Vasakronan

Annual and Sustainability Report 2023

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An overview of Vasakronan's operations is presented together with a brief summary of the past year on vasakronan.se. Johanna Skogestig, CEO of Vasakronan, also gives her view on the company's performance and the market in 2023.

Image on the cover: Sergelhusen and Sergelpaviljongen facing Sergels Torg in Stockholm.

Image on page 3: Entrance of Platinan in Gothenburg.

Image on page 86: View of Hötorgsskraporna high-rises from the terrace on Sergelhusen.

Annual Report
The annual accounts and consolidated accounts, as issued by the Board and CEO, are included on pages 12–27 and 42–77 in this document. The annual accounts have been audited by Vasakronan's auditor, refer to the Auditor's report on pages 78–82.

Corporate Governance Report
The Board is responsible for the Corporate Governance Report, which can be found on pages 28–41. The report has been examined by Vasakronan's auditor, and the statement regarding the corporate governance report can be found in the auditor's report on pages 78–82.

Sustainability Report
The Board is responsible for the preparation of the Sustainability Report, including the Statutory Sustainability Report. These can be found on pages 86–135. The Sustainability Report has been the subject of a limited assurance engagement conducted by Vasakronan's auditor according to GRI, refer to the auditor's limited assurance report on the sustainability report and statement regarding the statutory sustainability report on page 136.

This is an interactive, clickable PDF.

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Annual Report 2023

Sweden's leading property company

Vasakronan is one of Sweden's largest property companies and one of the world's most sustainable. The company is owned by the First, Second, Third and Fourth Swedish national pension funds. We own, manage and develop 2.4 million square metres across 166 properties in prime locations and areas in Sweden's four largest growth regions – Stockholm, Uppsala, Gothenburg and Malmö.

Contracted annual rent
SEK 9.5 billion

Environmentally certified properties
93%

Credit rating Moody's
A3 stable outlook

Property value
SEK 175 billion

Loan-to-value (LTV) ratio
42%

Specific energy consumption
73 kWh/sq. m.

Vasakronan's assignment

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

We take responsibility

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

We create value

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

Properties in prime locations

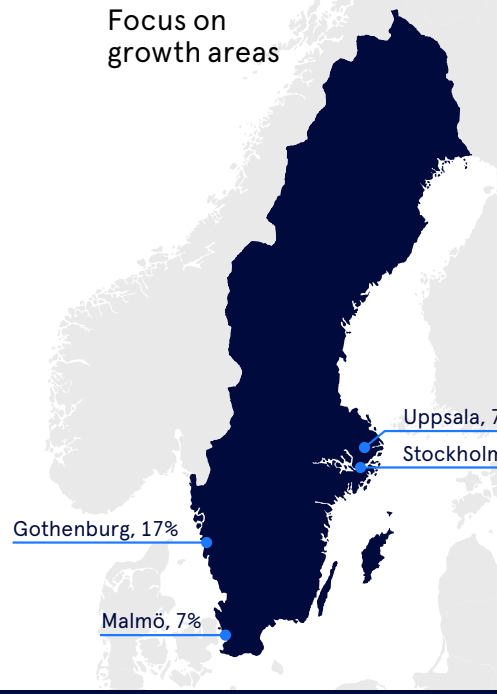
High-quality property portfolio and largest property owner in the city centre

Our property holdings are focused on modern, sustainable, flexible and centrally-located properties with office and retail space in parts of Sweden with healthy economic growth. The property portfolio focuses on attractive areas with good transport links and excellent possibilities for developing properties, streets and neighbourhoods as a cohesive whole. In all of these cities – Stockholm, Uppsala, Gothenburg and Malmö – Vasakronan is the largest property owner in the city centre.

Diversified tenant portfolio

Our lease portfolio includes leases with contracted rents totalling SEK 9.5 billion, and with an average remaining maturity of 3.3 years. The portfolio also has a highly diverse spread of tenants and sectors, with the public sector being the single largest at 24%.

Focus on growth areas



Contracted rent by property type

Market value by sub-market

Central Stockholm

SEK 96 billion

#1 The largest property owner with an 8% market share.

Stockholm *inner suburbs*

SEK 25 billion

#2 The second-largest property owner with a 13% market share.

Gothenburg

SEK 29 billion

#1 The largest property owner with a 25% market share in central Gothenburg.

Malmö

SEK 13 billion

#1 The largest property owner with a 23% market share in central Malmö.

Uppsala

SEK 11 billion

#1 The largest property owner with a 23% market share in central Uppsala.

Sergelgatan and Hötorgshusen, Stockholm

The year in brief

We have always had high ambitions for our operations. This has led to results, but our aim is always to become even better. We work broadly and strive to conduct the company's operations with a pervasively sustainable approach. This is good for people, the environment and the bottom line.

Sustainable urban development

Property development remains an important component of business and we have continued to work on our major development areas. In Gothenburg, our focus is on Lilla Bommen, where we have several excellent lettings. Not least with SEB, which led to the start of construction of the project development Kaj 16. With 12 of 16 floors made entirely of wood, Kaj 16 will be Vasakronan's second – and largest to date – new construction project with a focus on construction in wood.

Södra City in Uppsala is another one of our major urban transformation projects. Construction continues of the Lumi property, the first stage of which is now fully let and will be completed in 2024. Lumi is one of Sweden's most ambitious reuse projects where we have successfully investigated opportunities for large-scale reuse in order to guide the market towards more circular business models.

New green framework

November marked ten years since Vasakronan issued the world's first green corporate bond. The market and Vasakronan have both evolved in the past decade and we have now seen the addition of the EU Taxonomy. For these reasons, we decided to launch a new green framework during the year. It is adapted to the Taxonomy's more stringent criteria for energy efficiency in existing property portfolios and includes thresholds for carbon emissions from the construction phase in new construction and redevelopment projects.

Strong credit rating

Moody's affirmed Vasakronan's rating of A3, stable outlook during the year. The rating is motivated by factors such as the strong ownership structure, good access to liquidity, and the property portfolio's high quality and a high proportion of public sector tenants. The rating is an important precondition for ensuring access to financing and reaching our goal of a diversified financing structure, and during the year a total of SEK 10 billion was raised in the bond market. Even though interest expenses increased due to higher interest rates, the interest coverage ratio amounted to 3.8x with a loan-to-value ratio of 42%.

Improved income from property management

The year was impacted by a nervous financial market, high inflation and raised interest rates in combination with geopolitical turmoil in the operating environment. Demand for Vasakronan's products has been strong despite the prevailing uncertainty among many businesses and individuals. This means that we continued to deliver stable figures in the underlying operations, with increases of 15% in the operating surplus and 8% in income from property management.

2023 in figures

Despite an uncertain operating environment, we delivered stable figures in the underlying operations with an improved income from property management. Vasakronan remains strong with a stable financial performance and good access to financing.

Rental revenue
increase in the total property portfolio

+12%

Operating surplus
increase in the total property portfolio

+15%

Income from property management
increase

+8%

Interest coverage ratio
outcome full-year

3.8x

Property value
change in value full-year

-8.7%

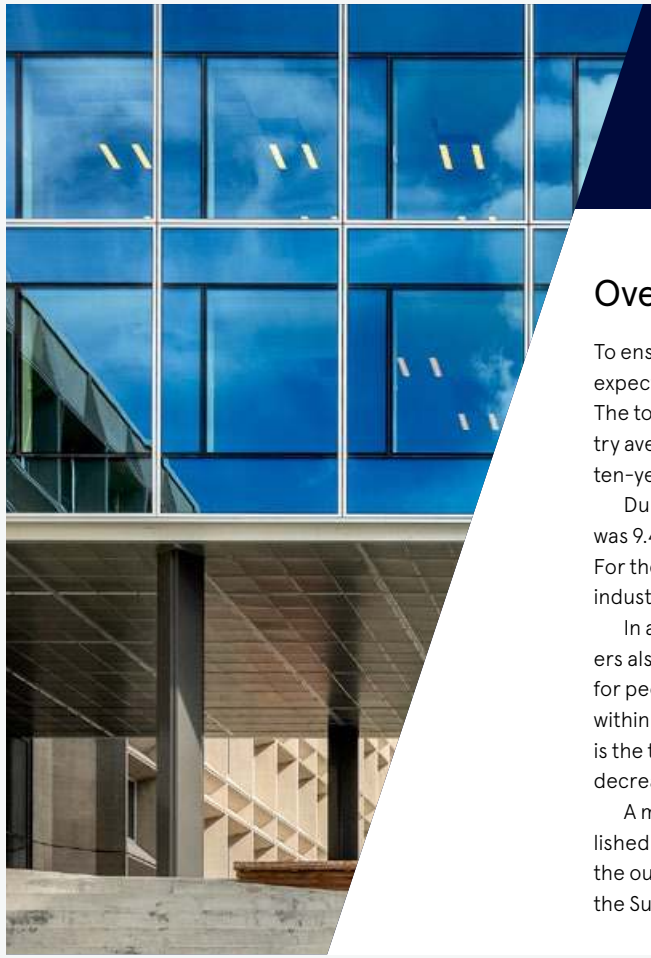
Energy intensity
improvement

3%

Amounts in SEK million	Jan–Dec 2023	Jan–Dec 2022
Rental revenue	9,157	8,167
Operating surplus	6,862	5,968
Net financial items	-1,730	-1,208
Profit after net financial items	4,645	4,333
Income from property management	4,852	4,481
Change in value of investment properties	-16,550	4,917
Profit/loss for the year	-10,858	8,465
Cash flow from operating activities	4,534	4,436
Cash flow after investing activities	1,686	2,644
Market value of properties	174,569	188,317
Surplus ratio, %	75	73
Closing average interest rate, %	2.7	2.1
Interest coverage ratio, multiple	3.8	4.8
Loan-to-value (LTV) ratio, %	42	40
Environmental certification of investment portfolio, share of market value, %	93	93
Specific energy consumption on closing date, kWh/sq. m., rolling 12 months	73	75
Primary energy demand on closing date, kWh/sq. m.	81	82

Assignment and objectives

Vasakronan is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds and is one of their largest property investments. The assignment from our owners is to deliver a high and long-term risk-weighted return and to be a role model and industry leader within sustainability.



Assignment

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

Overall targets

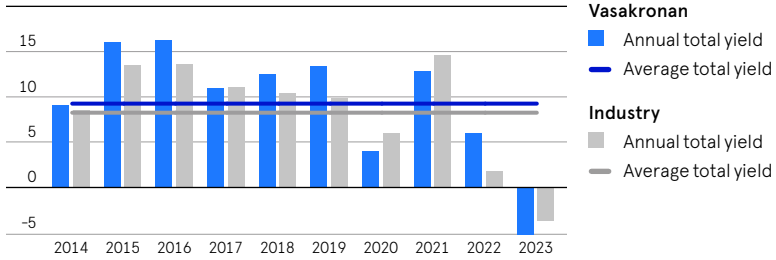
To ensure a long-term high return for our owners, Vasakronan is expected to deliver an average total yield of at least 6.5% per year. The total yield is also to be 0.5 percentage points above the industry average, Vasakronan excluded, and measured over a rolling ten-year period.

During the most recent ten-year period, the average total yield was 9.4% per year, which is 2.9 percentage points above the target. For the same time period, our total yield exceeded that of the industry's by 1.0 percentage point.

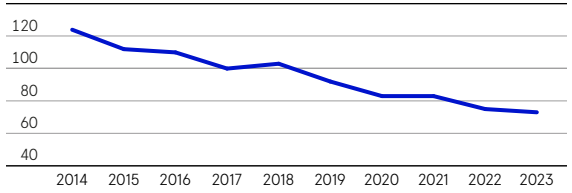
In addition to financial returns, the assignment from our owners also includes taking responsibility for the environment and for people. Vasakronan is to be a role model and industry leader within sustainability. Evidence of our long-term sustainability work is the trend in our specific energy consumption, which has decreased 41% over the latest ten-year period.

A more detailed description of the sustainability targets established by operations in order to ensure we carry out our task, and the outcomes of these targets, are presented on pages 99–102 of the Sustainability Report.

Total yield, %



Specific energy consumption, kWh/sq. m.



Refers to average energy consumption, adjusted to the level of a normal year, from heating, cooling and landlord electricity.

Vision and business concept

Vasakronan's vision is to "create future-proof cities for everyone, where people and companies thrive." Clear strategies for investments, customers, financing and employees allow us to create the best preconditions for offerings as well as management and development of properties and areas that are sustainable today and tomorrow.

Vision

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

Business concept

We own properties and develop areas and urban environments into dynamic places that are attractive and sustainable over the long term. Our offering of premises creates preconditions for people and operations to perform at their best.

Ambition

Vasakronan is Sweden's leading property company through being:

- The best urban developer for long-term ownership.
- The preferred choice for tenants looking for commercial premises.
- One of the world's most sustainable property companies.
- The most attractive employer in the industry.

Strategies

Our operations are governed by four strategies:

Investment strategy

Sustainable investments in long-term attractive markets and areas.

Financing strategy

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

Customer strategy

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

Employee strategy

Committed employees who develop as we develop as a company.

