15%
Swedish Tax Agency	9%
Försäkringskassan (Social Insurance Agency)	7%
Swedish Transport Administration	4%
University of Arts, Crafts and Design	3%

1) Environmental certification of investment portfolio, share of market value, %.

Stockholm inner suburbs





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Stockholm inner suburbs

	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy figure, kWh/sq. m.	Environmental certification
1	Albydal 3	Sundbybergsvägen 1–3/Solna Access	1979/2003	28,246	24,607	841	2,798	66	LEED Gold
2	Alvik 1:18	Gustavslundsvägen 129–145	1987	47,986	44,437	247	3,302	106	–
3	Bredbandet 1	Isafjordsgatan 2–4/Dalviksgatan/Grönlandsgatan/Kistavägen	–	–	–	–	–	–	–
4	Bromsten 9:1	Sulkyvägen 1–31/Sulkyvägen 2–32	–	–	–	–	–	–	–
5	Diktaren 1	Terminalvägen 32–40 (Tegelhuset)	1965/2021	6,399	6,399	–	–	137	–
6	Godset 4	Sturegatan 3–9/Fabriksgränd 1/Järnvägsgatan 2–10/Lysgränd 2	1977	21,722	16,453	3,587	1,682	94	LEED Gold
7	Hammarby Gård 12	Hammarby Kaj 10A/Hammarby Kaj 10D	2017	12,457	12,145	–	312	50	LEED Platinum
8	Hekla 1	Isafjordsgatan 14–16/Blåfjällsgatan/Grönlandsgången/Kistagången	1975/2001	25,550	25,300	–	250	43	LEED Gold
9	Hilton 7	Gustav III:s Boulevard 48–52	2019	9,775	9449	272	54	82	LEED Platinum
10	Hårddisken 1	Isafjordsgatan 10/Hans Werthéns Gata/Grönlandsgatan/Dalviksgatan	–	–	–	–	–	–	–
11	Järvafältet	Järva Dammtorp/Sjövägen/Mellersta Järvafältet	1929	2,084	152	–	1,932	–	–
12	Katla 1	Kista Science Tower/Färögatan 33 (Main entrance)/Hanstavägen 11, 21, 27, 29	2002	47,482	41,261	4,277	1,944	104	LEED Gold
13	Knarrarnäs 2	Knarrarnäsgatan 1–11/Hanstavägen 2/Isafjordsgatan 1/Kista Entrance	2003	43,378	37,593	3,734	2,051	82	LEED Gold
14	Kronan 1	Sturegatan 2–4 B/Ekensbergsvägen/Prästgårdsgatan 1–3/Tallgatan	1981/2021	39,526	36,167	577	2,782	54	LEED Gold
15	Magasinet 1	Sturegatan 1/Fabriksgränd 2	2009	12,340	10,691	300	1,349	98	LEED Gold
16	Modemet 1	Isafjordsgatan 10–12/Hans Werthéns Gata 1/Grönlandsgatan 31/ Blåfjällsgatan 4/Modemgatan 10–12	2008/2015	58,667	58,352	315	–	52	LEED Silver, Gold and Platinum
17	Nöten 3	Solna strandväg 96–122	1949/2000	35,800	34,472	–	1,328	76	LEED Gold
18	Nöten 5	Solna strandväg 62–86	1986	30,443	28,419	414	1,610	88	LEED Gold
19	Rosenborg 1	Gustav III:s Boulevard 54–58	2007	10,306	9,588	–	718	81	LEED Platinum
20	Rosenborg 2	Gustav III:s Boulevard 62–66	2009	10,921	10,921	–	–	84	LEED Platinum
21	Rosenborg 3	Rosenborgsgatan 2–12	2014	15,665	15,479	97	89	57	LEED Platinum
22	Rosteriet 6 & 8	Rosterigränd 2–16	1959/1999	18,791	18,001	–	790	68	LEED Platinum
23	Sicklaön 37:49	Kvarnholmsvägen 56	1972/2002	33,769	1,425	–	32,344	76	–
24	Sundbyberg 2:44	Torshamnsgatan, Kymlinge Norra	1972/2002	–	–	–	–	–	–
25	Telefonfabriken 1	Telefonvägen 22A–30, LM Ericssons väg 12–32 and others	1939/2010	101,539	86,941	2,746	11,852	102	LEED Silver
Total, Stockholm inner suburbs			–	612,846	528,252	17,407	67,187	82	–
TOTAL STOCKHOLM			–	1,401,583	1,130,448	121,733	149,402	89	–



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Contracted rent



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“Platinan has blended into the city-scape fantastically well. We are now continuing the development of Lilla Bommen.”

Kristina Pettersson-Post,
SVP, Gothenburg Region

Market value
SEK billion

33

Contracted rent
SEK million

1,326

Environmental certification¹
per cent

96

Properties
number

34

Occupancy rate
per cent

95

Area
thousand sq. m.

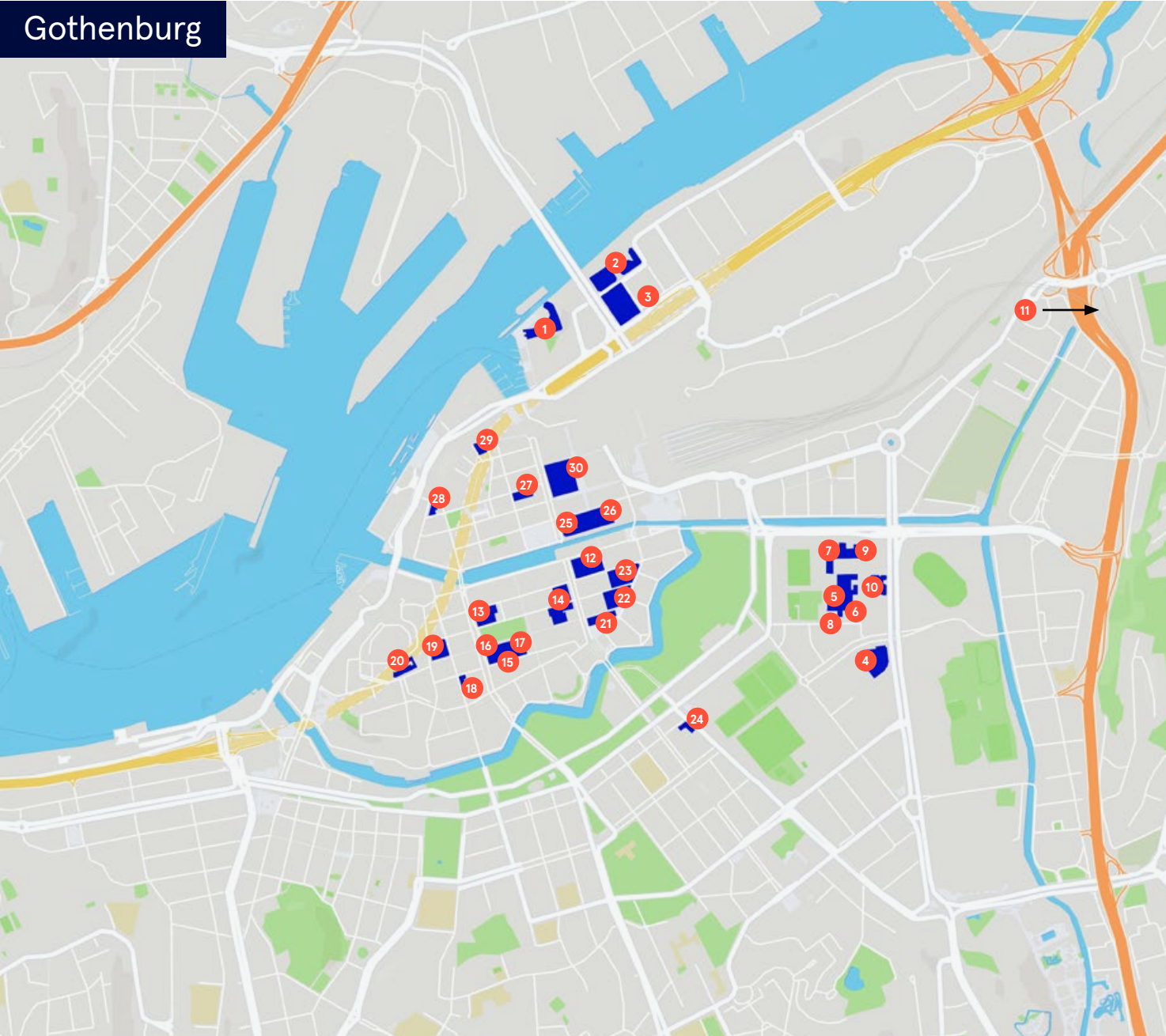
392

Largest tenants, share
(of the region's contracted rent)

Swedish Police Authority	9%
Swedish Prison and Probation Service	8%
Åhléns	5%
Swedish National Courts Administration	4%
SEB	4%

1) Environmental certification of investment portfolio, share of market value, %.

Gothenburg





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			Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy figure, kWh/sq. m.	Environmental certification
1	Gullbergsvass 1:16	Lilla Bommen 1–2/Hamntorget 1/Lilla Bommens Torg 11	1989	31,873	27,366	2,066	2,441	49	LEED Platinum
2	Gullbergsvass 16:1	Gullbergs Strandgata 2–8	1984/1986	12,523	12,074	–	449	80	LEED Gold
3	Gullbergsvass 3:3	Vikingsgatan 1–5/Gullbergs Strandgata 3–7	–	–	–	–	–	–	–
4	Heden 22:19	Bohusgatan 13–15/Skånegatan 9	1984/2018	23,158	19,548	759	2,851	53	LEED Gold
5	Heden 42:1	Ernst Fontells Plats 15	1964/2005–12	52,924	44,892	–	8,032	125	LEED Gold
6	Heden 42:2	–	–	–	–	–	–	–	–
7	Heden 42:4	Ullevigatan 11	2010	20,550	20,550	–	–	74	LEED Gold
8	Heden 42:5	–	–	–	–	–	–	–	–
9	Heden 46:1	Ullevigatan 15	2009	16,534	16,534	–	–	81	LEED Gold
10	Heden 46:3	Skånegatan 1–3	2015	20,318	18,449	480	1,389	48	BREEAM Excellent
11	Högen 3:1	Knipavägen 21/Råhult Partille	1984/2006	1,395	–	–	1,395	–	–
12	Inom Vallgraven 11:6	Arkaden/Fredsgatan 1–3/Drottninggatan 38–48/Södra Hamngatan 37–43/Östra Hamngatan 36	1970/2002	21,098	10,525	10,084	489	80	LEED Gold
13	Inom Vallgraven 17:3	Drottninggatan 13/Västra Hamngatan 10/Kyrkogatan 20–22	1813/1994	4,110	3,053	1,024	33	96	LEED Silver
14	Inom Vallgraven 19:18	Kyrkogatan 44/Östra Hamngatan 31	1905/1987	2,784	1,897	815	72	108	LEED Silver
14	Inom Vallgraven 19:7	Drottninggatan 37/Östra Hamngatan 29	1864/1966	2,141	1,452	689	–	113	LEED Silver
14	Inom Vallgraven 19:9	Östra Hamngatan 33/Kyrkogatan 46	1810/1940	1,739	–	829	910	85	LEED Silver
14	Inom Vallgraven 20:14	Kungspassagen/Kungsgatan 48/Kyrkogatan 23	1930/2002	4,170	3,026	997	147	89	LEED Gold
14	Inom Vallgraven 20:6	Kungsgatan 50/Kyrkogatan 25	1850/1960	3,686	1,985	1,677	24	84	LEED Silver
14	Inom Vallgraven 20:7	Östra Hamngatan 35/Kyrkogatan 27	1800/1944	1,755	428	1,327	–	152	LEED Silver
15	Inom Vallgraven 22:3	Kungsgatan 31–33	1930	1,585	1,097	488	–	71	–
16	Inom Vallgraven 22:15	Kungsgatan 27–29/Västra Hamngatan 12–16/Vallgatan 12–14	1936/2006	9,190	4,506	4,138	546	97	–
17	Inom Vallgraven 22:16	Kungsgatan 35–39/Vallgatan 16–24	1910/2008	10,856	3,481	7,237	138	60	LEED Certified
18	Inom Vallgraven 33:10	Magasinsgatan 22 & 24	1978/1995	3,103	1,747	690	666	71	LEED Gold
19	Inom Vallgraven 59:14	Ekelundsgatan 8–10/Kungsgatan 26–32/Magasinsgatan 7A–C & 9/Kyrkogatan 1–7	1844/2009	10,872	7,789	1,481	1,602	78	LEED Gold
20	Inom Vallgraven 61:11	Kungsgatan 12–18/Käppslängareleden 1/Otterhällegatan 12	1972/2008	10,000	7,568	2,036	396	76	LEED Gold
21	Inom Vallgraven 7:5	Centrumhuset/Östra Hamngatan 52/Östra Larmgatan 15–21/Kungsgatan 61–67	1939/1996	9,196	5,157	3,657	382	74	LEED Silver
22	Inom Vallgraven 8:18	Kompassen/Kungsgatan 58–60/Kyrkogatan 35&39/Östra Larmgatan 9–13/ Fredsgatan 9–11, 12–14	1974/2015	11,549	547	7,399	3,603	74	–
23	Inom Vallgraven 9:13	Fredsgatan 6–10/Drottninggatan 49–65/Kyrkogatan 56–60/Östra Larmgatan 3–7	1967/2013	8,353	160	3,751	4,442	97	LEED Gold
24	Lorensberg 45:16	Storgatan 53/Södra vägen 3–5	1957/2009	6,606	5,182	496	928	90	LEED Platinum
25	Nordstaden 10:20	Köpmansgatan 9/N:a Hamngatan 18 Ö:a Hamngatan 30–34	1930	6,356	5,020	966	370	82	LEED Silver
26	Nordstaden 10:23	Köpmansgatan 11–25/Götgatan 13–15 & 14–16/Norra Hamngatan 20–34	1986	28,158	12,710	14,366	1,082	79	LEED Gold
27	Nordstaden 17:6	Kronhusgatan 9–13, Torggatan 16	1862/2003	4,517	2,113	–	2,404	82	LEED Silver
28	Nordstaden 21:1	Kronhusgatan 2A/Packhusplatsen 2/Smedjegatan 1 A	1901/2008	4,936	4,314	602	20	93	LEED Platinum
29	Nordstaden 31:1	S:t Eriksgatan 3/Nedre Kvarnbergsgatan 3	1787/2005	2,324	1,742	247	335	124	LEED Gold
30	Nordstaden 8:27	Östra Hamngatan 18–24/Nordstadstorget 1–7/Spannmålgsgatan 11–15/ Postgatan 22–24	1974	44,061	21,649	22,129	283	92	LEED Platinum
Total Region Gothenburg			–	392,420	266,561	90,430	35,429	81	



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Malmö



Lettable area



Contracted rent



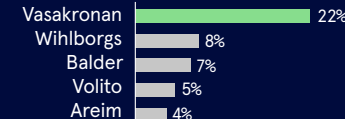
Market value



Breakdown by property type



Property owners, Malmö





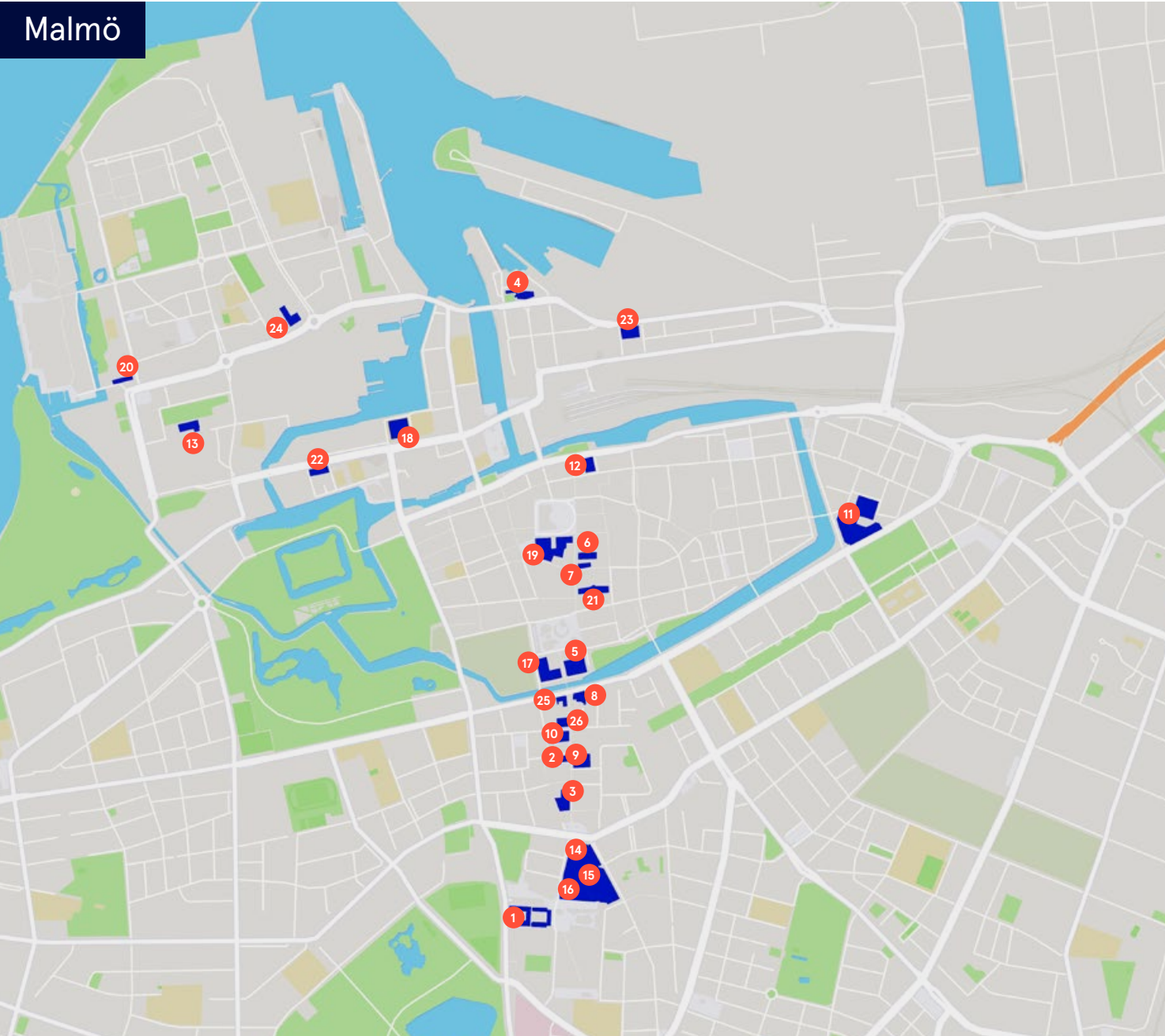
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“We have been successful with our new lettings. Not least at street level, which is essentially fully let.”

Anna Stenkil,
SVP, Malmö Region

Malmö



Market value
SEK billion

14

Contracted rent
SEK million

734

Environmental certification¹
per cent

100

Properties
number

31

Occupancy rate
per cent

91

Area
thousand sq. m.

300

Largest tenants, share
(of the region's contracted rent)

Swedish Police Authority	16%
Swedish Prison and Probation Service	5%
Scandic Hotels	4%
Region Skåne	3%
Malmö University	2%

1) Environmental certification of investment portfolio, share of market value, %.



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Malmö

	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy figure, kWh/sq. m.	Environmental certification
1	Abbedissan 1 (previously Priorn 2)	Rådmansgatan 13/S:t Johannesgatan 2–6	1944/2010	8,171	4,954	539	2,678	78	LEED Gold
1	Abbedissan 2 (previously Priorn 5)	Pildammsvägen/S:t Johannesgatan	2020	13,160	12,090	1,070	–	45	LEED Platinum
2	Björnen 1	Södra Förstadsgatan 17/Kärleksgatan 2/Davidshallsgatan 14	1903/2001	3,864	2,812	967	85	93	LEED Gold
3	Björnen 38	Södra Förstadsgatan 25–27/Davidshallsgatan 26	1904/1999	5,269	–	2,181	3,088	101	LEED Gold
4	Bylgja 1	Hans Michelsengatan 2A, 2B/Skeppsbron 17	1957/2004	8,855	8,704	62	89	61	LEED Platinum
5	Carl Gustav 5	Södra Tullgatan 4/Kanalgatan 3–5/Stenhuggaregatan 2–4/Södra Vallgatan 3 A–C	1961/2000	15,194	5,891	4,092	5,211	97	LEED Gold
6	Claus Mortensen 26	Södergatan 14	1967/2009	3,237	2,088	977	172	76	LEED Silver
7	Claus Mortensen 35	Södergatan 20/Baltzarsgatan 43	1898/2009	1,993	–	275	1,718	78	LEED Silver
8	Delfinen 12	Södra Förstadsgatan 2/Drottninggatan 38	1908/2007	5,380	3,117	689	1,574	106	LEED Gold
9	Elefanten 23	Södra Förstadsgatan 22–24/Södra Långgatan 25/Lugna gatan 38	1938/1988	5,888	1,285	2,364	2,239	89	LEED Silver
10	Elgen 14	Södra Förstadsgatan 9–11/Davidshallsgatan 10/Storgatan 22	1937/1998	5,723	829	3,369	1,525	132	LEED Silver
11	Gasklockan 3	Porslinsgatan 6/Malmgatan 1/Drottninggatan 7	1993/2014	54,898	54,898	–	–	144	LEED Gold
12	Hans Michelsen 9	Adelgatan 1–3/Bruksgatan 1–3/Norra Vallgatan 51–52	1974/2013	2,003	1,993	–	10	125	LEED Platinum
13	Jungmannen 1	Skeppsgatan 9	2004	5,114	5,114	–	–	52	LEED Gold
14	Kaninen 26	Södra Förstadsgatan 33–47/Rådmansgatan 10/Triangeln 2–4	1989/2013	36,678	8,134	10,910	17,634	185	LEED Silver
15	Kaninen 27	Södra Förstadsgatan 49–51/Friisgatan 2/S:t Johannesgatan 1 A/Triangeln	1958/2013	20,167	2,459	11,887	5,821	28	LEED Silver
16	Kaninen 30 & Innerstaden 6:149	Rådmansgatan 12 A–C/Rådmansgatan 18 A–C/S:t Johannesgatan 1 E, 2C, 3 N–W	2012	12,147	–	11,877	270	103	LEED Silver & BREEAM Very Good
16	Kaninen 32	Rådmansgatan 16	2012	4,701	4,697	–	4	52	LEED Gold & BREEAM Very Good
17	Magnus Stenbock 2	Gustav Adolfs Torg 12/Torggatan 2	1894/2007	5,254	4,981	209	64	58	LEED Gold
17	Magnus Stenbock 4	Södra Tullgatan 3/Torggatan 4/Södra Vallgatan 5	1963/2010	10,477	7,332	3,046	99	69	LEED Platinum
18	Nereus 1	Neptuniplan 7–9/Matros g 1/Styrmansgatan 2/Bassängkajen 10–12	2012	16,678	16,172	–	506	65	LEED Platinum
19	Oscar 1	Stortorget 31/Södergatan 1–3	1903/2004	2,997	1,980	998	19	76	LEED Silver
19	Oscar 17	Stortorget 27–29/Stortorget 19–23/Lilla Torg 2–4/Skomakaregatan 7–11	1910/2001	14,222	10,326	3,051	845	107	LEED Gold and Platinum
20	Relingen 1	Propellergatan 1/Västra Varvsgatan 10	2000	5,117	5,117	–	–	60	LEED Platinum
21	Sankt Jörgen 7	Södergatan 28/Kalendegatan 27	1929/2012	5,590	1,706	3,761	123	53	LEED Gold
22	Sejen 3	Neptuniagatan 40–44/ Argogatan 7	2019	6,699	5,626	193	880	101	LEED Platinum
23	Sirius 1	Jörgen Kocksgatan 9/Navigationsgatan 3	1992	7,114	6,757	25	332	52	LEED Gold
24	Stapelbädden 3	Stora Varvsgatan 13A /Södra Stapelgränd 4	2012	8,100	8,100	–	–	54	BREEAM Excellent
25	Tigern 1	Södra Förstadsgatan 1/Regementsgatan 2	1893/2008	2,508	1,040	778	690	131	LEED Silver
26	Tigern 7	Södra Förstadsgatan 7/Storgatan 37	1894/2006	2,335	187	1,022	1,126	113	LEED Silver
Total Region Malmö			–	299,533	188,389	64,342	46,802	96	–



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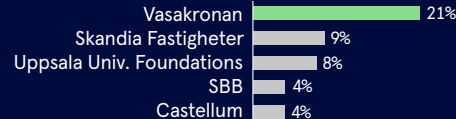
Market value



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“Letting Magasin X went exceptionally quickly and now the tenants are moving in. As a product, it is obviously in high demand in every regard.”

Bo de Besche,
SVP, Uppsala Region

Market value
SEK billion

11

Contracted rent
SEK million

584

Environmental certification¹
per cent

90

Properties
number

25

Occupancy rate
per cent

94

Area
thousand sq. m.

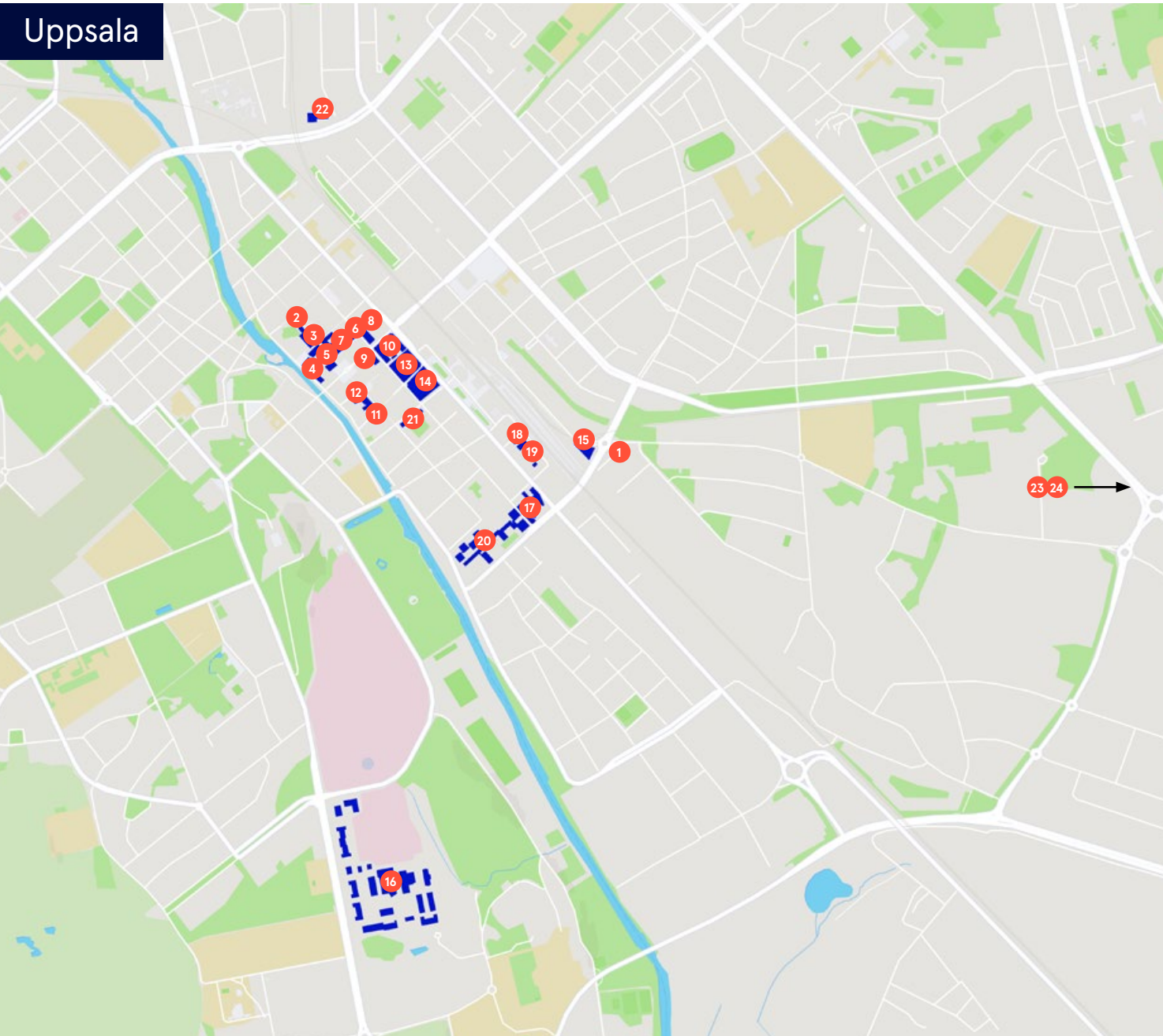
254

Largest tenants, share
(of the region's contracted rent)

Region Uppsala	10%
Swedish Medical Products Agency	6%
Swedish Food Agency	8%
Swedish National Courts Administration	4%
Municipality of Uppsala	3%

1) Environmental certification of investment portfolio, share of market value, %.

Uppsala





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	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Offices, sq. m.	Retail, sq. m.	Other, sq. m.	Primary energy figure, kWh/sq. m.	Environmental certification
1	Boländerna 7:4	Säbygatan 3/Östunagatan 1	1937/1999	1,710	430	–	1,280	72	–
2	Dragarbrunn 14:5	Svartbäcksgatan 8/S:t Persgatan 6	1972	5,140	2,619	2,399	122	57	–
3	Dragarbrunn 18:1	Gamla Torget 5	1990/2001	1,435	940	407	88	102	LEED Silver
4	Dragarbrunn 18:2, 18:7	Gamla Torget 1–3/Östra Ågatan 25–27	1973/1991	6,131	3,872	1,507	752	59	LEED Silver
5	Dragarbrunn 18:9	Gamla Torget 7/Stora Torget 4/S:t Persgatan 5/Svartbäcksgatan 4–6	1977/2010	11,161	2,586	7,737	838	85	LEED Gold
6	Dragarbrunn 19:10	Dragarbrunnsgatan 35/Påvel Snickares Gränd 1	1966/2005	4,198	1,541	1,755	902	70	–
7	Dragarbrunn 19:11	Svartbäcksgatan 1B–5/S:t Persgatan 7/Påvel Snickares Gränd 3	1918/1978	9,173	2,125	5,172	1,876	80	LEED Gold
8	Dragarbrunn 20:3	Dragarbrunnsgatan 38–40/Vaksalagatan 8	1966/1999	3,433	3,056	–	377	71	LEED Certified
9	Dragarbrunn 23:4	Dragarbrunnsgatan 39/Vaksalagatan 5	1961/2006	2,716	1,707	895	114	77	LEED Certified
10	Dragarbrunn 24:5	Vaksalagatan 7–13/Dragarbrunnsgatan 42–44/Kungsgatan 49	1974/2000	15,352	9,373	3,117	2,862	82	LEED Gold
11	Dragarbrunn 26:3	Bredgränd 4/Kungsängsgatan 5 B/Kungsängsgatan 7	1962/2006	4,261	1,946	2,249	66	86	LEED Gold
12	Dragarbrunn 26:4	Kungsängsgatan 3–5A/Smedsgränd 3	1962/1994	4,998	1,733	3,187	78	49	–
13	Dragarbrunn 28:5	Kungsgatan 53–55/Bredgränd 14–18/Dragarbrunnsgatan 46–48	1895/2011	21,041	7,344	2,786	10,911	60	LEED Platinum
14	Dragarbrunn 31:1	Dragarbrunnsgatan 50–52/Bangårdsgatan 10–28/Bredgränd 15–19/Kungsgatan 57 A–D	1860/2011	19,852	4,648	4,522	10,682	103	LEED Gold
15	Fålhagen 1:39	Stationsgatan 21–29/ Strandbodgatan	2016	8,629	7,785	844	–	45	LEED Platinum
16	Kronåsen 1:1	Dag Hammarskjölds väg 10–14, 26–54, 58–60	1910/2017	79,911	68,911	1,074	9,926	99	LEED Silver, Gold and Platinum
17	Kungsängen 1:25	Kungsgatan 79/Dragarbrunnsgatan 78/Samaritergränd 5/Strandbodgatan 10	2006	10,974	9,683	675	616	81	LEED Gold
18	Kungsängen 14:2	Suttungs gränd 3	1885/2008	1,747	1,550	176	21	110	LEED Silver
19	Kungsängen 14:5	Sidervärgatan 17/Fjalors gränd 8	–	–	–	–	–	–	–
20	Kungsängen 16:6	Hamnesplanaden 1–5/Kungsängsgatan 43/Strandbodgatan 2–4/Ebba Boströms gata 7	1975/2008	30,650	29,204	620	826	67	–
21	Kungsängen 4:4	Bangårdsgatan 5–9/Kungsängsgatan 18 A/Dragarbrunnsgatan 51–53	1972/2013	6,728	5,266	1,144	318	89	LEED Platinum
22	Kvarngärdet 1:19	Ljusbärargatan 2	1959/1990	5,160	4,801	–	359	70	LEED Gold
23	Årsta 11:233	Haeggströmsgatan 1	–	–	–	–	–	–	–
24	Årsta 64:1	Haeggströmsgatan 1	–	–	–	–	–	–	–
Total Region Uppsala			–	254,400	171,120	40,266	43,014	82	–



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Financing at record low interest rates

Financing risk in the loan portfolio has been further reduced by borrowing in Hong Kong, which is a new financing market for Vasakronan, and with new green debt instruments. All new borrowings in the year were green.

Credit rating
A3
stable outlook

Liabilities
SEK billion
74

Average interest rate
per cent
1.3

Loan-to-value (LTV) ratio
per cent
39

Interest coverage ratio
multiple
5.2

Green financing
percentage
74

Managing and developing properties is a capital-intensive business. Vasakronan is financed through owners’ equity and through external borrowing. The ambition is, at any one time, to have a capital structure that fulfils the owners’ expectations of healthy returns on equity as well as financial stability requirements, meaning the company is able to independently fulfil its financial commitments. Access to financing with favourable terms is therefore a precondition for optimally conducting operations.

Good access to financing with favourable terms
During the year, central banks continued to support markets with liquidity to banks and companies to help mitigate the negative effects of the pandemic. Sweden’s central bank, the Riksbank, continued to purchase bonds and government securities, which kept market interest rates and credit margins at historically low levels. For Vasakronan, this means that access to capital on favourable terms was very good for the entire period.

Strong credit rating from Moody’s
In May, Moody’s affirmed Vasakronan’s rating of A3 with a stable outlook. A strong rating is a key prerequisite for reaching the financial objective of having as diversified a financing structure as possible, in terms of tenors and sources of funding. Moody’s assessment of Vasakronan is based on its criteria for commercial property companies with the addition of one rating level due to its close links to state ownership. The rating is motivated by the property portfolio’s high quality and high percentage of environmentally certified properties as well as by the high proportion of public sector tenants.



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Financing

Long-term financing strategy

Vasakronan strives for financial stability, risk-weighted borrowing, a broad borrowing structure and to be in the forefront of green financing. First and foremost, financial stability entails minimising financing risk through guaranteeing future borrowing needs in good time and spreading loan maturities. Cost-effective borrowing is achieved over time through active work on the fixed-interest structure and leveraging the prevailing market conditions to lock in credit margins and interest rates.

External borrowing takes place primarily in the capital market by way of bonds or commercial paper or from banks. At the end of the year, the share of capital market financing was 82% (76), the share of secured bank financing was 11% (16) and unsecured bank financing, including bilateral loans, was 7% (8).

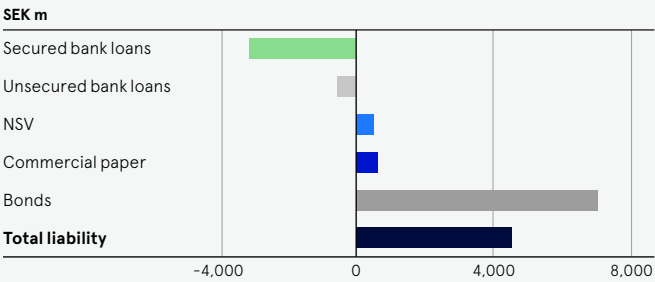
Interest-bearing liabilities, net of cash and cash equivalents, increased during the year and amounted to SEK 74 billion (67), mainly due to increased investments in existing and newly produced properties.

Financing from several markets

Vasakronan is one of the largest issuers in the Swedish and Norwegian capital markets. Since the public rating was issued in 2018, the company has gained investors from other parts of Europe and even Asia.

In 2021, Vasakronan issued bonds totalling SEK 11.9 billion (12.4), with an average maturity of just over 7 years. Vasakronan is now one of the few Swedish companies to issue a bond in Hong Kong dollars, meaning financing is now available in seven different currencies. Of the total liability at the end of the period, 35% (30) consisted of borrowings in currencies other

Change in funding sources in 2021



than SEK. Borrowing in foreign currencies is hedged through cross-currency basis swaps, which eliminates currency risk.

Access to a broad investor base and several different markets has further decreased financing risk. Investors consider Vasakronan a safe option since the company has a strong rating and long-term owners in the form of the four Swedish national pension funds.

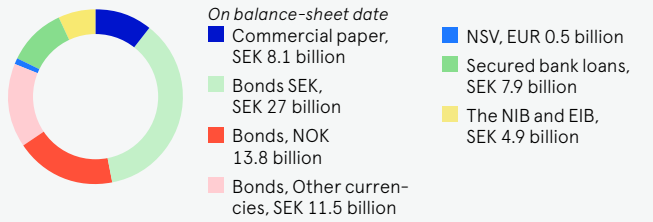
The bonds contain a change of control clause. This allows lenders to terminate the loan unless the current owners collectively or separately own at least 51% of the company and the change in ownership simultaneously leads to a downgrade in the company's rating by one notch.

Financing through commercial paper

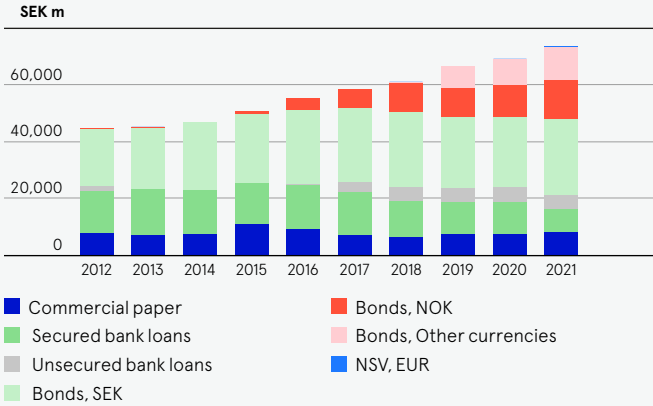
Vasakronan also has short-term borrowing through commercial paper. The volume outstanding of commercial paper totalled SEK 8.1 billion (7.5) at year end, corresponding to 11% (11) of the total debt portfolio.

Sources of financing widely distributed

Interest-bearing liabilities of SEK 73.8 billion



Development, funding sources





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Reduction in secured bank financing

To diversify sources of financing, Vasakronan also has a certain amount of borrowing from Nordic banks. Financing through secured bank loans continued to decline during the period. Early repayments of SEK 3.1 billion were made on loans and no agreements were entered into for new loans. The share of secured bank loans in relation to total assets thereby declined to 4% (6).

Vasakronan’s bank loan agreements contain a corresponding change of control clause to that applicable to bond issues. In addition, there is a covenant specifying that the interest coverage ratio may not fall below a multiple of 1.5. Agreements for unsecured loans also include covenants stating that the LTV may not exceed 65%. There were generous margins on all of these terms at the end of the period.

New green debt instruments

The sustainability ambitions are high and there is a clear connection between sustainability and financing. Its strategy is to take a leading role and to drive development in green financing. In 2013, Vasakronan was first in the world to offer the capital market the opportunity to invest in green bonds that lead to lower energy consumption and less climate impact. Since then, bonds totalling around SEK 56 billion have been issued, making Vasakronan the Nordic region’s largest issuer of green corporate bonds. Moreover, all bonds issued during the year were green. In 2018, the company issued the world’s first green commercial paper. Green commercial paper outstanding at the end of the year totalled SEK 4.3 billion (0.9).

In December 2021 Vasakronan issued its first green Namensschuldverschreibung (NSV), a debt instrument common in the German and Austrian markets. The loan is for EUR

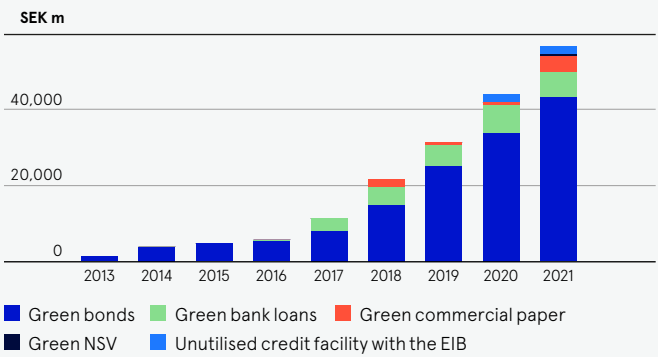
50 million with a maturity of 18 months and is both green and digital, which makes it the first of its kind in Europe. It was also issued without any intermediaries through the digital trading platform firstwire. The investor was then able to resell the loan using blockchain technology.

The company’s green financing falls under the “Vasakronan – Green Finance Framework,” which follows the Green Bond Principles. This states that all borrowing in line with the framework is earmarked for green investments. Vasakronan is one of the few companies with a dark green rating for its framework from the CICERO Shades of Green climate research institute, which issues the company’s investors a receipt demonstrating the loan’s liquidity is used for sustainable investments.

The “green pool,” meaning investments that qualify for green borrowing under the framework, amounted at year end to SEK 53 billion (53). Green Finance Instruments outstanding increased to a total of SEK 48 billion (35). For more information, see Vasakronan’s impact report for green financing on pages 173–180.

In addition to secured bank loans, Vasakronan had green unsecured loans with the Nordic Investment Bank and the European Investment Bank, which are both niched toward financing projects that improve the environment in Nordic and European countries. The loans are financing nine projects. Vasakronan’s high environmental profile provides access to financing through the NIB and the EIB, since both of these banks have strict requirements for sustainability in the projects they finance. The aim is to increase the share of unsecured bank financing that amounted to SEK 4.9 billion (5.5), or 7% (8) of the total loan portfolio at the end of the year. There was also SEK 2 billion (2) in the form of an unutilised credit facility with the EIB at the end of the year.