Sustainable value creation

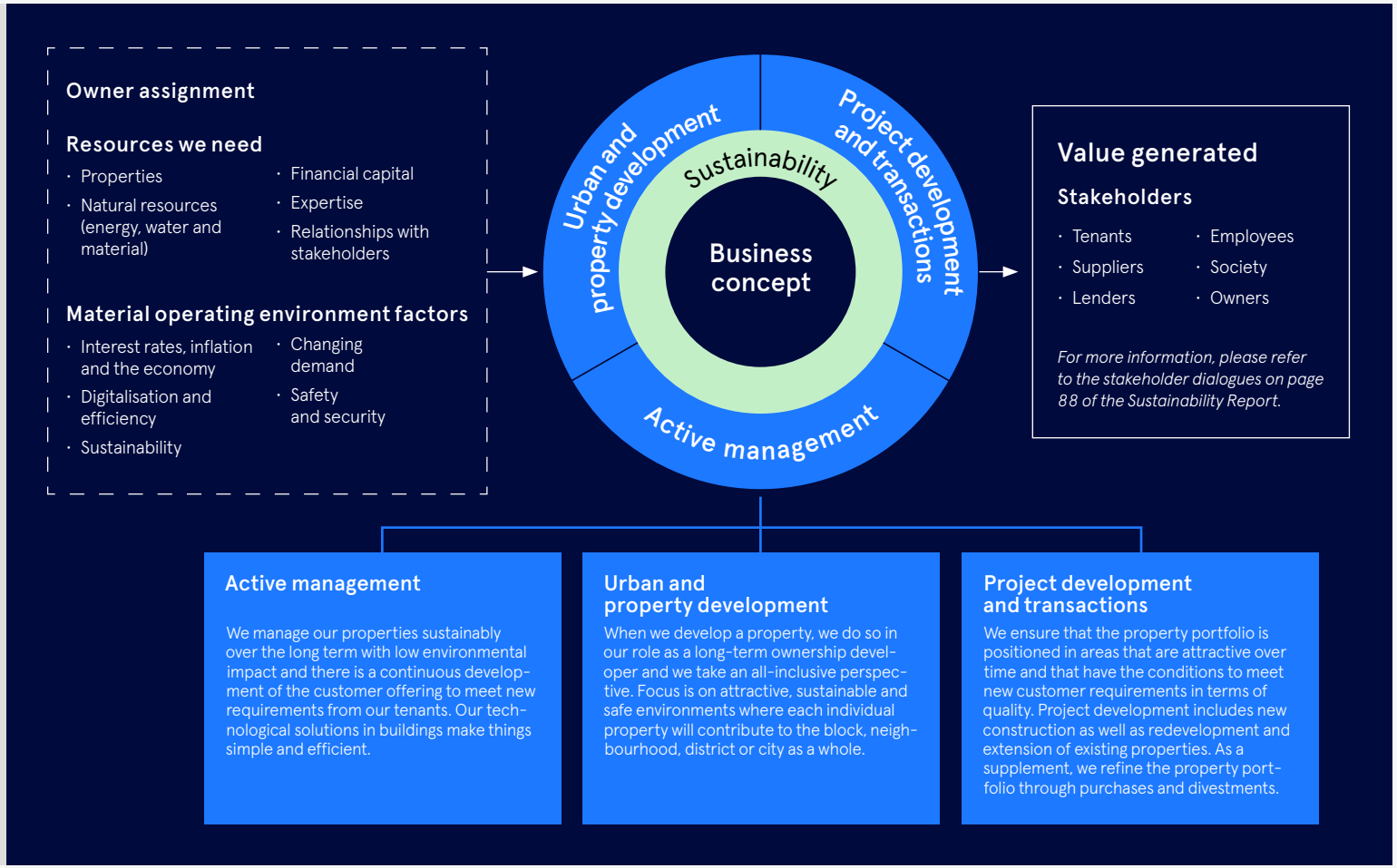
To accomplish our assignment, our ambition to be Sweden's leading property company and to ultimately achieve our vision of the future-proof city, we must create long-term sustainable value, for the business as well as for our stakeholders.

Our business model

Our business concept is the basis of our business model. We relate to the assignment from our owners, the resources we need and the factors in the operating environment that affect us, as well as the expectations of our stakeholders.

We create value by leasing premises for offices and city retail and by developing and supplementing the property portfolio. We thus meet our customers' needs and improve the appeal of the areas around our properties. This increases earnings and helps us achieve our vision of future-proof cities for everyone, where people and companies thrive. We work strategically and sustainably over the long term and take responsibility for creating environments where people want to be.

In order to succeed in our value creation, we have efficient processes for property management and transactions, and for developing properties, areas and urban environments as well as the customer offering. Sustainability is a key part of the business model and permeates all of our operations.



Comments to the financial statements
Other information
Segment overview
Quarterly overview
Five-year overview
Risks and risk management
Material risks

Administration Report

Sperlingens Backe 45 at Stureplan in Stockholm

Comments to the financial statements

Earnings and financial position

Rental revenue

Rental revenue for the year increased 12% (10) to SEK 9,157 million (8,167). The increase was primarily due to indexation but also income from completed projects. Most of Vasakronan's leases include indexation clauses that primarily follow the consumer price index. Approximately two thirds of the portfolio has quarterly indexation, while the remaining portion has annual indexation. For comparable property holdings, the increase in rental revenue was 10% (6).

New lettings corresponding to 117,000 square metres (159,000) and an annual rent of SEK 609 million (915) were contracted during the year, of which 15% (17) of the annual rents impacted on revenue in 2023.

Notices to vacate corresponding to annual rent of SEK 673 million (648) were received during the year. The outcome includes some previously announced notices of termination, primarily JM's lease in Frösunda during the first quarter and Operan's and Dramaten's leases at Kvarnholmen in Nacka during the second quarter. Net lettings amounted to a negative SEK 65 million (positive: 279), of which SEK 14 million (negative: 4) pertained to the fourth quarter.

Lettings corresponding to 345,000 square metres (282,000) and annual rent of SEK 1,480 million (1,078) were renegotiated during the year. These renegotiations resulted in an increase on the previous rent payable of 1% (5) above index. The result of renegotiations for the year for office leases amounted to 3% (7) and for retail the result was down 3% (positive: 1).

Of all the contracts that have been the subject of renegotiation in the past twelve months, including those that have moved within the property portfolio, almost 76% (70) have chosen to remain a tenant of Vasakronan.

Property expenses

Property expenses increased 4% (16) during the year to SEK 2,295 million (expense: 2,199). For comparable property holdings, the increase was 4% (14). Excluding property administration, costs were in line with the previous year.

Administration

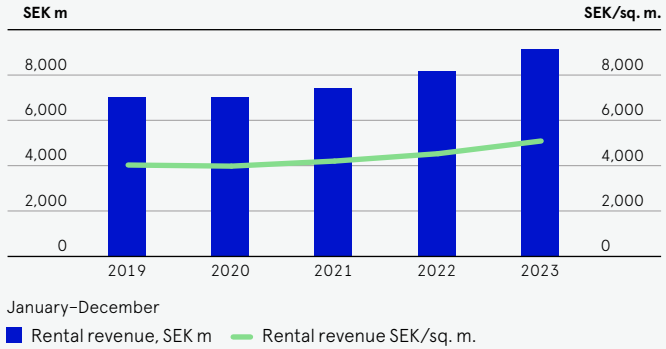
Administration costs totalled SEK 551 million (expense: 495) for the year, of which property administration costs were SEK 440 million (expense: 379) and central administration costs SEK 111 million (expense: 116). The change was largely due to increased costs for marketing, business development and IT. A portion was also due to amended reporting of costs, which included reallocation of costs from other operating expenses to property administration.

Operating surplus and revised yield

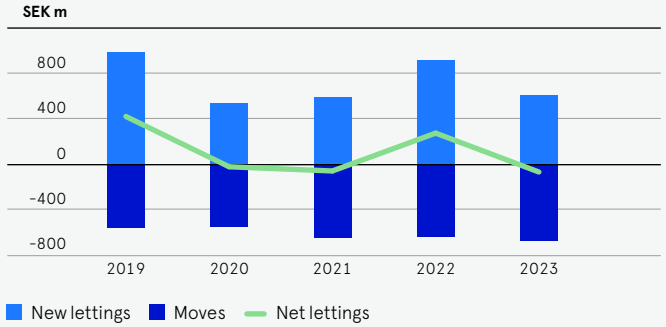
Operating surplus for the year increased 15% (8) to SEK 6,862 million (5,968). For comparable property holdings, the increase in operating surplus was 12% (3). The surplus ratio was 75%, compared with 73% last year.

The reported rolling 12-month yield amounted to 3.7% (3.2) for the total property portfolio and 3.9% (3.4) for the investment portfolio.

Rising rental revenue



Net lettings



Net financial items

Net financial items for the year increased to an expense of SEK 1,730 million (expense: 1,208), due to higher short interest rates. The average interest rate for loans and derivatives amounted to 2.7% (2.1) at the end of 2023.

The LTM interest coverage ratio amounted to a multiple of 3.8 (4.8), primarily due to higher interest expenses. The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over the most recent 12-month period.

Result from participations in associates and joint ventures

The result from associates and joint ventures pertains primarily to Vasakronan's holding in Stora Ursvik KB and Järvastaden AB that develop residential development rights. Earnings also include Vasakronan's share of equity in the associated companies Hydda Holding AB and Idun Real Estate Solutions AB, which are both active within in PropTech.

The loss for the year amounted to SEK 211 million (loss: 151), which pertained in large part to the decline in value of residential development rights in joint ventures, including tax. At the end of the period, the value of holdings in the form of shares and participations in associates and joint ventures amounted to SEK 530 million compared with SEK 711 million at the end of 2022.

SEK m	2023	2022
Income from property management	-4	-4
Change in value	-171	-187
Other operating profit/loss	-67	0
Tax	31	40
Total result from participations in associates and joint ventures	**-211**	**-151**

Income from property management

Income from property management increased 8% (7) to SEK 4,852 million (4,481). The increase was due to a higher operating surplus, which was offset by higher interest expenses.

Change in value of investment properties

Every year and mid year, the entire property portfolio is valued by external valuation experts. As before, these valuations provide the basis for the external reporting. External valuations are made according to RICS Red Book guidelines and MSCI Sweden Annual Property Index.

On 31 December 2023, the entire property portfolio had been valued by external appraisers Cushman & Wakefield and Forum Fastighetsekonomi, respectively. For the full year, the change in the property value amounted to a decrease of SEK 16,550 million (increase: 4,917), which corresponded to a 8.7% decrease (increase: 2.8) in value. The property values decreased as a result of raised assessed yield requirements due to the uncertain market. Since the values started to fall in mid 2022, the accumulated decline in value has been approximately 13%.

The change in value for the investment portfolio amounted to a decrease of SEK 15,374 million (increase: 3,640), corresponding to a decrease in value of 8.6% (increase: 2.3). The percentage decrease in value was greatest for office properties in Gothenburg and the least for the office properties in Malmö. The change in value for project developments and development properties amounted to a decrease of SEK 1,060 million (increase: 1,362), down 12.2% (up: 5.6).

The average yield requirement used for valuation of the property portfolio was 4.51%, compared with 3.95% for corresponding properties at the end of 2022. Refer to Note 4.2 on page 61 for more information about valuation of the property portfolio.

Factors impacting value, properties

	Value impact, %
Yield requirement	-12.2
Market rents	7.1
Vacancies and other valuation parameters, e.g., changed cost and investment assumptions	-3.6
Total	**-8.7**

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	-7.9	-5.4
Gothenburg	-13.7	-2.5
Uppsala	-7.1	-0.4
Malmö	-5.6	-0.4
Total		**-8.7**

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	-8.6	-8.2
Project developments and development properties	-12.2	-0.5
Transactions	–	–
Total		**-8.7**

Change in value of financial instruments
The value change in derivatives amounted to a negative SEK 1,720 million (positive: 1,291), which was due to the decline in long market interest rates.

Derivatives are used to secure energy prices, adjust interest-rate risk in the loan portfolio and to hedge borrowings in foreign currencies. At the end of the year, the derivative portfolio related to the company's borrowings amounted to SEK 95,062 million compared with SEK 82,755 million at year-end 2022, of which SEK 67,850 million (54,200) comprised interest-rate swaps and SEK 27,212 million (28,555) cross-currency basis swaps.

Tax
The Group reported a tax income of SEK 2,774 million (expense: 2,067). Of the tax, an expense of SEK 341 million (expense: 135) comprised current tax expense and SEK 3,115 million (expense: 1,932) comprised deferred tax income resulting from temporary differences attributable to a change in value for investment properties and financial instruments.

On 31 December 2023, the deferred tax liability was SEK 25,093 million, compared with SEK 28,212 million at year-end 2022. The deferred tax liability pertained primarily to investment properties. The decrease in tax liabilities was due to the period's unrealised value changes in the investment properties.

After an audit of the 2020 financial year, the Swedish Tax Agency decided to deny deductions for interest expenses of SEK 18 million, corresponding to a tax expense of SEK 3 million. Vasakronan has appealed the decision to the Administrative Court.

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. As of 31 December 2023, goodwill was SEK 1,901 million, unchanged compared with year-end 2022.

Property holdings and lease portfolios

Investment properties

On 31 December 2023, Vasakronan's entire property portfolio had been valued externally. The assessed market value of the property portfolio was SEK 174,569 million at the end of the year, compared with SEK 188,317 million at the end of 2022. The change in value during the year amounted to a decrease of SEK -16,550 million (increase: 4,917), corresponding to a decline in value of 8.7% (increase: 2.8). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 9.1 billion/positive SEK 10.1 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 valuation. A more comprehensive description of Vasakronan's property valuation methodology is available in Note 4.2 on pages 61–64.

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 2023, Vasakronan's total yield was a negative 5.2% (6.0), where the average for the index not including Vasakronan was negative 3.6% (1.8). Over the past ten-year period, the company's total yield averaged 9.4% (10.8) a year, where the average for the index not including Vasakronan was 8.4% (9.5).

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[2]
Gothenburg	Kaj 16	1,600	133	8	30,000	Q2 2027	43	May 2027	Platinum
Uppsala	Lumi	740	612	83	15,000	Q2 2024	82	Dec 2024	Platinum
Stockholm	Sperlingens Backe 47	690	527	76	8,500	Q2 2024	98	Apr 2025	Platinum
Stockholm	Hästskon 9	570	184	32	9,100	Q1 2025	89	Oct 2025	Platinum
Stockholm	Hötorgshus 2	460	386	89	8,000	Q1 2023	46	Mar 2024	Platinum
Gothenburg	Kronhusgatan	90	34	38	2,540	Q3 2024	100	Jul 2024	Gold
Total major property projects		**4,150**	**1,876**	**45**	**74,140**		**66**		
Other projects		2,681	1,354						
Total		**6,831**	**3,230**						

1) Calculated based on area. 2) Forecast at completion.

Property projects

At the end of the year, the total investment volume of ongoing property projects amounted to SEK 6,831 million (5,680), of which SEK 3,230 million (3,388) or 45% (59) had been capitalised.

New lettings at the Hästskon 9 and Lumi projects in the fourth quarter resulted in an increase in the occupancy rates for these projects to 89% and 82%, respectively, at the end of the year. The occupancy rate for major projects totalled 66% (70).

In total, leases have been signed in major ongoing projects equivalent to SEK 302 million in annual rent. The total contracted annual rent for these projects when fully let amounts to SEK 426 million.

Change in property values

SEK m	2023	2022
Opening value, 1 January	188,317	181,575
Investments	2,802	2,366
Acquisitions	0	0
Sales	0	-543
Change in value	-16,550	4,917
Closing value, 31 December	**174,569**	**188,317**

Right-of-use assets, leaseholds and land leases

On 31 December 2023, right-of-use assets totalled SEK 6,329 million, compared with SEK 5,150 million at the year-end 2022. The higher valuation was attributable to higher estimates for ground rents on the ground rent agreements that expired during the year but that are still under negotiation.

The right-of-use agreements primarily pertain to ground rent agreements. The company has a total of 13 ground rent agreements, of which 11 pertain to properties in Stockholm. Ground rent agreements are treated as perpetual rental agreements that are given market valuations by discounting future fees using a discount rate corresponding to between 3.00 and 3.75%.

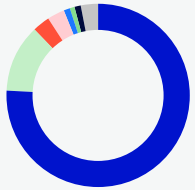
Lease portfolio

Contracted annual rent at the end of the year amounted to SEK 9,465 million (8,638) of which 24% pertained to the public sector. The average remaining maturity for the entire lease portfolio was 3.3 years (3.7). For leases to the public sector, the maturity is 5.2 years (5.8).

The occupancy rate at the end of the year was 90.9%, compared with 91.2% at the end of 2022. Of total vacancies at the end of the year, 0.3 percentage points (1.2) were attributable to ongoing project developments and development properties.

At the end of the year, the occupancy rate was 90.1% for offices and 95.6% for retail, compared with 90.7% and 93.6%, respectively, at the end of 2022.

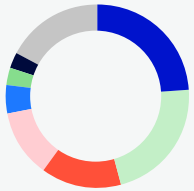
Predominantly office tenants



Breakdown by sector, share of contracted rent.

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

Public sector comprises largest share of tenants



Breakdown by sector, share of contracted rent.

Widely distributed over many tenants

	Share in %
Swedish Police Authority	3
Ericsson	3
Swedish Prison and Probation Service	2
The Swedish Tax Agency	2
H&M	2
King	2
Försäkringskassan (Social Insurance Agency)	2
EY	1
Scandic	1
Swedish National Courts Administration	1
Total	**18**

Largest tenants, share of contracted rent.

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2024	1,113	1,455	15
2025	950	1,773	19
2026	691	1,424	15
≥2027	1,283	4,437	47
Total	**4,037**	**9,089**	**96**
Residential	1,169	115	1
Garage	–	261	3
Total	**5,206**	**9,465**	**100**

Maturity structure for contracted rent.

Financing

Interest-bearing liabilities

In the second and fourth quarter, Moody's affirmed the company's rating of A3 with a stable outlook. Through our strong rating and due to our close links to state ownership, Vasakronan has continued to have good access to financing throughout the year. A total of SEK 10.1 billion (11.4) has been raised in the bond market with investors from the Nordic region and Asia. Vasakronan has bonds denominated in eight different currencies, which correspond to 36% (36) of the total liability at the end of 2023. Borrowing in foreign currencies is fully hedged through cross-currency basis swaps, which eliminate currency risk during the tenor of the loans.

No new bank borrowings were raised in the year (8.9) and, at the end of the year, secured bank loans amounted to 6% (5) of the company's total assets.

At the end of the year, interest-bearing liabilities amounted to SEK 76,259 million, compared with SEK 77,425 million at the previous year end. After deduction of cash and cash equivalents, net debt decreased to SEK 73,034 million, compared with SEK 74,441 million at the end of 2022.

The loan-to-value ratio was 42% at the end of the year compared with 40% at year-end 2022. Fixed-interest maturity within 12 months decreased to 22% (29) of interest-bearing liabilities, while the average fixed-interest tenor amounted to 4.1 years (4.0). The increase in variable market interest rates has resulted in the average interest rate for loans and derivatives increasing to 2.7% at the end of the year, compared with 2.1% at year-end 2022.

To minimise financing risk and secure its access to capital, the company has a credit facility with its owners, namely the First, Second, Third and Fourth Swedish national pension funds, that totals SEK 18 billion. The agreement extends until further notice with a notice period of two years. As before, the credit facility was unutilised during the period. Cash and cash equivalents of SEK 3,225 million (2,984) and the unutilised credit facility from the owners together correspond to 192% (192) of loans maturing over the next 12 months. The average loan-to-maturity, including the above credit facilities, amounted to 5.2 years (5.7) at the end of the year.

Financial risks

	Financial policy in brief	Outcome, 31 Dec 2023
Financing risk		
Loan-to-maturity, excluding unutilised credit commitments	min. 2 years	4.9 years
Loan-to-maturity	–	5.2 years
Loans maturing, 12 months	max. 40%	15%
Credit commitments and cash/ loans maturing 12 months	min. 100%	192%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	3.8x
Fixed-interest period	min. 2 years	4.1 years
Fixed-interest maturity within 12 months	max. 55%	22%
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
Currency risk		
Currency exposure	No exposure	met

Breakdown of funding sources

SEK m	Carrying amount, SEK m	Share, %
Commercial paper	4,215	6
Bonds, SEK	27,847	37
Bonds, NOK	11,833	16
Bonds, EUR, AUD, USD, HKD, CHF, JPY	15,378	20
Secured bank loans	11,131	15
NIB and EIB	5,855	8
Total	**76,259**	**100**

Fixed-interest tenors and loan-to-maturity

	Fixed-interest		Loan-to-maturity	
Maturity date	**SEK m**	**Share, %**	**SEK m**	**Share, %**
0–1 year	16,874	22	11,062	15
1–2 years	2,694	3	10,365	14
2–3 years	5,899	8	8,458	11
3–4 years	24,151	32	11,016	14
4–5 years	9,700	13	10,236	13
5–6 years	7,800	10	3,986	5
6–7 years	1,000	1	4,430	6
7–8 years	750	1	2,910	4
8–9 years	0	0	2,502	3
9–10 years	1,548	2	4,764	6
10 years or more	5,843	8	6,530	9
Total	**76,259**	**100**	**76,259**	**100**

Environmental certification

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

At the end of the year and on a market value basis, 93% (93) of our investment portfolio was environmentally certified, of which 84 percentage points (88) were rated according to LEED Gold or higher.

Green financing

In 2013, Vasakronan issued the world's first green corporate bond, and in 2018 the world's first green commercial paper. The Green Finance Framework was updated in the fourth quarter. The new framework is adapted to the EU Taxonomy's criteria for energy efficiency in existing property portfolios together with the addition of, inter alia, strict requirements for environmental certifications and thresholds for carbon emissions from the building phase in new construction and redevelopment projects.

Vasakronan is Sweden's largest issuer of green corporate bonds and commercial paper, and all borrowing during the period has been green. At the end of the year, the volume of green bonds amounted to SEK 47,564 million (44,819) and green commercial paper totalled SEK 4,215 million (4,400).

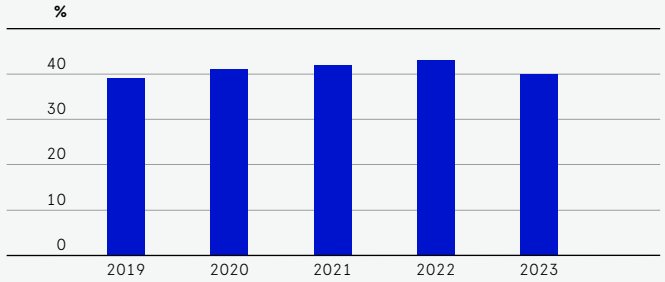
The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 5,855 million (6,396) at year end, and green secured bank loans amounted to SEK 5,603 million (5,603). The percentage of green financing, consisting of green bonds, green commercial paper and green bank loans, amounted to 83% (82) of the total loan portfolio.

Equity

Equity amounted to SEK 78,902 million as of 31 December 2023, compared with SEK 89,767 million at year-end 2022. Comprehensive income for the year amounted to a loss of SEK 10,855 million, compared with income of SEK 8,468 million for the corresponding year-earlier period. At the start of the year, non-controlling interests amounted to negative SEK 9 million and pertained to the minority owners' share of equity in the subsidiary Idun Real Estate Solutions AB. Following the decrease in Vasakronan's ownership interest to less than 50% during the year, the company is no longer reported as a Group company with a minority interest in equity and instead as an associate company. As a result, equity as of 31 December 2023 pertains in its entirety to the Parent Company's owners.

At the end of the year, the equity/assets ratio was 40% compared with 43% at year-end 2022.

Solid equity/assets ratio



On 31 December.

Green financing under the framework

	Amount in SEK million
Green commercial paper	4,215
Green bonds, SEK	27,847
Green bonds, NOK	7,433
Green bonds, EUR, AUD, USD, HKD, CHF, JPY	12,284
Total volume of Green Finance Instruments	**51,779**
Total volume of Green Assets – Green Pool	64,698
Remaining approved borrowing capacity	**12,919**

Other information

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

The Parent Company's revenue for the year was SEK 781 million (582), which primarily consisted of the Parent Company's invoices to the subsidiaries for services rendered. Profit from participations in subsidiaries of SEK 6,526 million (14,464) pertained primarily to dividends and Group contributions.

The value change in derivatives amounted to a negative SEK 1,720 million (positive: 1,291), which was due to the decline in long market interest rates. Profit before tax thus amounted to SEK 5,350 million (15,136). Closing cash and cash equivalents amounted to SEK 3,222 million (2,975).

Personnel
The number of employees at the end of 2023 was 300, compared with 294 at the end of 2022. In 2023, the average number of employees was 297 (288), and of these 141 (129) were women and 157 (159) men. At the balance-sheet date, the gender breakdown of the Group's senior executives was as follows: 5 (5) women and 4 (4) men, and for the Board: 5 (5) women and 4 (4) men.

Vasakronan endeavours to be a company where the diversity of society is reflected in the composition of its personnel. All employees and job applicants will be treated equally, and no discrimination will be accepted. Further information related to staff composition can be found on pages 130–132.

Sustainability Report
In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Vasakronan has chosen to prepare its statutory Sustainability Report separately from its Annual Report. The scope of the Sustainability Report is available on page 87 of the 2023 Sustainability Report. There are two exceptions, the description of the company's business model on page 10 and the information on risk management on pages 24–27.

Climate risks
Since 2017, Vasakronan has described its climate work based on TCFD guidelines. This year's description is on pages 106–108 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 104–105.

Appropriation of profit
To be able to maintain the scope for investment with the ambition of strengthening our customer offering and to adopt a responsible stance in uncertain market conditions, the Board of Directors proposes to the AGM that no dividend be distributed and that the profits available for disposal of SEK 25,371,005,922 be carried forward in their entirety. Vasakronan has a solid financial position and the Board intends to re-evaluate the situation after the summer.