Green financing growth



Green financing under the framework

	SEK m
Green commercial paper	4,280
Green bonds, SEK	26,773
Green bonds, NOK	7,290
Green bonds, Other currencies	9,253
Green NSV, EUR	514
Total volume of Green Finance Instruments	48,110
Total volume of Green Assets – Green Pool	53,421
Remaining approved borrowing capacity	5,311



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The percentage of green financing consisting of green bonds, green commercial paper and green loans increased during the period to 74% (61) of the total loan portfolio. The ambition is to eventually have 100% green financing.

EU Taxonomy

The Taxonomy Regulation is part of the EU Action Plan: Financing Sustainable Growth and aims to define sustainable investments. For an activity to be considered sustainable according to the Taxonomy Regulation, it needs to contribute significantly to one of the six established environmental objectives without causing significant harm to the others. There are also requirements for societal aspects such as human rights and working environment. Vasakronan's assessment is that its operations are primarily exposed to both of the climate-related environmental objectives.

In April 2021, the final criteria were published for the two climate-related environmental objectives, climate change mitigation and climate change adaptation. In December Vasakronan, the Swedish Property Federation and a number of the other major Swedish property companies agreed on shared thresholds for existing properties to determine which belong to the top 15% in terms of energy efficiency. This will form the basis for determining whether an existing building can be considered as meeting the first environmental objective in the EU Taxonomy. The sector has agreed that an office building with a Primary Energy Demand of less than 89 kilowatt hours per square metre per year is considered to be in the top 15% of buildings. At the end of December, Vasakronan's property portfolio's average Primary Energy Demand was approximately 88 kWh/sq. m. For more information about our properties' Primary Energy

Share of taxonomy-eligible economic activity

	Jan - Dec 2021 (SEK m)	Share of taxonomy-eligible economic activities (%)	Share of taxonomy-non-eligible economic activities (%)
Turnover	7,425	100	0
OpEx	87	100	0
CapEx	4,437	100	0

Demand at the end of the year, refer to the property descriptions that begin on page 40.

Reporting according to the Taxonomy is being introduced in stages. For the 2021 financial year, the taxonomy-eligible share of the company's operations was reported. For the 2022 financial year, the requirements will be more comprehensive and the company will also need to provide the share of green assets aligned with the Taxonomy and the turnover, operating expenditure and investments that pertain to these assets. Vasakronan is not subject to the reporting requirement under the Taxonomy Regulation, but chooses to do so given expectations from the company's stakeholders.

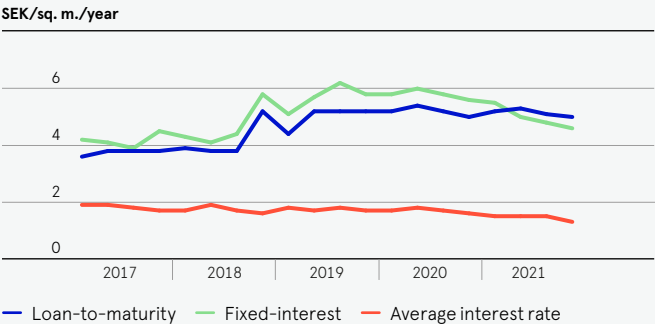
The above table shows Vasakronan's taxonomy-eligible economic activities, broken down into turnover, operating expenditure and investments. Vasakronan's operations consist of managing and developing office and retail properties, and the assessment is that this taxonomy-eligible economic activity falls into category 7.7, Acquisition and ownership of buildings.

The accounting principles underlying the key metrics presented in the table follow the principles that apply for the company's financial statements. Turnover includes total rental revenue and follows the definition of turnover provided in the EU directive on annual financial statements, consolidated

Financial policy ensures balanced risks

Financial policy in brief		Outcome, 31 Dec 2021
Financing risk		
Loan-to-maturity	min. 2 years	5.0 years
Loan-to-maturity, including unutilised credit commitments.	–	5.5 years
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/loans maturing 12 months	min. 100%	162%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	5.2x
Fixed-interest period	min. 2 years	4.6 years
Fixed-interest maturity within 12 months	max. 55%	43%
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
Currency risk		
Currency exposure	No exposure	met

LTV and interest coverage ratio





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financial statements and related reports of certain types of undertakings. Refer to Note 2.2 on page 102 for more information. Operating expenditure (OpEx) includes costs for repairs and maintenance, meaning costs associated with the properties’ continuous and intended function. Investments (CapEx) in the table on page 57 are based on the same definitions from the IFRS and include new construction, extensions and redevelopments, other value-generating investments, property acquisitions and investments in tangible and intangible assets. For more information about which accounting principles are applied for our investments, refer to Note 4.2 on page 109.

Low interest-rate risk

Interest-rate derivatives and fixed-interest loans are used to achieve a preferred fixed-interest tenor. The strategy is to have a portion of the loan portfolio with floating interest and the remainder with fixed interest rates at longer tenors, in some cases as long as 15 years. This allows the company to benefit from low floating interest rates while fixed interest rates protect against rising interest rates.

The average fixed-interest tenor decreased somewhat during the year to 4.6 years (5.6). The proportion of loans with fixed-interest maturities within one year increased to 43% (29) and loans with fixed-interest maturities of ten years or more decreased to 8% (16) of interest-bearing liabilities. The policy states that fixed-interest maturity within 12 months must correspond to not more than 55% and that the average fixed-interest tenor shall be longer than two years.

Credit commitments from the owners limit the financing risk

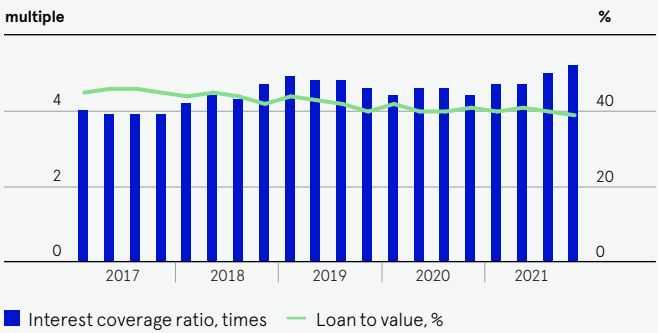
To limit financial risk, the policy stipulates that loan maturities within the next 12 months must not correspond to more than 40% of interest-bearing liabilities and that all loan maturities in the next 12 months are to be covered with either cash and cash equivalents or credit facilities. At the same time, the average maturity of the company’s liabilities is not permitted to be lower than two years.

At the end of the year, the proportion of loans maturing within the next 12 months amounted to 20% (20), while the share of loans maturing in 10 years or later increased to 13% (11) of interest-bearing liabilities. To secure its access to capital, there is a credit facility with the First, Second, Third and Fourth Swedish national pension funds that amounts to SEK 18 billion. The agreement extends until further notice with a notice period of two years. Cash and cash equivalents of SEK 3.5 billion (2.6), the unutilised credit commitment from the owners and the unutilised credit facility of SEK 2 billion (2) with the EIB together correspond to 162% (165) of loans maturing over the next 12 months. The average loan-to-maturity, taking into consideration unutilised credit commitments, amounted to 5.5 years (5.4).

Low, stable loan-to-value ratio and declining interest rates

The loan-to-value ratio improved over time and was 39% (41) at year end. Prevailing market conditions continued to enable borrowing on favourable terms and the average interest rate for loans and derivatives decreased to 1.3% (1.6) at year end.

LTV and interest coverage ratio



Despite larger liabilities, net financial items decreased to an expense of SEK 1,051 million (expense: 1,117) due to the lower average interest rate. The interest coverage ratio, which indicates the company’s sensitivity to interest rate changes, increased to a multiple of 5.2 (4.6) due to lower net interest and higher EBITDA. According to the financial policy, the goal is to have an interest coverage ratio no lower than a multiple of 2.0.

Net interest-bearing liabilities in relation to EBITDA show net debt in relation to the business’s earnings and amounted at year end to a multiple of 13 (13.5). The decrease is due to the completion of project developments and their subsequent generation of cash flows. Our aim is to further improve this key metric over the long term.



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The Board of Directors and CEO of Vasakronan AB (publ), corporate registration number 556061-4603, hereby present the 2021 Annual Report for the Group and Parent Company.

The market

Strong recovery

The pandemic also affected 2021, given the continued spread of infection and the emergence of a new virus variant that created uncertainty regarding the pandemic’s development and how Sweden’s economy would be affected going forward. Despite this, the Swedish economy performed well during the year, posting a strong increase in growth.

Portions of consumer durables, primarily physical retail, were hit hard by the pandemic and the subsequent restrictions. The digital transition in the industry, which was already under way, was given an incredible boost and an increasing share of consumer durables are purchased online. Sales of consumer durables grew robustly as restrictions were gradually lifted in the autumn. Physical retail also recovered strongly as retail foot traffic started to return. The long-term effect on retail is currently difficult to predict.

High inflationary pressure

As a result of the strong recovery, inflation has increased and is significantly above the Riksbank’s, Sweden’s central bank’s, goal of 2%. The rise was initially due to rising energy prices and supply chain bottlenecks, but price increases have now spread to several parts of the economy.

Inflation trends and duration are currently difficult to predict. At its most recent meeting in February 2022, the Riksbank decided to keep the repo rate unchanged at 0% with a first hike in the latter half of 2024. However, the market’s assess-

ment is that the high inflation outcome we have seen recently will lead to interest rate increases as early as 2022, which the Riksbank confirmed to a certain extent.

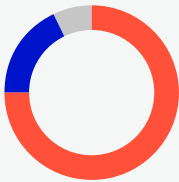
Record high transaction volume

Viewed from the perspective of transaction volume and number of transactions, 2021 was the strongest year in Swedish property history. The year was characterised by consolidation within the industry, including Castellum’s acquisition of Kungälv, Corem’s acquisition of Klöver and Heimstaden’s acquisition of Akelius’s residential portfolio in Sweden. Residential and office property were the largest segments in terms of transaction volume and the majority of investors are Swedish. The high transaction volume indicates continued strong interest in property investments.

Stable market rents and lowered yield requirements

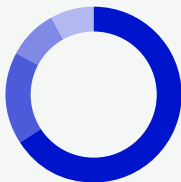
According to Cushman & Wakefield, office rents have remained stable in all of Stockholm’s sub-markets and in Malmö, whereas they have risen slightly in Gothenburg and Uppsala. In addition, yield requirements have fallen in all of Vasakronan’s regions, which has positively impacted property values. The largest decline was noted in Central Stockholm and its suburbs as well as in central Malmö where yield requirements have fallen 30–40 bps. Office vacancies were assessed as relatively stable in Gothenburg, Malmö and Uppsala over the year, while a slight increase was noted both in Stockholm’s CBD and in Central Stockholm.

Contracted rent by property type



Offices, 75%
Retail, 18%
Other, 7%

Contracted rent by geographic market



Stockholm, 66%
Gothenburg, 17%
Malmö, 9%
Uppsala, 8%

Within retail and primarily in Stockholm, a slight downturn was noted in market rents. The trend had been noted prior to the outbreak of the pandemic as a result of increased e-commerce. Vacancy levels for stores were assessed as having risen slightly since the year end, primarily in central Stockholm. The market’s yield requirements for stores, however, remains at unchanged levels since the end of 2020.

Operations

Vasakronan owns, manages and develops centrally located office and retail properties in Stockholm, Uppsala, Gothenburg and Malmö. At year end, the property portfolio comprised 168 properties (171) with a total lettable area of 2.3 million sq. m. (2.3). Of the total area in the investment portfolio, 92% (92) was environmentally certified. The total market value of the properties at year end amounted to SEK 182 billion (162), and the ten largest properties accounted for 30% of the value. The occu-



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pancy rate was 91.4% (91.9) on 31 December 2021. Of total vacancies, 1.1 percentage points (2.0) were attributable to ongoing projects and development properties. Over the year, SEK 4.1 billion (5.3) was invested in new construction, extension and redevelopment. At year end, Vasakronan had property projects encompassing new construction, extensions and redevelopments valued at SEK 10.1 billion (14.3), of which SEK 7.9 billion (10.3) was capitalised. The occupancy rate for major projects was 83% (81) at the end of the year.

Vasakronan continuously develops its property portfolio in addition to improving it by buying and divesting properties, which creates the preconditions for an increased long-term return. During the year, properties were acquired for SEK 214 million and divested for SEK 447 million.

Personnel

As of 31 December 2021, the number of employees was 290 (293). Vasakronan endeavours to be a company where the diversity of society is reflected in the composition of its personnel. All employees and job applicants will be treated equally, and no discrimination will be accepted. Further information related to staff composition can be found on page 169 of this Annual Report.

Sustainability Report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Vasakronan has chosen to prepare its statutory Sustainability Report separately from its Annual Report. The Sustainability Report, encompasses pages 133–171, except for the description of the company’s business model (page 18) and information on risk management (pages 62–68).

Climate risks

Since 2017, Vasakronan has described its climate work based on TCFD guidelines. This year’s description is on pages 136–142 and the aim is primarily to provide investors with information about the risks and possibilities that a transition to a society with lower carbon emissions entails. They are also intended to provide a description for stakeholders of how operations will be affected by climate changes and the potential financial impact that these are deemed to have on the company’s financial performance and position. Based on the risks and analyses in our TCFD report, the assessment is that the climate risks identified for our operations will not have any significant impact on Vasakronan’s financial position in the short term. For more information about governance, strategy and risk management in this area, refer to pages 140–142.

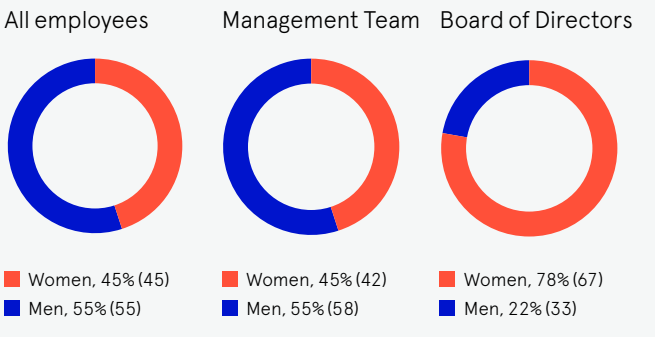
Appropriation of profit

The Board proposes that of the profit of SEK 9,076,568,476 available for disposal, SEK 4,000,000,000 be distributed to the shareholders and SEK 5,076,568,476 be carried forward. The Board finds that the proposed dividend is justifiable in terms of the assessment criteria stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act regarding operations, scope and risks as well as consolidation requirements, liquidity and general position.

Future performance

The pandemic is not over and will continue to affect operations in 2022 to a certain extent. The ongoing conflict in Ukraine together with the uncertain geopolitical situation in the world may impact both on financial markets and on monetary policy,

Distribution, women and men



but at this stage it is too early to predict how serious and how long-term these effects may be.

Vasakronan’s offering remains strong and comprises wonderful properties in markets and locations in high demand, with a range of products that meet customers’ needs. In combination with continued low interest rates and strong cash flows from the existing property portfolio and projects, this will ensure healthy earnings even in 2022. The targets for 2022 are an increase in net operating surplus in comparable property holdings of 2.0% and net lettings of not less than SEK 200 million at year end. Vasakronan’s property portfolio will continue to develop with planning for new projects and we expect to invest approximately SEK 2.4 billion in projects during 2022 with the aim of developing the property portfolio.



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Reasonable and desirable levels for risk taking

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

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

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





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Our risk areas

Vasakronan’s material risks are divided into ten risk areas. The areas are top priority and have a large impact on the ability to reach the company’s goal.



Vasakronan’s assessment and management

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

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

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

- ↗ Trending upwards
- Unchanging
- ↘ Trending downwards

The strategy symbols show the risk’s connection to Vasakronan’s strategies. Vasakronan’s strategies are described on page 19.

	Product strategy		Investment strategy
	Customer strategy		Financing strategy
	Technology strategy		Employee strategy
	Sustainability strategy		

A description of the risks and their rankings is presented in the tables on pages 64–68.



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Material risks 2022

Risk description	Assessment, analysis and exposure	Management and strategy
Business climate	Likelihood ● Impact ● Trend ↗	
An economic downturn with increased unemployment, reduced growth, weakened profitability for companies and resulting difficulties in obtaining financing can lead to reduced demand for office and store premises, lower market rents, increased vacancies and increased financing costs.	An economic downturn can affect all, or parts, of our operations through lower rents and increased vacancies. Vasakronan's property portfolio of modern properties in central locations as well as a spread in the lease portfolio across a number of different industries and contract lengths limits the risk of any substantial negative impact from an economic downturn. The company's strong owners and a credit facility of SEK 18 billion ensures the company's continued operation even during an economic downturn.	<ul style="list-style-type: none">• Competitive intelligence• Loan commitment from owners• Property portfolio with modern premises in central locations in growing districts• Lease portfolio with a favourable spread of industries, maturities and regions, page 35• Diversified loan portfolio, NOTE 6, pages 113–117• Stakeholder dialogues with lenders, page 134
Climate changes	Likelihood ● Impact ● Trend ↗	
Higher temperatures, extreme weather events and rising sea levels entail risks that properties and/or buildings will be damaged. In the long term, properties in areas that are close to the sea risk permanent flooding.	Climate change poses new demands on properties, which comprise our largest asset. Vasakronan needs to monitor climate issues and work proactively to minimise the risk that, in the future, some properties will be unusable or the cost of rectifying the damage will be high.	<ul style="list-style-type: none">• Climate scenario analyses every five years• Monitoring external trends in research and the consequences of climate change• Inventorying the existing property portfolio, surveying risks and developing action plans• Risk analyses for new construction and acquisitions as well as preventive measures• Risk analysis, pages 140–142• GRI 201-2, page 147



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Risk description	Assessment, analysis and exposure	Management and strategy
Unsafe neighbourhoods	Likelihood ● Impact ● Trend ↗	 
Neighbourhoods that are perceived as unsafe due to crime, graffiti, planning or negative reputation are less attractive.	Neighbourhoods that are perceived as unsafe lose appeal, which in turn leads to increased vacancies and lower property values. Vasakronan works actively with neighbourhood and street strategies, which includes developing action plans for various neighbourhoods and streets. The goal is to invigorate places and create neighbourhoods where people want to spend their days as well as their evenings.	<ul style="list-style-type: none">• Street strategy for creating attractive neighbourhoods• Safety measures such as outdoor lighting, alarms and surveillance• Comfortable outdoor environments with landscaping and paving• Citysamverkan projects• Invigorating neighbourhoods and encouraging activity there after office and store hours• Read more about our focus on safety and security on page 17• Stakeholder dialogues with tenants and society, page 134• GRI 416-A, page 171
Letting	Likelihood ● Impact ● Trend ↗	 
Technological development, market conditions, changes to ways of working and new consumption patterns mean that tenant needs are constantly changing. If the company cannot meet the market's demands, this will cause a loss of tenants and, therefore decreased rental revenue and increased vacancies.	Vasakronan's property portfolio is primarily focused on central locations in growing districts. The company offers a wide range of products that suit a variety of companies in various phases. Customer needs can change quickly and competition for customers is tough. Close, proactive dialogues are necessary for retaining existing customers and attracting new ones. Lettings risk is further limited through a good distribution across sectors, tenants and contract lengths.	<ul style="list-style-type: none">• Close and proactive customer dialogues• Wide range of products• Good market knowledge• Clear sustainability profile• Distribution across sectors, tenants, contract lengths, page 35• Annual Customer Satisfaction Index – measurement• Street and neighbourhood strategies• Stakeholder dialogues with tenants, page 134



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Risk description	Assessment, analysis and exposure	Management and strategy
Project development	Likelihood ● Impact ● Trend ↗	 
Redevelopments, extensions and new construction projects entail risks across all phases, which increases with the project's complexity. Risks in construction projects are primarily financial, technical or time-related.	Vasakronan has a large number of ongoing projects, several of which are complex, extend over a long period of time and involve many different parties. Calculation errors, delivery delays, lack of resources and competence or increased expense due to unforeseen events or carelessness can lead to substantial financial consequences.	<ul style="list-style-type: none"> • Quality assurance of internal processes including risk analysis, project reviews and exchanging experiences • Structured evaluations are conducted during the project period with all parties involved • Highly skilled project organisation • Contractual agreements with partners • The Code of Conduct as well as clear and proactive supplier procurement process • Frequent dialogue between the project organisation and the letting organisation
Digital investments	Likelihood ● Impact ● Trend ↗	 
The pace of technical development is rapid and our environment is constantly changing. Digital solutions are replacing old technology, new participants are entering the market and customers are demanding new solutions and services. Companies who are unable to adapt their operations and offerings to new conditions risk becoming unprofitable and losing customers, suppliers and employees. New offerings and investments that are not suited for the market risk being costly and resource-intensive.	Vasakronan aims to be at the forefront as regards modern technical solutions, and of service and product offerings. Investments in new and untested solutions means high governance demands. Inappropriate management can lead to unfavourable resource consumption. Vasakronan strives to associate itself with the right skills either internally or externally in combination with close partnerships with customers, suppliers and other companies.	<ul style="list-style-type: none"> • Structured/methodical work with project management decisions and implementation • Strengthened project leader expertise • Ensure that we have the right resources in the form of skills, time and IT infrastructure • Competitive intelligence • Collaboration with relevant parties



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Risk description	Assessment, analysis and exposure	Management and strategy
Information and data security	Likelihood ● Impact ● Trend ↗	 
In pace with increasing property sector digitalisation, there is a growing vulnerability to data hacking, virus attacks and fraud.	Well-functioning information and data security is essential for operations. Development in these areas is rapid and is becoming increasingly complex. If critical information is lost or falls into the wrong hands as a result of a computer crash, data hacking or inadequate IT security, the financial consequences could be considerable and the company's credibility may be damaged.	<ul style="list-style-type: none">• IT security policy• High degree of security awareness among employees through regular training and internal communication• The highest level of back-up solutions, firewalls, access solutions, antivirus programmes and incident reporting systems• Regular penetration tests
Sustainability	Likelihood ● Impact ● Trend →	 
Sustainability is a relatively young area. It lacks traditional concepts and definitions. Legal requirements are constantly changing or growing more stringent. This entails high requirements for internal and external communication as well as solid monitoring.	Vasakronan has high sustainability ambitions and goals. A large share of the company's financing is green, which has stringent requirements for accurate information and reporting. It is critical that at any given moment, Vasakronan complies with the applicable legal requirements as well as the requirements set by other partners. If the company does not meet these requirements, stated promises and goals, there is a risk of damage to the company's reputation and a loss of trust from stakeholders. This will also lead to higher interest expenses if the company no longer meets the terms for green financing.	<ul style="list-style-type: none">• Clearly defined goals• Practise what we preach• Skills development• Developing the building management system• Communication plans• Preparation of a sustainability report subject to review



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Risk description	Assessment, analysis and exposure	Management and strategy
Suppliers	Likelihood ● Impact ● Trend ↗	
Violations of human rights, unethical behaviour or operations that are not conducted according to good business practice, any of our partners or anyone acting on behalf of Vasakronan can lead to reduced confidence in Vasakronan and therefore entail harm to financial performance and the brand.	Vasakronan is one of Sweden’s largest property companies and there is considerable public interest in Vasakronan’s operations. We have many suppliers and partners, often in several parts of the supply chain. Violations of human rights or unethical behaviour at any of them can lead to reduced confidence from stakeholders and therefore to financial damage.	<ul style="list-style-type: none">• Code of conduct for suppliers• Framework agreement and procurement policy• Site visits and sample tests in projects• Regular reviews/audits• Whistle-blower function• Stakeholder dialogues with suppliers, page 134• GRI 102-9, page 165• GRI 414-1, page 170• GRI 205-3, page 148
Employees	Likelihood ● Impact ● Trend ↗	
Employees have unique skills and are incredibly important for our operations to work and deliver the intended results. If it is not possible to keep the right employees or sufficient employees, the business risks underperforming.	The development of operations and remaining relevant for the market requires that the company continuously adds new skills in the form of further training and new recruitments. Vasakronan strives to be an attractive employer for qualified personnel. The strong brand together with the innovative, values-driven corporate culture engender considerable interest in working at the company.	<ul style="list-style-type: none">• Sustainable operations in every dimension• Development plans for employees and succession planning for key personnel• Collaboration with universities• Corporate culture that promotes curiosity, diversity, innovation and flexibility• Regular needs analyses• Stakeholder dialogues with employees refer to page 134



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Clear structure provides control

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

The Swedish Corporate Governance Code

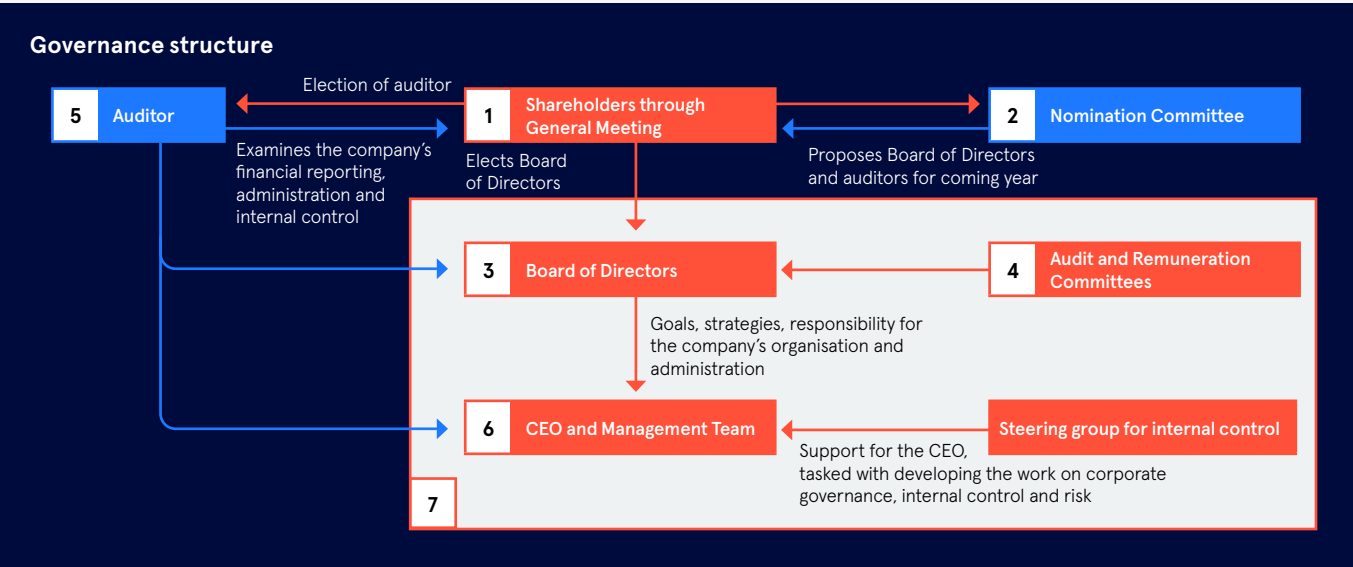
Vasakronan AB is a public limited company. In view of the general interest in the company’s operations, and since the company’s bonds are listed on the Stockholm stock exchange, the Swedish Corporate Governance Code has been applied. The company also has bonds listed on the Oslo Stock Exchange and Euronext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

Deviations from the Code

As a consequence of its small group of owners, Vasakronan deviates from the Code in two regards: the Nomination Committee’s proposals for Board members, and notices of General Meetings and minutes from General Meetings are not published on the company’s website. None of the members of the Nomination Committee are independent in relation to the owners.

- Important external regulations:**
- The Swedish Companies Act
 - Accounting policies, legislation and recommendations
 - Nasdaq Stockholm Rule Book for Issuers
 - The Issuer Rules for Oslo Børs
 - Euronext Dublin’s Rule Book for Issuers
 - The Prospective Directive under Irish law
 - The EU Market Abuse Regulation (MAR)
 - The Swedish Corporate Governance Code
 - UN Global Compact

- Important internal regulations:**
- The Articles of Association
 - The Rules of Procedure for the Board of Directors and committees, and the CEO’s Instruction
 - Internal guidelines and policies such as a financial policy, decision-making and delegation processes, an anti-corruption policy, an environmental policy and a Code of Conduct
 - Green Finance Framework





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1 Shareholders through General Meeting

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

The tasks of the AGM include:

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

The most recent AGM was held on 28 April 2021. It was held digitally due to the ongoing pandemic, in accordance with the temporary exemption granted by the Companies Act. All shares were represented and the auditors were present.

2 Nomination Committee

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

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

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

The Nomination Committee consists of representative from the owners. The Nomination Committee held four minuted meetings in 2021. No fees were paid to the Nomination Committee.

3 Board of Directors

Composition of the Board

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

At the Annual General Meeting on 28 April 2021 all Board members were re-elected.

Tasks and responsibilities of the Board

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

The Chairman of the Board monitors the Board's performance of its tasks. The Chairman also monitors operations in dialogue with the CEO and is responsible for ensuring the other members receive the information necessary to maintain



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a high level of quality in discussions and decisions. The Chairman is also responsible for evaluating the work of both the Board and the CEO.

Work of the Board of Directors in 2021

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

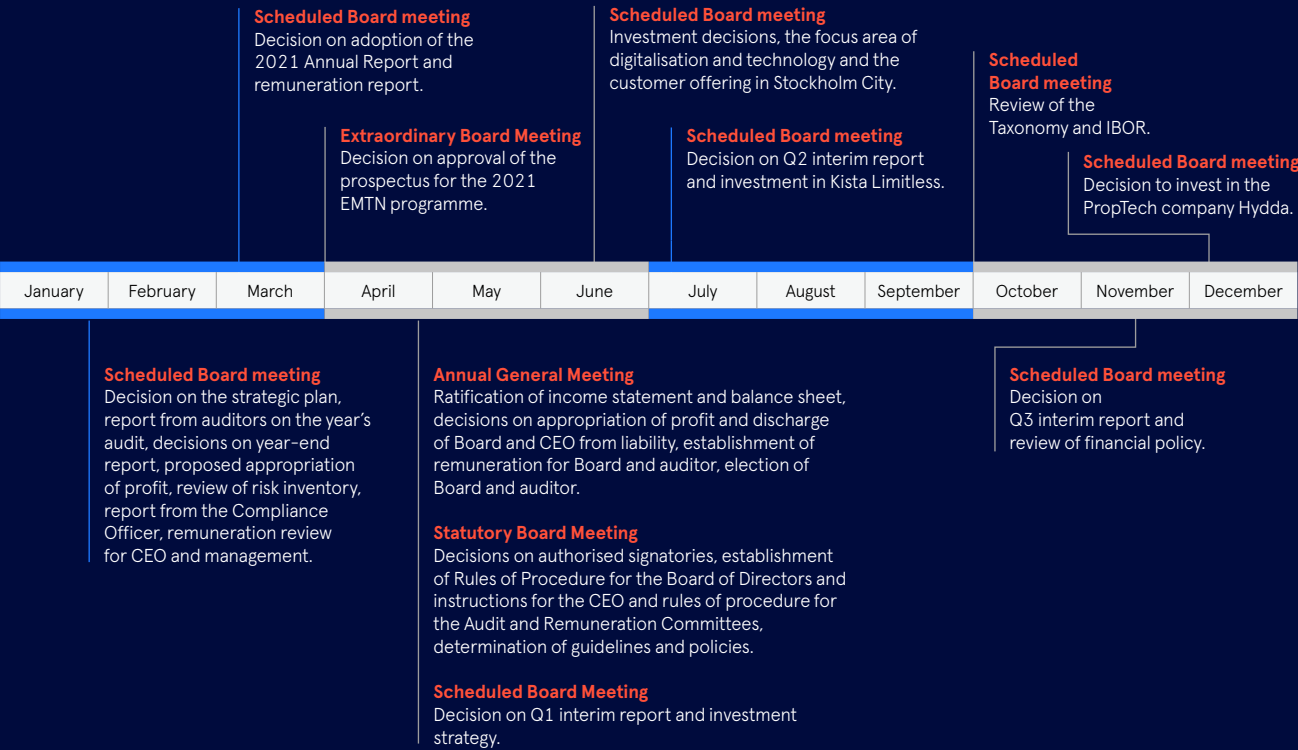
The CEO, CFO, the SVP for Human Resources, the Chief Sustainability Officer and the General Counsel (in the capacity of the secretary of the Board) attended the scheduled meetings. Other persons from the organisation such as regional Senior Vice Presidents and SVPs for Finance and Property Development participate as needed, presenting reports on particular cases. Extraordinary Board meetings are held when needed. Primarily in the case of urgent business decisions that require Board approval.

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

Issues of strategy and risk management are always high on the Board's agenda. During the past year, focus has been on the economy, Vasakronan's customer offering, investment strategy and technological development. Vasakronan's major ongoing new construction and redevelopment projects were monitored carefully in terms of lettings as well as progress.

Governance structure

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





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In total, the Board held ten scheduled meetings in 2021, one of which was statutory. One extra Board meeting was held during the year.

In addition to the Board meetings, the Board also conducted one strategy conference that was held together with part of the Management Team. For more information, refer to the section CEO and Management Team.

Evaluation of the Board of Directors

According to the Rules of Procedure, the Board of Directors must conduct an annual evaluation of its work. An evaluation was conducted in 2021 through online questionnaires for each Board member, managed by the Chairman. The results were then followed up by the Board. The purpose of the evaluation is to ensure that the Board is focused on the correct area, that the Board has the correct competence and that it is correctly composed. The results of the evaluation are also used as the basis for the Nomination Committee’s work with bringing

forward new candidates for the Board of Directors and as a basis for developing the Board’s work.

Remuneration to the Board

The AGM passes resolutions on remuneration to the Board. Board fees are not paid to members who represent any of the owners. For the period until and including the 2022 General Meeting, the AGM resolved that the Chairman will receive SEK 725,000 and the other independent members SEK 290,000 in fees. For the Audit Committee, it was resolved that a fee to its Chairman of SEK 150,000 and to independent members of SEK 55,000 would be paid, and a fee of SEK 40,000 to the Chairman of the Remuneration Committee.

4 Audit and Remuneration Committees

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

Audit Committee

The Board of Directors has appointed an Audit Committee consisting of three Board members.

The Committee’s areas of responsibility are regulated in the rules of procedure established by the Board.

The overall responsibilities of the Audit Committee include:

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

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

For 2021, the Audit Committee consisted of Ann-Sofi Danielsson, who was also the Chairman, Eva Halvarsson and Ulrika Francke. All members have the competence in accounting required under the Companies Act.

The Committee held six meetings during the year. The company’s auditors attended four of these meetings, two of which pertained to the report on the audit. Moreover, the Committee discussed, inter alia, the company’s financial statements and the work of the Management Team on risk and internal

Composition of the Board

	Elected	Indep. of company	Indep. of major owners	Board and Committee fees, KSEK	ATTENDANCE		
					Board meet-ings	Audit Committee	Remuneration Committee
Ann-Sofi Danielsson	2017	Yes	Yes	440	11/11	6/6	
Niklas Ekvall	2016	No	No	No remuneration	11/11		4/4
Ulrika Francke	2018	Yes	Yes	820	11/11	6/6	4/4
Eva Halvarsson	2006	No	No	No remuneration	11/11	6/6	
Kerstin Hessius	2004	No	No	No remuneration	11/11		
Christel Kinning	2014	Yes	Yes	290	10/11		
Kristin Magnusson Bernard	2021	No	No	No remuneration	11/11		
Magnus Meyer	2019	Yes	Yes	290	11/11		
Kia Orback Pettersson	2019	Yes	Yes	290	11/11		



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control. The CEO, the CFO and SVP for Group Control (the secretary of the committee) participated in the meetings. Over the year, the Committee also evaluated its work with the aim of ensuring the right questions were addressed within the Committee.

Remuneration Committee

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

- Preparing the work of the Board of Directors on

remuneration for senior executives and in the profit-sharing programme for other employees

- Monitoring and evaluating compliance with the “Guidelines for Terms of Employment for Senior Executives in state-owned Companies” that Vasakronan is to comply with as regards remuneration and other terms of employment for company management (refer to Point 6 below for more information).

In 2021, the Remuneration Committee consisted of Ulrika Francke as Chairman and Niklas Ekvall. During the year, the Committee held four meetings at which issues of remunera-

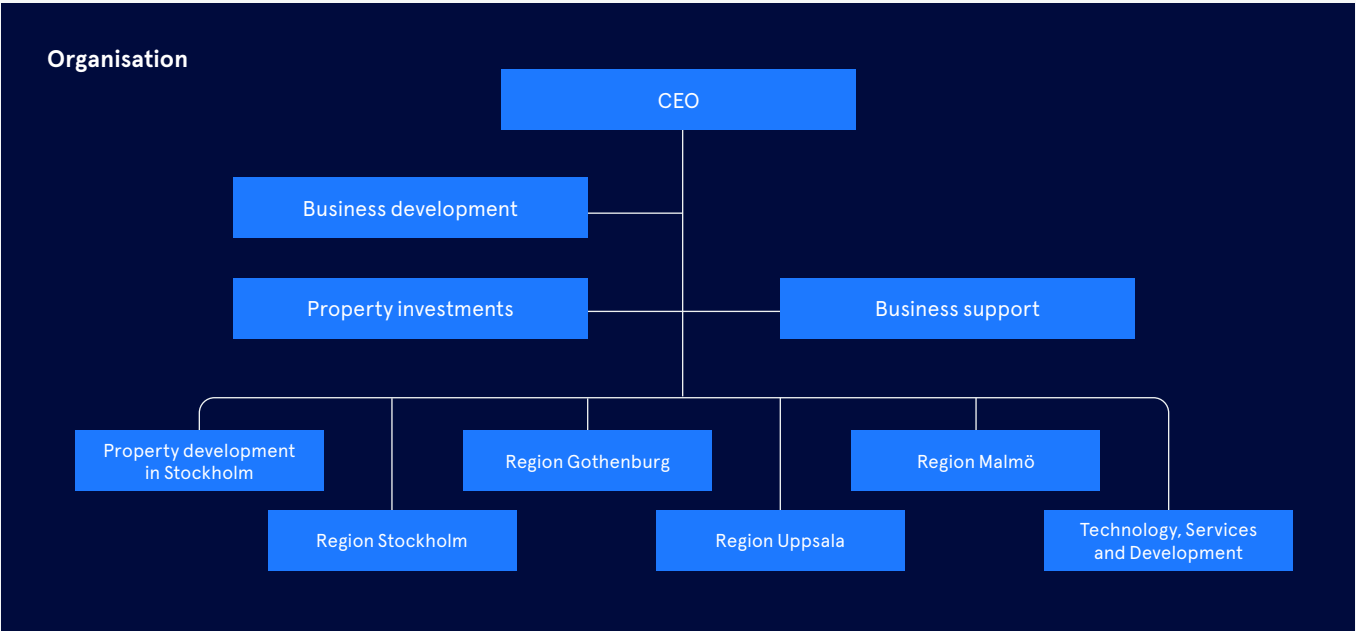
tion for senior executives, pensions and principles for profit-sharing for other employees were primarily discussed. The January meeting addressed the work of the Committee and which issues were priorities. The CEO and the SVP for Human Resources, who is the secretary of the Committee, participated in all the meetings and the company’s auditors submitted their report from the review of remuneration for senior executives.

5 External audit

In accordance with the Articles of Association, the general meeting must appoint at least one and at most two authorised public accountants with an equal number of deputies. If an auditing company is appointed as auditor, deputies will not be appointed. The auditor is elected for one year at a time. The Board of Directors has decided that the selection of an auditor will be preceded at least once every four years by a procurement to be prepared by the Audit Committee.

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

At the 2021 AGM, Ernst & Young AB was elected as auditor for the coming year, with Katrine Söderberg as Auditor in





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Charge. More information about the auditors can be found on Page 78. Information about the auditors’ fees can be found in Note 2.3 on page 103.

6 CEO and Management Team

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

The CEO has formed a Management Team that, in addition to the CEO in 2021, consisted of eleven directly subordinate Senior Vice Presidents; refer to the presentation on pages 79–80. The Management Team meets regularly in order to handle Group-wide and strategic issues. Seven scheduled meetings were held in 2021. At four of them, the interim reports and operational monitoring were discussed, and two were longer strategy meetings. One strategy meeting is held in the spring, and focuses on the trends and operating environment factors that impact the company. The other strategy meeting is held in the autumn, and the strategic portion of the business plan is developed with focus areas and key issues for operations.

The principles of remuneration for the CEO and the Management Team are decided by the AGM. Salaries and other benefits for the Management Team, including the CEO, consist only of fixed salaries with no variable remuneration. Vasakronan applies the Government’s “Guidelines for Terms of Employment for Senior Executives in state-owned Companies”

as regards remuneration and other terms of employment for company management. The company can, however, deviate from the guidelines if there is reason to do so. Vasakronan deviates from the Government’s guidelines with regard to remuneration for the Management Team, exclusive of remuneration for the CEO, which is not reported at the individual level in the annual report.

Vasakronan’s operations are organised in four regions, with a separate unit for property development in Stockholm. Technology, Services and Development is organised separately, with central support functions and local staffing. As support for the organisation, there are central units for property investments and business support, which included finance, communications and IT, legal and HR. A Chief Sustainability Officer has been appointed to govern and monitor the company’s work on sustainability topics.

7 Governance and control

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

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

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

A risk inventory and risk assessment are conducted every year in conjunction with business planning. The material risks identified are managed in separate action plans. The work on risk management is described in more detail on pages 62–68. A framework of guidelines, policies and instructions established by the Board of Directors and the CEO govern the organisation and its employees for the purpose of ensuring long-term value creation. The framework is to be followed by all employees, and monitoring is conducted continuously.

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



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Internal control of financial reporting

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

Control environment

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

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

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

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

Risk assessment

As part of business and operations planning, Vasakronan annually conducts an overall risk evaluation. Risks in all the company’s key processes are then evaluated based on likelihood and impact. For more detailed information on the company’s risk evaluation process, refer to page 62. In addition, risks are continually assessed based on the company’s income statement and balance sheet, where every item is evaluated based on its existence, appraisal and completeness.