Future performance
Geopolitical uncertainty, high inflationary pressure and rising interest rates are dominating the operating environment and have, in turn, led to higher credit spreads and reduced access to capital markets. Household purchasing power has declined and Sweden is in a recession. Vasakronan's offering remains strong and comprises properties in markets and locations in high demand, with a range of products that meet customers' needs. In combination with strong cash flows, both from the existing property portfolio and from projects, this will ensure healthy earnings even in 2024, with a continued increase of operating surplus in comparable property holdings. Vasakronan's property portfolio will continue to develop with planning for new projects and we expect to invest approximately SEK 2.5 billion in projects during 2024.

Segment overview

January–December	Total Vasakronan 2023	Total Vasakronan 2022	Stockholm 2023	Stockholm 2022	Gothenburg 2023	Gothenburg 2022	Malmö 2023	Malmö 2022	Uppsala 2023	Uppsala 2022
Market value of properties, SEK m	174,569	188,317	120,592	129,240	29,449	33,650	13,113	13,725	11,415	11,702
Rental revenue, SEK m	9,157	8,167	5,973	5,297	1,654	1,462	841	777	689	631
Operating surplus, SEK m	6,862	5,968	4,522	3,910	1,243	1,080	600	533	497	445
Surplus ratio, %	75	73	76	74	75	74	71	69	72	71
Occupancy rate, %	91	91	90	90	93	92	91	92	94	94
Number of properties	166	166	76	76	34	34	31	31	25	25
Area, thousand sq. m.	2,393	2,398	1,403	1,408	447	447	299	299	244	244
Environmental certification in the investment portfolio based on market value, %	93	93	90	96	97	83	100	100	98	90

Contracted rent by geographic market

Pertains to share of contracted rent.

Pertains to share of market value.

Contracted rent by property type

Pertains to share of contracted rent.

Quarterly overview

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
INCOME STATEMENTS, SEK m				
Rental revenue	**2,331**	**2,322**	**2,283**	**2,221**
Operating expenses and property administration	-342	-286	-354	-356
Maintenance costs	-41	-29	-31	-36
Property tax	-196	-208	-207	-209
Operating surplus	**1,752**	**1,799**	**1,691**	**1,620**
Central administration	-25	-26	-37	-23
Result from participations in joint ventures	-103	-16	-62	-30
Financial income	54	39	35	26
Financial expenses	-490	-492	-467	-435
Interest expense lease liability; ground rents and land leases	-45	-40	-40	-40
Profit after net financial items	**1,143**	**1,264**	**1,120**	**1,118**
Of which, income from property management	*1,243*	*1,278*	*1,183*	*1,147*
Change in value of investment properties	-7,390	-1,481	-2,631	-5,048
Depreciation of right-of-use assets	-2	-2	-1	-2
Change in value of financial instruments	-865	-600	-26	-229
Divested/impaired goodwill	0	0	0	0
Profit/loss before tax	**-7,114**	**-819**	**-1,538**	**-4,161**
Tax	1,465	172	286	851
Profit/loss for the period	**-5,649**	**-647**	**-1,252**	**-3,310**
Of which, attributable to non-controlling interests	*0*	*-1*	*-1*	*-1*
Total profit attributable to the Parent Company shareholders	**-5,649**	**-646**	**-1,251**	**-3,309**

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
BALANCE SHEETS, SEK m				
Investment properties	174,569	181,088	181,926	183,809
Equity	78,902	84,558	85,205	86,458
Interest-bearing liabilities	76,259	77,142	77,230	76,447
Total assets	194,820	203,421	203,183	203,765
KEY METRICS				
Property-related information				
Closing area, thousand sq. m.	2,393	2,393	2,393	2,393
Closing number of properties	166	166	166	166
Closing market value of property, SEK m	174,569	181,088	181,926	183,809
Net investments, SEK m	871	643	748	540
Closing economic occupancy rate, %	90.9	91.1	91.5	91.7
Surplus ratio, %	75	77	74	73
Financial metrics				
Closing average interest rate, %	2.7	2.7	2.6	2.4
Average fixed-interest tenor, years	4.1	3.5	3.7	3.9
Interest coverage ratio for the period, multiple	3.8	3.8	3.7	3.8
Closing loan-to-value ratio, %	42	41	41	40
Closing equity/assets ratio, %	40	42	42	42
Other metrics				
Closing number of employees	300	301	295	295

Five-year overview

	2023	2022	2021	2020	2019
INCOME STATEMENTS, SEK m					
Rental revenue	**9,157**	**8,167**	**7,425**	**7,006**	**7,040**
Operating expenses and property administration	-1,338	-1,243	-1,124	-1,049	-1,059
Maintenance costs	-137	-117	-100	-116	-119
Property tax	-820	-839	-668	-652	-655
Operating surplus	**6,862**	**5,968**	**5,533**	**5,189**	**5,207**
Central administration	-111	-116	-124	-118	-113
Result from participations in joint ventures	-211	-151	193	-219	1,105
Net interest	-1,730	-1,208	-1,051	-1,117	-1,131
Interest expense, lease liability	-165	-160	-160	-158	-147
Profit after net financial items	**4,645**	**4,333**	**4,391**	**3,577**	**4,921**
Of which, income from property management	*4,852*	*4,481*	*4,193*	*3,793*	*3,813*
Change in value of investment properties	-16,550	4,917	15,255	1,083	13,270
Depreciation of right-of-use assets	-7	-7	-7	-7	-7
Change in value of financial instruments	-1,720	1,291	938	167	-881
Divested/impaired goodwill	0	-2	-5	0	-74
Profit/loss before tax	**-13,632**	**10,532**	**20,572**	**4,820**	**17,229**
Tax	-2,774	-2,067	-4,213	-1,106	-3,320
Profit/loss for the year	**-10,858**	**8,465**	**16,359**	**3,714**	**13,909**
Of which, attributable to non-controlling interests	*-3*	*-3*	*-6*	*-4*	*-2*
Total profit/loss attributable to the Parent Company shareholders	**-10,855**	**8,468**	**16,365**	**3,718**	**13,911**
BALANCE SHEETS, SEK m					
Investment properties	174,569	188,317	181,575	162,420	156,071
Equity	78,902	89,767	85,290	70,869	70,156
Interest-bearing liabilities	76,259	77,425	73,838	69,317	66,638
Total assets	194,820	208,585	196,194	176,226	170,179

	2023	2022	2021	2020	2019
KEY METRICS					
Property-related information					
Closing area, thousand sq. m.	2,393	2,398	2,348	2,339	2,322
Closing number of properties	166	166	168	171	174
Closing number of apartments	1,169	1,169	1,169	1,169	1,175
Closing market value of property, SEK m	174,569	188,317	181,575	162,420	156,071
Closing market value, SEK/sq. m	72,940	78,531	77,332	69,439	67,214
Net investments, SEK m	2,802	1,823	3,904	5,266	3,867
Property acquisitions, SEK m	0	0	214	181	977
Property divestments, SEK m	0	-543	-447	-228	-1,550
Investments in existing projects, SEK m	2,802	2,366	4,137	4,920	4,440
Closing rental value, SEK m	10,532	9,612	8,592	8,187	7,785
Closing economic occupancy rate, %	90.9	91.2	91.4	91.9	94.1
Surplus ratio, %	75	73	75	74	74
Environmental certification, of investment portfolio, share of market value, %	93	93	94	92	92
Specific energy consumption on closing date, kWh/sq. m.	73	75	83	83	92
Yield, total holdings, %	3.8	3.2	3.2	3.2	3.5
Value change in the total portfolio, %[1]	-8.7	2.7	9.4	0.8	9.6
Total yield, total holdings, %	-5.2	6.0	12.8	4.0	13.4
Financial metrics					
Closing average interest rate, %	2.7	2.1	1.3	1.6	1.7
Average fixed-interest tenor, years	4.1	4.0	4.6	5.0	5.8
Interest coverage ratio, multiple	3.8	4.8	5.2	4.4	4.6
Closing loan-to-value ratio, %	42	40	39	41	38
Closing equity/assets ratio, %	40	43	43	40	41
Closing EPRA NRV, SEK m	102,742	113,542	110,515	94,656	91,742
Closing EPRA NTA, SEK m	94,819	104,406	102,179	87,735	85,205
Closing EPRA NDV, SEK m	80,446	93,121	82,944	69,450	68,909
Return on equity, %	-13.0	15.2	22.9	5.4	21.9

1) Outcome in accordance with MSCI Swedish Property Index.

Five-year overview, Cont.

	2023	2022	2021	2020	2019
Cash flow metrics					
Cash flow from operating activities before changes in working capital, SEK m	4,589	4,272	3,572	3,547	3,755
Cash flow from operating activities, SEK m	4,534	4,436	3,947	3,818	3,829
Cash flow from investing activities, SEK m	-2,848	-1,792	-3,858	-5,269	-3,573
Cash flow from financing activities, SEK m	-1,445	-3,181	874	494	1,044
Cash flow for the year, SEK m	241	-537	963	-957	1,300
Other metrics					
Average number of employees	297	288	294	302	308
Closing number of employees	300	294	290	293	305
Basis for key metrics					
1. EPRA NRV, SEK m					
Equity	78,902	89,767	85,290	70,869	70,156
Add back goodwill attributable to deferred tax	-1,901	-1,901	-1,903	-1,908	-1,908
Add back derivatives	648	-2,536	855	3,426	2,126
Add back recognised deferred tax	25,093	28,212	26,273	22,269	21,368
	102,742	**113,542**	**110,515**	**94,656**	**91,742**
2. EPRA NTA, SEK m					
Equity	78,902	89,767	85,290	70,869	70,156
Add back goodwill attributable to deferred tax	-1,901	-1,901	-1,903	-1,908	-1,908
Add back other intangible assets	-100	-117	-141	-136	-116
Add back derivatives	648	-2,536	855	3,426	2,126
Add back recognised deferred tax	25,093	28,212	26,273	22,269	21,368
Deferred tax at fair value[1])	-7,823	-9,019	-8,195	-6,785	-6,421
	94,819	**104,406**	**102,179**	**87,735**	**85,205**
3. EPRA NDV, SEK m					
Equity	78,902	89,767	85,290	70,869	70,156
Add back goodwill attributable to deferred tax	-1,901	-1,901	-1,903	-1,908	-1,908
Adjustment of interest-bearing liabilities to fair value	3,445	5,255	-443	489	661
	80,446	**93,121**	**82,944**	**69,450**	**68,909**

	2023	2022	2021	2020	2019
4. EBITDA, SEK m					
Operating surplus	6,862	5,968	5,533	5,189	5,207
Central administration	-111	-116	-124	-118	-113
Transactions with associates and joint ventures	-10	107	183	34	309
Ground rents and land leases	-172	-167	-167	-165	-154
	6,569	**5,792**	**5,425**	**4,940**	**5,249**
5. EBITDA margin, %					
Rental revenue	9,157	8,167	7,425	7,006	7,040
EBITDA	6,569	5,792	5,425	4,940	5,249
	72	**71**	**73**	**71**	**75**
6. Interest coverage ratio, multiple					
EBITDA	6,569	5,792	5,425	4,940	5,249
Net financial items	-1,730	-1,208	-1,051	-1,117	-1,131
	3.8	**4.8**	**5.2**	**4.4**	**4.6**
7. Net interest-bearing liabilities, SEK m					
Non-current interest-bearing liabilities	65,197	66,484	59,342	55,659	53,682
Current interest-bearing liabilities	11,062	10,941	14,499	13,658	12,956
Cash and cash equivalents	-3,225	-2,984	-3,521	-2,558	-3,515
	73,034	**74,441**	**70,317**	**66,759**	**63,123**
8. Loan-to-value ratio, %					
Net interest-bearing liabilities	73,034	74,441	70,317	66,759	63,123
Total assets excl. leaseholds and land leases	174,569	188,317	181,575	162,420	156,071
	42	**40**	**39**	**41**	**40**

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

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.

Vasakronan's assessment

All of the risk areas are ranked based on their impact on operations and the likelihood of the risk occurring. The trend arrows show whether risk's future significance is unchanged, more important or less important compared to today.

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

↗ Trending upwards
→ Unchanging
↘ Trending downwards

Material risks

Risk description	Risk management
Energy prices	Likelihood ● Impact ● Trend →
The management of properties is an energy-intensive operation. Accordingly, the cost of energy has a considerable impact on property companies' earnings, but also impacts tenants and their payment capacity.	A large portion of Vasakronan's energy costs are price hedged through electricity derivatives. Investments are also made in energy efficiency projects, such as facilities for on-site produced electricity. Agreements with tenants mean that a large portion of the energy costs can be invoiced on to tenants, even if Vasakronan can be indirectly impacted if their payment capacity deteriorates.
Financing – access	Likelihood ● Impact ● Trend →
Property is a capital-intensive industry and it is important to secure access to borrowed capital. An increasingly turbulent operating environment and/or system problems as a result of company-specific problems in the financial sector could lead to new financing or refinancing becoming more expensive or impossible.	Vasakronan has a stable ownership structure and a strong financial position. The company's A3 rating from Moody's provides wider access to sources of finance as well as financing with longer tenors. The company strives for an even maturity structure for its liabilities, with a low portion of short-term financing. Altogether, this reduces the risk in new financing and refinancing. Vasakronan also has a credit facility from its owners of SEK 18 billion.
Financing – interest rates	Likelihood ● Impact ● Trend →
Interest on borrowed capital is a large cost item for property companies. Rising interest rates negatively affect borrowing costs and financial key metrics. Moreover, they lead to higher yield requirements and a consequent decline in property values.	Vasakronan strives for a long fixed-interest tenor, which reduces the effect of large, rapid changes in borrowing expenses. The financial policy sets guidelines for the company's financial decisions and reduces risk in the debt portfolio. The company's strong credit rating of A3 stable outlook creates possibilities for advantageous funding.