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



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Control activities

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

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

Information and communication

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

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

Monitoring of internal control

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



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	Ulrika Francke Chairman since 2018.	Kristin Magnusson Bernard Board member since 2021.	Ann-Sofi Danielsson Board member since 2017. Member of the Audit Committee since 2018 and Chairman since 2019.	Niklas Ekvall Board member since 2016.	Eva Halvarsson Board member since 2006 and member of the Audit Committee since 2008.
Born	1956	1979	1959	1963	1962
Education	University studies	Ph.D. in Macroeconomics	M.Sc. Economics	Ph.D. Financial Economics and M.Sc. Industrial Engineering	M.Sc. Economics
Other assignments	Board assignments at Knightech, Hexagon, Circura, SIS (Swedish Standards Institute), Sven Tyréns Foundation, SGBC, VREF, Liquid Wind AB and President-Elect ISO.	CEO of the First National Pension Fund. Board member of Swedish House of Finance, member of the European Central Bank's contact group for financial stability (FSCG).	Board member of Pandox AB and Nordomatic.	CEO Fourth National Pension Fund. Board member of the Hans Dalborg Stiftelse för Bank- och Finansforskning, the KVA Investment Committee, Polhem Infra and Swedish House of Finance.	CEO Second National Pension Fund. Board member of UN-PRI, the Swedish Royal Opera, Finans-KompetensCentrum, the WIN WIN Award and Misum.
Previous experience	President and CEO of Tyréns, CEO SBC (Sveriges Bostadsrättscentrum AB), Director of Administration and City Commissioner City of Stockholm, President and CEO of Fastighets AB Brommastaden.	Leading positions at the International Monetary Fund (IMF), the European Central Bank and Nordea.	CFO at Bonava, CFO and other executive positions at the NCC Group.	CEO Nordea Investment Management, Vice President Third National Pension Fund, various management positions at Nordea, Carnegie and Handelsbanken.	Auditor and manager State governance.
Independent	Independent in relation to the owners, the company and company management.	Not independent in relation to the owners.	Independent in relation to the owners, the company and company management.	Not independent in relation to the owners.	Not independent in relation to the owners.



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The Board of Directors and auditors, continued

				
	Kerstin Hessius Board member since 2004.	Christel Kinning Board member since 2014.	Magnus Meyer Board member since 2019.	Kia Orback Pettersson Board member since 2019.
Born	1958	1962	1967	1959
Education	M.Sc. Economics	Economics and marketing	Licentiate of Engineering in Real Estate Economics and M.Sc. in Civil Engineering.	M.Sc. Economics
Other assignments	CEO Third National Pension Fund. Board member of Hemsö, Trenum and Handelsbanken.	Chief Transformation & People Officer Oatly.	Board member of Kinnarps, Coor, HiQ, Slättö Förvaltning and the Confederation of Swedish Enterprise.	Board assignments at SVT, ÅWL Arkitekter, ChefAkademin, Knowit, Infranord and the Karl Adam Bonnier Stiftelse.
Previous experience	CEO Stockholm Stock Exchange, Deputy Governor of Swedish Central Bank, executive positions at Östgöta Enskilda Bank and Alfred Berg.	CEO of Polarn O. Pyret, CEO of RNB Retail and Brands and various executive assignments within retail and consumer goods.	Technical attaché in Los Angeles, various management positions at the Ljungberg group and GE Real Estate and Tengbom and WSP	Marketing Director Dagens Nyheter, Deputy CEO Guldfynd and CEO Sturegallerian, as well as several years of experience from Board assignments within the property, retail, service and healthcare sectors.
Independent	Not independent in relation to the owners.	Independent in relation to the owners, the company and company management.	Independent in relation to the owners, the company and company management.	Independent in relation to the owners, the company and company management.

AUDITORS

Ernst & Young AB

Katrine Söderberg

Auditor in charge

Born: 1981

Other important assignments:

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



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Senior executives

						
	Johanna Skogestig CEO	Ronald Bäckrud SVP, Stockholm Region	Bo de Besche SVP, Uppsala Region	Sheila Florell SVP, General Counsel	Jan-Erik Hellman SVP, Property development Stockholm	Christer Nerlich SVP, CFO
Born	1974	1958	1967	1965	1975	1961
Employed	2015	1995	2002	2005	2010	1995
Joined Management Team	2015*	2008	2020	2006	2017	1998
Education	M.Sc. in Surveying	M.Sc. in Civil Engineering	M.Sc. in Civil Engineering	Law degree and Estate Agent exam	M.Sc. in Surveying	Graduate in Economics
Previous experience	AP Fastigheter, Sveafastigheter and Areim.	J&W, Vattenbyggnadsbyrån, Skandia and Arne Johnson Förvaltning.	Linköpings kommunala fastigheter AB.	If Skadeförsäkring and the Association of Swedish Real Estate Agents.	JLL and ICA Fastigheter.	Newsec and FastighetsRenting.
Other assignments		Board member of Byggherrarna.	Board member of the non- profit organisation Uppsala Citysamverkan.	Board member of Tmpl Work.	Board assignments at Stor Ursvik AB and KB, Järvastaden AB and subsidiaries, Kista Limitless AB and Stads- utvecklarna i Värtahamnen.	Board assignments at Akademiska Hus.

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

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	Kristina Pettersson Post SVP, Gothenburg Region	Anna Stenkil SVP, Malmö Region	Cecilia Söderström SVP, Human Resources	Nicklas Walldan SVP, Technology, Services and Development	Peter Östman SVP, Business Development
Born	1964	1968	1962	1971	1961
Employed	1993	2011	2008	2001	1998
Joined Management Team	2011	2016	2008	2008	1998
Education	M.Sc. in Civil Engineering	Graduate studies in Economics	Graduate studies in personnel and labour market	M.Sc. in Civil Engineering	Master of Business Administration and Economics
Previous experience	Byggnadsstyrelsen.	Proffice, Newsec and Wihlborgs.	Svenska Spel and Ericsson.	Tyréns.	Storstaden and Ecuvo Förvaltning.
Other assignments	Board member of Trophi Fastighets AB, Stiftelsen Eken, Nordstans Samfällighet, Swedish Property Federation Gothenburg, and the non-profit organisation Göteborg Citysamverkan.	Board member of Fastighetsägarna Syd and Fastighetsägarna Sverige.	Board member of Almega tjänsteförbunden and Almega AB.	Board member of Svensk Byggtjänst.	Board member of Idun Real Estate Solutions, Accessy and Tmpl Work.

Christian Fredrixon Previous Chief Property Investment Officer (CPIO) left the Management Team in November 2021.



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Amounts in SEK million	2021	2020	Note
Rental revenue	7,425	7,006	2.1–2
Operating expenses	-760	-696	
Repairs and maintenance	-100	-116	
Property administration	-364	-353	2.3
Property tax	-668	-652	
Total property expenses	-1,892	-1,817	2.3
Operating surplus	5,533	5,189	
Central administration	-124	-118	2.3
Result from participations in associates and joint ventures	193	-219	7.2
Financial income	4	9	2.5
Financial expenses	-1,055	-1,126	2.5
Interest expense lease liability; ground rents and land leases	-160	-158	
Profit before value changes and tax	4,391	3,577	
Change in value of investment properties	15,255	1,083	4.2
Depreciation of right-of-use assets	-7	-7	4.3
Change in value of financial instruments	938	167	6.5
Divested/impaired goodwill	-5	-	4.1
Profit before tax	20,572	4,820	

Amounts in SEK million	2021	2020	Note
Current tax	-223	-203	3.1
Deferred tax	-3,990	-903	3.1
Profit for the year	16,359	3,714	
Of which, attributable to non-controlling interests	-6	-4	
Of which, attributable to the Parent Company shareholders	16,365	3,718	
Other comprehensive income¹			
<i>Items that may not be reclassified²</i>			
Pensions, revaluation	73	-16	2.4
Restriction for surplus in pension plan with asset cap	-2	6	2.4
Income tax on pensions	-15	2	
Other comprehensive income for the year, net of tax	56	-8	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	16,421	3,710	

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

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



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Comments on the consolidated income statement

Rental revenue

Rental revenue for the year increased 6% (0) to SEK 7,425 million (7,006). In comparable property holdings, rental revenue increased 2% (decreased: 1) due to higher gross rents. Project developments that went into operation in the last twelve months had a positive effect on total revenue of more than SEK 350 million.

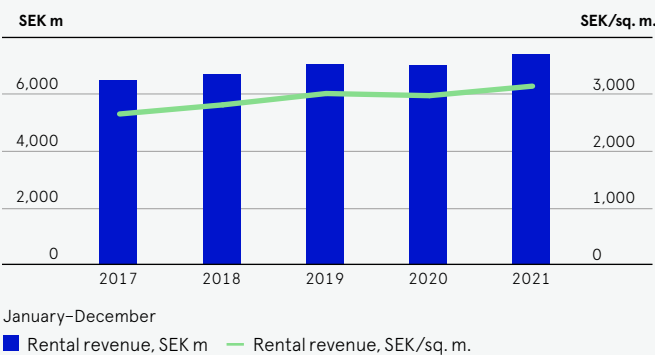
During the year, new lettings corresponding to 124,000 square metres (119,000) and annual rent of SEK 592 million (535) were contracted, of which 13% (15) impacted on revenue in 2021. Of the new lettings for the period, SEK 24 million (199) pertained to project developments.

During the year, notices to vacate corresponding to annual rent of SEK 648 million (554) were received and net lettings amounted to negative SEK 56 million (negative: 18).

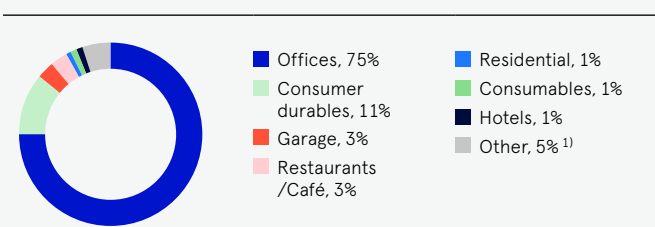
Lettings corresponding to 384,000 square metres (315,000) and an annual rent of SEK 1,326 million (977) were renegotiated during the year. These resulted in an increase on the previous rent payable of 8% (7). The result of renegotiations for the year for office leases amounted to 10% (12) and for retail the result was down 4% (down: 7). Of all the contracts up for renegotiation over the period with add-ons for moving within the property portfolio, nearly 75% (72) of the tenants decided to remain a tenant of Vasakronan.

Contracted rent at the end of the year amounted to SEK 7,763 million (7,420) and the average remaining maturity was 3.8 years (3.8). The closing occupancy rate was 91.4%, compared with 91.0% at the end of the previous quarter and 91.9% at year-end 2020. Of total vacancies, 1.1 percentage points (2.0) were attributable to ongoing projects and development properties.

Stable rental revenue



Predominantly office tenants



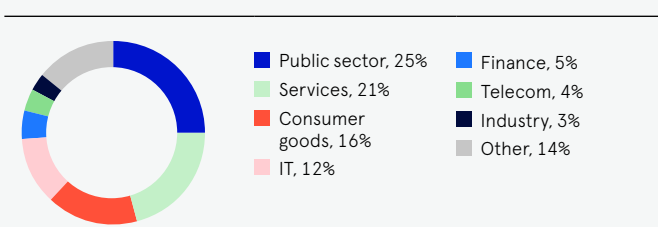
Breakdown by sector, share of contracted rent

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

Net lettings



Public sector comprises largest share of tenants



Breakdown by sector, share of contracted rent.



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Result from participations in associates and joint ventures

The result from participations in associates and joint ventures amounted to a profit of SEK 193 million (loss: 219). This was primarily due to positive value changes in joint ventures as a result of the increased value of development rights.

Property expenses

Property expenses amounted to SEK 1,892 million (expense: 1,817) for the period. In comparable property holdings, the property expenses increased 2%, compared with a decrease of 2% last year. The 3% increase in total property expenses was due to costs for properties that went into operation during the year.

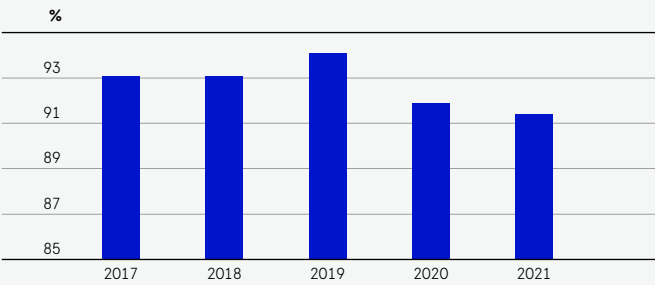
Operating surplus

Operating surplus for the period increased 7% (0) to SEK 5,533 million (5,189). For comparable property holdings, the increase in operating surplus was 2% (0). The surplus ratio was 75% (74).
The rolling 12-month yield amounted to 3.4% (3.3) for the total property portfolio and 3.7% (3.6) for investment properties.

Administration

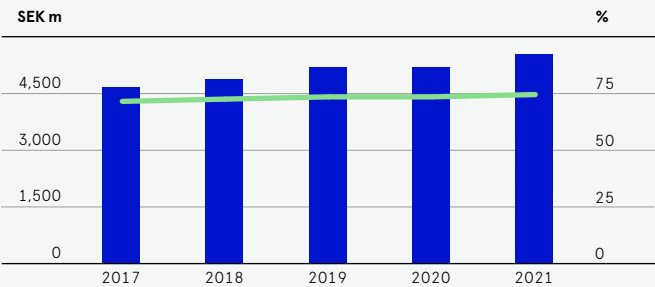
Property administration costs for the year were SEK 364 million (expense: 353) and central administration costs were SEK 124 million (expense: 118).

Occupancy rate



As of 31 December

Stable surplus ratio



January–December

■ Operating surplus, SEK m — Surplus ratio, %



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Net financial items

Despite higher interest-bearing liabilities, net financial items for the year improved to an expense of SEK 1,051 million (expense: 1,117), primarily due to lower credit margins on new borrowing. The average interest rate for loans and derivatives decreased to 1.3% (1.6) at the end of the period.

The LTM interest coverage ratio amounted to a multiple of 5.2 (4.4). The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

Profit before value changes and tax

Profit before value changes and tax increased to SEK 4,391 million (3,577). This change was primarily due to a higher operating surplus and higher result from participations in joint ventures.

Financial risks

	Financial policy in brief	Outcome, 31 Dec 2021
Financing risk		
Loan-to-maturity	min. 2 years	5.0 years
Loan-to-maturity, including unutilised credit commitments.	–	5.5 years
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/loans maturing 12 months	min. 100%	162%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	5.2x
Fixed-interest period	min. 2 years	4.6 years
Fixed-interest maturity within 12 months	max. 55%	43%
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
Currency risk		
Currency exposure	No exposure	met

Sensitivity analysis

	Change	Impact on profit before tax, SEK m
Economic occupancy rate	+/-1%	+/-85
Rental revenue	+/-1%	+/-74
Price change for renegotiated leases expiring in 2021	+/-1%	+/-14
Property expenses	+/-1%	-/+19
Net interest with current fixed-interest tenors and changed interest	+/-1 percentage point	-/+256
Value of interest-rate derivatives if average interest rates change ¹	+/-1 percentage point	-/+487
Market value of properties ²	+/-1%	+/-1,816

1) The unrealised appreciation in value of interest-rate derivatives can be realised to meet the effect of cash flow from increased borrowing expenses.
2) The market value is in turn impacted by other factors, refer to the sensitivity analysis on page 110.



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Change in value of investment properties

On 31 December 2021, the entire property portfolio had been valued by external appraisers Cushman & Wakefield and Forum Fastighetsekonomi, respectively. Altogether, the change in the property value amounted to SEK 15,255 million (1,083), which corresponded to a 9.5% (0.8) increase in value for the full year. Changes in value for the investment portfolio amounted to an increase of SEK 11,968 million (decrease: 434), corresponding to an increase of 8.8% (decrease: 0.3), and for project developments and development properties to an increase of SEK 3,408 million (1,517), corresponding to an increase of 13.0% (7).

The positive value growth was attributable to the downward adjustment of yield requirements and raised market rent assumptions. The average yield requirement used for valuation of the property portfolio was 3.87%, compared with 4.12% for corresponding properties at the end of 2020. The percentage increase in value was greatest for the company's public sector properties followed by offices in central Stockholm and its suburbs. Retail properties also posted a marginal increase in value during the period, primarily due to previous write-downs. The value increase in the project portfolio was due primarily to reduced completion risk and good occupancy rates.

Change in value of financial instruments

The value change in derivatives increased to SEK 938 million (167) which was mainly due to the increase in long-term market interest rates during the year.

Derivatives are primarily used to adjust interest-rate risk in the loan portfolio and to hedge borrowings in foreign currencies. At the end of the period, the derivative portfolio amounted to SEK 75,474 million (71,349), of which SEK 49,580 million (50,505) comprised interest-rate swaps and SEK 25,894 million (20,844) cross-currency basis swaps. The increase was primarily due to new borrowing in foreign currencies.

Tax

The Group reported a total tax effect of an expense of SEK 4,213 million (expense: 1,106). Of the tax expense, an expense of SEK 223 million (expense: 203) was current tax and an expense of SEK 3,990 million (expense: 902) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments.

The effective tax rate for the period amounted to 20.5% (22.9). At the end of the period, Vasakronan was not involved in any tax litigation.

Factors impacting value

	Value impact, %
Yield requirement	6.3
Market rents	5.0
Vacancies and other valuation parameters, e.g., changed cost and investment assumptions	-1.8
Total	9.5

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	10.3	7.0
Gothenburg	9.4	1.7
Uppsala	6.9	0.4
Malmö	5.2	0.4
Total		9.5

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	8.8	7.4
Project developments and development properties	13.0	2.1
Transactions	-	-
Total		9.5



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Amounts in SEK million	2021	2020	Note
ASSETS			
Non-current assets			
Intangible assets	2,044	2,044	4.1
Property, plant and equipment (PPE)			
Investment properties	181,575	162,420	4.2
Right-of-use assets, leaseholds and land leases	5,157	5,163	4.3
Equipment	102	47	4.4
Total property, plant and equipment (PPE)	186,834	167,630	
Financial assets			
Participations in associates and joint ventures	971	911	7.2
Receivables from joint ventures	20	–	7.3
Derivatives	1,062	934	6.4
Other non-current receivables	231	915	6.4
Total financial assets	2,284	2,760	
Total non-current assets	191,162	172,434	
Current assets			
Accounts receivable	45	73	5.1
Receivables from joint ventures	1	131	
Current tax assets	79	–	
Derivatives	78	4	6.4
Other current receivables, prepaid expenses and accrued income	1,308	1,026	5.2
Cash and cash equivalents	3,521	2,558	6.3
Total current assets	5,032	3,792	
TOTAL ASSETS	196,194	176,226	

Amounts in SEK million	2021	2020	Note
EQUITY AND LIABILITIES			
Equity			
Share capital	4,000	4,000	
Other contributed capital	4,227	4,227	
Retained earnings	77,057	62,636	
Non-controlling interests	6	6	
Total equity	85,290	70,869	
Non-current liabilities			
Interest-bearing liabilities	59,342	55,659	6.2
Lease liability, leaseholds and land leases	5,158	5,164	4.3
Deferred tax liability	26,273	22,269	3.2
Derivatives	1,957	4,284	6.4
Other non-current liabilities	69	58	6.4
Provision for pensions	45	120	2.4
Total non-current liabilities	92,844	87,554	
Current liabilities			
Interest-bearing liabilities	14,496	13,658	6.2
Accounts payable	57	72	
Liabilities joint ventures	22	11	
Current tax liabilities	–	91	
Derivatives	38	80	6.4
Other current liabilities, accrued expenses and deferred income	3,447	3,891	5.3
Total current liabilities	18,060	17,803	
TOTAL EQUITY AND LIABILITIES	196,194	176,226	



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Intangible assets

Intangible assets primarily consist of goodwill. Goodwill has arisen from the recognition of deferred tax on property at the nominal tax rate on the date of the business combination, while the tax rate applied when calculating the purchase price for the acquisition was lower than the nominal rate. On 31 December 2021, goodwill was SEK 1,903 million (1,908).

The remaining portion of intangible assets comprised the value of the Vasakronan brand, which amounted to SEK 100 million (100). SEK 41 million (36) was recognised as an intangible asset and pertained to investments in technical platforms in the subsidiaries Idun and Tmpl.

Investment properties

On 31 December 2021, Vasakronan's entire property portfolio had been valued externally. The assessed market value of the property portfolio was SEK 181,575 million at year end, compared with SEK 162,420 million at the end of 2020. The change in value during the period amounted to an increase of SEK 15,255 million (decrease: 1,083), corresponding to an increase in value of 9.5% (decrease: 0.8). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 9.4 billion/positive SEK 10.7 billion on the value of the current property portfolio.

The valuations were performed pursuant to the RICS Red Book and apply the same methodology as previous external valuations. Market value is influenced by property-specific events during the period, such as new and renegotiated leases, properties being vacated and investments made. Consideration has also been taken for any assessed changes in market rents

and yield requirements since the previous external valuation. A more comprehensive description of Vasakronan's external property valuation methodology is available on pages 109–110 of Vasakronan's 2021 Annual Report.

Net investments in the period amounted to SEK 3,902 million (5,266), where the majority pertained to investments in the company's major new construction and redevelopment projects. At the end of the year, the company vacated the Smedjan 13 and 15 properties in Malmö with a property value of SEK 88 million.

Environmental certification

Vasakronan has set high goals for environmental certification of its property portfolio. Our ambition is for the share of properties certified in accordance with LEED Gold or higher to increase and to obtain environmental certification for the entire investment portfolio.

At the end of the period, some 94% (92) of our investment portfolio based on its market value was environmentally certified, of which 82 percentage points (80) were rated LEED Gold or higher. Of the 94%, some 22 percentage points comprised properties that were undergoing re-certification, which has been delayed for reasons including the pandemic and difficulty in obtaining data.

Right-of-use assets, leaseholds and land leases

Ground rent agreements are treated as perpetual rental agreements that are given market valuations. The market values are calculated by discounting future fees using a discount rate corresponding to between 3.00 and 3.75%.

Change in property values

SEK m	2021	2020
Opening value, 1 January	162,420	156,071
Investments	4,137	5,314
Acquisitions	214	181
Sales	-449	-229
Change in value	15,255	1,083
Closing value, 31 December	181,575	162,420



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Large investments in property projects

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Start Occupancy	Occupancy rate, % ¹⁾	Estimated completion date	LEED environmental certification ³⁾
Gothenburg	Platinan	2,600	2,561	98	53,700	Q4 2021	91	Apr 2022	Platinum
Stockholm	Sergelgatan	1,925	1,413	73	15,500	N/A	N/A ²⁾	Mar 2023	Gold
Sundbyberg	Kronan 1	1,680	1,499	89	44,400	Q4 2021	100	Nov 2021	Platinum
Stockholm	Nattugglan, block 2	800	643	80	15,000	Q2 2022	88	Jun 2022	Platinum
Stockholm	Sperlingens Backe 47	610	54	9	8,500	Q4 2023	6	Jan 2024	Platinum
Uppsala	Magasin X	530	494	93	11,500	Q4 2021	96	Mar 2022	Platinum
Stockholm	Hötorgshus 2	460	169	37	8,000	Q3 2022	0	Apr 2023	Gold
Stockholm	Sperlingens Backe 45	370	216	58	3,900	N/A	47	Dec 2022	Gold
Gothenburg	Strömshuset	270	257	95	10,450	N/A	92	Jan 2022	Platinum
Total major property projects		9,245	7,306	79			83		
Other projects		889	626						
Total		10,134	7,932						

1) Calculated based on area.
2) Part of the property and the occupancy rate is therefore not reported.
3) Forecast at completion.

For land leases, present values are calculated over the term of the contract by discounting future land leases by the market interest rate with a corresponding tenor to the contract.

On 31 December 2021, right-of-use agreements totalled SEK 5,157 million, compared with SEK 5,163 million at the preceding year end.

Property projects

At the end of the period, the total investment volume of ongoing property projects amounted to SEK 10,134 million (14,323), of which SEK 7,932 million (10,258) had been capitalised. The occupancy rate for major projects was 83% (81) at the end of the year. Contracts have been signed for ongoing projects

totalling slightly more than SEK 440 million in annual rent. The total contracted annual rent for these projects when fully let amounts to SEK 700 million. Occupancy is ongoing or will start in 2022 for the majority of major projects.

During the quarter, the redevelopment of Sergelhusen in central Stockholm was completed. Sergelhusen, with a total investment of SEK 4 billion, encompasses 37,000 square metres of office and 12,000 square metres of retail space. At the year end, the occupancy rate was 96% for office space and 90% for retail space. Moreover, the redevelopment of the Diktaren office property in Solna was completed in the quarter. The property encompasses slightly more than 6,400 square metres of office space and is fully let to Engelska Skolan.

Participations in associates and joint ventures

The value of holdings in the form of participations in associates and joint ventures amounted to SEK 971 million (915) at the end of the year. SEK 50 million of the change comprised the investment completed at the end of the year in the company Hydda. Hydda is owned jointly with blq Invest and has the aim of accelerating the development of new solutions within PropTech. The remainder of the change was attributable to positive value changes in the underlying holdings in Stora Ursvik KB and Järvastaden AB.

Deferred tax

On 31 December 2021, the deferred tax liability was SEK 26,273 million, compared with SEK 22,269 million at year-end 2020. The deferred tax liability pertained primarily to investment properties. The change in tax liabilities was due to the period's unrealised value increases in the investment properties.

Deferred tax is calculated using a nominal rate of 20.6% on differences between the carrying amount and tax base of assets and liabilities.



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Good access to financing

Vasakronan's main funding source is the capital markets through unsecured bonds. The capital market was strong throughout the year and there was extremely good access to financing on advantageous terms, due largely to support measures from central banks to suppress the effects of the pandemic. Vasakronan spreads maturities for borrowings and limits the size of individual loans for the purpose of reducing financing risk.

Vasakronan's strong credit rating of A3 from Moody's provides Vasakronan with access to longer tenors in the majority of markets. The rating confirms the high quality of the company's properties and its diversified tenant portfolio over many sectors that contains a high percentage of public sector tenants. Moody's also highlighted Vasakronan's high proportion of environmentally certified properties in its assessment of the company.

During the year, Vasakronan issued debt of SEK 11.9 billion (9.9) in the bond market, with an average maturity of just over 7 years. The majority of bonds were placed with investors in Sweden and Norway, but investors from Japan, Hong Kong and Germany also chose to invest in the company's bonds. Vasakronan has issued bonds denominated in seven currencies and 35% (30) of the total liability at the end of the period consisted of borrowing in currencies other than SEK. Borrowing in foreign currencies is hedged through cross-currency basis swaps, which eliminates currency risk.

During the year, no new secured bank loans were raised. Conversely, a number of loans have been repaid early, which means that secured bank loans outstanding decreased to SEK 7.9 billion (11) at year end. Accordingly, secured bank loans declined to 4% (6) of the Group's total assets.

Interest-bearing liabilities, net of cash and cash equivalents, amounted to SEK 70,317 million (66,759). The increase was mainly attributable to investments in new construction and redevelopment projects. The average fixed-interest tenor fell to 4.6 years (5.6) and the average interest rate for loans and derivatives declined to 1.3% (1.6) at the end of the year.

To minimise financing risk and secure its access to capital, the company has a credit facility with the First, Second, Third and Fourth Swedish national pension funds that amounts to SEK 18 billion. The agreement extends until further notice with a notice period of two years. As before, none of these credit facilities were utilised during the year. Cash and cash equivalents of SEK 3,521 million (2,558), unutilised credit facilities with the owners and the unutilised credit facility of SEK 2 billion with the European Investment Bank (EIB) together corresponded to 162% (165) of loans maturing over the next 12 months. The average loan-to-maturity, including the above credit facilities, had increased to 5.5 years (5.4) at year end.

Fixed-interest tenors and loan-to-maturity

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0-1 year	31,443	43	14,496	20
1-2 years	91	0	10,650	14
2-3 years	2,298	3	7,565	10
3-4 years	3,194	4	7,819	11
4-5 years	1,748	2	4,989	7
5-6 years	7,053	10	6,236	8
6-7 years	4,200	6	3,648	5
7-8 years	6,800	9	3,005	4
8-9 years	4,550	6	2,855	4
9-10 years	6,500	9	2,908	4
10 years or more	5,961	8	9,667	13
Total	73,838	100	73,838	100

Breakdown of funding sources

SEK m	Nominal amount base currency, SEK m	Carrying amount, SEK m	Share, %
Commercial paper		8,140	11
Bonds, SEK		26,998	37
Bonds, NOK	13,495	13,843	19
Bonds, EUR	537	4,997	7
Bonds, JPY	11,400	899	1
Bonds, AUD	160	1,051	1
Bonds, USD	455	4,126	6
Bonds, HKD	400	465	1
NSV, EUR	50	513	1
Secured bank loans		7,866	11
NIB and EIB		4,940	7
Total		73,838	100



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Green financing

Vasakronan issued the world’s first green corporate bond in 2013. The company is the Nordic region’s largest issuer of green corporate bonds and all bonds issued during the period were green. At the end of the period, the volume of green bonds increased to SEK 43,317 million (34,035) allocated over seven different currencies. In 2018, Vasakronan issued the world’s first green commercial paper. At the end of the period, the volume outstanding of green commercial paper increased to SEK 4,280 million (870).

Financing was broadened further in the fourth quarter in the form of a green, digital NSV (Namensschuldverschreibung (Eng: registered bond)) of EUR 50 million. The bilateral loan is the first of its kind in Europe, since it has been issued without any intermediaries via the firstwire digital platform at the same time as the principal was earmarked for green assets.

The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 4,940 million (5,482) at the end of the period, and green secured bank loans amounted to SEK 1,760 million (1,760). In addition to the above, there is an unutilised green credit facility with the European Investment Bank of SEK 2 billion (2).

The percentage of green financing, consisting of green bonds, green commercial paper, green NSVs and green bank loans, increased during the period to 74% (61) of the total loan portfolio.

A more comprehensive description of the company’s green financing and the investments made under Vasakronan’s Green Finance Framework is available in the Impact Report – Green financing on pages 173–180.

Green financing under the framework

	Amount in SEK million
Green commercial paper	4,280
Green bonds, SEK	26,773
Green bonds, NOK	7,290
Green bonds, EUR	3,016
Green bonds, JPY	959
Green bonds, AUD	1,030
Green bonds, USD	3,809
Green bonds, HKD	439
Green NSVs, EUR	514
Total volume of Green Finance Instruments	48,110
Total volume of Green Assets – Green Pool ¹	53,421
Remaining approved borrowing capacity	5,311

1) Following the publication of our year-end report for 2021, it has come to our attention that one project (Hötorgshus 2), which has previously been selected for our green financing, is at risk of not meeting all the requirements of the framework, and accordingly, the project has been removed from the green pool, which thus decreased with SEK 113 million.

Equity

Equity increased to SEK 85,290 million at the end of 2021, compared with SEK 70,869 million at the end of 2020. Comprehensive income for the year amounted to SEK 16,365 million (3,710). A dividend was also distributed during the year corresponding to SEK 2,000 million (3,000). The minority share of equity amounted to SEK 6 million, which was unchanged compared with the year-end 2020. At year end, the equity/assets ratio was 43% and the loan-to-value ratio was 39%, compared with the respective figures of 40% and 41% at year-end 2020.



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Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Equity, opening balance at 1 Jan 2020	4,000	4,227	61,926	70,153	3	70,156
Profit for the year	-	-	3,718	3,718	-4	3,714
Other comprehensive income	-	-	-8	-8	-	-8
<i>Comprehensive income for the year</i>	-	-	3,710	3,710	-	3,706
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	7	7
Dividend	-	-	-3,000	-3,000	-	-3,000
Equity, closing balance at 31 Dec 2020	4,000	4,227	62,636	70,863	6	70,869
Equity, opening balance at 1 Jan 2021	4,000	4,227	62,636	70,863	6	70,869
Profit for the year	-	-	16,365	16,365	-6	16,359
Other comprehensive income	-	-	56	56	-	56
<i>Comprehensive income for the year</i>	-	-	16,421	16,421	0	16,415
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	6	6
Dividend	-	-	-2,000	-2,000	-	-2,000
Equity, closing balance at 31 Dec 2021	4,000	4,227	77,057	85,284	6	85,290

Equity

Equity increased during the year to SEK 85,290 million (70,869) as a result of comprehensive income for the period of SEK 16,421 million (3,710). The equity/assets ratio was 42% (40) and the loan-to-value ratio was 42% (41) at year end. Non-controlling interests amounted to SEK 6 million (6).



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Amounts in SEK million	2021	2020	Note
Operating activities			
Operating surplus	5,533	5,189	
Central administration	-124	-118	
Add back amortisation and depreciation	27	13	
Adjustment for other non-cash items	-5	-13	6.7
Cash flow from operating activities before interest and tax	5,431	5,071	
Interest paid ¹	-1,543	-1,295	
Interest received	4	6	
Taxes paid	-320	-235	
Cash flow before changes in working capital	3,572	3,547	
Increase (-)/decrease (+) in operating receivables	119	10	
Increase (+)/decrease (-) in operating liabilities	256	261	
Cash flow from operating activities	3,947	3,818	
Investing activities			
Investments in existing properties	-4,137	-5,314	4.2
Property acquisitions	-214	-181	4.2
Property divestments	449	229	4.2
Other PPE, net	-78	-14	
Acquisition of intangible assets	-10	-23	4.1
Dividends from joint ventures	182	34	
Other financial assets, net	-50	-	7.2
Cash flow from investing activities	- 3,858	-5,269	
Cash flow after investing activities	89	-1,451	

Amounts in SEK million	2021	2020	Note
Financing activities			
Dividend	-2,000	-3,000	9
Raised debt: interest-bearing liabilities	34,422	35,844	
Repayment of debt: interest-bearing liabilities	-31,290	-31,417	
Change in collateral	-21	-663	
Redemption of financial instruments	-241	-277	
Transactions with non-controlling interests	4	7	
Cash flow from financing activities	874	494	
Cash flow for the period	963	-957	
Opening balance, cash and cash equivalents	2,558	3,515	
Cash flow for the period	963	-957	
Closing balance, cash and cash equivalents	3,521	2,558	6.3

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


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Comments to the consolidated cash-flow statement

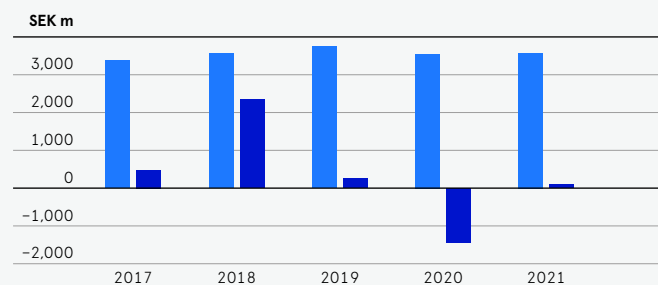
Cash flow for the year

Cash flow from operating activities before interest and taxes increased to SEK 5,431 million (5,071). Cash flow from operating activities before changes in working capital increased to SEK 3,572 million (3,547) as a result of a higher operating surplus.

During the period, investments in existing properties amounted to SEK 4,137 million (5,314). Cash flow from investing activities amounted to a total outflow of SEK 3,858 million (outflow: 5,269).

Net borrowing amounted to SEK 3,132 million (4,429). Altogether, cash and cash equivalents increased SEK 963 million (decreased: 957) and totalled SEK 3,521 million (2,558) at the end of the year.

Stable cash flow from operating activities



January–December

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

Property acquisitions 2021

Property	City	Seller	Purchase price, SEK m	Occupancy
Svärdsliljan 1	Solna	Järvastaden AB	187	Jan 2021
Gullbergsvass 703:44	Gothenburg	Gothenburg Municipality	26	Aug 2021
Total agreed property value			213	
Transaction costs, as well as deduction for deferred tax			1	
Total purchase price			214	

Property divestments 2021

Property	City	Buyer	Purchase price, SEK m	Transfer date
Gulmäran 1	Solna	JM AB	180	Feb 2021
Svärdsliljan 1	Solna	JM AB	184	Feb 2021
Smedjan 13 and 15	Malmö	Trianon	88	Dec 2021
Total agreed property value			452	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-6	
Total purchase price			446	



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Parent Company

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

The Parent Company's revenue for the period was SEK 510 million (510), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered. The profit from participations in Group companies amounted to SEK 2,538 million (3,943) and pertained to dividends.

The value change in financial instruments was SEK 938 million (167) as a result of the increase in long-term market interest rates during the period. Profit before tax was SEK 2,673 million (3,411). Closing cash and cash equivalents amounted to SEK 3,513 million (2,546).

Income statement

Amounts in SEK million	2021	2020	Note
Net sales	510	510	8.1
Operating expenses	-703	-659	2.3-4
Capital gain on sales	0	0	4.2
EBIT	-193	-149	
Financial items			
Profit from participations in subsidiaries	2,538	3,943	8.2
Result from participations in joint ventures	0	-1	7.2
Interest income	826	951	2.5
Interest expense	-1,200	-1,300	2.5
Profit before value changes and tax	1,971	3,444	
Change in value of financial instruments	938	167	6.5
Appropriations	-236	-200	8.3
Profit before tax	2,673	3,411	
Tax	-419	-230	3.1
Profit for the year	2,254	3,181	

Statement of comprehensive income

Profit for the year recognised in profit or loss	2,254	3,181
Other comprehensive income	-	-
Total comprehensive income for the year	2,254	3,181



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Balance sheet

Amounts in SEK million	2021	2020	Note
ASSETS			
Non-current assets			
Equipment	65	4	4.4
Shares and participations in subsidiaries	37,829	37,636	7.1
Receivables from subsidiaries	38,972	40,472	8.4
Participations in joint ventures	1	0	7.2
Receivables from joint ventures	20	–	7.3
Deferred tax assets	125	368	3.2
Derivatives	1,062	934	6.4
Other non-current receivables	225	909	6.4
Total non-current assets	78,299	80,323	
Current assets			
Accounts receivable	2	0	5.1
Receivables from subsidiaries	9,498	6,469	
Receivables from joint ventures	0	131	
Current tax assets	43	–	
Derivatives	78	4	6.4
Other current receivables, prepaid expenses and accrued income	908	614	5.2
Cash and cash equivalents	3,513	2,546	6.3
Total current assets	14,042	9,764	
TOTAL ASSETS	92,341	90,087	

Amounts in SEK million	2021	2020	Note
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	4,000	4,000	
	4,000	4,000	
<i>Unrestricted equity</i>			
Retained earnings	6,823	5,642	
Profit for the year	2,254	3,181	
	9,077	8,823	
Total equity	13,077	12,823	
Untaxed reserves	922	686	8.3
Non-current liabilities			
Interest-bearing liabilities	59,342	55,659	6.2
Liabilities to subsidiaries	723	723	8.4
Derivatives	1,957	4,284	6.4
Other non-current liabilities	66	55	6.4
Provision for pensions	6	7	
Total non-current liabilities	62,094	60,728	
Current liabilities			
Interest-bearing liabilities	14,496	13,658	6.2
Accounts payable	4	1	
Current tax liabilities	–	27	
Liabilities to subsidiaries	1,024	1,030	
Derivatives	38	80	6.4
Other current liabilities, accrued expenses and deferred income	686	1,054	5.3
Total current liabilities	16,248	15,850	
TOTAL EQUITY AND LIABILITIES	92,341	90,087	



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Change in equity

Amounts in SEK million	Share capital ¹	Retained earnings	Total equity
Equity, opening balance at 1 Jan 2020	4,000	8,641	12,641
Profit for the year	–	3,181	3,181
Comprehensive income for the year	–	3,181	3,181
Dividend	–	–3,000	–3,000
Equity, closing balance at 31 Dec 2020	4,000	8,823	12,823
Equity, opening balance at 1 Jan 2021	4,000	8,823	12,823
Profit for the year	–	2,254	2,254
Comprehensive income for the year	–	2,254	2,254
Dividend	–	–2,000	–2,000
Equity, closing balance at 31 Dec 2021	4,000	9,077	13,077

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

Cash-flow statement

Amounts in SEK million	2021	2020	Note
Operating activities			
EBIT	–193	–149	
Add back amortisation and depreciation	16	2	
Adjustment for other non-cash items	0	–3	6.7
Cash flow from operating activities before interest and tax	–177	–150	
Interest paid	–1,214	–1,303	
Interest received	826	947	
Taxes paid	–267	–196	
Cash flow before changes in working capital	–832	–702	
Increase (-)/decrease (+) in operating receivables	–179	–3,962	
Increase (+)/decrease (-) in operating liabilities	591	629	
Cash flow from operating activities	–420	–4,035	
Investing activities			
Acquisitions of equipment	–77	–1	4.4
Divestments of equipment	0	5	
Acquisition of shares in subsidiaries	–	–	
Divestment of shares in subsidiaries	–	–	
Dividends received from subsidiaries	607	2,586	
Shareholders' contributions paid	–13	–2	7.1
Cash flow from investing activities	517	2,588	
Cash flow after investing activities	97	–1,447	

Amounts in SEK million	2021	2020	Note
Financing activities			
Dividends and Group contributions to Parent Company	–2,000	–3,000	9
Raised debt: interest-bearing liabilities	34,422	35,844	
Repayment of debt: interest-bearing liabilities	–31,290	–31,417	
Change in collateral	–21	–663	
Redemption of financial instruments	–241	–277	
Cash flow from financing activities	870	487	
Cash flow for the period	967	–960	
Opening balance, cash and cash equivalents	2546	3,506	
Cash flow for the period	967	–960	
Closing balance, cash and cash equivalents	3,513	2,546	6.3



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Notes, pertaining to the Group and Parent Company. All amounts are given in SEK million, if not otherwise stated.

NOTE 1 GENERAL INFORMATION AND ACCOUNTING POLICIES

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

The Vasakronan Group's operations comprise the ownership, management and development of properties with the aim of providing owners with a high and stable long-term return. The Parent Company Vasakronan AB (publ) has personnel employed to manage and administer the Group's properties. The Parent Company's assets mainly comprise shares and participations in the companies that own the properties.
The annual accounts and consolidated accounts were approved by the Board for publication on 22 March 2022 and will be submitted to the Annual General Meeting for adoption on 27 April 2022.

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

Basis for preparation of the financial statements
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as determined on 31 December 2021 and as adopted by the EU together with the interpretations issued by the IFRS Interpretations Committee (IFRIC), and in accordance with the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Annual Accounts Act. These policies were consistently applied for all years presented, unless otherwise stated. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant, are disclosed in more detail in the respective note.