Risk description	Risk management
Projects	Likelihood ● Impact ● Trend ↗
Redevelopments, extensions and new construction projects entail risks across all phases, which increases with the project's complexity. Risks in construction projects are primarily financial, technical or time-related, but can also impact the company's reputation.	There is a high level of expertise within the project organisation. Vasakronan has quality-assured internal processes for procurement and project development, including risk analysis, and structured evaluations are held throughout the length of the project. Risks are regulated through contractual agreements with partners.
Suppliers	Likelihood ● Impact ● Trend →
Violations of human rights, unethical behaviour or operations that are not conducted according to good business practice from any of our partners or anyone acting on behalf of Vasakronan can lead to reduced confidence in Vasakronan and therefore entail harm to financial performance and the brand.	The company has a supplier code of conduct and a clear, proactive process for procurement that is governed by framework agreements and the procurement policy. Audits and sample tests are conducted regularly throughout the course of the project.
Unethical business operations – tenants	Likelihood ● Impact ● Trend ↗
Tenants who violate human rights, engage in unethical behaviour or operations that are not conducted according to good business practice can lead to reduced confidence in Vasakronan and therefore entail harm to financial performance and the brand.	Vasakronan has a large lease portfolio with many tenants, which makes it difficult to detect deficiencies in tenant behaviour. That is why structured checks of tenants are carried out during contract procurement and regularly during tenancy periods.

Risk description	Risk management
Unsafe neighbourhoods	Likelihood ● Impact ● Trend ↗
Neighbourhoods that are perceived as unsafe due to crime, graffiti, planning or negative reputation are less attractive.	Vasakronan works continuously with street strategies, safety measures and bringing activity to spaces to create neighbourhoods where people want to spend their days as well as their evenings.
Lettings – retail	Likelihood ● Impact ● Trend ↗
Digitalisation, the economy and new consumption patterns are affecting the lettings market for retail premises and resulting in downward pressure on rents and increased vacancies.	Vasakronan's retail locations are primarily in central locations with heavy foot traffic. The company believes demand will remain firm for these types of properties, even for other uses. Close and proactive dialogues are held with existing tenants and the lease portfolio consists of a large spread of tenants and lease terms.
Lettings – offices	Likelihood ● Impact ● Trend ↗
Technological development, the economy and new work patterns are affecting the lettings market for office premises and resulting in downward pressure on rents and increased vacancies.	Vasakronan's office premises are located in attractive areas in growth areas. The company offers office solutions that are in demand in the market and continuously broadens its offering. The lease portfolio consists of a large spread of tenants and lease terms.

Risk description	Risk management
Changed needs of tenants	Likelihood ● Impact ● Trend ↗
Changed patterns of working and increased digitalisation set new requirements for premises and the offering. Companies who do not adapt their operations and offerings to new conditions risk losing customers, employees and market shares. In the long run this can lead to becoming unprofitable.	Vasakronan aims to be at the forefront as regards the use of modern technical solutions, and of service and product offerings. Vasakronan strives to develop the right skills internally in combination with close partnerships with customers, suppliers and other companies.
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.	A high degree of security awareness among employees is ensured through regular training and internal communication. Vasakronan has chosen the highest level of back-up solutions, firewalls, access solutions, antivirus programmes and incident reporting systems. Regular penetration tests are held to test security.
Regulatory compliance	Likelihood ● Impact ● Trend →
All companies must adhere to the applicable laws, rules and regulations, which are often extensive and complex. At the same time, non-compliance with regulations can lead to economic consequences or damaged confidence.	To ensure regulatory compliance, Vasakronan continuously strives to stay updated vis-à-vis current and new regulations, to assess the effects of changes and to take necessary internal measures. Employees are trained in relevant portions and compliance is continuously followed up.

Risk description	Risk management
Employees	Likelihood ● Impact ● Trend ↗
Employees with the right skills are essential if operations are to function and deliver the desired results. Technological developments impose new requirements. Retaining and developing existing employees as well as recruiting new staff is therefore critical.	Vasakronan strives to be an attractive employer for existing as well as potential new employees. Vasakronan has development plans for employees and succession planning for key personnel. The corporate culture promotes curiosity, diversity, innovation and flexibility. There is a close collaboration with colleges and universities in order to reach newly qualified expertise.
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.	The climate scenario analyses for the property portfolio are prepared every five years. External trends in research and the consequences of climate change are also monitored continuously. The existing property portfolio is inventoried continuously for surveying risks and developing action plans, and specialised risk analyses are made of new construction and acquisitions.

Risk description	Risk management
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 clearly defined sustainability targets. In 2018, the climate targets that Vasakronan had then established were analysed by the Science Based Targets initiative, who stated that they easily met the requirements for reaching the Paris Agreement. In 2022, the company's new, more stringent targets were analysed with the same result, in other words that they were in line with reaching the 1.5°C target. Skills development for existing personnel is held continuously and internal building management systems are developed. Vasakronan's Sustainability Report is of a high quality and reviewed by the company's auditor.

Corporate Governance Report
Internal Control
The Board of Directors and auditors
Group Management

Corporate Governance

Uppsala Science Park

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.

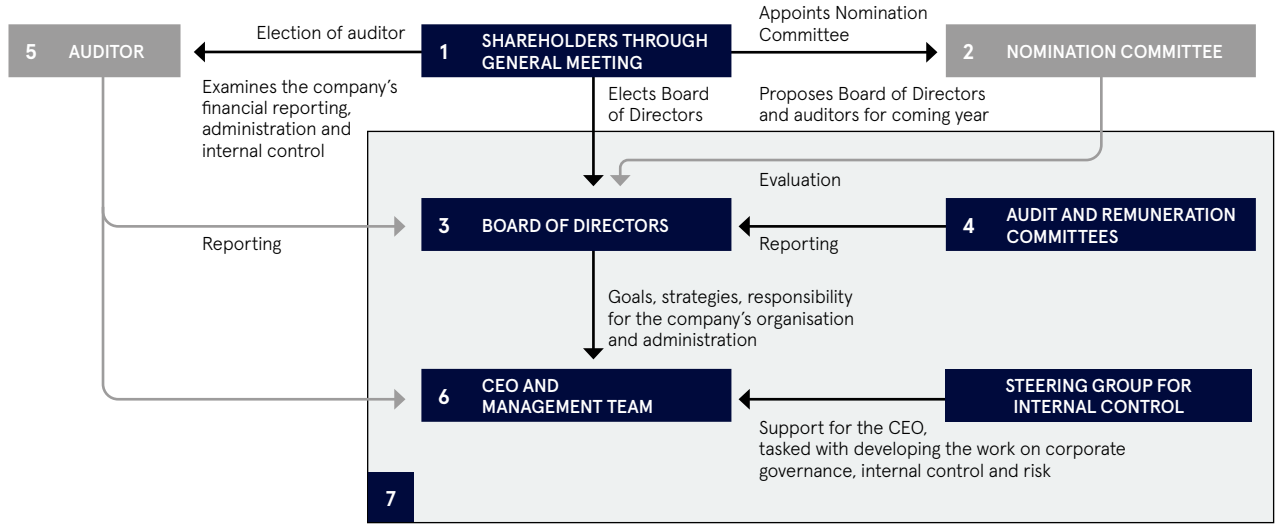
The Swedish Corporate Governance Code

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

Deviations from the Code

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

Governance structure



Selected important external regulations:

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

Selected important internal regulations:

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

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 2023. All shares and votes were represented and the auditors were present.

2. NOMINATION COMMITTEE

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

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

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

The Nomination Committee consists of representatives from the owners. The Nomination Committee held four minuted meetings in 2023. No fees were paid to the Nomination Committee.

3. BOARD OF DIRECTORS

Composition of the Board

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

At the Annual General Meeting on 28 April 2023 Staffan Hansén was newly elected to the Board. Staffan Hansén replaced Pablo Bernengo, who declined re-election.

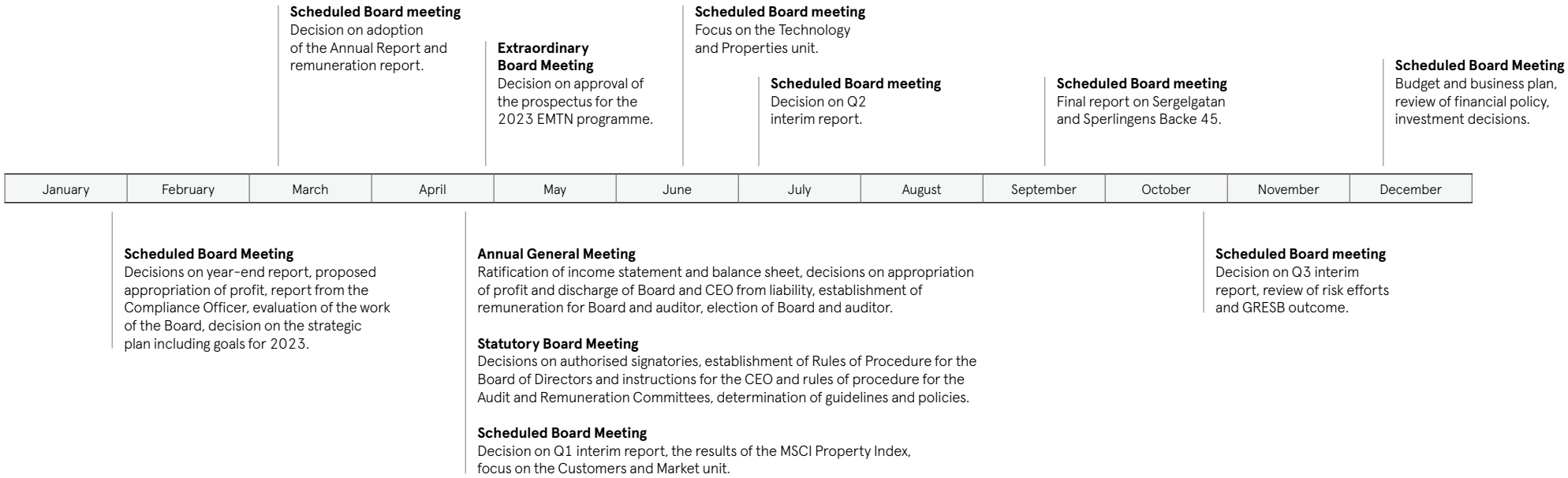
Tasks and responsibilities of the Board

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

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

Governance structure

Standing items on the Board's agenda comprise the report from the CEO, including 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.



The Chairman is also responsible for evaluating the work of both the Board and the CEO.

Work of the Board of Directors in 2023

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

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

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

Composition of the Board

	Elected	Indep. of company	Indep. of major owners	Board and Committee fees, KSEK	ATTENDANCE Board meetings	Audit Committee	Remuneration Committee
Pablo Bernengo[1]	2022	No	No	No remuneration	3/3		
Ann-Sofi Danielsson	2017	Yes	Yes	484	10/10	6/6	
Niklas Ekvall	2016	No	No	No remuneration	10/10		4/4
Ulrika Francke	2018	Yes	Yes	864	10/10	6/6	4/4
Eva Halvarsson	2006	No	No	No remuneration	10/10	6/6	
Staffan Hansén[2]	2023	No	No	No remuneration	7/7		
Hannes Hasselrot	2022	Yes	Yes	305	10/10		
Kristin Magnusson Bernard	2021	No	No	No remuneration	9/10		
Magnus Meyer	2019	Yes	Yes	305	10/10		
Kia Orback Pettersson	2019	Yes	Yes	305	10/10		

1) Stepped down April 2023
2) Elected April 2023

tial conflict of interest in relation to any of the issues to be discussed at the meeting is addressed as needed.

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

In total, the Board held nine scheduled meetings in 2023, 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 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 2023 through online questionnaires for each Board member, managed by the Chairman. The results were then followed up by the Board. The Chairman of the Board also has individual conversations with each Board member to discuss the work of the Board. The purpose of the evaluation is to ensure that the Board is focused on the correct area, 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 2024 General Meeting, the AGM resolved that the Chairman will receive SEK 775,000 and the other independent members SEK 310,000 in fees. For the Audit Committee, it was resolved that a fee to its Chairman of SEK 175,000 and to independent members of SEK 65,000 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 and include:

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

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

For 2023, 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, two of which pertained to the report on the audit. Moreover, the Committee discussed, inter alia, the company's financial statements, sustainability reporting and the work of the Management Team on risk and internal control. The Audit Committee also monitors developments within coming sustainability regulations and the company's adaptation to them at each committee meeting. In 2023, the Audit Committee was trained in CSRD.

The CEO, the CFO and the Chief Group and Business Controller (the secretary of the Committee) participated in each meeting. Other individuals from operations or external parties also participate in committee meetings as needed.