Consolidated accounts
The consolidated financial statements have been prepared applying a historical cost convention, except

for the measurement of investment properties, and certain financial assets and liabilities, which are measured at fair value.
Group companies are entities over which Vasakronan exercises a controlling influence. Subsidiaries are companies owned directly by Vasakronan AB (publ). A "controlling influence" entails that the Parent Company is exposed to, or is entitled to, variable returns from its investment, and can also affect the returns from the subsidiary by means of its influence. Group companies are consolidated from the date on which controlling influence is transferred to the Group, and they are deconsolidated from the date that control ceases.
Initial recognition of Group companies in the consolidated financial statements follows the acquisition method. Any surplus comprising the difference between compensation paid and the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill.
When a company is acquired, the acquisition meets the criteria for either an asset acquisition or a business combination. A transaction qualifies as an asset acquisition if it pertains to properties, with or without leases, but excluding an organisation and the administrative processes required for property management. Other acquisitions are business combinations. The management determines for each acquisition which criteria have been met. The assessment is that all acquisitions in 2021 and 2020 were asset acquisitions.
Intra-Group transactions, balances, and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.
Joint ventures
All joint arrangements are classified as joint ventures since the agreement terms or the entities' legal forms entitle the participants to the net assets of the related arrangement. Joint ventures are companies where, through partnership agreements with one or more parties, Vasakronan shares controlling influence with one or more parties.
Holdings in joint ventures are recognised using the equity method. This means that the consolidated carrying amount of the holding is adjusted with Vasakronan's share of profit for the year and any dividends received, and accordingly, the Group's participation in joint ventures is thus recognised in the consolidated income statement. When losses in a joint venture exceed the Group's share, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.
Intra-Group gains and losses as a result of transactions with these companies are eliminated in relation-ship to the Group's holding. Adjustments have been made where the accounting policies of joint ventures do not correspond with those of the Group.



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Associates

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

Leases

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

Ground rent agreements are treated as perpetual rental agreements that are given market valuations and, therefore, are not written down. The market values are calculated by discounting future fees. For land leases, present values are calculated over the term of the contract by discounting future land leases by the market interest rate with a corresponding tenor to the contract. Payments associated with short-term leases of less than 12 months for equipment or vehicles, and all leases of low-value assets are recognised as expenses in profit or loss.

State aid and rent discounts

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

Provisions

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

Critical judgements in applying the Group’s accounting policies

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

- Fair value of investment properties, Note 4.2 on pages 109–110
- Criteria for business combinations and asset acquisitions, Note 1.2 on pages 99–100
- Recoverable amount for goodwill, Note 4.1 on page 109

New or amended accounting standards

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

NOTE 2 REVENUE, INCOME AND EXPENSES

2.1 Segment reporting

§ Accounting policies – segment reporting

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

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

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



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	Stockholm		Gothenburg		Malmö		Uppsala		Group-wide		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
INCOME STATEMENT												
Rental revenue	4,819	4,450	1,293	1,286	712	700	601	570	-	-	7,425	7,006
Operating expenses	-463	-414	-114	-107	-111	-103	-72	-72	-	-	-760	-696
Repairs and maintenance	-64	-75	-17	-19	-10	-11	-9	-11	-	-	-100	-116
Property administration	-202	-190	-70	-70	-49	-51	-43	-42	-	-	-364	-353
Property tax	-441	-427	-128	-128	-61	-60	-38	-37	-	-	-668	-652
Property expenses	-1,170	-1,106	-329	-324	-231	-225	-162	-162	-	-	-1,892	-1,817
Operating surplus	3,649	3,344	964	962	481	475	439	408	-	-	5,533	5,189
Central administration	-	-	-	-	-	-	-	-	-124	-118	-124	-118
Result from participations in associates and joint ventures	-	-	-	-	-	-	-	-	193	-219	193	-219
Financial income	-	-	-	-	-	-	-	-	4	9	4	9
Financial expenses	-	-	-	-	-	-	-	-	-1,055	-1,126	-1,055	-1,126
Interest expense lease liability: ground rents and land leases	-150	-148	-2	-2	-8	-8	-	-	-	-	-160	-158
Profit before value changes and tax											4,391	3,577
Change in value of investment properties	11,172	1,111	2,716	83	671	-137	696	26	-	-	15,255	1,083
Depreciation of right-of-use assets	-	-	-7	-7	-	-	-	-	-	-	-7	-7
Change in value of financial instruments	-	-	-	-	-	-	-	-	938	167	938	167
Divested/impaired goodwill	-	-	-	-	-5	-	-	-	-	-	-5	-
Profit before tax											20,572	4,820
BALANCE SHEET												
Investment properties	123,250	109,799	33,317	29,365	13,719	13,018	11,289	10,238	-	-	181,575	162,420
<i>of which, investments during the year</i>	<i>2,451</i>	<i>3,630</i>	<i>1,210</i>	<i>1,133</i>	<i>119</i>	<i>140</i>	<i>-357</i>	<i>411</i>	<i>-</i>	<i>-</i>	<i>4,137</i>	<i>5,314</i>
<i>of which, acquisitions/sales during the year</i>	<i>-173</i>	<i>-55</i>	<i>26</i>	<i>0</i>	<i>-85</i>	<i>5</i>	<i>-3</i>	<i>2</i>	<i>-</i>	<i>-</i>	<i>-235</i>	<i>-48</i>
Right-of-use assets: leaseholds and land leases	4,859	4,859	35	42	262	262	-	-	-	-	5,156	5,163
Goodwill	1,047	1,047	435	435	341	346	80	80	-	-	1,903	1,908
Other assets	-	-	-	-	-	-	-	-	7,560	6,735	7,560	6,735
Total assets	129,156	115,705	33,787	29,842	14,322	13,626	11,369	10,318	7,560	6,735	196,194	176,226



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2.2 Rental revenue

§ Accounting policies – rental revenue

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

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

Change in the Group's rental revenue		
Income statement 2020		7,006
Change in comparable property holdings		109
Project developments		312
Acquired properties		0
Properties sold		-2
Income statement 2021		7,425
Lease portfolio expiry structure		
	No. of contracts	Annual rent
Expires within 1 year ¹	2,835	1,489
2023	862	1,213
2024	709	1,180
2025	450	1,251
2026	136	635
More than 5 years	180	1,995
Total	5,172	7,763

1) Of which, 1,169 residential leases with annual rents amounting to SEK 104 million.

At year end, the average remaining term to maturity for the lease portfolio was 3.8 years (3.8). Of contracted rents, 95% (95) pertained to commercial leases and 5% (5) to leases for residential and parking facilities. There are some 4,003 commercial leases (4,037) allocated across tenants in a number of different industries, no single tenant accounts for more than 3% of rental revenue. Public sector tenants account for 25% (23) of contracted rents. Credit loss exposure is reduced through analysis of tenants' credit ratings for new lettings and on an ongoing basis; when needed, requirements are set for collateral.

2.3 Costs

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

Costs recognised in profit or loss	Group	
	2021	2020
Property expenses excl. admin.	-1,528	-1,464
Property administration	-364	-353
Central administration	-124	-118
Total	-2,016	-1,935
Expenses allocated by category	Group	
	2021	2020
Repairs and maintenance	-100	-116
Property tax	-667	-652
Other direct property expenses	-750	-688
Personnel costs	-405	-410
Depreciation	-16	-9
Other external expenses	-78	-60
Total	-2,016	-1,935

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



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	Group	
	2021	2020
Administration		
Personnel costs	-243	-265
Procured services	-144	-117
IT	-56	-55
Marketing	-16	-16
Depreciation, equipment	-5	-2
Other	-24	-16
Total	-488	-471
	Group/ Parent Company	
	2021	2020
Auditors' fees		
EY		
Audit engagement	1.8	1.4
Audit activities other than the audit engagement	0.5	0.4
Tax advice	1.8	1.0
Other	0.0	0.1
PwC		
Audit engagement	0.0	0.0
Audit activities other than the audit engagement	0.0	0.5
Tax advice	0.0	0.0
Other	0.0	0.3
Total	4.1	3.7

The audit engagement refers to the statutory audit required of the auditors in order to be able to submit an auditors' report. Ernst & Young AB were elected as auditors at the 2020 AGM and were re-elected at the 2021 AGM. Previously, PwC acted as the company's auditors.

2.4 Employees, personnel costs and remuneration to the Board

§ Accounting policies – Employee compensation
Remuneration of employees is recognised as vested and comprises salaries, paid holiday, paid sick leave and other benefits as well as pensions. Pensions are based on defined-contribution or defined-benefit pension plans. For defined-contribution pension plans a fixed premium is paid to a separate legal entity and the Group expenses the resulting cost as the benefit is vested. For defined-benefit pension plans, the employee is guaranteed an amount on retirement. Vasakronan applies IAS 19 in its accounting. The recognised commitment for defined-benefit obligations is calculated by an independent actuary at the present value of future disbursements discounted by the interest rate on high-quality mortgage bonds with corresponding maturities to the term of the actual pension obligation. Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise.

Employees
All of the Group's staff are employed by the Parent Company, Vasakronan AB. In 2021, the average number of employees was 294 (302) of these 133 (137) were women and 161 (165) men. More details regarding the number of employees are available in the Group's sustainability reporting.
Vasakronan's senior executives refers to the eleven individuals who, together with the CEO, comprise the Management Team, refer to pages 79–80. At the balance-sheet date, the gender breakdown of the Group's senior executives was as follows: 5 (5) women and 7 (7) men, and for the Board: 7 (6) women and 2 (3) men.

Salaries and other benefits
Salaries and other benefits for the CEO and other senior executives consist only of fixed salaries. Variable compensation can be paid to other employees based on the operational focus areas, which for 2021 were operating surplus, occupancy rate and customer satisfaction. The Group has a standardised model for variable compensation, whereby the maximum outcome is capped at two months' salary. A provision has been made in the annual accounts for an estimated outcome corresponding to one month's salary and was established on an individual basis in Q1 2022. Variable compensation for the 2020 financial year was distributed during the year and was also capped at two months' salary. The average outcome corresponded to 0.3 months' salary.



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	Group/ Parent Company	
	2021	2020
Salaries and other benefits		
Senior executives	29	26
Other employees	195	199
Total salaries and benefits	224	225
Pension costs	88	86
Social security costs	92	95
Total	404	406

Remuneration to the Board

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

Senior executives 2021 (SEK 000)	Basic salary/ Board and committee fees ¹	Other benefits ²	Pension costs	Total
Chairman of the Board				
Ulrika Francke	795	–	–	795
Other Board members				
Ann-Sofi Danielsson	410	–	–	410
Christel Kinning	285	–	–	285
Magnus Meyer	285	–	–	285
Kia Orback Pettersson	285	–	–	285
	2,060			2,060
Chief Executive Officer Johanna Skogestig	5,288	52	1,475	6,815
Other senior executives (11)	21,958	707	13,673	36,338
	27,246	759	15,148	43,153
Total	29,306	759	15,148	45,213

Senior executives 2020 (SEK 000)	Basic salary/ Board and committee fees ¹	Other benefits ²	Pension costs	Total
Chairman of the Board				
Ulrika Francke	770	–	–	770
Other Board members				
Ann-Sofi Danielsson	380	–	–	380
Christel Kinning	280	–	–	280
Magnus Meyer	280	–	–	280
Kia Orback Pettersson	280	–	–	280
	1,990			1,990
Chief Executive Officer Johanna Skogestig	4,854	36	1,339	6,229
Other senior executives (11)	19,514	436	10,893	30,843
	24,368	472	12,232	37,072
Total	26,358	472	12,232	39,062

1) Remuneration to employees pertains to remuneration paid, while remuneration to the Board pertains to Board fees as adopted by the AGM.

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



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Pensions

The pension rights of salaried employees are covered pursuant to the defined-benefit BTP pension plan (the occupational pension plan for Swedish bank employees), which is financed through payments to SPP and, according to a statement from the Swedish Financial Reporting Board UFR 10, this comprises a multi-employer plan.

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

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

Terms and conditions

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

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

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

Provision for pensions

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

When Vasakronan was founded as a company in 1993, it took over the defined-benefit pension obligations from Byggnadsstyrelsen, which were administered by the National Government Employee Pensions Board (SPV) and have mainly been secured with KPA. Moreover, Vasakronan has a defined-benefit ITP secured through insurance with Alecta, which is recognised in accordance with the Swedish Financial Reporting Board's statement UFR10 as a defined-contribution pension. The obligation in Alecta has been agreed previously and no new premiums or fees were paid. At the end of the financial year, Alecta had a consolidation ratio of 172% (148).

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

Pension costs in the income statement	Group		Parent Company	
	2021	2020	2021	2020
Pension costs, defined-contribution	62	63	34	33
Pension costs, defined-benefit	22	18	54	56
Separate payroll tax on pension costs	21	19	21	22
Total pension costs in the income statement	105	100	109	111
Of which recognised as property administration	83	80		
Of which recognised as central administration	22	20		
Pension costs in other comprehensive income, excl. tax				
Actuarial gains(-)/losses(+), incl. payroll tax	-73	16		
Restriction for surplus in pension plan with asset cap, incl. payroll tax	2	-6		
Total pension costs in other comprehensive income, excl. tax	-71	10		



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	Group	
	2021	2020
Net debt defined-benefit pensions, Group		
Change in the defined-benefit obligation		
Present value of the pension obligation, opening balance	520	495
Pension rights vested through service ¹	21	17
Interest on pension obligation ¹	6	8
Pension disbursements	-20	-19
Actuarial gains(-)/losses(+) on pension obligations ²	-55	19
Present value of the obligation, closing balance ³	472	520
Change in plan assets		
Fair value of plan assets, opening balance	-433	-413
Interest income ¹	-5	-6
Paid-in premiums	-25	-27
Pension disbursements	20	19
Return on plan assets excluding interest income ²	-3	-6
Fair value of plan assets, closing balance	-446	-433
Restriction for surplus in pension plan with asset cap	6	4
Other pension obligations	5	7
Separate payroll tax on net pension debt	8	22
Net debt, defined-benefit pensions	45	120

- 1) Recognised in profit or loss. 2) Recognised in other comprehensive income.
3) Expected weighted-average duration for the obligation’s present value at 31 Dec 2021 is 17.28 years (18.51).

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

The difference between the actual and the expected return amounted to SEK 3 million (6) and was recognised as the return on plan assets excluding interest income.

Net actuarial gains (-) and losses (+) after tax amounted to SEK -56 million (8) and were recognised in other comprehensive income under the alternative rule in IAS 19.

The Group’s payments to defined-benefit plans are expected to amount to SEK 20 million in 2022.

	Group	
	2021	2020
Actuarial and financial assumptions (%):		
Discount rate	1.90	1.25
Inflation	2.00	2.00
Expected annual wage growth	3.50	3.50
Expected annual increase in pension disbursements	2.00	2.00
Expected annual increase in income base amount	3.00	3.00

The discount rate corresponds to the interest rate on mortgage bonds and is the single assumption that has the largest impact on the size of the pension obligation. A 1 percentage point increase in the discount rate would, for example, result in a SEK 74 million change in the present value of the pension obligation.

2.5 Financial income and expenses

§ Accounting policies – Financial income and expenses

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

Net financial items

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



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Financial income and expenses	Group		Parent Company	
	2021	2020	2021	2020
Interest income	4	9	4	9
Interest income from subsidiaries	-	-	822	942
Other financial income	0	0	0	0
Total financial income	4	9	826	951
Interest expense	-1,134	-1,233	-1,134	-1,233
Interest expense to subsidiaries	-	-	-17	-20
Capitalised interest	128	154	-	-
Other financial expenses	-49	-47	-49	-47
Total financial expenses	-1,055	-1,126	-1,200	-1,300
Net financial items	-1,051	-1,117	-374	-349

The average interest rate for the loan portfolio over the period is used for capitalising interest expense. In 2021, the average interest rate was 1.5% (1.7).

NOTE 3 TAX

§ Accounting policies – Tax

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

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

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

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

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

Tax on profit for the year	Group		Parent Company	
	2021	2020	2021	2020
Current tax	-223	-203	-176	-139
Deferred tax	-3,990	-903	-243	-91
Total tax on profit for the year	-4,213	-1,106	-419	-230

3.1 Summary of tax expense/income

Tax expense	Group		Parent Company	
	2021	2020	2021	2020
Recognised profit before tax	20,572	4,820	2,673	3,411
Tax on profit according to applicable tax rate	-4,238	-1,032	-551	-730
Tax attributable to previous fiscal years	0	0	0	0
Tax effect of:				
Non-taxable sale of subsidiaries	14	-4	0	0
Divested goodwill	0	-	-	-
Result from participations in associates and joint ventures	36	-45	-	-
Non-taxable dividend	-	-	125	553
Impairment of participations	-	-	37	0
Non-deductible interest expenses	-26	-56	-29	-56
Other non-taxable income/non-deductible costs	0	-1	-1	0
Effect as a result of lowered tax rates on deferred tax	-	33	-	4
Other adjustments	1	-1	0	-1
Tax expense recognised	-4,213	-1,106	-419	-230
Effective tax rate, %	20.5	22.9		

Current tax and deferred tax for 2021 has been calculated based on a nominal tax rate of 20.6% in accordance with the government’s decision to change the corporate tax rate from 1 January 2019. For 2020, the nominal tax rate was 21.4%.

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

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



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3.2 Deferred tax

Deferred tax liability	Opening balance		Recognised in profit or loss		Recognised directly in equity		Closing balance	
	2021	2020	2021	2020	2021	2020	2021	2020
Group								
Derivatives	-368	-459	243	91	-	-	-125	-368
Investment properties	22,934	21,633	3,694	761	-	-	26,088	22,394
Untaxed reserves	192	149	49	43	-	-	241	192
Tax losses	0	-8	0	8	-	-	0	0
Other temporary differences	51	54	3	0	15	-2	69	51
Total deferred tax	22,269	21,368	3,989	903	15	-2	26,273	22,269
Parent Company								
Derivatives	-368	-459	243	91	-	-	-125	-368
Investment properties	-	-	-	-	-	-	-	-
Total deferred tax	-368	-459	243	91	0	-	-125	-368

3.3 Market value of deferred tax

The deferred tax liability is calculated in the balance sheet using a nominal tax rate and in the case of a market valuation of the deferred tax liability would probably result in a lower value than the carrying amount in the balance sheet. When calculating the key metric EPRA Net Tangible Assets (EPRA NTA), the fair value is calculated at 30% of the nominal tax rate of 20.6%, in other words 6.2%, which results in deferred tax of SEK 8,195 million. For more guidance, refer to the key metrics on page 125 and the definition for EPRA NTA on page 181.

3.4 Depreciation

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



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NOTE 4 ASSETS

4.1 Intangible assets

§ Accounting policies – intangible assets

Goodwill

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

Other intangible assets

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

Impairment testing

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

Goodwill

The value of goodwill is tested each quarter to ensure the carrying amount for the property does not exceed the recoverable amount. The recoverable amount is mainly impacted by the assessed market value of deferred tax. The company management bases its assessment mainly on observable market data for completed transactions. When establishing the fair value for goodwill at the end of 2021, deferred tax has been measured at an average of 6.2% (6.2).

Other intangible assets

Investments in technical platforms are amortised on an ongoing basis. The residual value of the technical platforms and the brand are tested annually, or on any indication of a decline in value, to identify any need for impairment and to then recognise at cost less any accumulated impairments. At the end of 2021, there was no need for impairment.

	Group					
	Goodwill		Other intangible assets		Total	
	2021	2020	2021	2020	2021	2020
Intangible assets						
Opening balance	1,908	1,908	136	116	2,044	2,024
Divested/impaired goodwill	-5	-	-	-	-5	-
Acquisitions for the year	-	-	11	23	11	23
Amortisation for the year	-	-	-6	-3	-6	-3
Closing balance	1,903	1,908	141	136	2,044	2,044

4.2 Investment properties

§ Accounting policies – investment properties

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

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

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

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

Measurement

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

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

External valuations are conducted pursuant to RICS Valuation – Global Standards [the Red Book]. In parallel with the external valuation, an internal control of the reasonableness of this valuation is carried out. In 2021, the external valuation was conducted by Cushman & Wakefield in Gothenburg and Stockholm, and by Forum Fastighetsekonomi in Malmö and Uppsala.



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Valuation assumptions

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

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

Valuation assumptions	2021 Average
Inflation assumption	2.0%
Cost of capital – cash flow	5.68%
Cost of capital – residual value	5.90%
Yield requirement – residual value	3.87%
Long-term vacancy rate	5.00%
Operating and maintenance costs, year 1	SEK 426 sq. m.
Investments, year 1	SEK 1,376 sq. m.
Market rent (at zero vacancies)	SEK 3,664 sq. m.

Yield requirement – residual value per sub-market	Interval	Average
Central Stockholm	3.10–4.80	3.58
Stockholm inner suburbs	3.50–5.75	4.53
Gothenburg	3.40–4.00	3.73
Malmö	3.75–5.50	4.39
Uppsala	4.10–5.60	4.66

	Group	
Change in value of investment properties	2021	2020
Project developments and development properties	3,404	1,662
Transactions	18	1
Investment properties:		
Changed yield requirement	6,735	-325
Change in market rents	5,098	-255
Total change in value	15,255	1,083

The properties sold in 2021 are detailed on page 94. The total rental value for properties sold was SEK 9 million. Over the year, sales in a corporate wrapper have resulted in a gain of SEK 0 million (0) in the Parent Company.

	Group	
Investment properties	2021	2020
Opening balance	162,420	156,071
Investments	4,137	5,314
Acquisitions, consideration	214	181
Sales	-449	-229
Change in value	15,255	1,083
Closing balance	181,577	162,420
Fiscal values	51,963	50,615

Sensitivity analysis

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

Sensitivity analysis	Change in assumption	Value impact, SEK m	Value impact, %
Yield requirement and cost of capital	+1 percentage point	-36,711	-20.2
Yield requirement and cost of capital	-1 percentage point	62,281	34.3
Long-term vacancy rate	+/-1 percentage point	-/+2,016	-/+1.1
Operating and maintenance costs	+/- SEK 25 sq. m.	-/+1,400	-/+0.8
Market rents	+/- SEK 50 sq. m.	+/-2,800	+/-1.5
Undertakings	2021	2020	
Capital expenditure investment properties	1,939	4,066	



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4.3 Right-of-use assets and lease liabilities

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

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

Ground rent agreements are treated as perpetual rental agreements that are given market valuations and, therefore, are not written down. The market values are calculated by discounting future fees using a discount rate corresponding to between 3.00 and 3.75%. For land leases, present values are calculated over the term of the contract by discounting future land leases by the market interest rate with a corresponding tenor to the contract. Payments associated with short-term leases of less than 12 months for equipment or vehicles, and all leases of low-value assets are recognised as expenses in profit or loss.

Right-of-use assets	Ground rent agreements	Land leases	Total
Cost:			
As of 1 January 2021	5,092	85	5,177
Divestments/acquisitions	0	0	0
As of 31 December 2021	5,092	85	5,177
Depreciation:			
As of 1 January 2021	0	-13	-13
Depreciation for the year	0	-7	-7
As of 31 December 2021	0	-20	-20
Recognised assets as of 31 December 2021	5,092	65	5,157
Lease liabilities			
Cost:			
As of 1 January 2021	5,092	85	5,177
Divestments/acquisitions	0	0	0
As of 31 December 2021	5,092	85	5,177
Principal repayments:			
As of 1 January 2021	0	-13	-13
Principal repayments for the year	0	-6	-6
As of 31 December 2021	0	-19	-19
Recognised lease liabilities as of 31 December 2021	5,092	66	5,158

Contracted future ground rents ¹	31 Dec 2021
Contracted ground rents year 1	157
Contracted ground rents, 2–5 years	386
Contracted ground rents, > 5 years	261
Closing balance	804
1) Calculated until future renegotiation dates	

4.4 Equipment

§ Accounting policies – equipment

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

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

Equipment	Group		Parent Company	
	2021	2020	2021	2020
Cost:				
Opening balance	140	129	53	59
Acquisitions	88	18	77	1
Sales and disposals	-12	-7	-2	-7
Closing balance – cost	216	140	128	53
Depreciation:				
Opening depreciation	-93	-89	-49	-52
Depreciation for the year	-22	-10	-16	-2
Sales and disposals	1	6	2	5
Closing balance – depreciation	-114	-93	-63	-49
Closing balance	102	47	65	4



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NOTE 5 OPERATING RECEIVABLES AND LIABILITIES

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

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

5.1 Accounts receivable

	Group		Parent Company	
	2021	2020	2021	2020
Tenant receivables	72	116	2	0
Provision for doubtful receivables	-27	-43	0	0
Closing balance	45	73	2	0
Aging report, accounts receivable, Group			2021	2020
Current			25	20
1–30 days past due			4	7
31–90 days past due			0	18
More than 90 days past due			43	71
Total			72	116

The Group reported losses of SEK 1 million (30) for the impairment of tenant receivables.

5.2 Other current receivables, prepaid expenses and accrued income

	Group		Parent Company	
	2021	2020	2021	2020
Accrued interest income	324	239	324	239
Accrued rent discounts	127	93	–	–
Deposit account	282	281	282	281
VAT adjustment	10	4	–	–
Prepaid operating expenses	45	37	0	–
CSA receivables	261	–	261	–
VAT in projects	64	48	–	–
Other items	195	324	42	94
Closing balance	1,308	1,026	909	614

5.3 Other current liabilities, accrued expenses and deferred income

	Group		Parent Company	
	2021	2020	2021	2020
Prepaid rental revenue	1,385	1,343	–	–
Accrued interest expense	546	485	546	485
Accrued expenses for ongoing projects	652	851	–	–
Deposits, CSAs	–	457	–	457
VAT	250	196	10	7
Deposits	282	281	–	–
Accrued operating expenses	36	46	0	–
Property tax	68	39	–	–
Vacation pay, social security expenses and employee withholding taxes	58	56	58	56
Other items	170	137	72	49
Closing balance	3,447	3,891	686	1,054



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NOTE 6 FINANCING AND CAPITAL STRUCTURE

6.1 Goals for financing activities

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

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

Credit rating

In May 2021, Moody’s confirmed the rating of A3 with a stable outlook. The rating is based on the high quality of the property portfolio, healthy financial key metrics and the links to the company’s owners, the First, Second, Third and Fourth Swedish National Pension Funds.

§ Accounting policies – Financial instruments

Financial instruments

Financial instruments are defined as any form of agreement or contract that gives rise to a financial asset or liability. Financial assets in the balance sheet are: accounts receivable, receivables from joint ventures, cash and cash equivalents, and derivatives. Financial liabilities comprise: accounts payable, borrowings and derivatives. The Group’s financial assets are assigned the following categories in accordance with IFRS 9:

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

Fair value estimation

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

Method and decision data

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

Financial risks and reporting

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

Financial policy

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

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

Summary, compliance with financial policy	Policy	31 Dec 2021
Financing risk		
Loan-to-maturity	min. 2 years	5.0
Loan-to-maturity, including unutilised credit commitments.	–	5.5
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/loans maturing 12 months	at least 100%	162%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	5.2
Fixed-interest period	min. 2 years	4.6
Fixed-interest maturity within 12 months	max. 55%	43%
Currency risk		
Currency exposure with no foreign currency assets	No exposure	met
Currency exposure with foreign currency assets	max 1% of total assets	met
Credit risk		
Counterpart’s rating	min. A-, or BBB+ with CSAs	met



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6.2 Breakdown of funding sources, share of total loan portfolio

	Loan limit	Nominal amount base currency	Amount utilised	Share, %
Commercial paper	25,000		8,140	11%
Bonds, SEK	61,740 ¹		26,998	37%
Bonds, NOK	–	13,495	13,843	19%
Bonds, EUR	–	537	4,997	7%
Bonds, JPY	–	11,400	899	1%
Bonds, AUD	–	160	1,051	1%
Bonds, USD	–	455	4,126	6%
Bonds, HKD	–	400	465	1%
NSV, EUR	–	50	513	1%
Secured bank loans	7,866		7,866	11%
NIB and EIB	6,940		4,940	7%
Credit facility from owners	18,000		–	–
Total			73,838	100

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

Summary of liabilities arising from financing activities – Group	Opening balance	Loan repayments	New borrowings	Repayment premiums/ discounts	Exchangerate differences	Closing balance
Commercial paper	7,514	-21,319	21,944	1	–	8,140
Bonds	45,351	-6,331	11,964	-9	1,404	52,379
NSVs	–	–	514	–	-1	513
Bank loans	16,452	-3,640	–	-6	–	12,806
Total	69,317	-31,290	34,422	-14	1,403	78,838

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

Loan terms and conditions

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

Carrying amount

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

6.3 Financial risks

Currency risk

Currency risk pertains to unfavourable changes in exchange rates that impact the Group's financial position. When borrowing, all currency risk is to be eliminated and the exchange rate for interest payments and loan repayments of foreign currency loans are hedged using cross-currency basis swaps. Where assets in foreign currency exist, currency exposure (net of assets and liabilities in foreign currencies) is permitted corresponding to a maximum of 1% of the company's total assets.

Financing and liquidity risk

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

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

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



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

Interest-rate risk

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

Liquidity risk – maturity analysis GROUP	2021				2020			
	0–1 year	1–2 years	2–5 years	>5 years	0–1 year	1–2 years	2–5 years	>5 years
Assets								
Accounts receivable	45	–	–	–	73	–	–	–
Other receivables	1,308	–	–	–	1,026	–	–	–
Cash and cash equivalents	3,521	–	–	–	2,558	–	–	–
Total	4,874	–	–	–	3,657	–	–	–
Liabilities ¹								
Bonds	-7,116	-7,299	-19,041	-25,842	-6,793	-6,978	-15,809	-21,400
Bank loans	-654	-4,208	-4,169	-4,200	-689	-1,679	-8,622	-6,159
Commercial paper	-8,140	–	–	–	-7,514	–	–	–
NSVs	–	0	–	–				
Interest-rate derivatives	-320	-310	-845	-802	-523	-517	-1,349	-1,433
Currency derivatives – inflows	1,353	527	3,539	13,251	2,074	1,286	2,674	14,782
Currency derivatives – outflows	-1,214	-355	-3,130	-12,858	-2,002	-1,250	-2,424	-15,330
Accounts payable	-57	–	–	–	-73	–	–	–
Total	-16,148	-11,645	-23,646	-30,451	-15,520	-9,138	-25,530	-29,540

1) Excluding lease liability, leaseholds and land leases.

Cash and cash equivalents	Group		Parent Company	
	2021	2020	2021	2020
Cash and cash equivalents	3,521	2,558	3,513	2,546
Closing balance	3,521	2,558	3,513	2,546

Maturity structure current and non-current interest-bearing liabilities in the Group and Parent Company	Group/Parent Company			
	Fixed-interest		Loan-to-maturity	
	Amount	Share,%	Amount	Share,%
0–1	31,443	43	14,496	20
1–2	91	0	10,650	14
2–3	2,298	3	7,565	10
3–4	3,194	4	7,819	11
4 years or more	36,812	50	33,308	45
Closing balance	73,838	100	73,838	100
of which				
Interest-bearing liabilities – floating rate	52,121			
Interest-bearing liabilities – fixed rate	21,717			

1) The credit facility from the owners of SEK 18 billion, the unutilised credit facility from the EIB of SEK 2 billion and cash and cash equivalents of SEK 3,521 million corresponded to a total of 162% of loans maturing in the next 12 months, see page 90 for more information.

6.4 Derivatives

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

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



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Derivative contracts in the consolidated and Parent Company balance sheets		
Derivatives – financial assets	2021	2020
Interest-rate swaps, cross-currency basis swaps	1,067	937
Electricity derivatives	72	1
Closing balance	1,139	938
Derivatives – financial liabilities	2021	2020
Interest-rate swaps, cross-currency basis swaps, inflation-linked swaps	-1,995	-4,364
Closing balance	-1,995	-4,364
Net Derivatives	-856	-3,426

To reflect counterparty risk, derivatives are adjusted to fair value through the CVA (Credit Value Adjustment) and DVA (Debt Value Adjustment) components. The CVA shows Vasakronan’s credit risk in the event of the counterparty defaulting while the DVA reflects the company’s own risk of default. Calculation of the valuation adjustment is based on the expected exposure, probability of default and recovery rates for exposed credits. As of 31 December 2021, the net value was SEK 7 million (42) and is included in the value of interest-rate swaps.

Credit risk

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

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

Counterparty risk – derivative contracts

As part of managing counterparty risks in derivative contracts, the Group has entered into credit support annexes (CSAs) to International Swaps and Derivatives Association (ISDA) agreements. The annexes are mutual and both parties undertake to post cash collateral for deficit and surplus values in derivative contracts outstanding. As of 31 December 2021, the Group has posted such collateral.

Non-current receivables	Group		Parent Company	
	2021	2020	2021	2020
Deposits, CSAs	171	854	171	854
Other non-current receivables	57	61	54	55
Closing balance	228	915	225	909

Other non-current liabilities	Group		Parent Company	
	2021	2020	2021	2020
Deposits, CSAs	12	–	12	–
Liabilities to subsidiaries	–	–	723	723
Other non-current liabilities	57	58	55	55
Closing balance	69	58	790	778



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6.5 Financial instruments

Fair value corresponds to carrying amounts for the following financial instruments: accounts receivable, accounts payable, derivatives and cash and cash equivalents. Fair value for other financial instruments is established using the current yield curve along with a borrowing margin, which currently results in a lower interest rate than that contracted for the loan. Recognition at fair value would increase the Group's liabilities by SEK 557 million and reduce equity by SEK 442 million. All investments in financial instruments are intended to be held till maturity.

Classification of financial instruments, Group	Financial assets/liabilities at amortised cost		Financial assets/liabilities at FVTPL		Carrying amount		Fair value	
	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets								
Accounts receivable	45	73	-	-	45	73	45	73
Deposits, CSAs	158	854	-	-	155	854	155	854
Derivatives	-	-	1,134	938	1,134	938	1,134	938
Cash and cash equivalents	3,521	2,558	-	-	3,521	2,558	3,521	2,558
Total	3,721	3,485	1,134	938	4,855	4,423	4,855	4,423
Financial liabilities								
Bonds	52,379	45,351	-	-	52,379	45,351	52,745	45,816
Bank loans	12,806	16,452	-	-	12,806	16,452	12,998	16,762
Commercial paper	8,140	7,514	-	-	8,140	7,514	8,140	7,515
NSVs	513	-	-	-	513	-	512	-
Lease liability, leaseholds and land leases	5,158	5,164	-	-	5,158	5,164	5,158	5,164
Accounts payable	57	72	-	-	57	72	57	72
Deposits, CSAs	0	0	-	-	0	0	0	0
Derivatives	-	-	1,995	4,364	1,995	4,364	1,995	4,364
Total	79,053	74,553	1,995	4,364	81,048	78,917	81,605	79,693

Change in value of financial instruments	Group/ Parent Company	
	2021	2020
Interest-rate derivatives	1,108	447
Early settlement of derivatives	-241	-277
Valuation allowances for foreign currency loans	-1,392	-1744
Valuation allowances for currency derivatives	1,392	1744
Electricity derivatives	71	-3
Total	938	167

6.6 Pledged assets and contingent liabilities

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

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

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

Pledged assets and contingent liabilities	Group		Parent Company	
	2021	2020	2021	2020
Property deeds	7,894	10,971	None	None
Contingent liabilities	287	287	None	None

6.7 Adjustment for non-cash items

Adjustment for non-cash items	Group		Parent Company	
	2021	2020	2021	2020
Estimated defined-benefit pension costs	-5	-10	-	-
Sales/discontinuation of Group companies	-	-	-	-
Result from participations in joint ventures	-	-	-	-
Equipment sales	0	-3	0	-3
Total	-5	-13	0	-3



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NOTE 7 GROUP STRUCTURE

7.1 Shares and participations in subsidiaries

Shares and participations in subsidiaries	Parent Company	
	2021	2020
Opening balance	37,636	37,635
Shareholders' contributions	13	3
Acquisitions	-	-
Settlement of earnings shares	-	-
Sales	-	0
Impairment	-213	-2
Reversed impairment	393	-
Closing balance	37,829	37,636

Companies in the Vasakronan AB Group	Shares/ participations ¹	Share of equity,% ²	Carrying amount in Parent Company	
			2021	2020
Civitas Holding AB, 556459-9164, Stockholm	500	100	30,106	30,106
Vasakronan Fastigheter AB, 556474-0123, Stockholm	500	100	-	-
Vasakronan Holdingfastigheter AB, 556611-6850, Stockholm	1,000	100	-	-
Vasakronan Inom Vallgraven 22:3 AB, 556879-7012, Malmö	500	100	-	-
Vasakronan Malmöfastigheter AB, 556376-7267, Stockholm	5,000	100	-	-
Handelsbolaget Gotic, 969622-2844, Trelleborg	100	100	-	-
Fastighets AB Luxor, 556059-7139, Stockholm	2,000	100	-	-
Vasakronan Vattenled AB, 556577-9088, Stockholm	1,000	100	-	-
Vasakronan Priorinnan 5 AB, 559073-2151, Stockholm	500	100	-	-
Mabrabo AB, 556339-0227, Stockholm	10,000	100	-	-
Vasakronan Kista Science Tower AB, 556649-8043, Stockholm	1,000	100	-	-
Kymlinge Utvecklings A, 556647-7583, Stockholm	1,000	100	-	-
Vasakronan Kista Science Tower KB, 969660-7820, Stockholm	100	100	-	-
Vasakronan Uppsalafastigheter AB, 556651-1092, Stockholm	1,000	100	-	-
Kungspinnen I AB, 556701-4278, Stockholm	1,000	100	-	-
Frösunda Hus I AB, 556704-9183, Stockholm	1,000	100	-	-
Frösunda Hus II AB, 556704-9175, Stockholm	1,000	100	-	-

Companies in the Vasakronan AB Group	Shares/ participations ¹	Share of equity,% ²	Carrying amount in Parent Company	
			2021	2020
Frösunda Hus III AB, 556704-6213, Stockholm	1,000	100	-	-
Vasakronan Priorinnan 2 AB, 556675-2423, Stockholm	1,000	100	-	-
Vasakronan Ängen AB, 556637-3550, Stockholm	1,000	100	-	-
Vasakronan Hakberget AB, 556745-5695, Stockholm	1,000	100	-	-
Vasakronan Trähus AB, 556715-4850, Stockholm	1,000	100	-	-
Vasakronan Hammarby Gård 12 AB, 556766-4007, Stockholm	1,000	100	-	-
Vasakronan Boländerna 7:4 AB, 556297-1696, Stockholm	1,000	100	-	-
Vasakronan Fålhagen 1:39 AB, 556876-3204, Stockholm	1,000	100	-	-
Vasakronan Sejen 3 AB, 556837-6742, Stockholm	500	100	-	-
Vasakronan Fastighetsutveckling AB, 556532-9108, Stockholm	1,000	100	-	-
Järvatorget AB, 556548-5546, Stockholm	1,000	100	-	-
Vasakronan Ullevifastigheter Holding AB, 556718-7884, Stockholm	1,000	100	-	-
Vasakronan Ullevifastigheter AB, 556718-6704, Stockholm	1,000	100	-	-
Ullevi Park Holding 1 i Göteborg AB, 556718-6688, Stockholm	1,000	100	-	-
Ullevi Park 1 i Göteborg AB, 556718-6621, Stockholm	1,000	100	-	-
Vasakronan Skånegatan AB, 556870-5791, Stockholm	500	100	-	-
Vasakronan Hekla AB, 559088-2196, Stockholm	500	100	-	-
Vasakronan Hekla Fastigheter AB, 559091-2340, Stockholm	500	100	-	-
Vasakronan Markholding AB, 556675-1771, Stockholm	1,000	100	-	-
Vasakronan Diktaren 1 AB, 556943-7584, Stockholm	500	100	-	-
Ankarspik 41 AB, 556761-8763, Stockholm	1,000	100	-	-
Fastighets AB Gesimsen Grön, 556011-7698, Stockholm	50,000	100	1,916	1,892
Fastighets AB Svava, 556268-6658, Uppsala	500,000	100	-	-
Vasakronan Uppsala City AB, 556057-0896, Uppsala	75,000	100	-	-
Uppsala Science City AB, 556250-5346, Uppsala	300,000	100	-	-
Uppsala Science Park KB, 916512-8126, Uppsala	200	100	-	-
Vasakronan Blåmannen AB, 556825-9302, Stockholm	500	100	1,110	1,110
Vasakronan Stockholmsstuten AB, 556820-7798, Stockholm	500	100	611	611
Vasakronan Kaninen 30 AB, 556740-3604, Stockholm	1,000	100	473	473

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



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			2021	2020
Vasakronan Bassängkajen AB, 556696-1362, Stockholm	1,000	100	367	367
Fastighets Aktiebolaget Telefonfabriken, 556577-4535, Stockholm	1,000	100	360	360
Vasakronan Inom Vallgraven 22:16 AB, 556865-4163, Stockholm	500	100	333	333
KB Positionen 2, 969666-7485, Stockholm	1,000	100	278	278
RTB Reval KB, 969635-4886, Stockholm	200	100	-	-
Gotic AB, 556339-0839, Stockholm	1,000	100	251	251
Agilia Förvaltnings AB, 556651-1852, Stockholm	1,000	100	-	-
KB Inom Vallgraven 22:15 Göteborg, 916445-7039, Stockholm	200	100	-	-
Arkaden Göteborg KB, 969646-3448, Stockholm	200	100	-	-
Allmänna Pensionsfondens Fastighets nr 53 KB, 969646-3836, Stockholm	200	100	-	-
Fastighets AB Skjutsgröden nr 8 & Co KB, 916502-7971, Stockholm	105	100	-	-
Nisseshus Nr 1 HB, 916587-3424, Stockholm	-	100	-	-
Allmänna Pensionsfondens Fastighets nr 63 KB, 969646-7522, Stockholm	200	100	-	-
Förvaltningsbolaget Alvikshus HB, 916501-8004, Stockholm	-	100	-	-
Fastighetsbolaget Brödtorget & Co KB, 989200-4418, Stockholm	100	100	-	-
Allmänna Pensionsfondens Fastighets nr 12 KB, 969646-4016, Stockholm	200	100	-	-
Vasakronan Bredbandet 1 AB, 559016-1427, Stockholm	500	100	-	-
Vasakronan Hårdskan 1 AB, 559347-9974, Stockholm	500	100	-	-
Vasakronan Nordstaden 10:20 AB, 556865-4205, Stockholm	500	100	214	214
Fastighets Aktiebolaget Bodega, 556031-4246, Stockholm	3,000	100	213	213
Fastighets AB Gesimsen, 556482-7318, Stockholm	1,000	100	-	-
KB Radio Östra, 916625-7007, Stockholm	1,000	100	-	-
Vasakronan Kaninen 32 AB, 556740-3612, Stockholm	1,000	100	173	173
AB Studentskrapan, 556611-6868, Stockholm	1,000	100	171	171
Position Stockholm AB, 556577-3818, Stockholm	1,000	100	158	158
Vasakronan Värtan Exploatering AB, 556984-3963, Stockholm	500	100	-	-
Vasakronan Stapelbädden 3 AB, 556740-2614, Stockholm	500	100	151	151

Companies in the Vasakronan AB Group	Shares/ participa- tions ¹	Share of equity,% ²	Carrying amount in Parent Company	
			2021	2020
Vasakronan Magasinet 1 AB, 556692-9146, Stockholm	1,000	100	151	151
Vasakronan Inom Vallgraven 20:14 AB, 556865-4361, Stockholm	500	100	135	135
Vasakronan Heden 22:19 AB, 556859-5291, Stockholm	500	100	114	114
AP Fastigheter AB, 556417-5858, Stockholm	100,000	100	267	98
Vasakronan Magasin X AB, 559016-1450, Stockholm	500	100	-	-
Vasakronan Nordstaden 21:1 AB, 556875-2918, Stockholm	500	100	90	90
Vasakronan Jungmannen 1 AB, 556646-7089, Stockholm	1,000	100	88	88
Allmänna Pensionsfondens Fastighets AB, 556355-6835, Stockholm	500	100	60	60
Vasakronan Starkströmmarna AB, 556771-7920, Stockholm	1,000	100	39	39
Allmänna Pensionsfondens Fastighets nr 59 KB, 969646-4032, Stockholm	200	100	-	-
Nacka Strand Förvaltnings Aktiebolag, 556034-9150, Stockholm	500	100	0	0
Vasakronan Invest AB	500	100	0	0
Beyond Us AB, 559016-1559, Stockholm	500	100	-	-
Idun Real Estate Solutions AB, 559016-1245, Stockholm	1,019	51	-	-
Tmpl Work AB, 556761-8961, Stockholm	1,212	60	-	-
Total			37,829	37,636

1) Pertains to the Group’s total number of shares and participations.
2) Pertains to the Group’s total share of equity.