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 2023, the Remuneration Committee consisted of Ulrika Francke as Chairman and Niklas Ekvall. During the year, the Committee held four meetings, of which one was per capsulam, at which issues of remuneration for senior executives, pensions and principles for profit-sharing for other employees were primarily discussed. The CEO and the Chief Human Resources Officer, who is the secretary of the Committee, participated in all the meetings. 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 Auditor's report, the selected auditor examines the annual accounts, the consolidated financial statements and accounting records, the Board's and the CEO's administration of the company and the annual accounts of the subsidiaries. The auditor also conducts limited assurance engagements of the Sustainability Report and the Impact Report. The audit and the limited assurance engagements are conducted in accordance with the Companies Act, international auditing standards and generally accepted auditing principles in Sweden.

At the 2023 AGM, Ernst & Young AB was elected as auditor for the coming year, with Katrine Söderberg as Auditor in Charge. More information about the auditors can be found on Page 39. Information about the auditors' fees can be found in Note 2.3 on page 54.

6. CEO AND MANAGEMENT TEAM

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

The CEO has formed a Management Team that, in addition to the CEO at the end of 2023, consisted of eight directly subordinate managers; refer to the presentation on pages 40–41. The Management Team meets regularly in order to handle Group-wide and strategic issues. At four of them in 2023, 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.

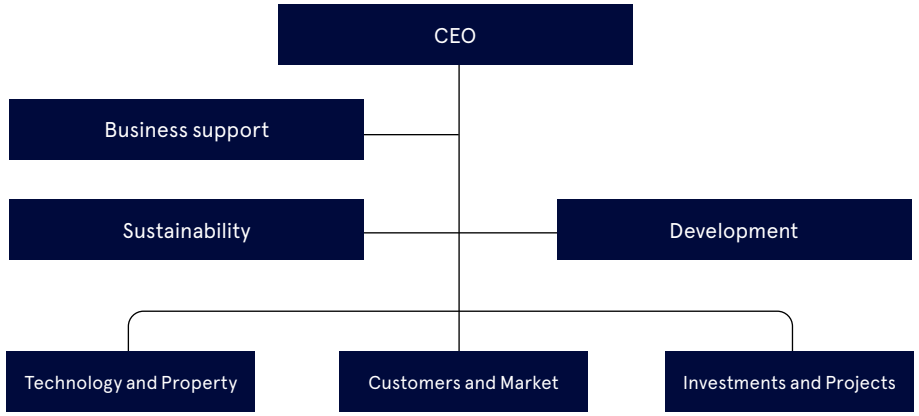
The principles of remuneration for the CEO and the Management Team are decided by the AGM. Salaries and other benefits for the Management Team, including the CEO, consist only of fixed salaries with no variable remuneration. Vasakronan applies the Government's "Guidelines for Terms of Employment for 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.

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

7. GOVERNANCE AND CONTROL

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

Organisation



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 Board's strategy days after the summer 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 targets. 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 24–27**.** 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 Chief Group and Business Controller. The work in the group is conducted in close collaboration with the Audit Committee, which is responsible for monitoring the quality of internal control. Since existing structures for evaluation and monitoring have so far been deemed sufficient to provide a basis for evaluation by the Board, no separate unit for internal

auditing has been established. The decision is, however, taken up annually for re-examination.

SUSTAINABILITY GOVERNANCE

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

Work of the Board of Directors with sustainability matters

Each year, Vasakronan's Board of Directors adopts an environmental policy and codes of conduct. The Board, together with management, bears ultimate responsibility for adopting Vasakronan's sustainability targets. It also holds ongoing discussions, and follows up the company's sustainability work and target achievement. The company's risk analysis is reported to the Board each year, where sustainability risks, including risks pertaining to the climate and to human rights, as well as opportunities and actions related to the risks are also reviewed.

Together with the CEO, the Board approves Vasakronan's Sustainability Report each year. The Board has no separate committee for sustainability matters. Significant deviations from and actions linked to Vasakronan's sustainability policies and codes of conduct are reported to the Board as they arise. No such material deviations were reported during the year. Vasakronan's Chief Sustainability Officer regularly attended Board meetings and provided information about the company's sustainability efforts and adaptation to coming reporting requirements.

The Audit Committee is responsible for continuously following up regulatory developments within sustainability reporting and following the company's adaptation to them.

Management's work with sustainability matters

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

Governance of work with sustainability

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

In 2023, Vasakronan has not been fined in any form, neither related to breaches of environmental legislation nor other legislation.

The starting point for sustainability work

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

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

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 24. 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.

Control activities

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

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

Information and communication

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

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

Monitoring of internal control

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

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

The Board of Directors and auditors

	Ulrika Francke	**Kristin Magnusson Bernard**	**Ann-Sofi Danielsson**	**Niklas Ekvall**	**Eva Halvarsson**
	Chairman since 2018 Member of the Audit Committee and Chairman of the Remuneration Committee since 2018.	Board member since 2021	Board member since 2017 Member of the Audit Committee since 2018 and Chairman since 2019	Board member since 2016 Member of the Remuneration Committee since 2019	Board member since 2006 Member of the Audit Committee since 2008
Born	1956	1979	1959	1963	1962
Education	University studies	Ph.D. in Macroeconomics	M.Sc. in Economics	Ph.D. in Financial Economics and M.Sc. in Engineering	M.Sc. in Economics
Other important assignments	Board member of Circura, SIS (Swedish Standards Institute), Sven Tyréns Foundation, SGBC, VREF, Liquid Wind and KREAB.	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, Building Automation, Netel and Rusta.	CEO Fourth National Pension Fund. Board member of the Hans Dalborg Stiftelse för Bank- och Finansforskning, the KVA Investment Committee and Swedish House of Finance.	CEO Second National Pension Fund. Member of the Advisory Board of Gothenburg School of Business, Economics and Law, FinansKompetensCentrum, Stiftelsen Korsvägen and Misum.
Previous experience	President and CEO of Tyréns, CEO SBC (Sveriges Bostadsrättscentrum AB), Director of Administration and City Commissioner City of Stockholm, President and CEO of Fastighets AB Brommastaden.	Leading positions at the International Monetary Fund (IMF), the European Central Bank and Nordea.	CFO at Bonava, CFO and other executive positions at the NCC Group.	CEO Nordea Investment Management, Vice President Third National Pension Fund, various management positions at Nordea, Carnegie and Handelsbanken.	Tax auditor and manager State governance.
Independent	Independent in relation to the owners, the company and company management.	Not independent in relation to the owners.	Independent in relation to the owners, the company and company management.	Not independent in relation to the owners.	Not independent in relation to the owners.

The Board of Directors and auditors, continued

	Staffan Hansén	**Hannes Hasselrot**	**Magnus Meyer**	**Kia Orback Pettersson**
	Board member since 2023.	Board member since 2022	Board member since 2019	Board member since 2019
Born	1965	1980	1967	1959
Education	M.Sc. in Economics	University studies in Biochemistry in education	Licentiate of Engineering in Real Estate Economics and M.Sc. in Engineering	M.Sc. in Economics
Other important assignments	CEO Third National Pension Fund. Board member of WaterAid Sweden and Hemsö.	CEO Oriola Sweden and CCO (Chief Commercial Officer) Oriola. Board member of Doktor.se.	Board member of HiQ, Fagerhult, Infranord, Coor, Kinnarps and Slättö Förvaltning.	Board member of SVT, ÅWL Arkitekter, ChefAkademin, Knowit, the Karl Adam Bonnier Stiftelse, RO-gruppen and Aqua Dental.
Previous experience	CEO of SPP Pension & Försäkring, CEO for Storebrand Asset Management.	CEO Kronans Apotek, and senior positions at Peak Performance, Liberty London, Bestseller and H&M.	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.

Group Management

	Johanna Skogestig CEO	**Bo de Besche** Chief Customer Officer	**Anna Denell** Chief Sustainability Officer	**Johnny Engman** Chief Financial Officer	**Sheila Florell** Chief Legal Officer
Born	1974	1967	1972	1977	1965
Employed	2015	2002	1999	2024	2005
Joined Management Team	2015[1]	2020	2022	2024	2006
Education	M.Sc. in Engineering	M.Sc. in Engineering	M.Sc. in Engineering	M.Sc. in Finance and Accounting	Law degree and Estate Agent exam
Previous experience	AP Fastigheter, Sveafastigheter and Areim.	Linköpings kommunala fastigheter AB.	Locum, Haninge Bostäder and AP Fastigheter.	Byggfakta, Nordic Capital and Cloetta.	If Skadeförsäkring and the Association of Swedish Real Estate Agents.
Other assignments	Board member of Hemsö.	Board member of Uppsala Citysamverkan.	Chairwoman of "Håll Nollan" (Zero Accidents in the Construction Industry), Board member of Mistra Carbon Exit, LFM30 and Fria Byggakademien.	–	Board member of Hydda AB, Hydda Holding AB and Idun Real Estate Solutions.

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

Group Management, continued

	Sandra Jonsson Chief Technology Officer	**Martin Kron** Chief Investment & Projects Officer	**Cecilia Söderström** Chief Human Resources Officer	**Nicklas Walldan** Chief Development Officer
Born	1980	1982	1962	1971
Employed	2017	2024	2008	2001
Joined Management Team	2022	2024	2008	2008
Education	M.Sc. in Engineering	M.Sc. in Engineering	Graduate studies in personnel and labour market	M.Sc. in Engineering
Previous experience	Schneider Electrics.	Skanska.	Svenska Spel and Ericsson.	Tyréns.
Other assignments	Board Member of BIM Alliance.	–	Board member of Almega tjänsteförbunden and Almega AB.	Board member of Svensk Byggtjänst, Idun Real Estate Solutions, Accessy, Byggherrarna Sverige and Samhällsbyggnadslänken and KTH Royal University of Technology.

Jan-Erik Hellman, previously Chief Investment and Projects Officer, left the Management Team in December 2023 in connection with the end of his employment at Vasakronan.

Christer Nerlich, previously Chief Financial Officer, left the Management Team in February 2024 in connection with the end of his employment at Vasakronan.

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Arena Skrapan, Stockholm

Consolidated statement of comprehensive income

Amounts in SEK million	2023	2022	Note
Rental revenue	9,157	8,167	2.1–2
Operating expenses	-898	-864	
Repairs and maintenance	-137	-117	
Property administration	-440	-379	2.3
Property tax	-820	-839	
Total property expenses	**-2,295**	**-2,199**	2.3
Operating surplus	**6,862**	**5,968**	
Central administration	-111	-116	2.3
Result from participations in associates and joint ventures	-211	-151	7.2
Operating profit	**6,540**	**5,701**	
Financial income	154	30	2.5
Financial expenses	-1,884	-1,238	2.5
Interest expense lease liability; ground rents and land leases	-165	-160	
Profit after net financial items	**4,645**	**4,333**	
– Of which, income from property management	*4,852*	*4,481*	
Change in value of investment properties	-16,550	4,917	4.2
Depreciation of right-of-use assets	-7	-7	4.3
Change in value of financial instruments	-1,720	1,291	6.5
Divested/impaired goodwill	0	-2	4.1
Profit/loss before tax	**-13,632**	**10,532**	

Amounts in SEK million	2023	2022	Note
Current tax	-341	-135	3.1
Deferred tax	3,115	-1,932	3.1
Profit/loss for the year	**-10,858**	**8,465**	
Of which, attributable to non-controlling interests	-3	-3	
Of which, attributable to the Parent Company shareholders	**-10,855**	**8,468**	
Other comprehensive income[1]			
Items that may not be reclassified[2]			
Pensions, revaluation	-14	81	2.4
Restriction for surplus in pension plan with asset cap	-11	-49	2.4
Income tax on pensions	5	-7	
Other comprehensive income for the year, net of tax	**-20**	**25**	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-10,875**	**8,493**	

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

Consolidated balance sheet

Amounts in SEK million	2023	2022	Note
ASSETS			
Non-current assets			
Intangible assets	2,001	2,018	4.1
Property, plant and equipment (PPE)			
Investment properties	174,569	188,317	4.2
Right-of-use assets, leaseholds and land leases	6,329	5,150	4.3
Equipment	140	153	4.4
Total property, plant and equipment (PPE)	**181,038**	**193,620**	
Financial assets			
Participations in associates and joint ventures	530	711	7.2
Receivables from joint ventures	0	0	7.3
Derivatives	3,321	6,173	6.4
Other non-current receivables	2,468	1,436	6.4
Total financial assets	**6,319**	**8,320**	
Total non-current assets	**189,358**	**203,958**	
Current assets			
Accounts receivable	58	67	5.1
Receivables from joint ventures	136	41	7.2
Current tax assets	0	52	
Derivatives	54	255	6.4
Other current receivables, prepaid expenses and accrued income	1,989	1,228	5.2
Cash and cash equivalents	3,225	2,984	6.3
Total current assets	**5,462**	**4,627**	
TOTAL ASSETS	**194,820**	**208,585**	