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7.2 Participations in associates and joint ventures

	Group		Parent Company	
Shares and participations in joint ventures	2021	2020	2021	2020
Opening balance	911	1,164	0	1
Dividends received	-182	-34	0	-1
Share of profit/loss for the year	193	-219	1	0
Acquisitions/sales	50	-	-	-
Closing balance	971	911	1	0

	Corp. Reg. No.	Reg. office	Share of equity, %	Shares/ participations	Carrying amount 2021	Recognised in profit or loss	Dividends received	Carrying amount 2020	Other owners
Companies that pursue the long-term development of development rights at Järvafältet.									
Järvastaden AB	556611-6884	Solna	50	500	549	171	-182	561	Skanska
Ursvik Exploaterings AB	556611-6892	Stockholm	50	5,000	0	-	-	0	Bonava
Stora Ursvik KB	969679-3182	Stockholm	50	50	371	22	0	349	Bonava
Companies for property development at Vär-tahamnen									
Värtan Fastigheter AB	556678-0267	Stockholm	50	1,000	0	-	-	0	Fabege
Värtan Fastigheter KB	969601-0793	Stockholm	50	1	0	0	-	1	Fabege
Companies in PropTech development									
Hydda Holding AB	559323-5921	Stockholm	25	35,360	50	-	-	-	Blq Invest
Total					971	193	-182	911	

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

7.3 Non-current receivables from joint ventures

	Group		Parent Company	
Non-current receivables from joint ventures	2021	2020	2021	2020
Opening balance	-	130	-	130
Principal repayments	-	-	-	-
Reclassification	20	-130	20	-130
Closing balance	20	-	20	-

Pertains to a promissory note from Järvastaden AB.

7.4 Related parties

Related parties	Transactions
Parent Company (Vasakronan Holding AB)	A dividend of SEK 2,000 million was paid to the Parent Company as per the resolution by the AGM.
Parent Company shareholders	The First and Third Swedish national pension funds lease premises under market terms and conditions. Vasakronan has a subscription commitment from the First, Second, Third and Fourth Swedish National Pension Funds for its commercial paper, refer to page 114. At the end of 2021, the Third Swedish National Pension Fund had bond holdings with Vasakronan of SEK 715 million.
Board of Directors	Refer to Note 2.4 for details of remuneration. No Board member has participated directly or indirectly in any business transaction with Vasakronan. The Board is presented on pages 77–78.
Management Team	Refer to Note 2.4 for details of remuneration. No senior executive has participated directly or indirectly in any business transaction with Vasakronan. The management is presented on pages 79–80.
Group companies	Specified in notes 7.1 and 8.4, transactions in Note 8.1. Transactions between Group companies pertain primarily to invoicing by the Parent Company for services provided in terms of property management and interest on Group balances.
Associates and joint ventures	Companies and transactions are specified in notes 7.2 and 7.3. Transactions pertain primarily to participations in companies and value transfers between the Group and companies.



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NOTE 8 PARENT COMPANY

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

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

8.1 Intra-Group transactions

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

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

8.2 Profit from participations in subsidiaries

	Parent Company	
Profit from participations in subsidiaries	2021	2020
Group contributions received and paid	1,750	1,359
Dividends received from subsidiaries	607	2,586
Impairment and reversal of impairment in participations in subsidiaries	181	-2
Total	2,538	3,943

8.3 Appropriations and untaxed reserves

	Parent Company	
Appropriations and untaxed reserves	2021	2020
Appropriations		
Provisions to/reversal from the tax allocation reserve	-236	-200
Total	-236	-200
Untaxed reserves		
Tax allocation reserve, 2015 fiscal year	-	44
Tax allocation reserve, 2017 fiscal year	142	142
Tax allocation reserve, 2019 fiscal year	300	300
Tax allocation reserve, 2020 fiscal year	200	200
Tax allocation reserve, 2021 fiscal year	280	-
Total	922	686

8.4 Non-current receivables and liabilities with subsidiaries

	Parent Company	
Non-current receivables, subsidiaries	2021	2020
Opening balance	40,472	37,093
New lending	-	4,605
Principal repayments	-1,500	-1,226
Closing cost/carrying amount	38,972	40,472
Non-current liabilities, subsidiaries	2021	2020
Opening balance	723	728
New borrowings	-	-
Principal repayments	-	-5
Closing cost/carrying amount	723	723

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



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NOTE 9 PROPOSED APPROPRIATION OF PROFITS

The following profit is at the disposal of the AGM:

Retained earnings	SEK 6,822,565,715
Profit for the year	SEK 2,254,002,758
Total	SEK 9,076,568,476

The Board proposes that the earnings be appropriated as follows:

Dividend to shareholders, SEK 100 per share	SEK 4,000,000,000
To be carried forward	SEK 5,076,568,476
Total	SEK 9,076,568,476

A dividend of SEK 4 billion has been proposed to the General Meeting. The Board finds that the proposed dividend is justifiable in terms of the assessment criteria stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act regarding operations, scope and risks as well as consolidation requirements, liquidity and general position.

NOTE 10 EVENTS AFTER THE BALANCE-SHEET DATE

In addition to the proposed dividend pursuant to Note 9, no significant events occurred after the balance-sheet date that impact the assessment of Vasakronan's financial position. However, the ongoing conflict in Ukraine together with the uncertain geopolitical situation in the world may impact both on financial markets and on monetary policy, but at this stage it is too early to predict how serious and how long-term these effects may be.



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	Q4 2021	Q3 2021	Q2 2021	Q1 2021
INCOME STATEMENTS, SEK m				
Rental revenue	1,913	1,852	1,842	1,818
Operating expenses and property administration	-303	-245	-280	-295
Maintenance costs	-28	-21	-26	-26
Property tax	-169	-168	-167	-164
Operating surplus	1,413	1,418	1,369	1,333
Central administration	-20	-32	-40	-33
Result from participations in joint ventures	25	5	142	21
Financial income	1	1	1	1
Financial expenses	-245	-270	-269	-271
Interest expense lease liability; ground rents and land leases	-40	-40	-40	-40
Profit before value changes and tax	1,131	1,082	1,163	1,011
Change in value of investment properties	7,176	2,553	3,889	1,638
Depreciation of right-of-use assets	-2	-2	-2	-2
Change in value of financial instruments	82	332	258	266
Divested/impaired goodwill	-5	-	-	-
Profit before tax	8,385	3,965	5,308	2,913
Tax	-1,704	-815	-1,093	-600
Profit for the period	6,681	3,150	4,216	2,315
Of which, attributable to non-controlling interests	-1	-2	-1	-2
Total profit attributable to the Parent Company share-holders	6,682	3,152	4,216	2,315

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
BALANCE SHEETS, SEK m				
Investment properties	181,575	173,471	169,863	164,819
Equity	85,290	78,552	75,401	73,186
Interest-bearing liabilities	73,838	73,763	73,700	73,167
Total assets	196,194	188,755	184,830	181,344
KEY METRICS				
Property-related information				
Closing area, thousand sq. m.	2,348	2,333	2,333	2,344
Closing number of properties	168	170	170	170
Closing market value of property, SEK m	181,575	173,471	169,863	164,819
Net investments, SEK m	931	1,056	1,155	762
Closing economic occupancy rate, %	91.4	91.0	92.1	91.5
Surplus ratio, %	74	77	74	73
Financial metrics				
Closing average interest rate, %	1.3	1.5	1.5	1.5
Average fixed-interest tenor, years	4.6	4.8	5.0	5.5
Interest coverage ratio for the period, multiple	5.5	5.0	5.5	4.7
Closing equity/assets ratio, %	43	42	41	40
Other metrics				
Closing number of employees	290	293	296	299



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	2021	2020	2019	2018 ¹⁾	2017 ¹⁾
INCOME STATEMENTS, SEK m					
Rental revenue	7,425	7,006	7,040	6,718	6,490
Operating expenses and property administration	-1,124	-1,049	-1,059	-1,068	-993
Maintenance costs	-100	-116	-119	-108	-110
Property tax	-668	-652	-655	-527	-544
Ground rents and land leases	-	-	-	-146	-165
Net operating income	5,533	5,189	5,207	4,869	4,678
Central administration	-124	-118	-113	-101	-97
Result from participations in joint ventures	193	-219	1105	159	-3
Net interest	-1,051	-1,117	-1,131	-1,043	-1,165
Interest expense, lease liability	-160	-158	-147	-	-
Profit before value changes and tax	4,391	3,577	4,921	3,884	3,413
Change in value of investment properties	15,255	1,083	13,270	10,651	7,973
Depreciation of right-of-use assets	-7	-7	-7	-	-
Change in value of financial instruments	938	167	-881	13	468
Divested/impaired goodwill	-5	-	-74	-62	-26
Profit before tax	20,572	4,820	17,229	14,486	11,828
Tax	-4,213	-1,106	-3,320	-1,584	-2,559
Profit for the year	16,359	3,714	13,909	12,902	9,269
<i>Of which, attributable to non-controlling interests</i>	<i>-6</i>	<i>-4</i>	<i>-2</i>	<i>-</i>	<i>-</i>
Total profit attributable to the Parent Company shareholders	16,365	3,718	13,911	12,902	9,269
BALANCE SHEETS, SEK m					
Investment properties	181,575	162,420	156,071	138,934	126,875
Equity	85,290	70,869	70,156	60,271	51,377
Interest-bearing liabilities	73,838	69,317	66,638	61,087	58,421
Total assets	196,194	176,226	170,179	145,201	132,283

	2021	2020	2019	2018 ¹⁾	2017 ¹⁾
KEY METRICS					
Property-related information					
Closing area, thousand sq. m.	2,348	2,339	2,322	2,372	2,430
Closing number of properties	168	171	174	174	179
Closing number of apartments	1,169	1,169	1,175	1,169	1,168
Closing market value of property, SEK m	181,575	162,420	156,071	138,934	126,875
Closing market value, SEK/sq. m.	77,332	69,439	67,214	58,573	52,212
Net investments, SEK m	3,904	5,266	3,867	1,407	-2,980
Property acquisitions, SEK m	214	181	977	594	1,049
Property divestments, SEK m	-447	-228	-1,550	-2,521	-612
Investments in existing projects, SEK m	4,137	4,920	4,440	3,335	2,543
Closing rental value, SEK m	8,592	8,187	7,785	7,403	7,190
Closing economic occupancy rate, %	91.4	91.9	94.1	93.1	93.1
Closing surplus ratio, %	75	74	74	73	72
Environmental certification, of investment portfolio, share of market value, %	94	92	92	92	91
Energy intensity on closing date, kWh/sq. m.	83	83	92	103	100
Yield, total holdings, %	3.2	3.2	3.5	3.8	3.9
Value change in the total portfolio, % ²	9.4	0.8	9.6	8.5	6.9
Total yield, total holdings, %	12.8	4.0	13.4	12.5	11.0
Financial metrics					
Closing average interest rate, %	1.3	1.6	1.7	1.6	1.7
Average fixed-interest tenor, years	4.6	5.0	5.8	4.7	4.5
Interest coverage ratio, multiple	5.2	4.4	4.6	4.7	3.9
Closing equity/assets ratio, %	43	40	41	42	39
Closing EPRA NRV, SEK m	110,515	94,656	91,742	78,541	68,583
Closing EPRA NTA, SEK m	102,179	87,735	85,205	72,970	63,550
Closing EPRA NDV, SEK m	82,944	69,450	68,909	58,001	48,975
Return on equity, %	22.9	5.4	21.9	22.9	17.8

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

2) Outcome in accordance with MSCI Swedish Property Index.



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Five-year overview, Cont.

	2021	2020	2019	2018 ¹⁾	2017 ¹⁾
Cash flow metrics					
Cash flow from operating activities before changes in working capital, SEK m	3,572	3,547	3,755	3,567	3,383
Cash flow from operating activities, SEK m	3,947	3,818	3,829	3,635	3,468
Cash flow from investing activities, SEK m	-3,858	-5,269	-3,573	-1,297	-2,985
Cash flow from financing activities, SEK m	874	494	1,044	-1,546	-1,207
Cash flow for the year, SEK m	963	-957	1,300	792	-724
Other metrics					
Average number of employees	294	302	308	313	345
Closing number of employees	290	293	305	309	349
Basis for key metrics					
1. EPRA NRV, SEK m					
Equity	85,290	70,869	70,156	60,271	51,377
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,908	-1,983	-2,045
Add back derivatives	855	3,426	2,126	1,967	2,427
Add back recognised deferred tax	26,273	22,269	21,368	18,286	16,824
	110,515	94,656	91,742	78,541	68,583
2. EPRA NTA, SEK m					
Equity	85,290	70,869	70,156	60,271	51,377
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,908	-1,983	-2,045
Add back other intangible assets	-141	-136	-116	-106	-100
Add back derivatives	855	3,426	2,126	1,967	2,427
Add back recognised deferred tax	26,273	22,269	21,368	18,286	16,824
Deferred tax at fair value ²	-8,195	-6,785	-6,421	-5,465	-4,933
	102,179	87,735	85,205	72,970	63,550
3. EPRA NDV, SEK m					
Equity	85,290	70,869	70,156	60,271	51,377
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,908	-1,983	-2,045
Adjustment of interest-bearing liabilities to fair value	-443	489	661	-287	-357
	82,944	69,450	68,909	58,001	48,975

	2021	2020	2019	2018 ¹⁾	2017 ¹⁾
4. EBITDA, SEK m					
Operating surplus	5,533	5,189	5,207	4,869	4,678
Central administration	-124	-118	-113	-101	-97
Cash flow from dividends from joint ventures	183	34	309	162	-
Ground rents and land leases	-167	-165	-154	-	-
	5,425	4,940	5,249	4,930	4,581
5. EBITDA margin, %					
Rental revenue	7,425	7,006	7,040	6,718	6,490
EBITDA	5,425	4,940	5,249	4,930	4,581
	73	71	75	73	71
6. Interest coverage ratio, multiple					
EBITDA	5,425	4,940	5,249	4,930	4,581
Net financial items	-1,051	-1,117	-1,131	-1,043	-1,165
	5.2	4.4	4.6	4.7	3.9
7. Net interest-bearing liabilities, SEK m					
Non-current interest-bearing liabilities	59,342	55,659	53,682	45,956	44,711
Current interest-bearing liabilities	14,499	13,658	12,956	15,131	16,824
Cash and cash equivalents	-3,521	-2,558	-3,515	-2,215	-1,423
	70,317	66,759	63,123	58,872	60,112
8. Loan-to-value ratio, %					
Net interest-bearing liabilities	70,317	66,759	63,123	58,872	56,998
Total assets excl. leaseholds and land leases	181,575	162,420	156,071	138,937	126,875
	39	41	40	42	45
9. Debt/equity ratio, multiple					
Non-current interest-bearing liabilities	59,342	55,659	53,682	45,956	44,711
Current interest-bearing liabilities	14,496	13,658	12,956	15,131	16,824
Equity	85,290	70,869	70,156	60,271	51,377
	0.9	1.0	0.9	1.0	1.2

1) Comparison figures have not been restated according to IFRS 16.
2) Calculated on the basis of a 30% current tax rate applying at any time.



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Signing by the Board of Directors

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

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

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Vasakronan has chosen to prepare its statutory Sustainability Report separately from its Administration Report. The Board and CEO also affirm that Vasakronan's 2021 Sustainability Report has been prepared in accordance with the Annual Accounts Act and the GRI standards as issued by the Global Reporting Initiative.

Stockholm, 22 March 2022

Ulrika Francke
Chairman of the Board

Ann-Sofi Danielsson
Board Member

Niklas Ekvall
Board Member

Eva Halvarsson
Board Member

Kerstin Hessius
Board Member

Christel Kinning
Board Member

Kristin Magnusson Bernard
Board Member

Magnus Meyer
Board Member

Kia Orback Pettersson
Board Member

Johanna Skogestig,
Chief Executive Officer

Our Auditors' Report was submitted on 23 March 2022
Ernst & Young AB

Katrine Söderberg
Authorised Public Accountant, Auditor in Charge



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Auditors' report

To the general meeting of the shareholders of Vasakronan AB (publ), corporate identity number 5560601-4603

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Vasakronan AB (publ) except for the corporate governance statement on pages 69–76 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 60–76 and 82–126 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 69–76. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for opinions

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

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

Key audit matters

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

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



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Valuation of investment properties

Description	How our audit addressed this key audit matter
The fair value of the Groups investment properties, reported in the consolidated balance sheet, amounted to SEK 181 575 million SEK on 31 December 2021. Unrealized change in investment properties during the year, reported in the consolidated income statement, amounted to 15 255 million SEK.	In our audit we have evaluated the company’s process for property valuation.
As at 31 December 2021, all the properties in the portfolio have been valued by external valuation experts. All properties are valued quarterly. The properties are valued by external valuation experts at each full-year and half-year end, and at the other quarterly shifts the properties are valued internally.	We have evaluated the valuation methodology, and input data in the externally and internally prepared valuations. We have evaluated the skills and objectivity of the external experts.
The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. The required yields for the properties are assessed on each property’s unique risk profile and observable transactions in the market for properties with a similar nature.	We have with support from internal valuation specialist reviewed the valuation model used and reviewed the reasonability of the adopted assumptions such as yield requirements, vacancy rates, rental income and operating costs for a sample of properties and made comparisons to known market information. The internal valuation specialists work has mainly included a reasonableness assessment of the most significant assumptions such as yield requirements and future rental levels as well as an assessment of the final market value.
Valuation at fair value is by nature subject to subjective assessments where a seemingly minor change in the assumptions made that form the basis for the valuations can have a significant effect in reported values. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, we assess this area to be a key audit matter in our audit.	The sample has been made based on risk criteria and size. We have discussed important assumptions and assessments with valuation managers and the entity’s management.
A description of the valuation of the investment properties, together with accounting principles, significant accounting assessments, estimates and assumptions is stated in note 4.2. Risk and risk management linked to property valuation are described on pages 109–110.	For a sample of investment properties, we have tested input in the valuation model regarding rental income, contract length and investments and checked the calculations that are the basis for the valuation.
	During the year, we have collected and reviewed a sample of internally valued properties to evaluate compliance with the company’s valuation policy and valuation model.
	We have reviewed the disclosures provided in the annual accounts.

Other information than the annual accounts
and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–59, 77–81, 132–171, 173–179 and 181–182. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors
and the Managing Director

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



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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Responsibilities of the Auditor

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

decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

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

significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

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

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them



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all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Vasakronan AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

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



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Responsibilities of the Auditor

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 69–76 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement.

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

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act. Ernst & Young AB was appointed auditor of Vasakronan AB by the general meeting of the shareholders on the 28th April 2021 and has been the company's auditor since 4th May 2020.

Stockholm, 23rd March 2022
Ernst & Young AB

Katrine Söderberg
Authorised Public Accountant



Sustainability Report





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About Vasakronan’s Sustainability Report 2021

This Sustainability Report follows the Global Reporting Initiative (GRI) guidelines and is prepared in accordance with the GRI Standards: Core option. In addition to GRI Standards, Vasakronan has chosen to recognise the sector-specific indicators that were previously recognised in accordance with GRI G4.

The goal is for Vasakronan to run the entire business in a sustainable way. Consequently, reporting of our sustainability agenda has been integrated into the company’s annual report. The GRI index on pages 143–145 contains references to where the information can be found in the annual report. Information on responsibility, how we govern and monitor boundaries for each material sustainability topic can be found in the sustainability notes on pages 146–171. The information is described in accordance with GRI Standards 2016. There are three exceptions, two that are given in accordance with GRI Standards 2018 (GRI 303 Water and effluents and GRI 403 Occupational health and safety) and one that is given in accordance with GRI Standards 2020 (GRI 306 Waste).

The Sustainability Report, is produced once per year, and 2021 was the thirteenth year Vasakronan published a sustainability report. The report is reviewed in summary by EY, and their limited assurance report can be found on page 172. The Sustainability Report covers the Parent Company and all wholly owned subsidiaries. Joint venture companies co-owned by Vasakronan are not covered, and are not considered to constitute a significant part of operations. Nor does the Sustainability Report cover operations controlled by individual tenants or suppliers.

Statutory Sustainability Report

The Sustainability Report, has been prepared pursuant to the provisions in the Swedish Annual Accounts Act Chapter 6

Section 11 and encompasses pages 133–171, except for the description of the company’s business model (page 18) and information on risk management (pages 62–68).

EU Taxonomy

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

The reporting requirement in the Taxonomy Regulation does not apply to Vasakronan, since the company has fewer than 500 employees, but based on expectations from stakeholders our ambition is to report as much as possible according to the Taxonomy. Page 57 includes a description of the information to be included in the 2021 Annual Report regarding how much of the operations are covered by the Taxonomy.

Governance

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

The business planning conducted every year creates clear, well-supported plans for how operations are to be pursued in all sections of the company. The plans formulate both short-

and long-term financial, environmental and social goals. The business plan is thereafter monitored continually during the year. For more information about how we govern our operations, see pages 69–75 and 146–171.

The UN SDGs

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

The challenges identified in operations connected to the 2030 Agenda goals include Goal 8 “Decent work and economic growth.” This is primarily linked to the risk of work-related accidents and hazardous working conditions at our construction sites. For more detailed information about our efforts and which goals are relevant to our operations, see pages 146–171.



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Stakeholder expectations

Surveying and analysing stakeholder expectations for the operations is a prerequisite for creating sustainable value. Ongoing discussions are therefore conducted with our stakeholders through meetings, interviews and questionnaires. In addition to these dialogues, in-depth interviews are held with stakeholders every few years. The goal is to identify the most important sustainability topics now and in the future, and to understand which issues our stakeholders weigh highly.

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

Tenants	Suppliers	Lenders	Employees	Communities	Owners
<i>We aim to be the preferred choice for tenants looking for office or retail premises</i>	<i>We set and follow up on requirements for our suppliers to jointly contribute to sustainable collaboration</i>	<i>We aim to always have access to financing on favourable terms and with low risk</i>	<i>We aim to be an employer that attracts skilled employees and new talents</i>	<i>We aim to actively contribute to society by collaborating with public and private organisations</i>	<i>We aim to generate returns for our owners, but never at the expense of people, the environment or society</i>
EXPECTATIONS					
<ul style="list-style-type: none">• Long-term asset management that offers premises that provide good service and a good work environment• Collaboration aimed at minimising negative environmental impact• Low energy consumption in the buildings• Safety and security in and around properties• Support biodiversity	<ul style="list-style-type: none">• Circular material use and selection• Stringent requirements concerning work conditions and work environment• Only suppliers who live up to these expectations are permitted• Collaboration for greater sustainability	<ul style="list-style-type: none">• Long-term and stable financial management• Customer satisfaction• Climate change adaptation• Low energy consumption in the buildings	<ul style="list-style-type: none">• Responsible and ethical business practices• Stable, long-term employer that offers good employment terms• Good work environment• Engagement in local communities	<ul style="list-style-type: none">• Advocate more eco-system services in the planning phase and in the operations• Circular material use and selection• Transportation and emissions• Safety and security in and around properties• Diversity throughout the entire value chain/ contributing to integration• Support biodiversity	<ul style="list-style-type: none">• A long-term stable yield where consideration is given to people, ethics and the environment• Transparent reporting• Diversity throughout the entire value chain/ contributing to integration in society• Support biodiversity
DIALOGUE OPPORTUNITIES					
<ul style="list-style-type: none">• Customer meetings• Customer satisfaction survey• Customer service and ongoing dialogues regarding property management• Theme lectures	<ul style="list-style-type: none">• During procurement processes for suborder agreements, when placing orders and in meetings with suppliers• Regular reviews/audits• Contract meetings• Site visits	<ul style="list-style-type: none">• Individual meetings with banks and investors in the capital market• Financial statements• Capital market and investor presentations	<ul style="list-style-type: none">• Employee dialogue meetings• Employee survey• Workshops• Business planning	<ul style="list-style-type: none">• Attending and participating in meetings with stakeholders and industry organisations as well as other forums• Network meetings	<ul style="list-style-type: none">• Board meetings, one of which each year is a strategy meeting• Meeting with owner representatives for specific discussions on corporate governance



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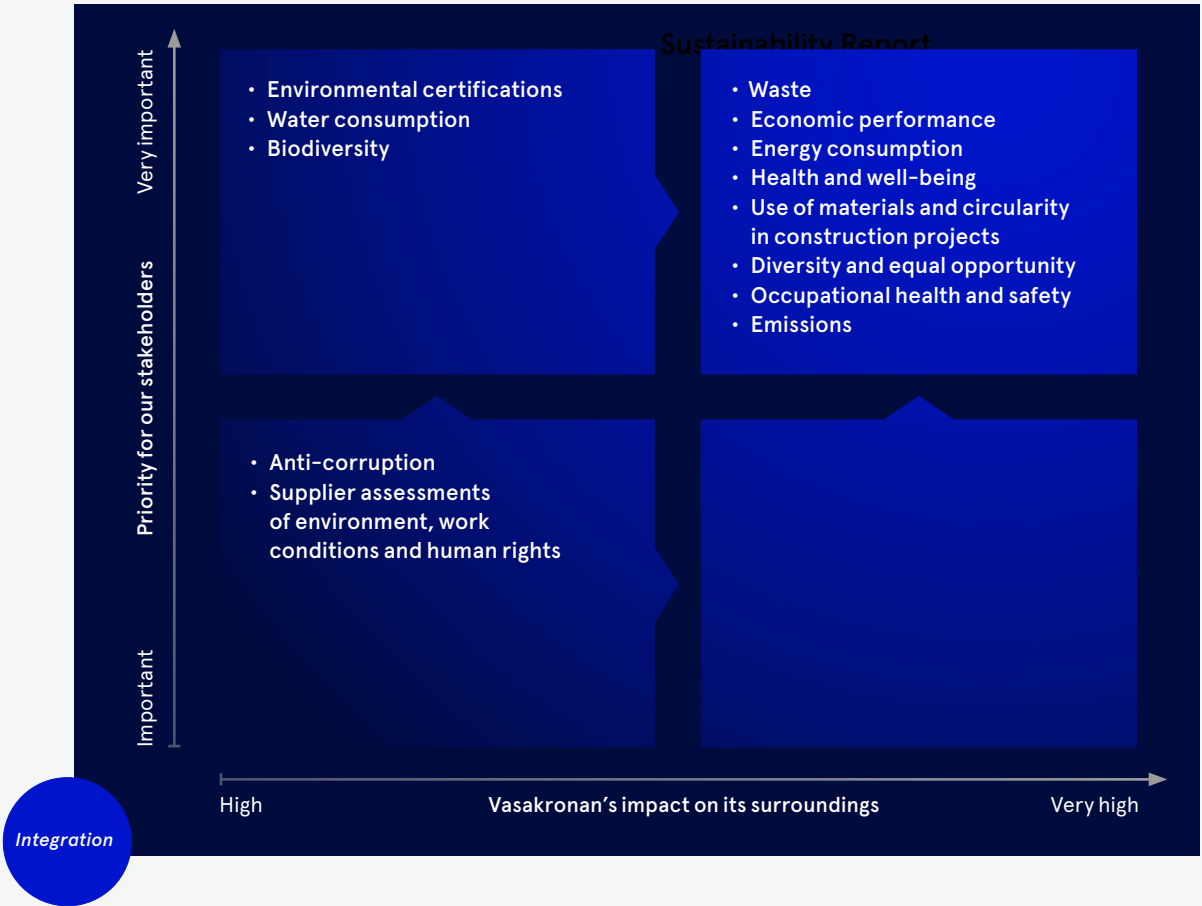
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Significant sustainability areas

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

Two areas that have gained importance with our stakeholders and in our operating environment are “Biodiversity” and “Integration.” When it comes to biodiversity, stakeholders want more information about the effect that Vasakronan’s properties have on local biodiversity. They also want to know how other places are affected as a result of the company’s purchase of goods and services. When it comes to integration, our stakeholders would like to understand the societal responsibility Vasakronan takes in terms of diversity and the requirements we have for our value chain. In 2021, we started to develop governance, boundaries, setting targets and follow-up in these two areas.

Stakeholders believe that “Safe work environments at suppliers” and “Anti-corruption” are important confidence factors, but less material in terms of actual impact. There is therefore an expectation for regular progress reports and regular updates on the number of accidents and any confirmed cases of corruption. Another issue that stakeholders deemed a future matter of confidence is circular construction in Vasakronan’s projects. They expect more information about this.





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Climate Report according to TCFD

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

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

Background

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

For Vasakronan, the commercial benefits of reducing our climate impact are clear, and we see no conflict between profitability and sustainability. On the contrary, we can see that

initiatives to reduce our climate impact have been a success factor that have driven and answered a market demand for climate-smart solutions. The reduction in energy consumption has also led to considerable improvements in net operating income, increased property values and an overall improvement in profitability. But in addition to reducing its impact on the climate, the company also adapts its operations to withstand a changed climate.

Governance

Stringent requirements from the owners (the First through Fourth Swedish national pension funds) mean that the return must be long-term stable and generated with consideration for people, the environment and society. They also expect climate issues to be an integrated part of operations. The progress report to owners is made through owner representatives on the Board of Directors as well as through ongoing dialogues with the sustainability departments at each Swedish national pension fund.

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

sustainability report that describes the progress made on reducing our climate impact and adapting operations.

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

Since climate issues are becoming increasingly important in investment decisions, the Chief Sustainability Officer has been a member of the Investment and Financial Board since 2021.

Strategies

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

For the country of Sweden, climate work is regulated by the Climate Act which entered force in 2018. The overriding goal is that Sweden will have zero greenhouse gas emissions by 2045 at the latest. Vasakronan believes that its own operations can move quicker than this and has therefore decided that the



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Nya Kronan in Sundbyberg has solar photovoltaics on the facade and roof. The building is more than 50% under the BBR requirement and more than 10% of its energy need is produced on-site.

company is to be climate neutral across the entire value chain by no later than 2030. To reach climate neutrality across the entire value chain, emissions related to construction and tenant use of premises need to be drastically reduced. To ensure that operations are moving in the right direction, ambitious short- and long-term environmental targets are set annually in the areas that generate emissions, such as energy consumption and use of construction material. For more information about our climate targets, refer to pages 22–23.

To ensure that efforts to reduce our climate impact are sufficient and in line with the requirements specified by the Paris Agreement’s goal to limit global warming to two degrees, we have engaged the SBTi to evaluate our climate targets.

The SBTi is a collaboration between the World Wide Fund for Nature, the United Nations Global Compact, the Carbon Disclosure Project and the World Resources Institute. The goal is to ensure that the climate targets set by companies have a scientific basis. In December 2018, Vasakronan’s climate targets were approved by the SBTi, with the comment that they were well under those of the Paris Agreement. The target we had evaluated by SBTi was older and somewhat less ambitious than our current target of climate neutrality across the entire value chain.

Risk management

Efforts to identify, analyse, manage and follow up climate risks

are prioritised at Vasakronan. These are monitored as part of the company’s annual risk assessment. Efforts involve all units in the company and follow a structured process that starts with an inventory of existing and new risks. This includes conducting workshops and interviews with representatives from various parts of the organisation. The Management Team assesses the risks included in the inventory based on likelihood and impact. Material risks are then presented to the Audit Committee and the Board.

According to the TCFD’s recommendations, climate-related financial risks can be divided in two primary categories: transition risks and physical risks. Transition risks refers to the political, regulatory, market and technological risks that a transition to a society with lower carbon emissions can entail. Physical risks refer to the risks that occur as a consequence of the changing climate, such as increased precipitation or rising sea levels. They can be acute or chronic and include direct damage to assets or indirect damage to operations, for example interruptions to the supply chain. For information about Vasakronan’s risk management and climate-related risks, see pages 62–68 as well as the “Transition risks” and “Physical risks” on page 138 and the table on pages 140–142.

Scenario analysis

Climate scenarios help us understand what our climate will look like in the future and how they will be affected by global issues like politics, technology, the economic and changes in society. Transition risks and physical risks can be identified by analysing the possible effects different climate scenarios would have on operations. They are used to develop future strategies. This means preparing operations for financial,



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legislative and social development with low carbon emissions and to adapt to the physical effect of the changed climate on properties as well as on tenants’ and suppliers’ operations. Vasakronan’s ambition is to update the scenario analysis every five years. The most recent one was carried in 2019, which investigated how operations would be affected up until 2100 with climate scenarios based on an RCP¹ of 2.6, 4.5 and 8.5. An RCP of 2.6 represents a strong climate policy with significantly reduced emissions, negative emissions by 2100 and a global temperature increase of 0.5–1.5 degrees Celsius. An RCP of 8.5 represents instead a weak climate policy, continued high emissions and a global temperature increase of 3.5–5.0 degrees Celsius. The analysis identified the following risks and opportunities.

Transition risks

Vasakronan identified climate change as an important operating environment factor as early as ten years ago, thus comprehensive efforts have already been made to reduce several transition risks, primarily in management activities. The company has already significantly reduced its energy consumption and carbon emissions from property management. Efforts to reduce emissions from construction project operations began a few years ago, and include greater use of wood and reused materials as construction materials.

Despite comprehensive efforts to reduce transition risks, there is always a certain risk that operations might be affected. This applies primarily to regulatory and market transition risks. Increased taxes and other energy and emissions regulations

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

would mean higher costs and affect the company’s profitability. For more information about identified transition risks, refer to page 140.

Physical risks

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

In the lower temperature scenarios, the operations are not assessed as being impacted by any immediate risks that cannot be managed. However, we are convinced that our long-standing focus on implementing adaptation measures means that the operations will continue to develop positively despite climate changes.

In the scenario with the higher temperature intervals, however, there are risks that would have significant financial effects, primarily risks connected to permanent and drastic changes in sea levels. Vasakronan has therefore investigated the risk of permanent flooding across the entire property portfolio due to rising sea levels. Flooding risks due to extreme precipitation and proximity to watercourses were also analysed. The results of the study indicated that none of the properties were deemed at risk of permanent flooding up until 2100.

In 2021 we took the next step in climate adaptation by analysing the risk of temporary flooding due to proximity to water courses or due to powerful or long-term precipitation. Results of these studies are now being integrated property by property into the different processes of operations, maintenance, property management, projects and property portfolio planning.

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

The risk for unexpected events increases dramatically in the higher temperature intervals. But there are also risks for significant indirect impacts on Vasakronan’s operations. These include an increased number of global conflicts, increased migration and shortages of food and raw materials that would lead to a great deal of economic turbulence. This, in turn, has a negative effect on us, our customers and our suppliers. These risks need to be recognised, but Vasakronan cannot reduce them alone and they are therefore not presented in more detail in this report. See more information about the physical risks identified in the table on page 141.

Opportunities

The transition to a low carbon dioxide society can also entail opportunities for operations. Using exclusively renewable



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energy, increasing the share of on-site produced electricity and improving energy efficiency reduces greenhouse gas emissions and operating expenses. Project development entails an increased focus on material use and on increasing material recycling as well as reduced material costs. An increased focus on waste management will also have positive financial effects.

The measures that have been carried out so far to reduce climate impact have also had a clear contribution to profitability. The work has led to decreased energy costs and higher revenue due to increased demand in the lettings market. This has also entailed higher property values due to lower requirements for yields for buildings with low climate impact and lower financing costs. For the long term, the assessment is that demand for resilient buildings with a low carbon footprint will continue to increase and that Vasakronan’s property portfolio can meet these expectations. See more information about the physical opportunities identified in the table on page 142.

Climate targets 2021

PROJECTS



- Decrease the amount of waste generated from project development.
- Increase the share of reused, renewable and recycled material in projects.

OPERATION



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

TENANTS



- Increase the share of sorted food waste in relation to total household waste.

The image above shows the environmental targets for 2021. Read more about targets and target fulfilment on pages 22–23.

Goals and measurements

A summary of Vasakronan’s greenhouse gas emissions from 2017 to 2021 is in the sustainability disclosures 305-1 to 305-3 on page 158. A description of the environmental targets set for 2021 can be found on pages 22–23.

The table on pages 140–142 shows the financial impact the identified risks and opportunities could have on the income statement and balance sheet. We followed the TCFD’s recommendations for table 5 as far as possible. For more information about how we measure, steer and monitor environmental data, see pages 149–166.



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TCFD table of climate risks, opportunities and financial impact

Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
TRANSITION RISKS				
Higher energy costs due to raised taxes or other regulation. (Regulatory transition risks)	Costs	The effect on energy costs and operating surplus if energy prices increase SEK 1/kWh. Calculated based on consumption in 2021. Expressed in GWh, SEK m and percentage of operating surplus.	Total energy consumption (heating, cooling and property electricity) in the property portfolio amounted to 238 GWh (214), equivalent to approximately SEK 295 million (265). A price increase of SEK 1/kWh would entail an increased energy cost of SEK 238 million (214), the equivalent of 4% (4) of the operating surplus for 2021.	GRI 302-1, pages 151–152
	Assets /liabilities	Investment in low-carbon alternatives. Expressed in SEK m/year.	In 2021, approximately SEK 65 million (69) was invested in low-carbon alternatives to reduce energy consumption in the property portfolio.	–
Higher costs due to raised taxes or other emissions regulations. (Regulatory transition risks)	Costs	Increased costs based on a SEK 500/ton price for scope 1 and 2 emissions, market-based and location-based. Estimate is based on the assumption that the entire cost will be charged to the buyer. Expressed in SEK m and percentage of operating surplus.	A SEK 500/ton price increase for scope 1 and 2 emissions calculated using the market-based method would increase costs SEK 3 million (2), the equivalent of 0.04% (0.04) of the operating surplus for 2021. Using the location-based method, the equivalent costs would increase SEK 8 million (6), representing 0.14% (0.12) of the operating surplus.	GRI 305, pages 155–160
	Costs	Increased costs of SEK 500/ton on emissions from construction material. Estimate is based on the assumption that the entire cost of emissions for the material will be charged to the buyer. Expressed in SEK m and percentage of total project expenses for the year.	A price increase for scope 3 emissions from construction material would increase costs SEK 12 million (10), the equivalent of 0.3% (0.2) of total project expenses for 2021.	GRI 305, pages 155–160
	Costs	Climate compensation paid, expressed in SEK m/year.	From 2020, Vasakronan compensates for all reported emissions from operations. One third of the emissions generated in 2020 were compensated during the year by purchasing SEK 860,000 in shares in compensation projects. The remaining portion will be compensated through planting trees and contributions to research and development projects that lead to reduced emissions in the property sector.	GRI 305, pages 155–160



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Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
PHYSICAL RISKS				
Properties will become permanently unusable due to rising sea levels. <i>(Systematic physical risk)</i>	Assets	The share of properties in areas with heightened risks for permanently rising sea levels.	A survey of the property portfolio was carried out in 2020 that included rising sea levels. The result indicated that none of the properties are at risk of flooding up until 2100. Therefore the assessment is that there is no risk of any negative financial impact from permanently higher sea levels.	TCFD report, page 138
Properties becoming temporarily unusable due to increased precipitation or other temporary flooding. <i>(Acute physical risk)</i>	Income	Estimated loss in income in the form of rent reductions due to properties becoming temporarily unusable, such as during ongoing flooding and subsequent repair work. Based on the assumption that one per cent of the property portfolio is damaged annually and that it leads to, on average, three months of lost income in the affected property portfolio. Expressed in SEK m and percentage of operating surplus.	Assuming that one per cent of the property portfolio will be temporarily unusable and need to be repaired, the maintenance costs would increase SEK 19 million (18) per year, the equivalent of 0.3% (0.3) of the operating surplus.	TCFD report, page 138
	Costs	Estimated increase in maintenance costs due to properties becoming temporarily unusable and in need of repairs on an annual basis. Assuming that one per cent of the property portfolio is damaged and that it would cost SEK 3,000/sq. m. to repair. Expressed in SEK m and percentage of operating surplus.	Assuming that one per cent of the property portfolio will be temporarily unusable and need to be repaired, the maintenance costs would increase SEK 70 million (70) per year, the equivalent of 1.3% (1.4) of the operating surplus.	TCFD report, page 138
Increased energy needs (primarily cooling) due to a warmer climate. <i>(Systematic physical risk)</i>	Costs	Estimated cost increase of a 100% increase in cooling needs. The estimate is based on the outcome for cooling needs for 2019, since the outcome for 2020 and 2021 was not deemed representative due to the Covid-19 pandemic. Expressed in SEK m and percentage of operating surplus.	The impact of a 100% increase in cooling needs entails increased costs of SEK 29 million (29), the equivalent of 0.5% (0.6) of the operating surplus.	GRI 302-1, pages 151–152
Higher water costs due to greater investment needs in water and sewage networks. <i>(Systematic physical risk)</i>	Costs	The estimated effect of a 100% price increase for water on costs. Expressed in SEK m ³ /year and percentage of operating surplus.	Total water consumption in the property portfolio amounted to 827,138 m ³ (867,895). A doubling of the price of water would entail an increase in water costs of approximately SEK 19 million (19), equivalent to 0.3% (0.4) of the operating surplus.	GRI 303-5, page 153



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Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
OPPORTUNITIES				
Increased own production of renewable energy.	Income	Income from sales of on-site produced renewable energy. Expressed in SEK m/year.	Income from sales of on-site produced renewable energy from solar photo-voltaics amounted to SEK 1.7 million (–), equivalent to 0.0% (–) of operating surplus.	GRI 302-1, pages 151–152
	Costs	Lower energy costs due to on-site produced renewable energy. Expressed in MWh of energy and SEK m/year.	Own-produced energy in the property portfolio reduced the need for purchased energy by an estimated 4,000 MWh (3,700), the equivalent of cost savings of approximately SEK 4 million (4), the equivalent of 0.07% (0.07) of the operating surplus.	GRI 302-1, pages 151–152
	Assets/liabilities	Investments in increasing on-site produced renewable energy. Expressed in SEK m/year.	SEK 7.6 million (1.6) was invested in solar photovoltaics and solar parks during the year.	–
Higher revenue from sustainable/certified properties.	Income	Estimated increase in revenue assuming higher repurchase rates, higher occupancy rates and higher rent levels from environmentally certified properties. Based on an assumption of a 5–10% increase in rental revenue. Expressed in SEK m and percentage of total rental revenue and operating surplus, respectively.	Rental revenue from environmentally certified properties amounted to SEK 6,848 million (6,294), representing approximately 92% (90) of the total rental revenue. A 5–10% increase in rental revenue would be equivalent to an increase of approximately SEK 340–685 million (315–630). This is the equivalent of 6–12% (6–12) of the operating surplus.	GRI CRE8, page 164
	Costs	Cost of environmental certification of new construction and renovations in relation to total investments. Expressed in %.	In 2021, the new construction of Celsius and redevelopments of Sergelhusen and Nöten were certified. The cost for these certifications represented an average of 0.3% of total investments.	GRI CRE8, page 164
Higher valuations for environmentally certified properties.	Assets	Market value for environmentally certified properties in relation to market value for the entire property portfolio, at the balance-sheet date, per cent. Expressed in SEK m and percentage of total market value on the closing date.	At the end of 2021, properties with a total market value of SEK 162,844 million (135,816) were environmentally certified, reflecting 90% (84%) of the total market value of the property portfolio.	GRI CRE8, page 164
Lower material costs in construction projects due to increased share of reused material.	Costs	Estimated cost savings due to increased share of recycled material in construction projects, based on the assumption that material costs stand for 55% of the project expenses and that reused material costs 25–50% less than new material. Expressed in SEK m.	In 2021, the cost for material in finished projects was SEK 2,432 million (1,353). An increased reuse of materials in these construction projects would have an effect of approximately SEK 600–1,200 million on project expenses.	GRI 301, page 149
Favourable financing for green assets.	Costs	Lower interest expense due to financing through the Green Finance Framework.	It is currently difficult to estimate how much lower interest expenses are with financing through our green framework, but our assessment is that it leads to better access to financing and significantly lower interest expenses.	Impact Report, pages 173–179
	Assets	Assets that meet the criteria in the green framework. Expressed in SEK m and percentage of total assets.	At the end of 2021, assets in the green pool totalled SEK 53,421 million (53,776), equivalent to 27% (31) of total assets.	Impact Report, pages 173–179
	Liabilities	Total green bonds outstanding and other green debt instruments. Expressed in SEK m.	At the end of 2021, the volume outstanding of green bonds and other green debt instruments totalled SEK 48,111 million (34,905).	Impact Report, pages 173–179



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102-4	Location of operations		Vasakronan only conducts operations in Sweden.
102-5	Ownership and legal form	3, 99	
102-6	Markets served	3, 37	
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102-8	Information on employees and other workers	168–169	
102-9	Supply chain	165	
102-10	Significant changes to the organisation and its supply chain		No significant changes during the year.
102-11	Precautionary Principle or approach		The precautionary principle forms the basis of how environmental work is designed.
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102-46	Defining report content and topic Boundaries	135	
102-47	List of material topics	135	
102-48	Restatements of information		No corrections have been made to previous reports.
102-49	Changes in reporting		No significant changes.
102-50	Reporting period	182	
102-51	Date of most recent report		The report for 2020 was published in March 2021.
102-52	Reporting cycle		Published annually in connection with the release of the Annual Report.
102-53	Contact point for questions regarding the report		Anna Denell, Chief Sustainability Officer (CSO).
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ENVIRONMENT					
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Waste (2020)	306-1 306-2 306-4 306-5	Waste generation and significant waste-related impacts Management of significant waste-related impacts Waste diverted from disposal Waste directed to disposal	16, 23, 161-163	The amount is based partly on estimations owing to absence of data. Work is under way to be able to eventually gather this information.	11, 12
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Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	165		3, 7, 8, 11, 12

1) Areas that have not been prioritised in the materiality review but are still deemed important to report based on stakeholder expectations.



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Material GRI disclosures, cont.

Material topic	Disclosure	Page	Comments	UN SDGs
SOCIAL				
Occupational health and safety (2018)	403-1	17, 24, 166-167	Reporting covers sick leave and accidents concerning Vasakronan’s employees as well as accidents on major projects that were completed during the year.	3, 8
	403-2			
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	403-4			
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	403-6			
	403-7			
	403-9			
Diversity and equal opportunity	405-1	17, 25, 168-169		5, 8, 10
Supplier social assessment	414-1	170		3, 5, 8
Customer health and safety	416-A	17, 25, 171		5, 10, 11, 16



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Financial responsibility

201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The task from our owners is to deliver a high and stable, long-term return. A return that will benefit Sweden’s current and future pensioners. That is why it is important for us to take financial responsibility for our operations and to have stable, sound finances. It is also important to be able to continue to provide work for our employees and suppliers, to meet the expectations of our financiers and to meet other financial expectations from our stakeholders.

Boundaries
The reporting only covers the economic value created at Vasakronan. The value is impacted partly by factors that Vasakronan controls but also by external factors such as the state of the market and interest rates, as well as our owners’ decisions about the distribution of the dividend.

Responsibility and monitoring
Vasakronan’s CEO and Management Team have overall responsibility for steering operations toward the financial targets. The outcome is monitored on a quarterly basis in connection with interim reports and through internal steering parameters established for the operations.

Governance and objectives
The overall financial objective is a return that, in relation to risk, is greater than the return our owners could obtain from other comparable investment alternatives. The overall financial objective is a total yield of at least 6.5% per year. In addition, the total yield must be at least 0.5 percentage points higher than the outcome for the rest of the industry, measured as the average according to the MSCI Swedish Property Index (excluding Vasakronan). The average outcome is evaluated over rolling ten-year periods, together with monitoring and analysis of the outcome for each individual year. In addition, a number of key financial indicators are set for the coming year. These are monitored on a quarterly basis in connection with internal review and in the

quarterly reports to the Board of Directors. For more information, see pages 20–21.
To succeed at the task of a high level of return and long-term revenue, close customer relationships are a must. That is why customer satisfaction is regularly followed up through meetings and questionnaires.

Outcome
The economic value created during the year totalled SEK 26.8 billion (13.4) and comprised rental revenue, investments and changes in the values of properties. Detailed information can be found in the company’s financial reports on pages 82–97. The latest customer survey was conducted at the beginning of 2022, where the outcome was a score of 77 (77) for offices and 71 (73) for retail. The scale of the survey is from 1 to 100, where a score of at least 80 corresponds to a grade of Very good. The table to the right shows economic value distributed. The dividend to the owners is also to be regarded as a value to the public. The remaining value totalled SEK 16.8 billion (1.6).

Taxes
Tax is a statutory expense in our operations that affects the return, and at the same time it is also a responsibility issue that can impact the company’s reputation and standing. The Board of Directors has overall responsibility for managing taxes. The Board of Directors has established a tax policy to ensure tax issues are managed in alignment with fulfilling the requirement of achieving a high return, and of the company meeting the requirements set for being a responsible social actor. For more information on the company’s tax policy, visit www.vasakronan.se.

Vasakronan’s operations are conducted only in Sweden. Country-by-country reporting of taxes paid is therefore not applicable. Vasakronan is not currently the subject of any tax cases. More information about recorded taxes can be found on pages 107–108.

Economic value distributed

SEK m	2021	2020
Directly generated value		
Income	7,425	7,006
Value changes	15,255	1,083
Investments	4,137	5,314
Directly generated value, total	26,817	13,403
Economic value distributed		
Employees	224	225
Lenders	1,178	1,271
Public sector ¹	1,776	1,358
– of which property tax	668	652
Suppliers	4,870	5,972
Owners	2,000	3,000
Contribution to society ²	1	1
Total value distributed	10,049	11,827
Economic value retained	16,768	1,576

1) The “Public sector” item includes property tax, ground rent, VAT, taxes paid and social security expenses.
2) The two largest contributions in 2021 were made to Löparakademin and Mitt Liv, totalling SEK 650,000 (750,000).

Contribution to the UN SDGs
Through partnerships with different volunteer organisations and supporting their activities with donations, we are contributing to Goal 17 and its target 17.17, “Encourage and promote effective partnerships.”





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201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANG

Climate change is the most pressing issue of our time and entails primarily risks but also opportunities for operations. It is clear that a comprehensive transition in society is necessary for slowing climate change and that this could affect the company’s financial position. Climate change itself could also have a significant impact on the company’s financial position.

Boundaries

The report covers the financial impact that climate change, and associated efforts to fight it, can have on Vasakronan’s financial performance and position.

Responsibility and monitoring

Efforts to identify, analyse, manage and follow up risks are prioritised at Vasakronan. Climate-related risks are also addressed. Risk efforts involve all units in the company and follow a structured process that starts with an inventory of existing and new risks. The Management Team thereafter assesses the inventoried risks and material risks are then presented to the Audit Committee and the Board. Risks are then broken down to unit level and business plans are coordinated across all levels. The financial impact of climate risks and opportunities is assessed when preparing the annual TCFD report and is presented in the table in the TCFD report on pages 136–142.

Governance

The Board of Directors establishes a strategic plan for the company every year. It includes a description of the sustainability strategy that is expected to form the basis for the operations. This also includes long- and short-term environmental targets. A review of the company’s work to reduce the operational impact on the climate and to adapt operations to climate changes is also conducted at least once a year

with the Board of Directors. The aim is for climate to be an integral part of every decision taken.

Targets

Climate issues are included as part of the business plans developed for the underlying units as well as for the company as an entirety and include the targets set for both the short and long term. To ensure that efforts to reduce our climate impact are sufficient and in line with the requirements specified by the Paris Agreement’s goal to limit global warming to two degrees, we have engaged the SBTi to evaluate our climate targets. The goal is to ensure that the climate targets set by companies have a scientific basis. In December 2018, Vasakronan’s climate targets at the time were approved by the SBTi, with the comment that they were well under those of the Paris Agreement. The target we had evaluated by SBTi was an older, somewhat less ambitious target than our current target of climate neutrality across the entire value chain. For more information about our climate targets, refer to pages 22–23.

Reporting policies

The reporting policies applied when assessing the financial impact of climate risks and opportunities are included in the table on pages 140–142 in our TCFD report.

Outcome

Vasakronan identified climate change as an important operating environment factor over ten years ago and comprehensive efforts have already been made to reduce several transition risks. The company has already significantly reduced carbon emissions from property management. Efforts to reduce emissions from construction project operations began a few years ago, and include greater use of wood as a construction material. The physical risks identified for Vasakronan’s

property portfolio are primarily flooding due to rising sea levels, proximity to watercourses, downpours and a damper climate with more heat waves. Properties are therefore continuously evaluated in terms of technical performance and improvements are planned in conjunction with regular maintenance and renovations. Development projects ensure that the design and planning of properties takes into account the needs of today and of the coming decades. In 2020 and 2021, the risk of permanent flooding across the entire property portfolio due to rising sea levels was analysed. In 2021, we took the next step in climate adaptation by analysing the risk of temporary flooding due to proximity to water courses or powerful or long-term precipitation. Results are now being integrated property by property into the different processes of operations, maintenance, property management, projects and property portfolio planning. The transition to a low carbon dioxide society can also entail opportunities for operations. By only using renewable energy, increasing the share of own-produced electricity and improving energy consumption, greenhouse gas emissions while operating expenses are reduced. An assessment of the financial impact of climate risks and opportunities has been compiled in the tables on pages 140–142 in our TCFD report.

Contribution to the UN SDGs

By reducing the negative impact climate change has on our operations, we contribute to achieving Goal 13 and its target 13.1, “Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries” and target 13.3, “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.”





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205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

Corruption in the Swedish property and construction industries is regarded as being widespread and extensive. We must therefore have a process that eliminates the risk of corruption and other improprieties in all situations.

Boundaries

The anti-corruption work pertains firstly to our efforts to prevent corruption within the company, but we also set requirements on our suppliers having a systematic process to counteract corruption in their operations.

Responsibility and monitoring

The efforts toward counteracting corruption and bribery are being led by the company’s General Counsel in the capacity of Compliance Officer. Infringements are not acceptable and may result in disciplinary measures, termination or legal proceedings. Any suspicions of corruption or other improprieties are reported to the Board of Directors annually. Company employees, suppliers and customers also have the option of anonymously turning to an external whistle-blower function. Interaktiv Säkerhet is Vasakronan’s external whistle-blower function. The company acts as a representative for Vasakronan and guarantees the anonymity of the person notifying. Information about how to contact the whistle-blower function is available on Vasakronan’s website.

Governance

Anti-corruption work in the company is governed by policies and guidelines for areas including anti-corruption and purchasing. Our policies, routines and training work together with our Code of Conduct for employees and suppliers to counteract all forms of corruption and improprieties. All of Vasakronan’s employees and suppliers are expected to comply with the internal regulations as well as with applicable laws. All employee-related policies are available on the intranet, and the organisation is monitored continually to ensure compliance.

Targets

The goal is zero tolerance for all forms of corruption.

Reporting policies

The compliance officer in the company compiles submissions that come in to senior executives, the compliance officer or the external whistle-blower function.

Outcome

One alleged case of corruption was reported to the company’s Compliance Officer in 2021 through one of the channels offered. The case was not confirmed as corruption, but to ensure that similar allegations do not occur again, preventative systematic measures have been taken in the relevant areas of the company.

Contribution to the UN SDGs

By striving to keep all of our business relationships free from corruption, we are contributing to Goal 16 and its target 16.5, “Substantially reduce corruption and bribery in all their forms.”





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Environmental responsibility

301-1 MATERIALS USED BY WEIGHT OR VOLUME

Large amounts of materials are used in new construction, redevelopment and leasehold improvements of properties. The materials used in projects give rise to major environmental impact when they are extracted and produced, and in addition they generate considerable transportation needs. That is why it is important to reduce the amount of material used and to use reused material and material that is manufactured from renewable or recycled raw goods to much greater extents. Information about the quantity and type of material used needs to be reported to give a fair and accurate overview of the actual climate impact of the company and of individual projects. In addition, we need to ensure that the materials used do not contain hazardous substances that risk being spread into indoor environments in our buildings or into the environment outside them.

Boundaries

The reporting covers the material used in new construction and redevelopment projects, as well as leasehold improvements. Material used in maintenance and operations at properties is currently not monitored, since the amount of material used in these projects is often relatively small.

Nonetheless, targets for materials also apply to this kind of project. The materials Vasakronan purchases and uses, such as office and consumables, have been deemed to be without significance in relation to the impact of construction material.

The impact and responsibility for collecting information about the material used lies primarily with our suppliers, since they are the ones purchasing and using the materials when they perform construction and installation services for us. However, we have the opportunity to make a difference through the projects we carry out, how they are designed and the type of material specified.

Responsibility and monitoring

Project Development in Stockholm and the Regional SVPs in Gothenburg, Malmö and Uppsala are responsible for the materials used in project development. This responsibility covers which projects are carried out, the amount and type of material used and for using the Byggsvarubedomningen system in all projects.

The type and amount of materials used is monitored during each project and is reported when the project is completed. Weight of material used in total and per square metre, the proportion of renewable raw materials, and the proportion of recycled or reused material are then all compiled. The share of material that is environmentally certified is also followed up. Annual targets are monitored through quarterly reports to the Board of Directors and to the Management Team.

Governance

The materials used in development projects are governed by the “Miljöprogram för projekt” (Environmental Programme for Development Projects), an internal policy document. All architects, planners and contractors are to comply with the Environmental Programme, which states that we must use materials efficiently and prioritise materials that are possible to reuse or recycle. A workshop about reusing material is to be held in the early stages of all projects approved by the Board. The goal is to identify the potential for reuse and to set project-specific targets.

To reduce future material use, the Programme also stipulates that it should also be possible to reuse or recycle material when it is no longer needed in the building. Buildings and premises are also to be designed proactively and as flexibly as possible to reduce the need for future redevelopment. The chosen environmental certification of the project also steers towards reduced use of materials and a larger

proportion of reused and recycled material as well as to larger shares of materials from local sources.

The Environmental Programme also prescribes using the Byggsvarubedomningen system for selecting and documenting construction materials. That is checked both through internal audits and through supplier audits. Using the Byggsvarubedomningen system is also required in the majority of leases, which is important since tenants sometimes renovate under their own management.

Targets and fulfilment

Ahead of 2021 an objective was set to increase the share of reused, renewable and recycled material in projects. The share of renewable material used in redevelopment projects completed for the year increased to 11% (4). The share of reused and recycled material in projects amounted to 2% (4).

Reporting policies

All major new construction and redevelopment projects are required to report all of the material used by weight. There also needs to be information about whether the material is manufactured from recycled or renewable raw material and if it is environmentally certified. Information is submitted to a central monitoring unit at the end of the project.

There are currently no reporting requirements for other projects in terms of actual materials. Actual amounts from various reference projects are therefore used to estimate how much of these materials are used. The aim is for smaller projects to also report their material usage as their administration becomes increasingly digitalised.

When data about the material amounts are reported per square metre, the project’s GFA was used.



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Outcome

Two redevelopment projects, Sergelhusen and Diktaren, were completed in 2021, and no new construction projects. Leasehold improvements with a total area of 98,000 square metres (171,000) were also completed. Material used in all of these projects totalled nearly 30,000 tons (50,000).

The use of materials in Sergelhusen amounted to approximately 332 kg/sq. m. The use, for example, of concrete, rebar, steel and wood is based on the actual amounts reported. The amount of renewable or recycled material was based on generic values and amounted to approximately 11% and 2%, respectively.

In Diktaren, the amount of material used totalled 81 kg/sq. m. The relatively low figure compared to Sergelhusen and other redevelopment projects from previous years is due to the relatively small scale of the redevelopment, which was more comparable to a leasehold improvement. The share of renewable material in Diktaren amounted to 8%. No recycled or reused materials were used.

The total amount of material used in the two major redevelopment projects totalled approximately 28,000 tons, representing an average of 312 kg/sq. m., compared with 362 kg/sq. m. in the redevelopment projects that finished in the previous year. Of the material used, around 11% (4) consisted of renewable raw material and 2% (4) of reused or recyclable material.

It is also of interest to compare the amount of materials used in these redevelopment projects with the most recent new construction projects completed, Hubben, Hilton and Celsius, which were com-

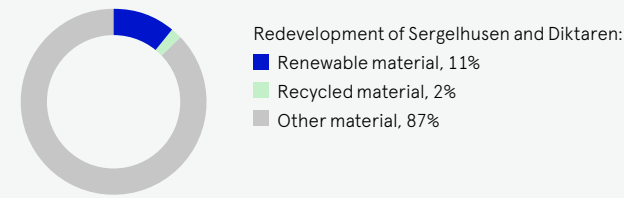
pleted in 2017, 2019 and 2020 and used 1,018 kg/sq. m., 1,124 kg/sq. m. and 953 kg/sq. m. of material, respectively. The reason that the material amounts in redevelopment projects differ so greatly from those in new construction projects is because a large portion of the material pertains to the building’s foundation and frame, something that is usually left alone in most redevelopment projects.

Material use in leasehold improvements totalled approximately 2,300 tons (3,300) for the year, equivalent to 23 kg/sq. m. (19). This is the third year where an estimate of the amount of material used in leasehold improvements was made based on reference projects with actual measurements.

The audits conducted during the year show that the Byggvaru-bedömningen system was used in all major projects.

The share of renewable and recycled material

%



The above outcome pertains to the redevelopment of Sergelhusen and Diktaren, which were finished during the year.

Contribution to the UN SDGs

By reducing the risk of construction material containing substances that are hazardous to people’s health or to the ecosystem, we are contributing to Goal 3 and its target 3.9, “Substantially reduce the number of deaths and illnesses from hazardous chemicals and contamination.”

By reducing the amount of material, and using renewable, recycled or reused material to greater extents, we are contributing to reaching Goal 8 and its target 8.4, “Improve global resource efficiency in consumption and production.”

We are also contributing to reaching Goal 12 and its targets 12.1, “Implement the 10-year framework of programmes on sustainable consumption and production,” 12.2 “Sustainable management and efficient use of natural resources” and 12.4 “Environmentally sound management of chemicals and all wastes.”





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302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION CRE 1 BUILDING ENERGY INTENSITY

The property sector accounts for just over 30% of society’s energy consumption. Therefore, Vasakronan’s efforts to decrease energy consumption and only use renewable energy is an important environmental issue. Low energy consumption is also something in demand from many tenants. It is also a prerequisite for environmentally certifying buildings with high ratings, which is important for our green financing. Additionally, reduced energy consumption means lower operating costs and a reduced risk for increased costs if energy taxes are raised as part of a stronger climate policy.

Boundaries

As a property owner, Vasakronan can impact the energy consumption in properties, for example through the investments made in HVAC-systems and in the building envelope of the properties. But tenants also ultimately affect how much energy is used. It depends on the type of operation they conduct and their preferences as regards indoor climate, for example.

The reporting covers energy consumption from the whole property portfolio, and fuel used in vehicles owned by Vasakronan. Only landlord-related energy consumption is reported (i.e. energy consumption related to heating, air conditioning and the building’s electrical needs). Tenants’ own energy consumption is also reported, but separately from the information given for the company’s energy intensity. Information about the tenants’ own energy consumption is reported separately. This data is needed, among other things, for scope 3 calculations of carbon emissions The Primary Energy Demand for properties is also monitored.

The amount of on-site produced energy from solar photovoltaics owned by Vasakronan is also reported.

Responsibility and monitoring

The SVP for the technical organisation is responsible for the energy consumption of the existing buildings, choice of energy source and increasing our own energy production. The SVP for Project Development in Stockholm and the Regional SVPs in Gothenburg, Malmö and Uppsala are responsible for the future energy consumption in our project properties.

Energy consumption and the share of own-produced electricity is monitored on a monthly basis at the property, regional, and company level by an energy monitoring system in which all the meter values measured are recorded and processed. Energy consumption for new construction and major redevelopment projects is monitored against calculated values in connection with a project being finalised and being put into operation.

Governance

The energy efforts are governed by the company’s energy strategy and environmental policy. The energy strategy is aimed at reducing energy needs in buildings, shifting when needs arise if possible, increasing on-site produced electricity and storing more energy in our buildings.

In existing buildings, our work is also governed by the Energy Inventory Act (Swe: Lagen om energikartläggningar). This includes requirements for identifying and proposing cost-effective measures.

For major new construction projects, the internal requirement is to come in at least 25% under the BBR requirements (National Board of Housing, Building and Planning’s regulations for new construction), which is the equivalent of energy class B in the Swedish system for energy declaration.

For major renovations not covered by the BBR requirements, the aim is to halve energy consumption compared with what it was prior to the renovation.

Reducing energy consumption in existing buildings also requires close collaboration with our tenants. Since 2017, there is a clause in all leases that entails collaboration around reduced energy consumption and mutual reporting of energy data. This also requires tenants to procure renewable energy if tenants have their own energy supply contracts.

Vasakronan only purchases electricity from renewable resources (hydro and wind power), and in all our agreements with suppliers of district heating and district cooling there are requirements for renewable and/or climate neutral energy.

Targets and fulfilment

Ahead of 2021, a target was set to reduce purchased energy by 5% and to increase the number of solar photovoltaic systems to 80. Energy intensity amounted to an average of 83 kWh/sq. m., which is at the same level as the previous year, and by the end of the year, 77 solar photovoltaic systems were in operation.

Reporting policies

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

Reported amounts of energy are based on actually measured values or values taken from grid operators (for part of the tenant energy). In some properties, we deliver tenant energy. In these cases, reporting is based on actual measurements and the tenant is billed for the energy consumed. In the rest of the property portfolio, tenants have their own electricity contracts and so we often lack actual measured data.



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However, we have been able to access this data at the property level from grid operators for the past couple of years.

Reported amounts of energy are not adjusted to the level of a normal year, except in energy intensity data and the Primary Energy Demand that is based on adjusted values.

Outcome

In 2021, energy intensity was 83 kWh/sq. m. (83), compared to the target of a maximum of 79 kWh/sq. m. The failure to reach the target of a 5% reduction in energy consumption is due to the fact that 2021 was a colder year than the previous one. Heating energy is normally adjusted for a typical year, unless it is provided through electricity, such as through heat pumps or borehole heat exchangers. The property portfolio’s average Primary Energy Demand was approximately 88 kWh/sq. m. at the end of the year.

Vehicle fuel used during the year amounted to 0 GWh (0), since all service vehicles that Vasakronan owns have been electric since 2020. Tenants’ own energy consumption is not included in energy intensity, but is included in the climate impact reporting (scope 3). For definitions of energy intensity and temperate area, refer to page 181.

In 2021, an additional 6 solar photovoltaic systems (6) were put into operation in the property portfolio; in total, 8,029 MWh (3,749) of electrical energy was produced from our solar photovoltaic systems, which means that 11% (5) of energy needs were covered by own production. The increase between the years was primarily due to the solar park in Fyrislund, Uppsala that went into operation at the end of 2020, and which is expected to generate approximately 4,000 MWh annually for Uppsala’s power grid.

At the end of the year, 77 (71) solar photovoltaic systems were in operation. The installations are located throughout the entire property portfolio; Stockholm has the most with 31 installations followed by Uppsala with 22, Malmö with 13 and Gothenburg with 11.

Energy consumption

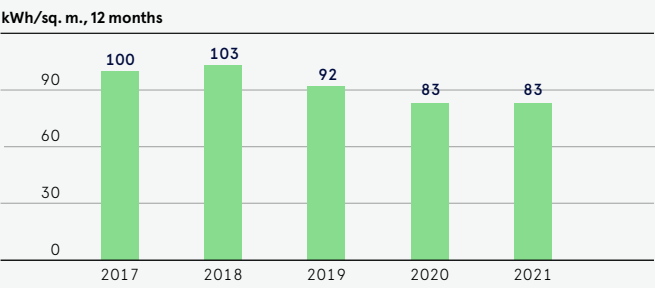
GWh	2021	2020
Cooling	26.2	29.2
Landlord electricity	75.3	73.4
Heating	136.2	111.3
Vehicle fuel consumption	–	–
Total	237.7	213.9

Contribution to the UN SDGs

By reducing energy consumption and transitioning to renewable energy sources we are contributing to Goal 7 and its target 7.2, “By 2030, increase substantially the share of renewable energy in the global energy mix” and 7.3, “By 2030, double the global rate of improvement in energy efficiency.”

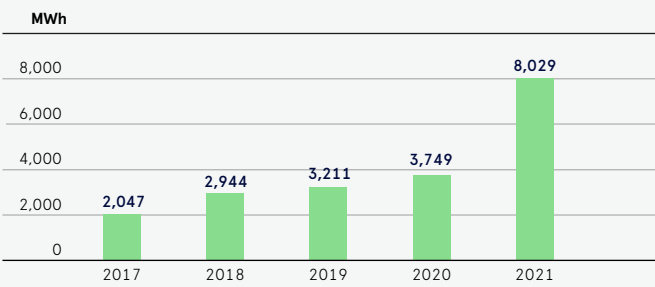


Energy intensity



In 2021, energy intensity averaged 83 kWh/sq. m.

On-site produced electricity



A total of 8,029 MWh of electricity was produced from solar photovoltaic systems during the year.



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303 WATER AND EFFLUENTS 303-5 WATER CONSUMPTION CRE 2 BUILDING WATER INTENSITY

Many parts of the world are facing a shortage of fresh water. Water consumption is therefore an important sustainability issue from a global perspective. Over the last few years, even in Sweden, access to drinking water has been restricted in certain locations, including Uppsala where Vasakronan owns properties. Even though a shortage has only arisen in one of the locations where we operate so far, we are working continually on monitoring and on cost-efficient measures to reduce water consumption. Low water use is a prerequisite for environmentally certifying buildings with high ratings and helping reduce operating expenses.

Boundaries

As a property owner, we have a great opportunity to impact the amount of water used in our buildings, since we are the ones who decide and make investments in technical systems. Our tenants also have an impact on water consumption, which to a large extent depends on the type of operations they conduct and how they choose to use the premises.

The reporting covers water use in all properties. It does not cover any water use where tenants have their own water supply contracts or water use at our construction sites.

Responsibility and monitoring

The SVP for the technical organisation has primary responsibility for the water use of the existing properties. The SVP for Project Development Stockholm and the regional SVPs for Gothenburg, Malmö and Uppsala are responsible for designing all new construction and redevelopment to ensure low water use. Water efficient equipment is selected during planning – low flush lavatories and low flow fixtures, for example. Any landscaping adjacent to the buildings is planned to reduce the need for irrigation.

If possible, rainwater collection systems are installed to collect water used to flush toilets or water plants.

Water use is monitored on a monthly basis at the property, regional, and company level via an operations monitoring system in which all the meter values measured are recorded and processed.

Governance

Reduced water use is governed by the company’s environmental policy, and is included as a requirement in environmental certification of buildings.

Vasakronan uses municipal water from each municipality. Water suppliers and drinking water sources for each region are presented in the table to the right.

Targets and fulfilment

Ahead of 2021, a target was set to reduce water intensity by at least 2% compared with 2019, since the outcome for 2020 was deemed irrelevant due to the pandemic. The reduction compared to 2019 was 27%.

Reporting policies

Reported quantities for water are based on actually measured values without any normalising. Water intensity is calculated by dividing water consumption by a property’s NFA.

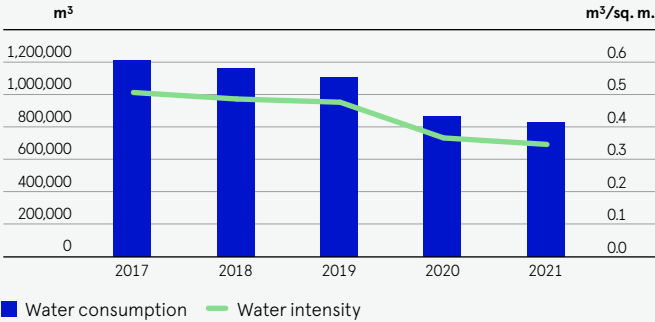
Outcome

The total amount of water consumed during 2021 amounted to 827,138 cubic metres (867,895), equivalent to a water intensity of 0.35 m3/sq. m. per year (0.37). The reduction is primarily explained by the continued low consumption at premises due to the pandemic.

Water suppliers and sources

Region	Water suppliers	Water sources
Stockholm	Stockholm vatten och avfall/ Norrvatten/Sundbyberg avfall & vatten	Surface water
Gothenburg	Gothenburg water and sewage	Surface water
Malmö	VA Syd	Surface water and ground water
Uppsala	Uppsala vatten och avfall	Ground water

Water consumption across
the entire property portfolio



Contribution to the UN SDGs

By reducing the water consumption we are contributing to Goal 6 and its target 6.4, “By 2030, substantially increase water-use efficiency across all sectors”.





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304-2 SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY

Constructing new buildings can affect biodiversity negatively as undeveloped land is taken over by construction. Vasakronan builds an average of a few new buildings every year. But when we build, it is essentially never on undeveloped land. Instead it is on land that has already been developed for some other use, such as parking or industry. Even if the risk of reducing biodiversity is not as great, there are still often significant opportunities to promote biodiversity in connection with project operations. There are also good opportunities to increase biodiversity in the existing property portfolio.

Using various kinds of pesticides also risks affecting biodiversity. Our operations can entail the use of weedkillers and chemical treatments against various types of pests.

We affect biodiversity in other places indirectly through our purchase of goods and services, such as construction material and energy. By reducing the amount of construction material and setting requirements for different kinds of environmental certification for goods and energy, our indirect impact on biodiversity can be reduced considerably.

Boundaries

As property owners, we have the ability to affect the extent of biodiversity at our properties. Sometimes space on a lot is very limited, but then roofs and walls can be used to increase plant life. We can also plant and take care of new plants on smaller lots owned by municipalities.

This report only covers our impact on biodiversity at our own properties and the land immediately adjacent to them. It does not yet cover our indirect impact on biodiversity through purchased goods and services.

Responsibility and monitoring

The SVP for the technical organisation has primary responsibility for the biodiversity of the existing properties. In practice, much of the daily work is through our maintenance contractors.

The SVP for Project Development Stockholm and the regional SVPs for Gothenburg, Malmö and Uppsala are responsible for designing all new construction and redevelopment so that biodiversity on the site is improved after construction is completed.

Governance

Work to increase biodiversity is primarily governed by the company’s environmental policy. Environmental programmes for projects require an ecological study to be performed. This is also one of the areas assessed in environmental certification of new construction and redevelopment projects.

Supplier agreements with maintenance contractors include binding requirements to prioritise biodiversity.

Targets

In 2022, Vasakronan aims to develop proposals for company-wide targets to promote biodiversity.

Accounting policies

During the year, Vasakronan started inventorying measures taken in management and the project portfolio intended to promote biodiversity.

Outcome

Several measures were taken to promote biodiversity during the redevelopment of Sergelhusen, which was completed during the year. They include a roof with plants ranging from dry meadow to small bushes to create high ecological value and encourage biodiversity. One third of the roof area at Sergelhusen is covered with plants. Large portions are dry meadow with hardy, drought-resistant Swedish species that can survive in the difficult roof conditions with a lot of sun and wind. These species are found naturally in the Swedish archipelago, which means that the pollinating insects in the area are already adapted to them. The plants have a long and varied flowering season and can provide nourishment for pollinators for most of the warm half of the year. The landscaping also includes larger vegetation such as perennials, decorative grass and bushes that can offer cover and protection against the wind.

The majority of plants were picked to survive without watering. But to achieve increased biodiversity, some parts are watered as needed. In those cases, collected rainwater is used from large storage tanks in the property.

In the existing property portfolio, new sedum roofs have been added, grass lawns have been converted to flowering meadows and bushes have been replaced with flowers that are better for pollinators.

Contribution to the UN SDGs

By promoting biodiversity, we help support SDG 15 and its target 15.5, “Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.”





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305-1 – 305-3 DIRECT, INDIRECT AND OTHER INDIRECT GHG EMISSIONS CRE 3 GREENHOUSE GAS EMISSIONS INTENSITY FROM BUILDINGS

The construction and property sector accounts for 20% of all greenhouse gas emissions in society, through both emissions connected to construction and those generated by energy consumption in buildings. Reducing our emissions is important for several reasons, including demand from customers for premises with low carbon emissions and reduce the risk of increased construction and energy fees/taxes due to the increased prices of carbon emissions. A new law for climate declarations for new buildings entered into force on 1 January 2022.

Boundaries

Climate impact within our own organisation (scope 1) is marginal since we do not have central heating boilers in the buildings and since all of the service vehicles are electric vehicles. Indirect emissions due to energy consumption (scope 2) can still be affected to a large extent by how high the energy consumption is in our properties and by the kind of energy we choose. The largest amount of emissions related to our operations are scope 3, outside the organisation. However, we can still influence these emissions through the number of construction projects and the choice of construction material as well as strict waste targets. We can also set requirements for the kind of fuel used in the vehicles and machines connected to our construction projects. Emissions connected to how our tenants use our premises can also be influenced, for example through requirements for the kind of electricity they purchase, how they sort their waste and by making it easier to choose climate-smart commutes.

The report includes all emissions from the organisation as well as those from outside the organisation that are the most significant in terms of size and potential impact.

Responsibility and monitoring

Responsibility for emissions is based on the allocation of responsibilities for the materials used, energy consumption and waste, information for which is given under each indicator in this Sustainability Report. In addition, the SVP for HR is responsible for creating the conditions and guidelines for reducing emissions from employees’ business travel and commutes.

Monitoring of greenhouse gas emissions is conducted every year under the GHG protocol, and in 2021 the greenhouse gas report was prepared by the consultants 2050 AB.

Governance

Efforts to reduce the company’s emissions are mainly governed through systematic work to reduce our material and energy consumption, waste from our tenants and our own construction waste. For more information about governance, refer to each indicator in this Sustainability Report.

For even better control over emissions from construction operations, we require all Board decisions about project starts to include a “climate calculator.” This reports emissions per produced square metre and what was carried out in the project to reduce them.

Targets

In 2019, Vasakronan developed a new long-term climate target summarised in the 2030 Road Map. The goal is for the company to be climate neutral throughout the entire value chain by 2030. Because our impact on the climate largely depends on how successful we are at reducing our energy consumption, material use and waste volume, annual targets are set in all of these areas. For information about the targets that were set, see each indicator.

In 2018, we analysed our climate targets at the time in accordance with Science Based Targets initiative. The analysis showed that our previous target, which was much less ambitious than our current one, was well below the level we need to reach by 2030 if our operations are to be deemed in line with the requirements of the Paris Agreement.

Reporting policies

A company’s climate impact is divided into three scopes. Scope 1 emissions are ones that arise in direct connection to the company’s own operations. Scope 2 emissions are indirect emissions that arise due to energy purchased by the company and scope 3 emissions are all of the other indirect emissions. We no longer have significant scope 1 emissions. This is because we no longer burn fossil fuels in our own facilities or vehicles. We phased out all fossil-dependent oil burners more than ten years ago and all service vehicles have been electric for several years now. However, there are occasionally leaks of cooling media from cooling equipment, which is a direct emission related to our own operations.



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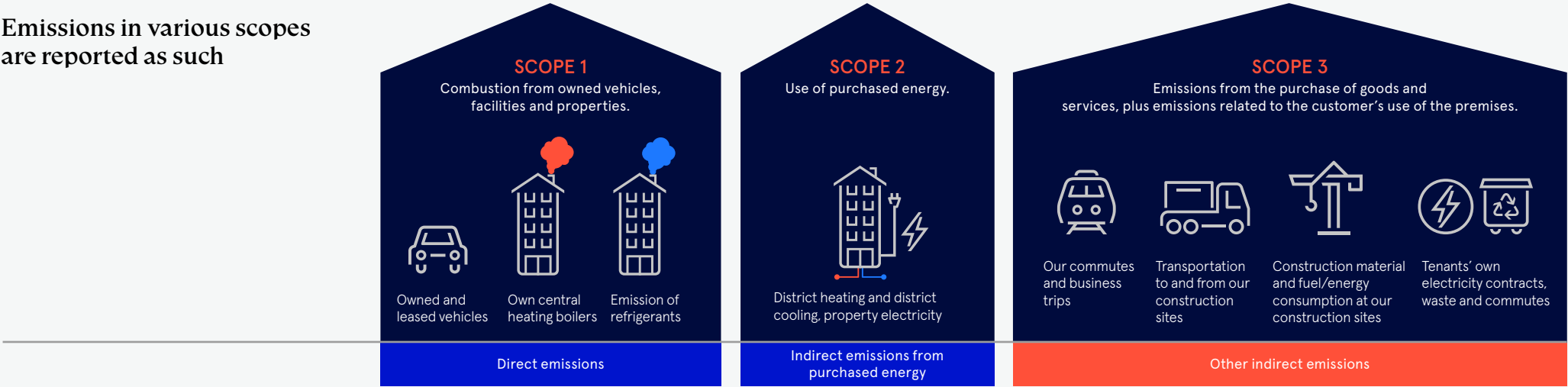
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Emissions in various scopes
are reported as such



Scope 2 emissions pertain to all of the energy purchased in buildings in the form of district heating, district cooling and electricity. Scope 3 emissions are all other indirect emissions in our operations that occur somewhere along the value chain. Upstream emissions arise primarily in the supplier chain from material use, waste and transportation in construction projects. Downstream emissions arise from our customers when tenants use and commute to our premises. One source of indirect emissions outside the organisation are different kinds of business trips by car, train or air and our employees’ commutes.

Vasakronan has been reporting its greenhouse gas emissions since 2006, which is the base-line year for our reporting. The information reported for 2006 is only scopes 1 and 2 and air travel in scope 3, and only carbon emissions, no other greenhouse gases.

Over the past few years, a gradual improvement of data – as well as amended accounting principles – have led to an increase in the scope of which emissions are included in the reporting. Emissions from

waste, material used and transportation in construction projects have been reported since 2014, and tenant energy use has been included in emissions reporting since 2015. Since 2012, the reports relate not only to emissions of carbon dioxide but to all greenhouse gases that impact the climate.

In scope 3, part of the report is based on actual data and part on estimated values. For more information, see the table on pages 159–160. The emissions from waste, transportation and material use in construction projects includes projects that were completed during the year. Many of our major projects run for several years. But since at the moment it is currently too difficult to continuously report those emissions, they are all reported the year when the project is finished. This means that scope 3 emissions can vary greatly between years, depending on how many projects are finished per year. When applicable, emissions are reported using both the market-based (MB) and the location-based (LB) methods.

Outcome

Total greenhouse gas emissions from 2006 and 2017–2021 are given in the table on page 158.

During the year, scope 1 and scope 2 emissions increased 16% (9). This is due primarily to increased leakage of cooling media from cooling equipment in a few individual buildings and increased heating during the year as well as higher emissions per delivered energy unit from some of our suppliers. Emissions from district cooling declined to 0 tons (10) due to reduced amounts of purchased cooling and fossil-free deliveries in all agreements.