Amounts in SEK million	2023	2022	Note
EQUITY AND LIABILITIES			
Equity			
Share capital	4,000	4,000	
Other contributed capital	4,227	4,227	
Retained earnings	70,675	81,550	
Non-controlling interests	0	-9	
Total equity	**78,902**	**89,767**	
Non-current liabilities			
Interest-bearing liabilities	65,197	66,484	6.2
Lease liability, leaseholds and land leases	6,330	5,151	4.3
Deferred tax liability	25,093	28,212	3.2
Derivatives	3,964	3,874	6.4
Other non-current liabilities	65	78	6.4
Provision for pensions	10	10	2.4
Total non-current liabilities	**100,659**	**103,809**	
Current liabilities			
Interest-bearing liabilities	11,062	10,941	6.2
Accounts payable	70	71	
Liabilities joint ventures	23	23	7.2
Current tax liabilities	113	0	
Derivatives	59	18	6.4
Other current liabilities, accrued expenses and deferred income	3,932	3,956	5.3
Total current liabilities	**15,259**	**15,009**	
TOTAL EQUITY AND LIABILITIES	**194,820**	**208,585**	

Consolidated statement of changes in equity

Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Equity, opening balance on 1 Jan 2022	**4,000**	**4,227**	**77,057**	**85,284**	**6**	**85,290**
Profit for the year	–	–	8,468	8,468	-3	8,465
Other comprehensive income	–	–	25	25	–	25
Comprehensive income for the year	–	–	*8,493*	*8,493*	*-3*	*8,490*
Transactions with owners						
Non-controlling interests	–	–	–	–	-12	-12
Dividend	–	–	-4,000	-4,000	–	-4,000
Equity, closing balance on 31 Dec 2022	**4,000**	**4,227**	**81,550**	**89,777**	**-9**	**89,767**
Equity, opening balance on 1 Jan 2023	**4,000**	**4,227**	**81,550**	**89,777**	**-9**	**89,767**
Profit/loss for the year	–	–	-10,855	-10,855	-3	-10,858
Other comprehensive income	–	–	-20	-20	0	-20
Comprehensive income for the year	–	–	*-10,875*	*-10,875*	*-3*	*-10,878*
Transactions with owners						
Changes in the Group structure	–	–	–	–	12	12
Dividend	–	–	0	0	0	0
Equity, closing balance on 31 Dec 2023	**4,000**	**4,227**	**70,675**	**78,902**	**0**	**78,902**

Consolidated cash-flow statement

Amounts in SEK million	2023	2022	Note
Operating activities			
Operating surplus	6,862	5,968	
Central administration	-111	-116	
Add back amortisation and depreciation	50	45	
Adjustment for other non-cash items	-17	6	6.7
Cash flow from operating activities before interest and tax	**6,784**	**5,903**	
Interest paid[1]	-2,102	-1,418	
Interest received	107	27	
Taxes paid	-200	-240	
Cash flow before changes in working capital	**4,589**	**4,272**	
Increase (-)/decrease (+) in operating receivables	-478	-48	
Increase (+)/decrease (-) in operating liabilities	423	212	
Cash flow from operating activities	**4,534**	**4,436**	
Investing activities			
Investments in existing properties	-2,802	-2,366	4.2
Property acquisitions	0	0	4.2
Property divestments	0	543	4.2
Other PPE, net	-33	-87	
Intangible assets	-3	-3	4.1
Disposals of net assets in Group companies	0	18	
Transactions with associates and joint ventures	-10	107	
Other financial assets, net	0	-4	
Cash flow from investing activities	**-2,848**	**-1,792**	
Cash flow after investing activities	**1,686**	**2,644**	

Amounts in SEK million	2023	2022	Note
Financing activities			
Dividend	0	-4,000	9
Raised debt: interest-bearing liabilities	25,793	39,821	
Repayment of debt: interest-bearing liabilities	-25,554	-38,171	
Change in collateral	-1,676	-633	
Redemption of financial instruments	-8	-198	
Cash flow from financing activities	**-1,445**	**-3,181**	
Cash flow for the period	**241**	**-537**	
Opening balance, cash and cash equivalents	**2,984**	**3,521**	
Cash flow for the period	241	-537	
Closing balance, cash and cash equivalents	**3,225**	**2,984**	6.3

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

Parent Company financial statements

Income statement

Amounts in SEK million	2023	2022	Note
Net sales	781	582	8.1
Operating expenses	-935	-761	2.3–4
EBIT	**-154**	**-179**	
Financial items			
Profit from participations in subsidiaries	7,394	14,464	8.2
Result from participations in joint ventures	0	0	7.2
Interest income	1,851	1,098	2.5
Interest expense	2,021	-1,338	2.5
Profit before value changes and tax		**14,045**	
Change in value of financial instruments	-1,720	1,291	6.5
Appropriations	0	-200	8.3
Profit before tax	**5,350**	**15,136**	
Tax	246	-438	3.1
Profit for the year	**5,596**	**14,698**	

Statement of comprehensive income

Profit for the year recognised in profit or loss	5,596	14,698
Total comprehensive income for the year	**5,596**	**14,698**

Balance sheet

Amounts in SEK million	2023	2022	Note
ASSETS			
Non-current assets			
Equipment	103	113	4.4
Shares and participations in subsidiaries	37,564	37,586	7.1
Receivables from subsidiaries	50,469	50,469	8.4
Shares and participations in joint ventures	0	0	7.2
Receivables from joint ventures	0	0	7.3
Deferred tax assets	171	0	3.2
Derivatives	3,321	6,173	6.4
Other non-current receivables	2,449	1,426	6.4
Total non-current assets	**94,077**	**95,768**	
Current assets			
Accounts receivable	4	6	5.1
Receivables from subsidiaries	15,469	9,974	7.1
Receivables from joint ventures	136	41	7.2
Current tax assets	113	87	
Derivatives	54	255	6.4
Other current receivables, prepaid expenses and accrued income	1,405	823	5.2
Cash and cash equivalents	3,222	2,975	6.3
Total current assets	**20,403**	**14,161**	
TOTAL ASSETS	**114,480**	**109,929**	

Amounts in SEK million	2023	2022	Note
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	4,000	4,000	
	4,000	**4,000**	
Unrestricted equity			
Retained earnings	19,775	5,077	
Profit/loss for the year	5,596	14,698	
	25,371	**19,775**	
Total equity	**29,371**	**23,775**	
Untaxed reserves	1,122	1,122	8.3
Non-current liabilities			
Interest-bearing liabilities	65,197	66,484	6.2
Liabilities to subsidiaries	712	712	8.4
Deferred tax liability	0	182	
Derivatives	3,964	3,874	6.4
Other non-current liabilities	55	67	6.4
Provision for pensions	6	6	
Total non-current liabilities	**69,934**	**71,325**	
Current liabilities			
Interest-bearing liabilities	11,062	10,941	6.2
Accounts payable	17	3	
Liabilities to subsidiaries	1,843	1,564	7.1
Derivatives	59	18	6.4
Other current liabilities, accrued expenses and deferred income	1,072	1,181	5.3
Total current liabilities	**13,940**	**13,707**	
TOTAL EQUITY AND LIABILITIES	**114,480**	**109,929**	

Change in equity

Amounts in SEK million	Share capital[1]	Retained earnings	Total equity
Equity, opening balance on 1 Jan 2022	**4,000**	**9,077**	**13,077**
Profit for the year	–	14,698	14,698
Comprehensive income for the year	–	*14,698*	*14,698*
Dividend	–	-4,000	-4,000
Equity, closing balance on 31 Dec 2022	**4,000**	**19,775**	**23,775**
Equity, opening balance on 1 Jan 2023	**4,000**	**19,775**	**23,775**
Profit for the year	–	5,596	5,596
Comprehensive income for the year	–	*5,596*	*5,596*
Dividend	–	0	0
Equity, closing balance on 31 Dec 2023	**4,000**	**25,371**	**29,371**

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

Cash-flow statement

Amounts in SEK million	2023	2022	Note
Operating activities			
EBIT	-154	-179	
Add back amortisation and depreciation	38	29	
Adjustment for other non-cash items	6	0	6.7
Cash flow from operating activities before interest and tax	**-110**	**-150**	
Interest paid	-1,959	-1,243	
Interest received	1,805	896	
Taxes paid	-200	-240	
Cash flow before changes in working capital	**-464**	**-737**	
Increase (-)/decrease (+) in operating receivables	-4,968	-9,407	
Increase (+)/decrease (-) in operating liabilities	603	-460	
Cash flow from operating activities	**-4,829**	**-10,604**	
Investing activities			
Acquisitions of equipment	-28	-77	4.4
Dividends received from subsidiaries	6,549	13,324	
Cash flow from investing activities	**6,521**	**13,247**	
Cash flow after investing activities	**1,692**	**2,643**	

Amounts in SEK million	2023	2022	Note
Financing activities			
Dividends and Group contributions to Parent Company	0	-4,000	9
Raised debt: interest-bearing liabilities	25,793	39,821	
Repayment of debt: interest-bearing liabilities	-25,554	-38,171	
Change in collateral	-1,676	-633	
Redemption of financial instruments	-8	-198	
Cash flow from financing activities	**-1,445**	**-3,181**	
Cash flow for the period	**247**	**-538**	
Opening balance, cash and cash equivalents	**2,975**	**3,513**	
Cash flow for the period	247	-538	
Closing balance, cash and cash equivalents	**3,222**	**2,975**	6.3

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NOTE 1 GENERAL INFORMATION AND ACCOUNTING POLICIES

1.1 General information

Vasakronan AB (publ), corporate registration number 556061-4603, is the Parent Company of the Vasakronan Group and is domiciled in Stockholm. The address of its registered office is 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 21 March 2024 and will be submitted to the Annual General Meeting for adoption on 26 April 2024.

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 2023 and as adopted by the EU together with the interpretations issued by the IFRS Interpretations Committee (IFRIC), and in accordance with the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Annual Accounts Act. These policies were consistently applied for all years presented, unless otherwise stated. In the Annual Report, items have been measured at cost except with regard to the remeasurement of investment properties and financial instruments, which are measured at fair value. The areas involving a higher degree of complexity, or 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 similar 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.

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 relationship to the Group's holding. Adjustments have been made where the accounting policies of joint ventures do not correspond with those of the Group.

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.

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. Thereafter, 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 61–64.
· Criteria for business combinations and asset acquisitions, Note 1.2 on page 50.
· Recoverable amount for goodwill, Note 4.1 on page 61.

New or amended accounting standards
The amendment to IAS 12, pertaining to deferred tax on leases, entered force on 1 January 2023 and means that companies that apply IFRS in their consolidated financial statements must recognise deferred tax on all temporary differences. The amendment has only a marginal impact on the financial statements. At present, other new and amended standards and interpretations as endorsed by the EU are not assessed as having any material impact on Vasakronan's earnings or financial position.

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.

	Stockholm		Gothenburg		Malmö		Uppsala		Group-wide		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
INCOME STATEMENT												
Rental revenue	**5,973**	**5,297**	**1,654**	**1,462**	**841**	**777**	**689**	**631**	**0**	**0**	**9,157**	**8,167**
Operating expenses	-552	-524	-148	-138	-116	-119	-82	-83	0	0	**-898**	**-864**
Repairs and maintenance	-86	-75	-25	-21	-12	-10	-14	-11	0	0	**-137**	**-117**
Property administration	-236	-205	-93	-79	-61	-49	-50	-46	0	0	**-440**	**-379**
Property tax	-577	-583	-145	-144	-52	-66	-46	-46	0	0	**-820**	**-839**
Property expenses	**-1,451**	**-1,387**	**-411**	**-382**	**-241**	**-244**	**-192**	**-186**	**0**	**0**	**-2,295**	**-2,199**
Operating surplus	**4,522**	**3,910**	**1,243**	**1,080**	**600**	**533**	**497**	**445**	**0**	**0**	**6,862**	**5,968**
Central administration	0	0	0	0	0	0	0	0	-111	-116	**-111**	**-116**
Result from participations in associates and joint ventures	0	0	0	0	0	0	0	0	-211	-151	**-211**	**-151**
Financial income	0	0	0	0	0	0	0	0	154	30	**154**	**30**
Financial expenses	0	0	0	0	0	0	0	0	-1,884	-1,238	**-1,884**	**-1,238**
Interest expense lease liability: ground rents and land leases	-156	-150	-1	-2	-8	-8	0	0	0	0	**-165**	**-160**
Profit before value changes and tax											**4,645**	**4,333**
Change in value of investment properties	-10,309	4,949	-4,625	-111	-770	-131	-846	210	0	0	**-16,550**	**4,917**
Depreciation of right-of-use assets	0	0	-7	-7	0	0	0	0	0	0	**-7**	**-7**
Change in value of financial instruments	0	0	0	0	0	0	0	0	-1,720	1,291	**-1,720**	**1,291**
Divested/impaired goodwill	0	0	0	0	-2	-2	0	0	0	0	**-2**	**-2**
Profit/loss before tax											**-13,632**	**10,532**
BALANCE SHEET												
Investment properties	120,592	129,240	29,449	33,650	13,113	13,725	11,415	11,702	0	0	**174,569**	**188,317**
of which, investments during the year	*1,660*	*1,583*	*425*	*444*	*158*	*136*	*559*	*203*	*0*	*0*	**2,802**	**2,366**
of which, acquisitions/sales during the year	*0*	*-543*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	**0**	**-543**
Right-of-use assets: leaseholds and land leases	6,045	4,859	22	29	262	262	0	0	0	0	**6,329**	**5,150**
Goodwill	1,045	1,047	435	435	341	339	80	80	0	0	**1,901**	**1,901**
Other assets	0	0	0	0	0	0	0	0	12,021	13,217	**12,021**	**13,217**
Total assets	**127,682**	**135,146**	**29,906**	**34,114**	**13,716**	**14,326**	**11,495**	**11,782**	**12,021**	**13,217**	**194,820**	**208,585**

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 2022	8,167
Change in comparable property holdings	762
Project developments	241
Acquired properties	0
Properties sold	-13
Income statement 2023	**9,157**

Lease portfolio expiry structure	No. of contracts	Annual rent
Expires within 1 year[1]	2,798	1,570
2025	950	1,773
2026	691	1,424
2027	427	1,558
2028	149	838
More than 5 years	191	2,303
Total	**5,206**	**9,465**

1) Of which, 1,169 residential leases with annual rents amounting to SEK 115 million.