In 2021, scope 3 emissions totalled 43,807 tons (41,957). The largest portion of emissions comes from material use in construction projects and tenant energy use. The increase of emissions from material use is primarily due to the redevelopment of Sergelhusen, which was much more comprehensive than the new builds and renovations finished in previous years.



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Emissions from waste in construction projects decreased due to an increased share of material recycling in the renovations that were completed during the year. Emissions from business trips and commutes remained low in 2021 due to the Covid-19 pandemic.

Since 2008, Vasakronan has compensated for scope 1 and 2 emissions as well as parts of scope 3 by purchasing Gold Standard-certified Verified Emission Reductions in the form of shares in a biogas production project in India. A new climate compensation principle was applied starting in 2020. All of the emissions reported in the table on page 158, except for those that are already compensated for by our energy suppliers, are compensated for through a financial amount set aside based on the cost of conventional climate compensation. One third of the emissions are compensated for by purchasing shares in compensation projects, another third is invested in planting trees on our own properties and the last third is invested in financial contributions or our own research and development to reduce emissions from the construction and property sector.

We are aware that only the first method is generally accepted as climate compensation, but since most of the emissions we are compensating for are scope 3 emissions and because all compensation is voluntary, this is the method we have chosen. To reach our goal of climate neutrality by 2030, all of our remaining emissions reported in coming years need to be fully compensated with some kind of “carbon removal credit” compensation. We intend to transition to this kind of compensation credit as it becomes more available in the market up until 2030.

Contribution to the UN SDGs

By reducing the climate impact of the entire value chain, we are contributing to Goal 11 and its target 11.6, “Reduce the adverse per capita environmental impact of cities.” We are also contributing to Goal 12 and its targets 12.2, “Sustainable management and efficient use of natural resources” and 12.4 “Environmentally sound management of chemicals and all wastes.” We also contribute to Goal 13, “Climate Action,” and its target 13.3, “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.”





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	Base year 2006	2017	2018	2019	2020	2021	Comments	All amounts in the table refer to tons of GHG, if not otherwise stated.
SCOPE 1								
Oil	3,335	0	0	0	0	0		
Own vehicles	–	20	22	11	–	–	All fossil-dependent vehicles were phased out in 2019. From 2020 Vasakronan only owns electric vehicles.	
Refrigerants	–	256	215	170	317	494	Increased refrigerant leak from cooling equipment in 2021.	
Total scope 1	3,335	276	237	181	317	494		
SCOPE 2								
District heating (Market based)	25,740	7,175	4,868	4,272	3,838	4,327	Heating use increased 22% between 2021 and 2020.	
District heating (Location based)	–	9,787	10,270	8,867	7,254	8,614	Heating use increased 22% between 2021 and 2020.	
District cooling (Market based)	606	4	6	7	10	0	Cooling decreased 10% and fossil-free deliveries in all agreements.	
District cooling (Location based)	–	142	194	191	213	137	Cooling decreased 10%.	
Electricity (Market based)	30	314	164	127	103	121	Increased electricity use during the year, due in part to cooler weather.	
Electricity (Location based)	–	5,742	5,181	4,838	4,392	5,864		
Total scope 2 (Market based)	26,376	7,493	5,038	4,406	3,951	4,448		
SCOPE 3, Upstream								
Materials in construction projects	–	37,602	28,055	26,312	19,254	23,967	The increase of material use is primarily due to the redevelopment of Sergelhusen, which was a much more comprehensive redevelopment than the redevelopments completed in previous years.	
Production and distribution of fuels (in scopes 1 and 2)	–	868	927	877	973	651	The decrease is primarily due to lower emissions factors.	
Transportation in construction projects	–	596	393	547	1,235	1,280		
Waste from construction projects	–	1,795	1,329	1,104	6,342	3,010	The decrease is due in part to a larger share of material recycling.	
Business trips (train, taxi, flights, hotels, service vehicles and private vehicles used for business)	606	150	224	132	36	30	Reduced number of business trips continued due to the pandemic.	
– of which flights	303	130	206	121	23	15	Reduced number of business trips continued due to the pandemic.	
Commutes	–	159	118	90	25	77	Increased number of car trips due to pandemic recommendations to avoid public transport.	
SCOPE 3, Downstream								
Tenant energy use	–	25,294	19,472	12,155	12,906	13,365	The increase is due to higher emissions factors for electricity from 2020 to 2021. Tenants’ energy use decreased during 2021.	
Waste from our tenants’ operations	–	1,840	1,649	1,288	1,186	1,427	The increase is primarily due to more waste arising from increased activity in the properties. The change is also due in part to changes in our method for monitoring waste processing.	
Total scope 3	606	68,304	52,167	42,505	41,957	43,807		
Sum total of emissions (scopes 1, 2 and 3)	30,318	76,073	57,442	47,092	46,225	48,749		
Climate compensation from energy suppliers	–	–6,993	–4,799	–4,279	–3,848	–4,327		
Emissions following climate compensation from energy suppliers	30,318	69,081	52,643	42,813	42,377	44,422		
Emissions intensity, scopes 1 and 2 (kg per lettable sq. m.)	8.14	3.20	2.22	1.97	1.82	2.11		



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Explanations, emissions notes

Scope	Activity/Category	Data sources	Emissions factor	Source
SCOPE 1	Oil consumption at properties	Oil consumption statistics. Only pertains to one property where oil consumption information comes from the property tenant.	Bio oil: 1 g CO ₂ e/kWh	Energy companies 2021
	Vehicles	Information on purchased vehicle fuel. Emissions ceased in 2019. Only electric vehicles since then.	Only electric vehicles charged in our prop- erties. Electricity consumption is included in scope 2. Electric vehicles: 0 g CO ₂ e/kWh	–
	Refrigerants	Refrigerant emissions are taken from each property’s refrigerant reporting, which includes information about amounts refilled and type.	R452A: 2,141 tons CO ₂ e/ton refrigerant R404A: 3,922 tons CO ₂ e/ton refrigerant R407C: 1,525 tons CO ₂ e/ton refrigerant	Statistics from Svensk Kyl & Värmepumpsföreningen
SCOPE 2	Energy use for all properties regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	Hydro power and wind power (MB): 0.4 g CO ₂ e/kWh Electricity without agreements (LB): 75 g CO ₂ e/kWh	Vattenfall EPD AIB, the Swedish Energy Markets Inspectorate
	Use of district heating in all properties connected to district heating, regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	District heating MB/LB: 4.0/4.0 g CO ₂ e/kWh 40.4/40.4 g CO ₂ e/kWh 55.0/55.0 g CO ₂ e/kWh 0/180.76 g CO ₂ e/kWh 0/97.98 g CO ₂ e/kWh	Stockholm Norrenergi Stockholm Exergi Göteborg Energi Vattenfall E.ON
	District cooling use for all properties connected to district cooling, regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	District cooling MB/LB: 0.0/0.0 g CO ₂ e/kWh 0.0/0.0 g CO ₂ e/kWh 0.0/0.0 g CO ₂ e/kWh 0/189 g CO ₂ e/kWh 0/0 g CO ₂ e/kWh	Stockholm Norrenergi Stockholm Exergi Göteborg Energi Vattenfall E.ON
SCOPE 3, Upstream	Materials in construction projects (Category 2: Capital goods)	Data on construction material is collected for all Board-approved projects. The amount of material in leasehold improvements was estimated using key metrics for materials per square metre improved and total number of square metres improved during the year.	Primarily actual emissions factors. Generic data to a certain extent.	Each building’s EPD. IVL, One Click LCA, Plant.
	Production and distribution of energy fuels (in scopes 1 and 2) (Category 3: Fuel and energy-related activities not included in scope 1 or scope 2)	Energy consumption, district heating and cooling, scope 2. Service vehicles	Electricity (hydro power and wind power): 8.34 g CO ₂ e/kWh Bio oil: 4 g CO ₂ e/kWh Diesel/Petrol and electricity/Electricity/ Petrol: 30/12.4/11.24/40 g CO ₂ e/kWh	Vattenfall EPD The Swedish Energy Agency, the Swedish Transport Administration
	Transportation in construction projects (Category 4: Upstream transportation and distribution)	Data is compiled from all Board-approved projects completed during the year. For leasehold improvements, the effect of transportation is estimated based on actual transportation reports and the number of improved square metres.	–	–

MB = Market based and LB = Location based



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Scope	Activity/Category	Data sources	Emissions factor	Source
SCOPE 3, Upstream, cont.	Waste from construction projects (Category 5: Waste generated in operations)	Data is compiled from all Board-approved projects completed during the year. Actual data was used for a number of leasehold improvements, and the remaining portion were estimated amounts of wasted based on the actual reported amounts available.	Mixed waste for incineration: 0.28 Material recycling: 0.01 Landfill: 0.51 Fossil fuel for combustion: 3.74 <i>The above pertains to tons CO₂e/ton waste</i>	Värmemarknadskommittén Ecoinvent 2.0 Ecoinvent 2.0 Ecoinvent 2.0
	Business trips, taxi (Category 6: Business travel)	Data from the salary system on payments for taxi trips.	12 g CO ₂ e/kWh	Taxi industry, 2018
	Business trips, flights (Category 6: Business travel)	Data taken from travel agency/portal.	RFI 2.7 Calculated per route by 2050	ICAO, NTM, IPCC
	Business trips, train (Category 6: Business travel)	Data from SJ and travel agencies/portals.	0.86 g CO ₂ e/kWh	SJ
	Business trips, hotels (Category 6: Business travel)	Data from travel agencies/portals.	Sweden: 8.5 kg CO ₂ e/night Europe: 17 kg CO ₂ e/night	Larsson & Kamb (2019), Travel and climate Methodology Report. Version 2.0, Chalmers University of Technology
	Business trips with private vehicles or service vehicles (Category 6: Business travel)	Mileage allowance paid for journeys in an employee’s private car or with a service vehicle. Emissions based on fuel consumption for mixed driving for average figures from Swedish vehicle fleets/Vasakronan’s service vehicle car park (only chargeable hybrids/electric vehicles/biogas vehicles).	Service vehicles: Diesel: 110 g CO ₂ e TTW/km Petrol/Electricity: 49.66 g CO ₂ e TTW/km Electricity: 0.0 g CO ₂ e TTW/km Petrol: 160 g CO ₂ e TTW/km Private vehicles: 130 g CO ₂ e/kWh	GHG Protocol, GWP 2014 IPCC Fifth Assessment Report The Swedish Transport Administration, average car in Sweden
	Commutes (Category 7: Employee commuting)	A questionnaire to all employees regarding commute distances and methods and divided into the periods when the Public Health Agency of Sweden’s work from home recommendations applied and the period after the recommendations were lifted.	Bus: 30 g CO ₂ e/kWh Rail transit: 0.0041 g CO ₂ e/kWh Commuter ferry: 470 g CO ₂ e/kWh	The Swedish Transport Administration, NTM, the Swedish Energy Agency NTM NTM
SCOPE 3, Downstream	Tenants’ commutes (Category 9: Downstream transportation and distribution)	Not reported for 2021 due to the pandemic. Data about travel habits per building taken from the environmental certification application.	–	–
	Tenant energy use(Category 13: Downstream leased assets)	Data taken from our own system and the grid operator. A portion also estimated. The share of agreements with or without clauses pertaining to green electricity are taken from our business system.	Hydro power and wind power: 0.4 g CO ₂ e/kWh Residual mix, the Nordics: 365.27 g CO ₂ e/kWh	Vattenfall EPD AIB, Energimarknadsinsp.
	Waste from our tenants’ operations (Category 13: Downstream leased assets)	Data taken from municipal waste contractors and our own waste contractors who handle unsorted waste.	Mixed waste for incineration: 0.28 Composting/biogas production: 0.08 Material recycling: 0.01 Landfill: 0.51 Liquid fossil fuel for combustion: 3.94 <i>The above pertains to tons CO₂e/ton waste</i>	Värmemarknadskommittén Ecoinvent 2.0 Ecoinvent 2.0 Ecoinvent 2.0 Ecoinvent 2.0



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306 WASTE 306-4 AND 306-5 WASTE DIVERTED FROM DISPOSAL AND WASTE DIRECTED TO DISPOSAL

Large amounts of waste arise in new construction and redevelopment projects and account for approximately 35% of all waste generated in society. A large portion of that waste currently goes to incineration or landfill and only a small portion of it is recycled or reused.

In addition to construction waste that arises from our operations, we also take care of large amounts of waste from our tenants’ operations. Even if we are unable to affect the type and amount of waste that arises, we can influence the kind of waste and how well it is sorted since we are responsible for the waste recycling facilities in the buildings.

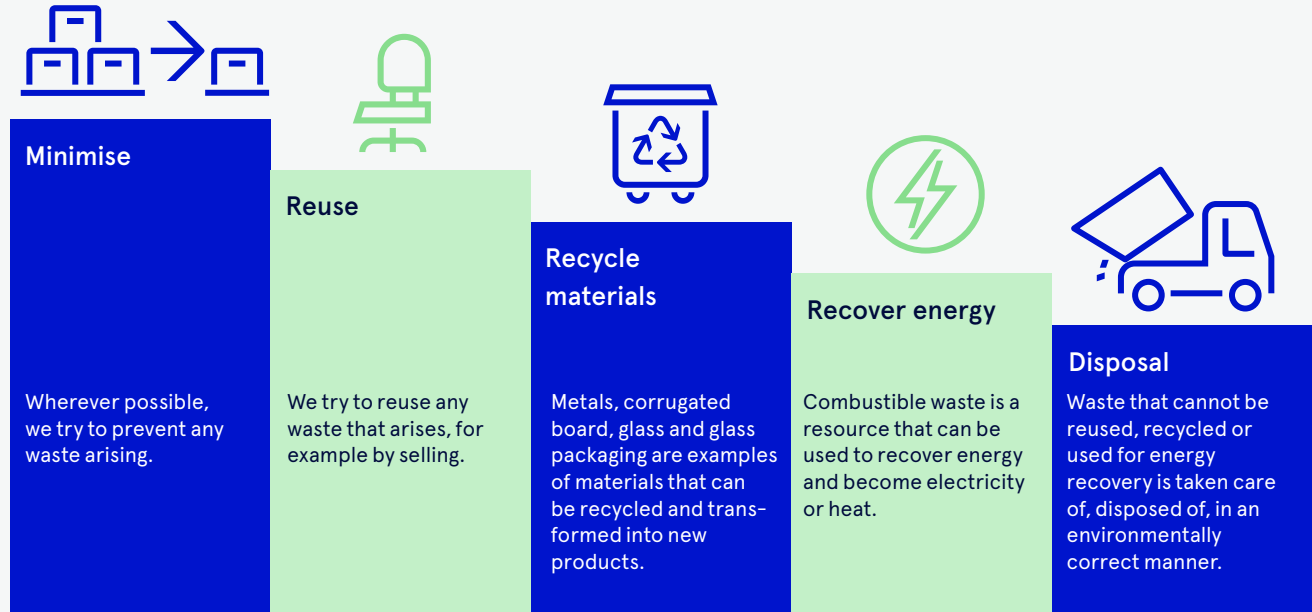
Boundaries

Our influence is mainly exercised outside the organisation at our construction contractors, who do the work in our construction projects, and at our tenants when they conduct operations at our properties. The waste that arises in our own organisation owing to our own property management is not deemed to be material in relation to the waste from construction projects and tenant waste. Since we are tenants at our own properties, our own waste from operations is included in the tenant’s waste reported under these indicators without being reported separately. Reporting only covers the waste that we help our tenants take care of, not any waste for which the tenant is responsible for removal. This could encompass hazardous waste from healthcare operations or confidential papers, for example. Construction waste includes the waste that arises in direct connection with demolition and construction work at our construction sites.

Responsibility and monitoring

The SVP for the technical organisation is responsible for ensuring good waste sorting at our properties. Regional SVPs are responsible for ensuring that there are clear waste management provisions in our leases. The SVP for Project Development in Stockholm and Regional SVPs are responsible for planning project properties so that waste

Waste hierarchy



sorting is possible for future tenants and for ensuring that waste issues are addressed in construction projects.

Tenant waste and construction waste are monitored annually in connection with preparing the sustainability and impact reports.

Governance

The EU waste hierarchy governs our waste policy. Vasakronan strives to minimise waste, to increase the proportion that is recycled or reused, and minimise the share that goes to landfill or incineration.

Vasakronan’s long-term goal is that neither our own nor our tenants’ operations should generate waste that cannot be recycled or reused. All major new construction and redevelopment projects should conduct waste minimising workshops to decrease the amount of waste and setting tangible waste reduction targets for the project.



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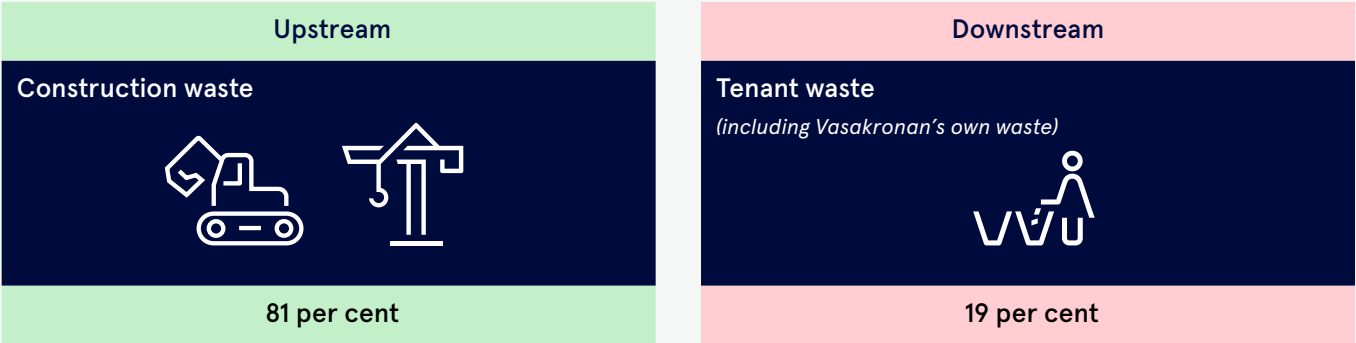
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Waste’s origin and distribution in the value chain



Construction and demolition waste from new construction, redevelopments and leasehold improvements.

Waste from our tenants’ operations left in shared waste-sorting rooms.

Targets and fulfilment

Ahead of 2021, the target was set to decrease the amount of waste generated from project development. In 2021, the average amount of construction waste at completed redevelopment projects amounted to 387 kg/sq. m., compared with 296 kg/sq. m. the previous year. The increase is due to the redevelopment of Sergelhusen during the year, which was of a larger scope than the projects that were completed in the previous year.

For tenant waste, a target was set to increase the share of sorted food waste. The share of food waste in relation to total household waste was approximately 15% (15) in 2021, based on actual amounts of household waste from properties in Gothenburg.

Reporting policies

Reporting amounts of tenant waste is based on weighed amounts of waste that were delivered through data from waste contractors to our monitoring system. In 2021, we started using recovery and disposal

(R&D) codes to report on how waste is processed. The codes are obtained from the relevant waste contractors. Previously, processing methods were reported based on standard values from the responsible waste contractor. The differences in processing methods between years can arise from a change in the reporting method concerning processing methods.

Part of the waste in the category of tenant waste (‘household’ waste or comparable thereto) may only be collected at the properties by a contractor appointed by the respective municipalities. It is often difficult, and sometimes even impossible, to get data from the municipalities on how much waste is collected by their waste contractor in each building. Portions of waste have therefore been estimated, based on key metrics per square metre. The key metric is based on the actual data for amounts that we have received from the appointed waste contractors in one of our municipalities (Gothenburg’s Kretslopp och vatten).

The construction waste monitored pertains to waste arising from

new construction and redevelopment projects that were concluded during the current year as well as leasehold improvements. Waste from new construction and redevelopment projects is based on the actual measurements summarised in waste reports upon completion. Waste from minor leasehold improvements was estimated using a key metric based on various relevant reference projects completed in 2021. Work is ongoing to report actual waste amounts from all leasehold improvement projects.

Outcome

In 2021, tenant waste totalled 8,275 tons (8,803), of which approximately 70% was waste from operations and the remaining portion was household waste or equivalent (which can only be handled by municipally procured waste contractors).

All waste classified as waste from operations is collected by the same waste contractor that weighs the waste upon collection. That is why that data is reliable and comparable across years. The portion



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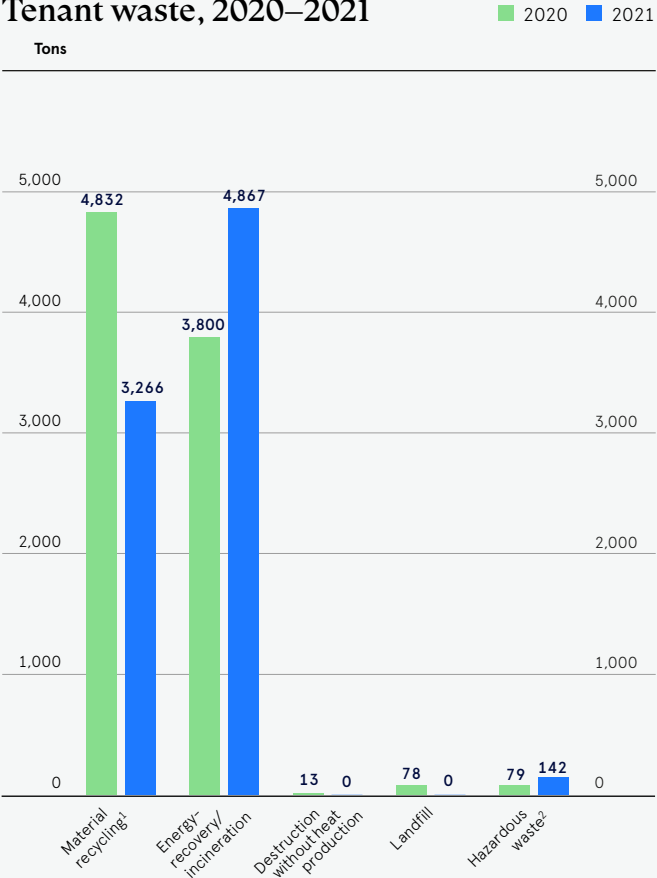
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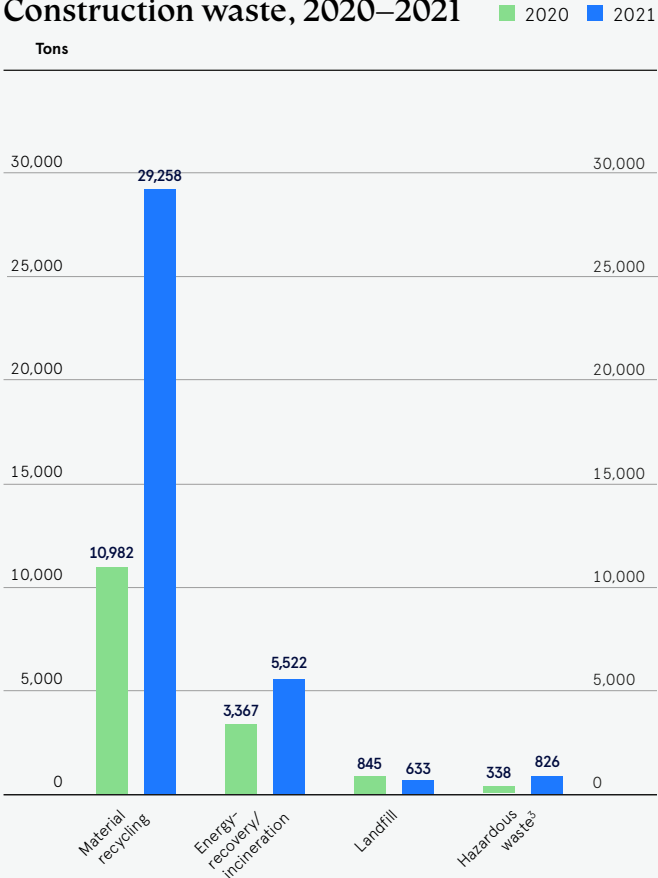
Tenant waste, 2020–2021



1) Food waste that was sorted out for biogas production was also reported in this processing method. During the year, information from one waste contractor indicated that only 60% of food waste goes to biogas production (material recovery), so the remaining 40% of the food waste in 2020 and 2021 was reported under “Energy recovery.”

2) Of which 95% was sent to recycling, 4% to landfill and the remaining portion to energy recovery. There are no comparison figures since 2021 was the first year that processing methods for hazardous waste were reported.

Construction waste, 2020–2021



3) Of hazardous waste, 678 tons were sent to landfill, 79 tons to energy recovery and 69 tons to material recovery.

classified as household waste or equivalent is collected by various waste contractors procured by the municipalities and only some of them provide data about the amounts they collect. The total amount of household waste is therefore estimated using estimates based on existing actual values.

In 2021, the total amount of waste from operations increased to 5,747 tons (4,885). The amount reported as household waste or equivalent decreased to 2,528 tons (3,918). It is difficult to draw any conclusions about the reasons behind the changes and it is clear that better data collection methods need to be prioritised.

Construction waste totalled 36,238 tons (15,532) and included waste from the redevelopment projects at Sergelhusen and Diktaren and the leasehold improvements that were completed during the year. The increase between years is primarily due to the redevelopment of Sergelhusen, which was much more comprehensive than the new construction and redevelopment projects that were completed in the previous year.

Of the total waste, approximately 33,400 tons or 411 kg/sq. m. pertained to the redevelopment of Sergelhusen and 918 tons or 125 kg/sq. m. pertained to the redevelopment of Diktaren. The remaining portion of construction waste for the year was from completed leasehold improvements during the year.

In 2021, the amount of reused materials in leasehold improvements was 183 tons (117).

Contribution to the UN SDGs

By reducing waste, we are contributing to Goal 11 and its target 11.6, “Reduce the adverse per capita environmental impact of cities.” We are also contributing to Goal 12 and its target 12.5, “Substantially reduce waste generation.”





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CRE 8

TYPE AND NUMBER OF SUSTAINABILITY CERTIFICATION, RATING AND LABELLING SCHEMES FOR NEW CONSTRUCTION, MANAGEMENT, OCCUPATION AND REDEVELOPMENT

Environmental certification both of existing and of new construction projects is important from several perspectives. They are third-party evidence of our properties’ low environmental impact. It means that we can fulfil our tenants’ growing environmental specifications. Environmental building certification is also a prerequisite for our green financing.

Boundaries

Many aspects are assessed when environmentally certifying buildings, and we cannot always have full control over some of them. In the organisation, however, decisions are always taken on which buildings will be certified, which certification will be chosen and which rating we will have as an objective.

Reporting covers all properties.

Responsibility and monitoring

Responsibility for environmentally certifying our new construction and redevelopment projects lies with Project Development in Stockholm and the regional SVPs. The SVP for the technical organisation is responsible for certifying and recertifying existing buildings.

The number of certified buildings is reviewed quarterly and reported in the company’s interim reports.

Governance

The environmental intensity of the project is governed by the “Miljö-program för projekt” (Environmental Programme for Development Projects), an internal policy document. The environmental programme for the project indicates that all projects are to be certified under LEED, with the goal of reaching Platinum certification. If there is any deviation from the overall goal, information on the choice of certifica-

tion and the level set as a goal must also be indicated in the decision memoranda produced for the respective projects.

Almost all existing properties have been certified. In some cases we have chosen to wait with certification since the building was awaiting a major redevelopment or other extensive measures. Instead, the work now aims to recertify all existing buildings since this type certification normally expires after five years.

Target

Our target is to environmentally certify all our properties.

Reporting policies

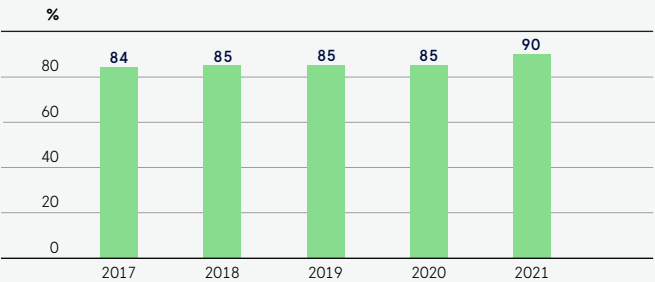
The number of certified buildings is reported as certified area relative to the company’s total area. Vasakronan counts only BREEAM, LEED and Miljöbyggnad as satisfactory certifications; GreenBuilding is excluded as it only encompasses the environmental topic energy.

Outcome

During the year, three project developments were certified and at the end of 2021, 90% (85) of our total property portfolio was environmentally certified, of which the share of LEED Gold or better environmental certifications was 78% (73).

94% (92) of the market value of the investment portfolio was environmentally certified. Of the 94%, some 22 percentage points comprised properties that were undergoing certification, which has been delayed for reasons including the pandemic and difficulty in obtaining data.

Environmental certifications



Share of the property portfolio’s total area.

Environmental certifications

	Area, thousand sq. m.	Share, %
BREEAM Excellent	28	1
LEED Platinum	641	27
LEED Gold	1,151	49
LEED Silver	232	10
LEED Certified	54	3
	2,106	90

To the extent the property is environmentally certified under several systems, it has been counted as LEED certified in the table above.



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308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

102-9 SUPPLY CHAIN

In order to successfully conduct our operations, we need to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, competence and efforts toward quality and sustainability as well as risk function, performance, design and price. Since a large part of our environmental impact arises in the supply chain, assessing suppliers based on how they conduct their environmental work is of great importance.

Boundaries

We ourselves are the ones who determine which requirements we will set for our suppliers and which ones we choose to engage. In turn, the suppliers we engage often have subcontractors. The number of subcontractors is difficult to estimate, since the number per supplier varies drastically. Reporting covers the supplier agreements signed by the Purchasing Department.

Responsibility and monitoring

The SVP for the technical organisation is responsible for the procurement process, which is organised into a central purchasing division. The Purchasing Department is responsible for purchases meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every tender, an evaluation of potential suppliers is conducted based on several criteria. The Purchasing Department continually monitors the proportion of new suppliers who have signed the Code of Conduct for suppliers.

Vasakronan works continually to increase control over the supplier chain by reducing the total number of suppliers engaged and to have all supplier agreements managed directly by the Purchasing Department.

Governance

Environmental requirements for our suppliers – environmental programmes for development projects, for example – are placed in specific appendices to the agreement. General environmental requirements are summarised in our environmental policy and in our Code of Conduct for suppliers. The agreements with new suppliers always include the “Code of Conduct for Vasakronan’s suppliers.” As of 2017, all new framework and service agreement suppliers will be evaluated as regards the environment, working conditions and human rights. Audits are conducted and questionnaires are circulated to check that our suppliers are living up to their commitments in the Code and additional specifications, if any. Selection for audit takes into consideration how much we buy from the supplier and answers in questionnaires as well as particular risks and focus areas.

Targets and fulfilment

Ahead of 2021, a goal was set for the company to evaluate at least 100 of our suppliers with respect to compliance with our Code of Conduct. Refer to the heading “Outcome” on this page for more information on how the target was met.

Reporting policies

All suppliers are entered into a register that includes information about agreed-upon requirements and appendices as well as events such as supplier audits. This is the source for information about the number and share of suppliers evaluated in terms of environmental requirements.

Outcome

The total number of suppliers engaged directly by Vasakronan totals 2,341 (2,376). The suppliers that are primarily engaged are contractors

(mainly construction contractors), consultants (technical consultants and architects, for example), utility suppliers (electricity, district heating and district cooling), and service suppliers. Since Vasakronan conducts operations exclusively in Sweden, our suppliers most often are also based in Sweden.

In 2021, a total of 243 (58) new supplier agreements were signed by the Purchasing Department. All of these suppliers, meaning 100%, signed the Code of Conduct for Suppliers. In 2021, no (–) major supplier audits were conducted and 19 (11) audits were conducted in conjunction with contract meetings with suppliers. In addition, 107 contractors and technical consultants were evaluated through a supplier questionnaire that showed that our suppliers are to a high degree complying with our sustainability requirements. Additionally, 34 (91) suppliers were evaluated via questionnaires taken by Vasakronan project managers regarding their assessment of suppliers’ efforts regarding the environment. The outcomes of these audits show that the audited suppliers met our environmental requirements in a satisfactory manner.

The low number of major audits and contract meetings compared to the previous year is primarily due to the difficulty of conducting on-site audits during the pandemic.

Contribution to the UN SDGs

Through its Code of Conduct for suppliers, Vasakronan sets requirements for its suppliers regarding knowledge of and control over their environmental impact in several areas. This includes requirements regarding the material used, how waste is managed, improving energy consumption and actively working to reduce emissions. By setting these requirements, Vasakronan is contributing to the goals based on indicators for material, waste, energy and emissions.



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Social responsibility

403 OCCUPATIONAL HEALTH AND SAFETY 403-9 WORK-RELATED INJURIES

Sick leave leads both to unnecessary human suffering as well as direct and indirect costs for us and our suppliers in the form of sick pay and loss of output. We are a major purchaser for construction and installation work, and are fully aware that construction sites are some of the most accident-prone workplaces in Sweden. Our operations can never come at the expense of people’s health or well-being.

Boundaries

It is the employers’ responsibility to ensure a good physical, organisational and psychosocial work environment. The impact on our own employees comes from within the organisation. Our largest impact in terms of the risk of serious accidents is outside the organisation, among those who carry out work on our behalf to manage our properties and on construction sites in our project operations. However, we are aware that as a purchaser of these services, we have an opportunity to influence the working environment and therefore follow up on these accidents.

Reporting covers sick leave and accidents at our construction sites as well as concerning persons employed at Vasakronan or Coor who work in our properties.

Work has started to develop a system for reporting accidents that affect our other suppliers related to managing and servicing our properties.

Responsibility and monitoring

The SVP for Human Resources is responsible for overall working environment and wellness measures for our employees, which includes providing them with access to measures that promote health and the opportunity for rehabilitation after illness. The respective directors are responsible for reviewing employees’ work situations.

The SVP for Project Development in Stockholm and Regional SVPs are responsible for monitoring the work environment at our construction sites. The equivalent responsibility for operation and maintenance contracts lies with the SVP for the technical organisation.

Monitoring of our employees’ sick leave and long-term illness absence is conducted monthly, over a rolling twelve months. The number of accidents at our suppliers in major projects is reviewed regularly and summarised when the project is completed. Accidents that affected our employees, or those at Coor working in our properties, are followed up regularly and summarised annually when preparing the Sustainability Report.

Governance

Vasakronan’s work environment agenda is based on the Swedish Work Environment Act and is described in a number of governing documents such as our Work Environment Policy, Equal Treatment Policy, Crisis Management Policy and the Employee Code of Conduct. These policies describe how the systematic work environment agenda is conducted and the allocation of responsibilities. We strive for an active work environment where collaboration between employees, safety officers, managers and company management are characterised by an open climate, an efficient exchange of information and clear communication. Employees provide their opinions through surveys, dialogues, associations, work environment meetings and safety officers. All Vasakronan employees are covered by the systematic work environment agenda.

All managers are trained to take personal responsibility for work environment issues, so that they can take an active responsibility for identifying risks and continuously improve the work environment.

The work environment agenda is followed up during work environment reviews that are carried out once or twice annually in all Management Teams. Managers are responsible for scheduling reviews, and HR provides support as needed. This is also when risk assessments are carried out and updated according to a standardised questionnaire.

Managers and employees can access all governing documents and other work environment descriptions on our intranet for support. Vasakronan informs all employees about work environment issues to make them aware of the importance of the work environment and so that they understand the risks and their own responsibility in the work environment agenda. Work environment issues are also raised at company-wide meetings, theme lectures and in a dedicated group on Vasakronan’s internal communications channel, Yammer. Need-governed activities initiated by each manager are also carried out.

All employees are offered insurance covering private healthcare, medical, health and accident, and injury. All employees are also offered a recurring medical assessment, based on age, which includes individual support in the form of need-based health initiatives. In addition to this, Vasakronan has an agreement with Ljung & Sjöberg, a company that provides support in alcohol and drug issues. Sometimes need-based health initiatives are taken based on results of employee surveys.

One consequence of the pandemic was that in 2020 and 2021, employees worked from home to a great extent. Several measures were taken to ensure a good work environment while working from home. This includes work environment discussions between managers and employees, and managers were informed of the importance of close dialogues on the issues of physical, organisational and social work environments.



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Targets and fulfilment

Ahead of 2021, we set a goal for all of our employees to feel that stress levels at work are reasonable and that they have an opportunity to recover between workdays. The year’s employee survey showed that 73% (78) of the employees would say that they have a reasonable level of stress and 77% (85) would say that they can recover between workdays.

Reducing the number of worksite accidents in our projects is another goal, as is making our tenants aware of our efforts to promote healthy and inclusive indoor environments. Refer to the heading “Outcome” on this page for more information on fulfilment with respect to worksite accidents.

Tenant awareness of our efforts to promote healthy and inclusive indoor environments was not included for the year due to the pandemic.

Reporting policies

Incidents and accidents are reported in the “Kris och incidenter” (Crisis and incident) tool available for all our employees on Vasakronan’s intranet. This reporting currently only covers Vasakronan employees. Reporting and accidents for Coor employees who work in our properties is collected from Coor at the end of the year.

Accident reporting in major construction projects is compiled regularly by the contractor responsible during the project and submitted to Vasakronan upon project completion.

Outcome

Total sick leave in 2021 amounted to 1.5% (2.1); the distribution by region and gender is shown in the diagram on this page.

In 2021, 1 accident (2) were reported among Vasakronan employees. There were 11 accidents (5) among Coor employees carrying out work in our properties. Of these, three resulted in more than one day of absence.

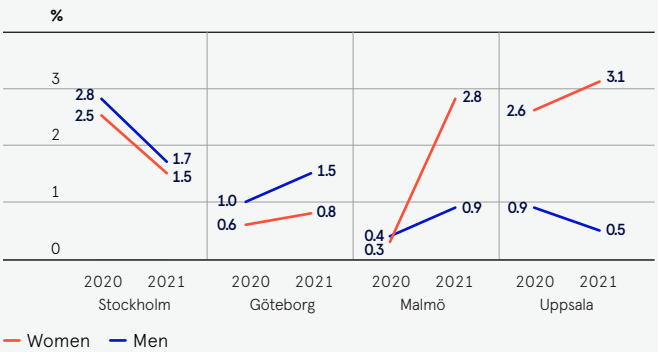
In the two redevelopment projects that were finished in the year, there was a total of 50 accidents (23) and 123 near misses (47), none of which were classified as serious. Even if the total number of accidents and near misses increased during the year, the accident frequency decreased since the number of hours worked in projects in 2021 was significantly higher than in 2020. The frequency of accidents in completed redevelopment projects decreased to an average of 12 (17) per million hours worked. No information has been provided by the contractors regarding any absentee days the accidents may have led to.

Contribution to the UN SDGs

Through occupational health and safety efforts, we are contributing to Goal 3 and target 3.4, “Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being” and Goal 8 and its target 8.8, “Protect labour rights and promote safe and secure working environments for all workers.”



Sick leave 2020 and 2021





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405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

Vasakronan wants to be a company that reflects the society we operate in and we believe we will be more successful if we avoid entirely overly homogeneous groups, since groups with a more heterogeneous composition are often more innovative, solving problems more efficiently.

Boundaries

The impact within our own organisation occurs only in connection with recruitment of new employees and when employees leave. Reporting covers only individuals employed at Vasakronan, and not individuals who perform work under conditions similar to employment.

Responsibility and monitoring

The work on diversity and equal treatment is managed by the company’s SVP for Human Resources. Each manager is responsible for creating groups marked by diversity and for no employees being discriminated against. Any cases of discrimination are captured by one of the following channels: employee surveys, immediate supervisors, the HR division, union parties, the company’s Compliance Officer or our external whistle-blower function.

To ensure that no unreasonable differences in pay occur at Vasakronan, wage surveys are conducted every year. The survey is performed by a third party to ensure the highest possible level of objectivity.

Governance

Our work is governed by our equal treatment policy, which states that operations will be free from discrimination and harassment and that all employees and job applicants will be treated equally. All employees, regardless of sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age must be given equal opportunities for development and advancement, as well as equal pay

for equal work. In addition, there is an internal Code of Conduct for employees and Board members that emphasises everyone’s right to a work environment free from harassment and discrimination.

Targets and fulfilment

The overall goal of our equal treatment policy is that all employees must be given equal opportunities for development and advancement, as well as equal pay for equal work.

Prior to 2021, we set a target for the entire operation that all employees should know how to respond to discrimination. This year’s survey shows that 91% of employees know how to respond to discrimination.

We also set targets for increasing the number of employees with foreign backgrounds. The percentage of employees with foreign backgrounds decreased 12% (14) during the year. Refer to page 169 for more information.

Reporting policies

Data about the number of employees and gender and age are taken from our HR system. Information about the percentage of employees with foreign backgrounds was obtained from Nyckeltalsinstitutet/Statistics Sweden. The share of employees who say that our workplaces are free from discrimination are taken from an employee questionnaire issued during the year.

Outcome

On 31 December 2021, the number of employees was 290 (293), of which 288 (291) were permanent employees and the remainder on time-limited contracts. One employee in the organisation had a part-time contract. All employees are covered by collective agreements and all were salaried at the end of the year.

Composition of the Board, management and other employees based on gender and age is given on page 169 and in the presentation of the Board and management on pages 77–80.

At the end of the year, 274 (238) consultants were employed in operations. Of these, about half were hired in as external project leaders in new construction and redevelopment projects. Other consultants were hired primarily as replacements for existing personnel, for example in connection with parental leave or sick leave.

From the 2021 salary survey, it emerged that women earned 97% (95) of what men earned and that women managers earned 102% of what men managers earned. Moving forward, efforts will increasingly focus on identifying unwarranted pay differences and taking actions.

Contribution to the UN SDGs

By engaging with diversity and equal treatment, we are contributing to Goal 5 and its target 5.5, “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.” We are also contributing to Goal 8 and its target 8.5, “By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value” as well as Goal 10 and its target 10.2, “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.”





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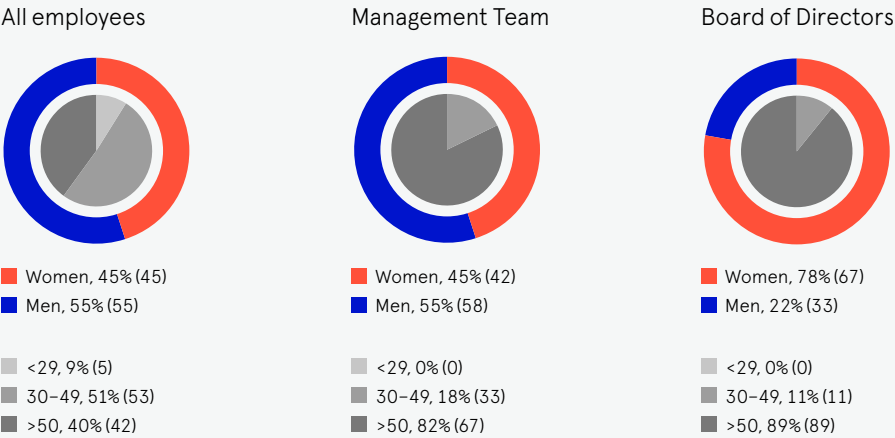
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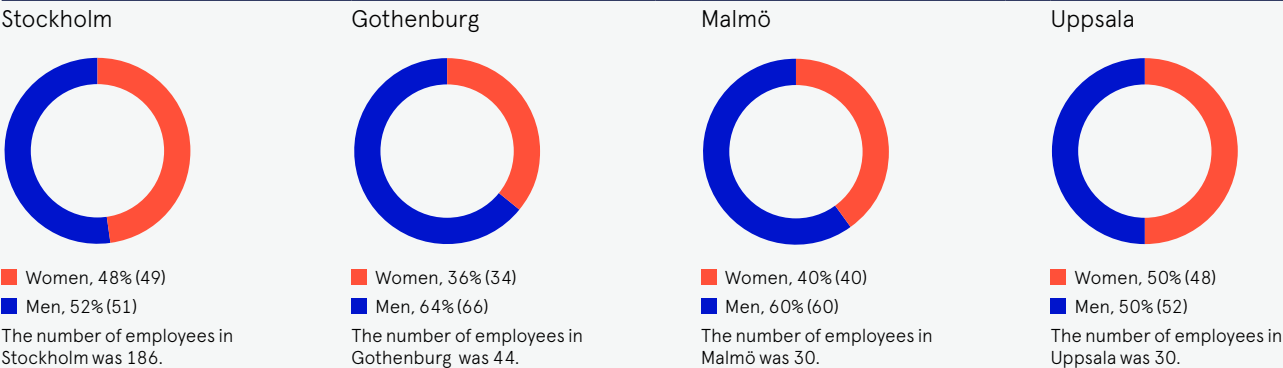
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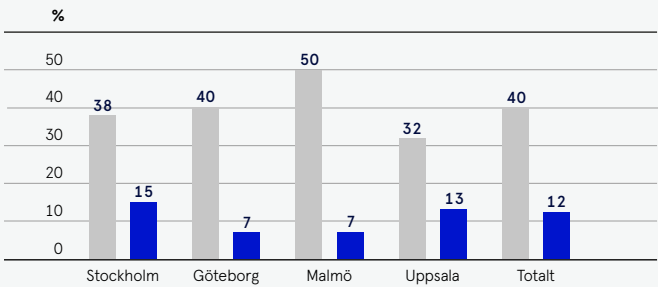
Breakdown by gender (women and men) and age as of the balance-sheet date



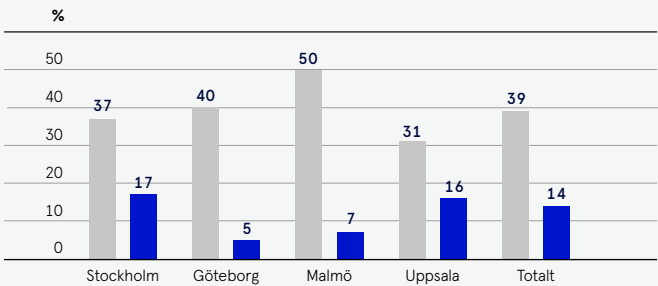
Distribution, women and men, by region, at the balance-sheet date



Share of employees with a foreign background, 2021



Share of employees with a foreign background, 2020



■ Population, aged 20–67 ■ Vasakronan
Share of employees with a foreign background in Vasakronan compared with foreign background in the population (20–67) in the same locations.
Source: Statistics Sweden



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414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

In order to successfully conduct our operations, we need to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, taking into consideration competence and efforts toward quality and sustainability as well as risk function, performance, design and price.

Boundaries

We ourselves are the ones who determine which requirements we will set for our suppliers and which suppliers we choose to engage. In turn, the suppliers we engage often have subcontractors. The number of subcontractors is difficult to estimate, since the number per supplier varies drastically.

Reporting covers the supplier agreements signed by the Purchasing Department.

Responsibility and monitoring

The SVP for the technical organisation is responsible for the procurement process. Signing contracts with new suppliers is handled by a central purchasing division that is also responsible for purchases meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every tender, an evaluation of potential suppliers is conducted based on several criteria. The Purchasing Department continually monitors the proportion of new suppliers who have signed the Code of Conduct for suppliers.

Vasakronan works continually to increase control over the supplier chain by continuously working to reduce the total number of suppliers engaged and to have all supplier agreements managed directly by the Purchasing Department.

Governance

Through its Code of Conduct for suppliers, Vasakronan sets requirements regarding such aspects as working conditions and human rights. The agreements with new suppliers always include the “Code of Conduct for Vasakronan’s suppliers.” Since 2017, all new framework and service agreement suppliers have been evaluated as regards the environment, working conditions and human rights.

To reinforce the opportunity for employees or external parties to anonymously report suspicions of breeches of laws and regulations regarding working conditions or human rights, there is a whistle-blower function. Vasakronan’s Compliance Officer (who is also the General Counsel) receives and investigates the reports that come in. There has been an external whistle-blower function through Interaktiv Säkerhet since 2015.

Audits are conducted and questionnaires are circulated to check that our suppliers are living up to their commitments in the Code and additional requirements, if any. Selection for audit takes into consideration how much we buy from the supplier and answers in questionnaires as well as particular risks and focus areas.

Targets and fulfilment

Ahead of 2021, a goal was set for the company to evaluate at least 100 of our suppliers with respect to compliance with our Code of Conduct. Refer to the heading “Outcome” to the right for more information on the target and how it was met.

Reporting policies

All suppliers are entered into a register that includes information about agreed-upon requirements and appendices as well as events such as supplier audits. This is the source for information about the number and share of suppliers evaluated in terms of working conditions and human rights.

Outcome

In 2021, a total of 243 (58) new supplier agreements were signed by the Purchasing Department. All of these suppliers, meaning 100%, signed the Code of Conduct for Suppliers. In 2021, no (–) major supplier audits were conducted and 19 (11) audits were conducted in conjunction with contract meetings with suppliers. In addition, 107 contractors and technical consultants were evaluated through a supplier questionnaire that showed that our suppliers are to a high degree complying with our sustainability requirements. Additionally, 34 (91) suppliers were evaluated via questionnaires taken by Vasakronan project managers regarding their assessment of suppliers’ efforts regarding the environment. The outcomes of these audits show that the audited suppliers met our environmental requirements in a satisfactory manner.

The low number of major audits and contract meetings compared to the previous year is primarily due to the difficulty of conducting on-site audits during the pandemic.

Contribution to the UN SDGs

By setting requirements for suppliers regarding decent work and human rights, we are contributing to Goal number 3 and target 3.4, “Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being.” We are also contributing to Goal 5, primarily its target 5.5, “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making” and to Goal 8 and its target 8.8, “Protect labour rights and promote safe and secure working environments for all workers.”





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416-A MEASURES TAKEN TO MAINTAIN A HIGH LEVEL OF SAFETY AND SECURITY IN AND AROUND PROPERTIES

Feeling safe and secure in their local surroundings is important for most people. As employers, our tenants want to ensure that their employees have workplace and a commute that they feel is safe and secure. This is becoming an increasingly important issue when selecting premises and, in some cases, is the deciding factor in where a company moves. It is also critical for retail tenants that locations feel safe and secure.

Boundaries

Impact occurs within the organisation as a result of the fact that this indicator pertains to measures we ourselves take. Reporting only covers these measures. Some measures are taken together with other agents, for example neighbouring property owners or municipalities.

Responsibility and monitoring

An important part in the overall work for safer areas is creating a mix of different operations, such as offices, retail, homes and culture. This creates a more dynamic environment throughout the entire day, every day of the week. Responsibility for this lies with the SVP for project development in Stockholm and Regional SVPs. They are also responsible for collaborating with other parties. They also ensure that measures for increased security and safety are included in designs for new construction and redevelopment projects as well as maintenance and development for existing properties.

The technical organisation is responsible for making sure that safety features like security patrols, surveillance and entry systems are well-functioning.

Our tenants’ experience of security and safety is monitored through various questionnaires to our customers. The number of measures for increased security and safety are reviewed annually when preparing this report.

Governance

There are no governing documents or policies for this area. This is accomplished by analysing what tenants want and the possible measures that can be taken in each property and area, by ourselves or together with others. There are operating routines for the ongoing management work that govern how security issues are handled.

Targets and fulfilment

Vasakronan has a long-term target for our properties and neighbourhoods to feel safe and secure. Ahead of 2021, the goal was to carry out at least another 100 measures to increase security in and around our properties and our development projects. Over the year, over 100 measures (70) were implemented to increase security in and around the properties.

For 2022, the target is to develop an overall safety and security plan.

Reporting policies

At the end of the year, data is collected and compiled concerning measures taken by the technical organisation, the regions and project development.

Outcome

Over the year, over 100 measures (70) were implemented to increase security in and around the properties. Examples in the existing property portfolio include improved lighting, alarms, safety certifications, increased security patrols, new entry systems for properties, increased safety inspections and graffiti removal.

In several places in Stockholm, Vasakronan also works with the “Tryggare Sverige” (Safer Sweden) foundation. There are also partnerships with the City of Stockholm to make the city and Kista safer neighbourhoods. The partnership with Purple Flag and the Swedish Property Federation continued in Gothenburg to highlight places that have successfully worked to improve safety and access, and that also offer a diverse selection at night.

In the Sergelhusen project that finished during the year, one of the overall targets was to make the neighbourhood around Sergels Torg a safer place where people choose to spend time, instead of trying to leave as soon as possible.

Contribution to the UN SDGs

By maintaining a safe and secure environment in and around our properties, we are contributing to Goal 5 and its target 5.2, “Eliminate all forms of violence against all women and girls,” Goal 10 and its target 10.2, “Empower and promote the social, economic and political inclusion of all,” Goal 11 and its target 11.7, “Provide universal access to safe, inclusive and accessible, green and public spaces,” and Goal 16 and its target 16.1, “Significantly reduce all forms of violence.”





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Auditor’s Limited Assurance Report on Vasakronan AB’s Sustainability Report and the Auditor’s Report on the Statutory Sustainability Report

This is the translation of the auditor’s report in Swedish. To the general meeting of the shareholders of Vasakronan AB (publ), corporate, identity number 556061-4603.

Introduction

We have been engaged by the Board of Directors of Vasakronan AB to undertake a limited assurance engagement of Vasakronan ABs Sustainability Report for the year 2021. The company has defined the scope of the Sustainability Report to the areas referred to in the GRI Index on pages 133 in this document, which also includes the statutory sustainability report defined on page 133.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Swedish Annual Accounts Act respectively. The applicable criteria are explained on page 133 and are the parts of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or mistake.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we

have performed and to provide an opinion on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. Our examination of the statutory sustainability report has been conducted in accordance with FAR’s auditing standard RevR 12, The auditor’s report on the statutory sustainability report. The procedures performed in a limited assurance engagement and in accordance with FAR’s auditing standard RevR 12 vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Vasakronan AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Consequently, the procedures performed and our examination in accordance with RevR12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures performed in the limited assurance engagement are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A statutory sustainability report has been prepared.

Stockholm, 23 March 2022

Ernst & Young AB

Katrine Söderberg

Authorised Public Accountant

Marianne Förander

Expert member of FAR



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Impact Report – Green financing

The following report encompasses the investments made within Vasakronan’s Green Finance Framework as well as the volume of liabilities outstanding. It has been reviewed by EY.

According to the National Board of Housing, Building and Planning, the construction and property sector accounts for 20% of all greenhouse gas emissions in Sweden, a substantial proportion of energy consumption, and it also impacts the environment by creating a lot of waste that is not recycled or reused.

Vasakronan has been environmentally certified according to ISO 14001 for over 15 years. A fundamental analysis of our significant environmental aspects has been carried out in relation to these efforts. The analysis is regularly evaluated and consistently establishes that we primarily impact the environment and the climate through our energy consumption, use of materials, the waste that we and our customers create as well as the transportation related to our operations as well as those of our customers and suppliers.

Continuing the work on reducing energy consumption in our properties is therefore self-evident to us. Through invest-

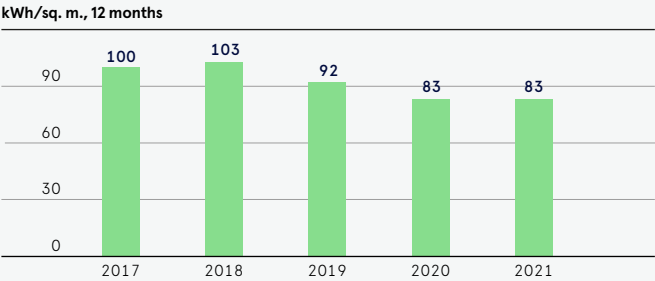
ments in our properties and close collaboration with our tenants, we have managed to reduce energy consumption by 61% since 2009. We also produce renewable energy on site and at the end of the year 77 solar photovoltaic systems and one solar park were in operation.

New construction, redevelopment and leasehold improvements of properties require large amounts of construction materials. When these materials are extracted and produced, and when they are transported to our construction sites, they cause environmental and climate impact. Therefore, it is essential to reduce the amount of materials and to opt for reused materials or materials produced from renewable or recycled products to a larger extent. In addition, we need to ensure that the materials used do not contain hazardous substances that are spread into indoor environments or into the environment outside our buildings. That is why all the materials

used in our buildings are always evaluated and documented. The Byggarubedömningen system is used in this work. New construction and redevelopment projects also lead to considerable construction and demolition waste. A great deal of it is not recycled but goes straight to incineration or landfill. As property owners, we also take care of large amounts of waste from our tenants’ operations. Even if we have very little influence on the type and amount of waste that arises, we are still the ones who determine how well the waste is sorted since we are responsible for the waste recycling facilities in the buildings. We also have requirements for sorting in our lease agreements. The EU’s waste hierarchy guides our work to reduce environmental impact both from construction waste and our tenants’ waste. The goal is to minimise the amount of waste sent to landfill and incineration and to increase the proportion that is recycled or reused.

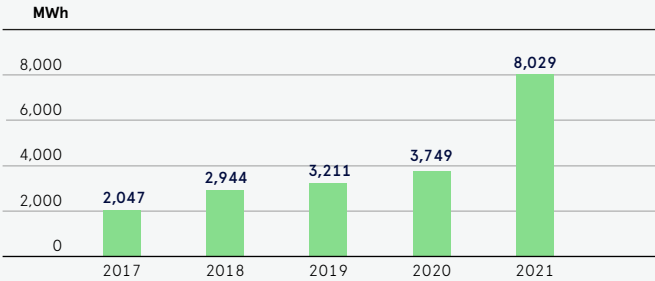
Reducing water consumption is an important issue from a global and a local perspective. Reducing water consumption is an important issue from a global and a local perspective.

Energy intensity



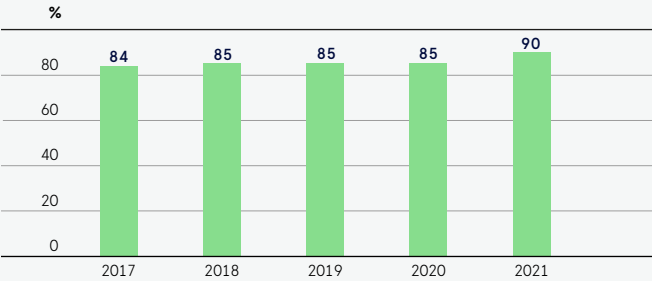
In 2021, energy intensity averaged 83 kWh/sq. m.

On-site produced electricity



A total of 8,029 MWh of electricity was produced from solar photovoltaic systems during the year.

Environmental certifications



At the end of the year, 90% of the entire property portfolio was environmentally certified.



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Vasakronan only uses municipal water. In Uppsala, one of our four operating areas, the municipality has indicated a local water shortage. That is why we are working continuously, in Uppsala and our other areas, with monitoring and implementing cost-effective measures to reduce consumption. Low water consumption is also a prerequisite for environmentally certifying buildings with high ratings.

By reducing our energy consumption and phasing out fossil fuels from our properties and vehicles, we have reduced carbon emissions in scopes 1 and 2 by close to 90% since 2006. For several years there has also been a longterm and systematic effort to reduce scope 3 emissions, primarily from construction activities and our tenants’ use of their premises. Since 2017, we have summarised our climate work in an annual TCFD report. The 2021 TCFD report is presented on page 136 of the 2021 Annual Report.

In 2018, Vasakronan had its climate targets evaluated by the Science Based Target initiative, who confirmed that they were far more ambitious than required to be in line with the Paris Agreement. In the end of 2019, the long-term climate target was raised to climate-neutrality across the entire value chain by 2030. Vasakronan has developed a road map which describes ways to reach this target and how any remaining emissions will be compensated to achieve neutrality.

A company-wide business plan is developed every year, with annual financial, environmental and social targets. For more information on our targets and their fulfilment for refer to pages 22–23 in the 2021 Annual Report

In 2021, Vasakronan was ranked the best office/retail company in the Global Real Estate Sustainability Benchmark and as the fourth best company in the Development Benchmark.



Vasakronan is leading the way in environmental work. How are you working with others on societal responsibility?

“Our social responsibility is based on the thousands of people that we affect in our operations. This includes everyone who works on our behalf, our own employees and our suppliers’ employees. We are only sustainable if we ensure they have safe, sound and healthy work environments with good working conditions where nobody is discriminated against. Our social responsibility also encompasses our buildings and neighbourhoods, which need to be safe and secure and which need to be designed to promote health, well-being and inclusion.”

What are the biggest societal responsibility challenges?

“There is no doubt a risk that people might be exploited in our supplier chain. We procure services in sectors where we know illegal employment and systematic exploitation of undocumented people is a problem. That is why we work systematically in choosing suppliers and make regular checks at our construction sites. But we believe that this work needs to be intensified to close any loopholes and to be incredibly clear about our zero-tolerance stance any sort of impropriety.

“Another area is the risk for serious worksite accidents. Between 1,500 and 2,000 of the approximately 300,000 people who work in the Swedish construction industry are seriously injured each year. This is, naturally, unacceptable. Nothing like this should happen at our workplaces. That’s why we work systematically with work environment issues at our construction sites. This is why we have also joined the Håll Nollan initiative, a collaboration across industries with the vision that everyone should come home uninjured after a day at work.”

What are the top priorities for the future?

“In addition to the two areas I already mentioned, safety and security in our neighbourhoods and working to improve inclusion and integration into society. Inclusion and integration are issues we’ve already been working with internally for several years. Now the ambition is to get more to act by collaborating with our suppliers.

“Safety issues can be everything from small measures, such as better outdoor lighting at a particular property, to preventative measures for entire neighbourhoods. We think that these two issues go together. If Vasakronan can help create more large-scale inclusivity, it can help reduce crime, which in turn has a positive effect on safety and security.”

Anna Denell
Chief Sustainability Officer (CSO)



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Green financing

In 2021 all new borrowing was green. Green bonds totalling SEK 11.9 billion (11.8) have been issued, making Vasakronan the Nordic region’s largest issuer of green corporate bonds. During the year we issued our first bond denominated Hong Kong dollars and green bonds have now been issued in seven different currencies.

Financing was broadened further in the fourth quarter in the form of a green, digital NSV (Namensschuldverschreibung (Eng: registered bond)) of EUR 50 million. The bilateral loan is the first of its kind in Europe, since it has been issued without any intermediaries via the firstwire digital platform at the same time as the principal was earmarked for green assets.

The volume outstanding of green commercial paper increased during the year and amounted to SEK 4.8 billion (0.9). The volume of green financing consisting of green bonds, green commercial paper and green NSVs outstanding amounted to SEK 48.1 billion (34.9). At year end, green assets amounted to SEK 53.4 billion (53.8), providing SEK 5.3 billion (18.9) in remaining green borrowing capacity.

In addition to financing under the framework, Vasakronan had green unsecured loans outstanding with the Nordic Investment Bank and the European Investment Bank that totalled SEK 4.9 billion (5.5) at the end of the year, plus an unutilised credit facility with the European Investment Bank of SEK 2 billion. At the end of the year, the green secured bank loans outstanding totalled SEK 1.8 billion (1.8).

Green financing, including green bank loans that are financed outside the framework, increased during the year to 74% (61) of Vasakronan’s total borrowings.

Criteria under the framework

What can be financed with the proceeds from Green Finance Instruments is described in a framework prepared according to ICMA Green Bond Principles and that has been evaluated by the Center for International Climate Research (CICERO), a Norwegian climate research institute. Since 2017, Vasakronan’s framework allows for investments in new construction and redevelopment projects, existing properties and investments in solar energy projects.

The financing of new construction and redevelopment projects requires that they be certified according to LEED for new construction or redevelopment at Platinum level, or BREEAM-SE at Outstanding level, and have an energy intensity 25% below the National Board of Housing, Building and Planning’s requirements (BBR requirements).

The criteria to be met for financing an existing property is that the building must be certified according to LEED on a Gold level or higher and have an energy intensity below 100 kWh/sq. m. per year. The framework and CICERO’s second opinion can be found at www.vasakronan.se.

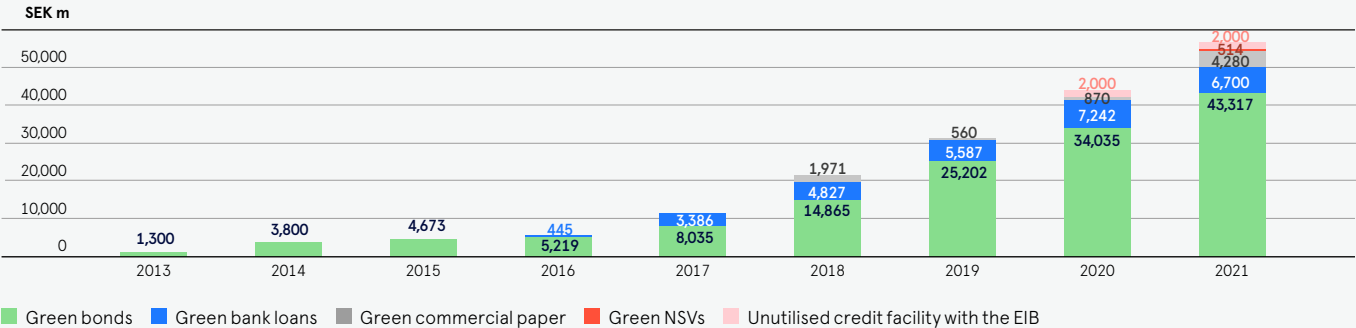
Vasakronan has a special account for transactions attributable to the issue of green debt instruments. If the approved investment amount is less than the volume of green debt instruments outstanding, Vasakronan has undertaken to place a corresponding amount in this special account.

Approved investment amount, 31 Dec 2021

	SEK m
Eligible investments in ongoing projects	830 ¹⁾
Existing properties	52,563
– of which previously new construction and redevelopment projects	8,892
Solar parks	28
Total approved investment amount	53,421
Volume outstanding, green bonds	43,317
Volume outstanding, green commercial paper	4,280
Volume outstanding, green NSVs	514
Total volume outstanding	48,111
Remaining approved investment amounts	5,311

1) Following the publication of our year-end report for 2021, it has come to our attention that one project (Hötorgshus 2), which has previously been selected for our green financing, is at risk of not meeting all the requirements of the framework, which is why the project has been removed from the green pool, which thus decreased with SEK 113 million.

Green financing growth





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Examples of assets in the green pool



EXISTING PROPERTY

Uppfinnaren 2

Uppfinnaren 2 is in Östermalm in Stockholm and includes approximately 17,000 square metres, primarily offices. The property was constructed in 1914 for the Swedish Armed Forces and for many years both the military and naval academies were located there. After a total redevelopment in 2002 and 2003, the property now houses primarily civilian operations. The property is classified as a historic building by the Stockholm City Museum according to their classification of culturally and historically valuable buildings. Several energy efficiency measures were carried out in the last few years, which reduced energy consumption by half. The building now has an energy intensity that can be measured against energy requirements for equivalent new builds.

- Environmental certification LEED, Platinum
- Annual energy intensity 60 kWh/sq. m. (purchased energy)
- Borehole heat exchangers for distributing heating and cooling
- Heat recovery from STOKAB’s server farm for the city fibre network
- Electric vehicle charging stations
- Large inner courtyard with landscaping and bicycle parking



NEW CONSTRUCTION PROJECTS

Magasin X

Immediately adjacent to Uppsala Travel Center is Sweden’s largest office property in wood. Using wood as a construction material significantly reduces carbon dioxide emissions per produced square metre. In Magasin X this amount is 280 kg CO2e per square metre (GFA), calculated according to EN 123:456, A1–A5 and all construction material. Trees also capture carbon dioxide through photosynthesis which means that the building, as long as it stands, is a carbon dioxide sink. The property was already fully let two years before it was completed and in autumn 2021 the first tenants moved in. The property is just over 11,000 square metres and also includes a café in the entrance area. Thanks to smart energy solutions, the property has exceptionally low energy

- consumption – 66% lower than the requirements for new buildings.
- Environmental certification LEED, target Platinum
 - Annual energy intensity 27 kWh/sq. m. (Primary Energy Demand)
 - Solar photovoltaics on the roof and integrated into the facade
 - Borehole heat exchangers for distributing heating and cooling
 - Batteries for long-term storage of solar electricity
 - Electric vehicle charging stations and parking and changing rooms for cyclists
 - Green roof with insect hotel



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The roof terrace on Sergelhusen in Stockholm is well planned and offers ecosystem services as well as comfort.

Our effect on the UN Sustainable Development Goals

In 2015, the UN’s member states committed to the 17 SDGs, which are to be achieved by 2030. The business world plays a key role in this and many companies are working to reach the goals, but there is also a risk that companies conduct operations that actively counteract the goals. Vasakronan’s operations contribute to several of the Sustainable Development Goals. We also analysed whether there is any risk that our operations would interfere with achieving the goals.

Operations have the largest positive impact on Goal 7 “Affordable and clean energy,” Goal 9 “Industry, innovation

and infrastructure,” Goal 11 “Sustainable cities and communities” and Goal 12 “Responsible consumption and production.” Through our positive impact on these goals, our operations also contribute to Goal 13, “Climate Action.”

The challenges in operations connected to the 2030 Agenda goals include Goal 8 “Decent work and economic growth,” primarily related to work environment accidents and hazardous working conditions at our construction sites.

For more information about how we work with the Sustainable Development Goals, see pages 146–171 in the 2021 Annual Report.

Other information

The environmental data in this report was produced in accordance with the same principles and methods as the Sustainability Report and is shown on page 133 in the 2021 Annual Report.

Investments in new construction and redevelopment projects corresponded to the amount that as of the balance-sheet date had been invested in the actual property. Existing properties are recognised at market value. The market value is updated mid-year and at the end of the year in connection with external evaluations being performed. Reporting of market value and amounts invested follows the accounting policies indicated on pages 109–110 in the 2021 Annual Report.

The Existing properties category also includes properties that previously underwent new construction or renovation, and were financed over the course of the project in accordance with the criteria for new construction and redevelopment projects. In connection with the completion of new construction or redevelopment, an evaluation was conducted against the criteria set for investments in existing properties. Reclassifying a property from new construction and redevelopment projects to the category for existing properties requires that the new build or redevelopment is reported to the Board of Directors. It also requires the property to have a final certification and a verified energy intensity for at least 12 months.



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Calculation approach

Climate impact reduction reported on page 179 for the existing properties pertains to the difference between the annual energy-related emissions that the property would have had without improvement to the energy intensity from 2009 until 2021 and without contracts for renewable energy. Any climate compensation made by energy suppliers has not been included in the calculations. The reduced energy consumption from 2009 to 2021 pertains to actual consumption, unadjusted for a normal year. For properties acquired or built after 31 December 2009, the registered energy consumption at the end of the first year after the property was occupied/put into use was used as a comparison figure.

When calculating the estimated emissions avoided in on-going new construction and redevelopment projects (see the table on page 178), the forecast Primary Energy Demand is compared with the highest permitted Primary Energy Demand under the BBR requirements. The assessed emissions avoided from new construction and redevelopment projects pertain to the difference between the annual GHG emissions that the property would have had if it had been built in accordance with the BBR requirements and without renewable energy contracts, and emissions from the property’s forecast energy intensity and taking into account Vasakronan’s energy contracts.

Some of the new construction and redevelopment projects and existing properties that are financed under the framework are also financed with green bank loans. To make sure that the calculated avoided emissions and reduction in climate impact will only have an effect on green financing under Vasakronan’s framework, the portion pertaining to green bank loans has been deducted. To determine the size of that portion, the proportion of the green loan in relation to the forecast investment and the property’s market value was used.

In cases where the existing property is pledged for loans outside the framework, the proportion of the mortgage deeds in relation to the property’s market value is used. For more information about which properties are partially financed through green loans or other loans, see the tables on pages 178 and 179.

Ongoing new construction and redevelopment projects forming basis for investment, with an eligible investment of SEK 830 million

Property	City	LEED Certification	Energy intensity Primary Energy Demand (F), kWh/sq. m.	Energy intensity, Primary Energy Demand BBR ² , kWh/sq. m.	Estimated reduction in energy consumption, %	Estimated emissions avoided (annual), tons	Waste, kg/sq. m.	Materials, kg/sq. m.
Nattugglan 14 ¹	Stockholm	Platinum (F)	45	80	44	116		
Sperlingens Backe 47	Stockholm	Platinum (F)	51	70	27	110	–	–
Kungsängen 14:5 (Magasin X) ¹	Uppsala	Platinum (F)	27	80	66	141	–	–
Kronåsen 1:1 (Celsius) ¹	Uppsala	Platinum	33	96	66	151	26	953
Total			–	–	–	518	–	–

1) The project is financed in part by green bank loans with the EIB.
2) Maximum permitted energy intensity under National Board of Housing, Building and Planning guidelines.
(F) = Forecast
Waste and materials are not reported for the Kungsängen 14:5 (Magasin X), Sperlingens Backe 47 and Nattugglan 14 projects, as these were not completed as of 31 Dec 2021.

Solar park, eligible investment of SEK 28 million

Property	City	Energy produced during the current year, MWh	Estimated emissions avoided, tons
Fyrislund solar park	Uppsala	4,077	1,490
Total		4,077	1,490



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Existing properties forming basis for investment, with an approved investment amount of SEK 52,563 million

Property	City	LEED certification	Energy intensity, kWh/sq. m. 31 Dec 2009	Energy intensity, kWh/sq. m. 31 Dec 2021	Reduction in energy consumption 2009–2021, %	Estimated reduction of climate impact (annual), tons	Water intensity, m³/sq. m., 31 Dec 2021
Gullbergsvass 1:16	Gothenburg	Platinum	81	47	42	533	0.23
Gullbergsvass 16:1	Gothenburg	Gold	113	77	32	334	0.37
Heden 22:19	Gothenburg	Gold	102	53	48	533	0.21
Inom Vallgraven 11:6	Gothenburg	Gold	114	85	25	334	0.45
Lorensberg 45:16	Gothenburg	Platinum	126	88	30	85	0.19
Nordstaden 10:23 ²	Gothenburg	Gold	174	79	55	437	0.34
Nordstaden 8:27	Gothenburg	Platinum	156	87	44	930	0.56
Abbedissan 2 (previously Priorn 5) ⁴	Malmö	Platinum	25	25	–	146	0.18
Bylgia 1	Malmö	Platinum	125	61	52	229	0.08
Gasklockan 3	Malmö	Gold	98	85	13	587	0.54
Magnus Stenbock 4	Malmö	Platinum	119	69	42	233	0.22
Nereus 1	Malmö	Platinum	124	67	46	248	0.08
Relingen 1	Malmö	Platinum	224	68	70	275	0.13
Sejen 3 ⁴	Malmö	Platinum	83	87	–5	117	0.34
Sirius 1	Malmö	Gold	69	55	21	155	0.34
Albydal 3	Stockholm	Gold	89	77	13	154	0.18
Blåmannen 20 ²	Stockholm	Platinum	286	93	67	2,684	0.40
Getingen 11	Stockholm	Platinum	168	80	52	872	0.25

Property	City	LEED certification	Energy intensity, kWh/sq. m. 31 Dec 2009	Energy intensity, kWh/sq. m. 31 Dec 2021	Reduction in energy consumption 2009–2021, %	Estimated reduction of climate impact (annual), tons	Water intensity, m³/sq. m., 31 Dec 2021
Hammarby Gård 12	Stockholm	Platinum	94	60	36	64	0.21
Hilton 7 ^{1, 3}	Stockholm	Platinum	60	68	–13	89	0.17
Modemet 1, Bldg. 8 ¹	Stockholm	Platinum	105	27	74	193	0.14
Riga 2	Stockholm	Gold	104	37	64	561	0.19
Rosenborg 1	Stockholm	Platinum	179	94	47	173	0.13
Rosenborg 2	Stockholm	Platinum	136	89	35	124	0.16
Modemet 3, Bldg. 3 ¹	Stockholm	Platinum	105	29	72	185	0.09
Modemet 3, Bldg. 4 ¹	Stockholm	Platinum	105	51	51	59	0.09
Rosteriet 6 & 8	Stockholm	Platinum	224	76	66	1,225	0.14
Spektern 13 ²	Stockholm	Gold	168	78	54	1,058	0.40
Tre Vapen 2 ²	Stockholm	Platinum	115	82	29	320	0.13
Uggleborg 12 ^{1, 2}	Stockholm	Platinum	127	59	54	664	0.27
Uppfinnaren 2	Stockholm	Platinum	95	60	37	248	0.25
Dragarbr 24:5	Uppsala	Gold	145	74	49	607	0.51
Dragarbr 28:5	Uppsala	Platinum	80	52	35	478	0.58
Fälhagen 1:39 ⁴	Uppsala	Platinum	61	48	21	133	0.12
Kronåsen 1:1 (Hubben) ^{1, 3}	Uppsala	Platinum	57	52	9	207	0.41
Kungsängen 4:4	Uppsala	Platinum	154	79	49	323	0.29
Total			–	–	–	15,598	–

1) Properties that underwent new construction or renovation, and were financed over the course of the project in accordance with the criteria for new construction and redevelopment projects. After the project was completed, the property was reclassified to the existing properties category. As of 31 December 2021, these properties comprised SEK 8.9 billion. For further information, see “Other information” and “Calculation approach.”
2) The property is financed in part by a secured green bank loan or other secured bank loans outside the framework. For further information, see “Other information” and “Calculation approach.”
3) The property is financed in part by a green bank loan with the NIB. For further information, see “Other information” and “Calculation approach.”
4) The property was acquired or built after 31 Dec 2009. In these cases, the registered energy value at the end of the first of December after the property was occupied/put into use was used as a comparison figure.



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- Stakeholder dialogues
- Materiality review
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 - Green financing

Auditor’s Limited Assurance Report on Vasakronan AB’s Impact Report – Green financing

This is the translation of the auditor’s report in Swedish. To the Board of Directors of Vasakronan AB, corporate identity number: 556061-4603

Introduction

We have been engaged by the Board of Directors of Vasakronan AB (publ) to undertake a limited assurance engagement of the information in the Company’s “Investor Report – Green financing” (the Investor Report), for the year 2021. The Investor Report consists of the pages 173–179 in the Annual Report.

Responsibilities of the Board of Directors and Executive Management

The Board of Directors and Executive Management are responsible for the preparation of the Investor Report in accordance with the applicable criteria, as explained on page 175 of the Annual Report and consists of the parts of Vasakronan AB (publ)s Green Finance Framework which are applicable for the Investor Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of an Investor Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the stated reported information in the Board of Director’s and Executive Managements Investor Report and the use of the issued amount according to the framework’s categories, based on the limited assurance procedures we have performed. Our engagement is limited to the information in this document

and the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance engagements other than audits or reviews of historical financial information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Investor Report and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB’s Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (*International Standard on Quality Control*) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Vasakronan in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Investor Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Impact Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

Stockholm, 23 March 2022
Ernst & Young AB

Katrine Söderberg <i>Authorised Public Accountant</i>	Marianne Förander <i>Expert member of FAR</i>
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Definitions

- Definitions
- Financial Calendar
- Contact information

Annual rent, SEK m
Base annual rent plus indexation and supplements.

Area, sq. m.
Lettable area, not including garages and parking spaces on the closing date.

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

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

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

Average remaining term to maturity, years
The total contract value of commercial facilities divided by contracted rent for commercial facilities.

Capital employed, SEK m
Total assets less non-interest-bearing liabilities.

Cash and cash equivalents, SEK m
Cash and bank balances, along with current investments with maturities of less than three months. Intended as an indication of the company's liquidity.

Central administration, SEK m
Costs at the Group level that are not directly related to property management, such as costs associated with

the Group management, property investments, financing and central marketing.

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

Contracted rent by property type
Contracted rent categorised according to the assigned premises use, for each lease, broken down as offices, retail and other. The category "other" includes residential space, parking and hotels.

Contracted rent, SEK m
Total annual rent from contracts in effect as of the closing date.

Debt/equity ratio, multiple
Interest-bearing liabilities divided by equity. Intended as an indication of the company's financial risk.

EBITDA margin, %
Rental revenue in relation to EBITDA. Intended as an indication of the current earnings in property management activities.

EBITDA, SEK m
Operating surplus less central administration, with the addition of cash flow from dividends from joint ventures and less ground rents and land leases. Intended as an indication of the current earnings in property management activities.

Economic occupancy rate, %
Contracted rent divided by the rental value on the closing date.

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

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

EPRA NDV (Net Disposal Value), SEK m
Equity adjusted for goodwill and the fair value of interest-bearing liabilities as well as the full extent of deferred tax.

EPRA NRV (Net Reinstatement Value), SEK m
Recognised equity, adding back goodwill, derivatives and deferred tax. The metric shows the company's EPRA NAV.

EPRA NTA (Net Tangible Assets), SEK m
Recognised equity adding back goodwill, derivatives and other intangible assets after adjustment for estimated actual deferred tax. Calculated on the basis of a 30% current tax rate, in other words 6.2%. The metric reflects the actual NAV.

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

Interest coverage ratio, multiple
EBITDA in relation to net financial items. Intended as an indication of the company's sensitivity to fluctuations in interest rates.

Investments in existing projects, SEK m
Investments in ongoing projects. Intended as an indication of the company's investment volume.

Loan-to-value (LTV) ratio, %
Net interest-bearing liabilities divided by the fair value of investment properties on the closing date. Intended as an indication of the company's financial risk.

Net interest-bearing liabilities/EBITDA, multiple
Interest-bearing liabilities less cash and cash equivalents in relation to EBITDA. Intended as an indication of the company's financial risk.

Net interest-bearing liabilities, SEK m
Interest-bearing liabilities less cash and cash equivalents. Intended as an indication of the company's financial risk, excluding IFRS 16.

Net interest, SEK m
Interest income less interest expenses.

Net investments, SEK m
The purchase price for property acquisitions, along with investments in property projects, less the consideration received from property divestment. Intended as an indication of capital invested in properties.

Net lettings, SEK m
Contracted rent for new lettings during the period less contracted rent for leases where notices to vacate were received during the period.

Net operating income, SEK m
Rental revenue less operating expenses, repairs and maintenance, property administration, property tax, and ground rents and land leases. Intended as an indication of the current earnings in property management activities, excluding effects from IFRS 16. Internal control metric.

Operating surplus, SEK m
Rental revenue less operating expenses, repairs and maintenance, property administration and property tax. For periods until 1 January 2019, ground rents and land leases are also deducted. Intended as an indication of the current earnings in property management activities. External control metric.

Profit before value changes and tax, SEK m
Operating surplus less central administration, profit (loss) from participations in joint ventures and net interest. Intended as an indication of current earnings in the operations.

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

Property category
The primary use of the property based on rental revenue.

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

Rental value, SEK m
Contracted rent plus the assessed market rent for vacant premises.

Return on equity, %
Earnings after tax divided by the average of opening and closing equity after adjustment for dividends

distributed. Intended as an indication of the return on equity.

Surplus ratio, %
Operating surplus divided by rental revenue. Intended as an indication of the current earnings in property management activities.

Temperate area, sq. m.
Indoor area for all floors of a building that are heated to more than 10°C.

Total contract value, SEK m
Contracted rent multiplied by the period of maturity of the leases.

Total yield, total holdings, %
Sum total of yield and change in value, including projects and transactions. Calculated according to the same method as the IPD Swedish Property Index. Intended as an indication of the return on total assets.

Value change in the total property portfolio, %
Value change in SEK, divided by market value for the entire property portfolio, that is including projects and transactions at the start of the period. In the five-year overview, the value change is reported according to the same method as the IPD Swedish Property Index. Intended as an indication of the value change in the property portfolio.

Yield, total holdings, %
Net operating income as a percentage of the sum of the properties' opening market value, plus half of the year's investments and less half of net operating income during the year. Calculated according to the same method as the IPD Swedish Property Index and pertains to the entire property portfolio including projects and transactions. Intended as an indication of the return on current earnings from the properties.



Financial Calendar

REPORTS

Interim Report Jan–Mar 2022	27 April 2022
Mid-year report Jan–Jun 2022	8 July 2022
Interim report Jan–Sep 2022	28 October 2022
Year-end report 2022	3 February 2023
Annual Report 2022	March 2023

ANNUAL GENERAL MEETING

Annual General Meeting	27 April 2022
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Addresses and websites

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WEBSITE www.vasakronan.se

CORP. REG. NO. 556061-4603

PRODUCTION

Vasakronan and Springtime - Intellecta (2022)

Photography: Gustav Kaiser, Felix Gerlach, Sara Danielsson, Elite Studio, Christoffer Edling, Sandra Birgersdotter, Martin Sörbo, JLL, Polestar, Philip Rafstedt, Gonzalo Irigoyen, Camilla Runsten, Johnér bildbyrå and Shutterstock.

Vision images: ALMA arkitekter, TMRW/Dorte Mandrup, Wester+Elsner arkitekter, White arkitekter and Paradox Museum Stockholm