At year end, the average remaining term to maturity for the lease portfolio was 3.3 years (3.7). Of contracted rents, 95% (95) pertained to commercial leases and 5% (5) to leases for residential and parking facilities. There are some 4,037 commercial leases (4,107) allocated across tenants in a number of different industries. No single tenant accounts for more than 3% of rental revenue. Public sector tenants account for 24% (24) 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.

	Group	
Costs recognised in profit or loss	**2023**	**2022**
Property expenses excl. admin.	-1,855	-1,820
Property administration	-440	-379
Central administration	-111	-116
Total	**-2,406**	**-2,315**

	Group	
Expenses allocated by category	**2023**	**2022**
Repairs and maintenance	-137	-117
Property tax	-820	-839
Other direct property expenses	-881	-851
Personnel costs	-431	-406
Depreciation	-21	-21
Other external expenses	-116	-81
Total	**-2,406**	**-2,315**

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.

Administration	Group 2023	2022
Personnel costs	-231	-230
Procured services	-190	-152
IT	-55	-49
Marketing	-29	-18
Depreciation, equipment	-8	-8
Non-deductible VAT	-13	-10
Other	-25	-28
Total	**-551**	**-495**

Auditors' fees	Group/ Parent Company 2023	2022
EY		
Audit engagement	1.7	2.0
Audit activities other than the audit engagement	0.8	0.7
Tax advice	0.5	2.2
Other	0.1	0.0
Total	**3.1**	**4.9**

The audit engagement refers to the statutory audit required of the auditors in order to be able to submit an auditor's report. Ernst & Young AB were elected as auditors at the 2020 AGM and were re-elected at the 2023 AGM.

2.4 Employees, personnel costs and remuneration to the Board

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

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

Employees
All of the Group's staff are employed by the Parent Company, Vasakronan AB. In 2023, the average number of employees was 297 (288) of these 141 (129) were women and 157 (159) men. More details regarding the number of employees are available in the Group's sustainability reporting.

Vasakronan's senior executives refers to the Chief Executive Officer and the other individuals who, together with the CEO, comprise the Management Team, refer to pages 40–41. At the balance-sheet date, the gender breakdown of the Group's senior executives was as follows: 5 (5) women and 4 (4) men, and for the Board: 5 (5) women and 4 (4) 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 2023 were operating surplus, net lettings, customer satisfaction, leasehold improvement costs and purchased energy. A positive total yield comprises a prerequisite for any form of variable compensation. 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 2024.

Variable compensation for the 2022 financial year was distributed in Q1 2023, where the outcome was an average of 1.3 months' salary. For the 2023 financial year, the total yield was negative and accordingly, no variable compensation will be paid in 2024.

Salaries and other benefits	Group/ Parent Company 2023	2022
Senior executives	25	27
Other employees	227	200
Total salaries and benefits	**252**	**227**
Pension costs	94	79
Social security costs	100	97
Total	**446**	**403**

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 receive no Board fees.

Senior executives 2023 (SEK 000)	Basic salary/ Board and committee fees[1]	Other benefits[2]	Pension costs	Total
Chairman of the Board				
Ulrika Francke	864	0	0	**864**
Other Board members				
Ann-Sofi Danielsson	484	0	0	**484**
Hannes Hasselrot	305	0	0	**305**
Magnus Meyer	305	0	0	**305**
Kia Orback Pettersson	305	0	0	**305**
	2,263	**0**	**0**	**2,263**
Chief Executive Officer Johanna Skogestig[3]	5,894	6	2,036	**7,936**
Other senior executives[4]	16,457	53	9,712	**26,222**
	22,351	**59**	**11,748**	**34,158**
Total	**24,614**	**59**	**11,748**	**36,421**

1) Pertains to fees paid.
2) Other benefits pertain primarily to costs for group health insurance and group life insurance.
3) Pension costs for the year include premiums pertaining to previous financial years.
4) Average of eight individuals.

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

1) Pertains to fees paid.
2) Other benefits pertain primarily to costs for group health insurance and group life insurance.
3) Average of ten individuals.

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

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

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

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

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

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

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

When Vasakronan was founded as a company in 1993, it took over the defined-benefit pension obligations from Byggnadsstyrelsen, which were administered by the National Government Employee Pensions Board (SPV) and have mainly been secured with KPA. Moreover, Vasakronan has a defined-benefit ITP secured through insurance with Alecta, which is recognised in accordance with the Swedish Financial Reporting Board's statement UFR10 as a defined-contribution pension. The obligation in Alecta has been agreed previously and no new premiums or fees were paid. At the end of the financial year, Alecta had a consolidation ratio of 158% (172).

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

	Group		Parent Company	
Pension costs in the income statement	**2023**	**2022**	**2023**	**2022**
Pension costs, defined-contribution	65	60	36	32
Pension costs, defined-benefit	10	18	58	49
Separate payroll tax on pension costs	18	19	23	19
Total pension costs in the income statement	**93**	**97**	**117**	**100**
Of which recognised as property administration	*75*	*78*		
Of which recognised as central administration	*18*	*19*		
Pension costs in other comprehensive income, excl. tax				
Actuarial gains(-)/losses(+), incl. payroll tax	-14	81		
Restriction for surplus in pension plan with asset cap, incl. payroll tax	-11	-49		
Total pension costs in other comprehensive income, excl. tax	**-25**	**32**		

Net debt defined-benefit pensions, Group	Group 2023	2022
Change in the defined-benefit obligation		
Present value of the pension obligation, opening balance	352	472
Pension rights vested through service[1]	10	18
Interest on pension obligation[1]	12	9
Pension disbursements	-20	-20
Actuarial gains(-)/losses(+) on pension obligations[2]	-15	-127
Present value of the obligation, closing balance[3]	**339**	**352**
Change in plan assets		
Fair value of plan assets, opening balance	-394	-446
Interest income[1]	-14	-9
Paid-in premiums	-30	-21
Pension disbursements	20	19
Return on plan assets excluding interest income[2]	27	63
Fair value of plan assets, closing balance	**-391**	**-394**
Restriction for surplus in pension plan with asset cap	55	45
Other pension obligations	5	5
Separate payroll tax on net pension debt	2	2
Net debt, defined-benefit pensions	**10**	**10**

1) Recognised in profit or loss.
2) Recognised in other comprehensive income.
3) Expected weighted-average duration for the obligation's present value on 31 Dec 2023 is 13.52 years (14.64).

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

The difference between the actual and the expected return amounted to negative SEK 27 million (negative: 63) and was recognised as the return on plan assets excluding interest income.

Net actuarial gains (–) and losses (+) after tax amounted to SEK 20 million (negative: 25) 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 16 million in 2024.

Actuarial and financial assumptions (%):	Group 2023	2022
Discount rate	4.1	3.6
Inflation	2.0	2.0
Expected annual wage growth	3.5	3.5
Expected annual increase in pension disbursements	2.0	2.0
Expected annual increase in income base amount	3.0	3.0

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 change in the discount rate would, for example, result in a SEK -42/+54 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.

	Group		Parent Company	
Financial income and expenses	**2023**	**2022**	**2023**	**2022**
Interest income	154	30	152	29
Interest income from subsidiaries	–	–	1,699	1,069
Other financial income	0	0	0	0
Total financial income	**154**	**30**	**1,851**	**1,098**
Interest expense	-1,955	-1,274	-1,954	-1,274
Interest expense to subsidiaries	–	–	-22	-17
Capitalised interest	116	83	–	–
Other financial expenses	-45	-47	-45	-47
Total financial expenses	**-1,884**	**-1,238**	**-2,021**	**-1,338**
Net financial items	**-1,730**	**-1,208**	**-170**	**-240**

The average interest rate for the loan portfolio over the period is used for capitalising interest expense. The interest rate applied for capitalisation purposes in 2023 was in the 2.5–2.8% range.

NOTE 3 TAX

§ Accounting policies – Tax

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

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

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

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

Deferred income tax is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the balance-sheet date and, which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The temporary difference that arises from the initial recognition of assets or liabilities in an asset acquisition is not recognised as deferred tax.

For the 2023 financial year, the Group's consolidated revenue has exceeded EUR 750 million for at least two of the four preceding financial years and the same circumstances are expected for 2024. The Group is therefore subject to the Top-up Tax Act based on the OECD Pillar 2 model rules and the EU Directive ensuring a global minimum tax level for multinational groups and large-scale national groups in the Union. However, according to the Top-up Tax Act (SFS 2023:875), any top-up tax that may be applicable is to be reduced to zero during the first five years for groups where only Swedish group entities are included. As the Vasakronan Group solely comprises Swedish entities, no consequent effect on income tax is expected. The Group has also applied the mandatory exemption from calculating and reporting deferred tax based on the Top-up Tax Act , according to IAS 12.4A.

	Group		Parent Company	
Tax on profit for the year	**2023**	**2022**	**2023**	**2022**
Current tax	-341	-135	-106	-131
Deferred tax	3,115	-1,932	352	-307
Total tax on profit for the year	**2,774**	**-2,067**	**246**	**-438**

3.1 Summary of tax expense/income

	Group		Parent Company	
Tax expense	**2023**	**2022**	**2023**	**2022**
Recognised profit before tax	-13,632	10,532	5,350	15,136
Tax on profit according to applicable tax rate	2,808	-2,170	-1,102	-3,118
Tax effect of:				
Tax attributable to previous fiscal years	-2	-3	0	0
Non-taxable sale of subsidiaries	0	66	0	0
Result from participations in associates and joint ventures	-23	-25	0	0
Non-taxable dividend	–	–	1,349	2,745
Impairment of participations	–	–	-5	-50
Non-deductible interest expenses	3	-15	11	-13
Other non-taxable income/non-deductible costs	0	-1	-1	-2
Tax reduction for equipment	–	84	–	0
Other adjustments	-12	-3	-6	0
Tax expense recognised	**2,774**	**-2,067**	**246**	**-438**
Effective tax rate, %	20.4	19.6	–	–

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.

3.2 Deferred tax

	Opening balance		Recognised in profit or loss		Recognised directly in equity		Closing balance	
Deferred tax liability	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Group								
Derivatives	182	-125	-353	307	0	0	-171	182
Investment properties	27,679	26,088	-2,747	1,591	0	0	24,932	27,679
Untaxed reserves	282	241	0	41	0	0	282	282
Other temporary differences	69	69	-15	-7	-5	7	49	69
Total deferred tax	**28,212**	**26,273**	**-3,115**	**1,932**	**-5**	**7**	**25,092**	**28,212**
Parent Company								
Derivatives	182	-125	-353	307	0	0	-171	182
Total deferred tax	**182**	**-125**	**-353**	**307**	**0**	**0**	**-171**	**182**

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 7,823 million. For more guidance, refer to the key metrics on page 23 and the definition for EPRA NTA on page 141.

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.

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. 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 2023, 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. This is to identify any need for impairment and to then recognise the brand at cost less any accumulated impairments. At the end of 2023, there was no need for impairment.

	Group					
	Goodwill		Other intangible assets		Total	
Intangible assets	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Opening balance	1,901	1,903	117	141	2,018	2,044
Divestments/impairment	0	-2	-18	-28	-18	-30
Acquisitions for the year	0	0	6	10	6	10
Amortisation for the year	0	0	-5	-6	-5	-6
Closing balance	**1,901**	**1,901**	**100**	**117**	**2,001**	**2,018**

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.

	Group	
Investment properties	**2023**	**2022**
Opening balance	188,317	181,575
Investments	2,802	2,366
Acquisitions, consideration	0	0
Sales	0	-543
Change in value	-16,550	4,917
Closing balance	**174,569**	**188,317**
Fiscal values	**50,598**	**50,979**

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 2023, the external valuation was conducted by Cushman & Wakefield in Gothenburg and Stockholm, and by Forum Fastighetsekonomi in Malmö and Uppsala.

Valuation assumptions

Property valuations are based on observable and unobservable inputs. The observable data with the greatest valuation impact comprises actual rents as well as operating and maintenance costs, planned investments and actual vacancy rates. Unobservable inputs primarily include yield requirements, cost of capital and expectations in terms of rent and vacancy levels.

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	2023 average
Inflation assumption	2.0%
Cost of capital – cash flow	6.38%
Cost of capital – residual value	6.52%
Yield requirement – residual value	4.51%
Long-term vacancy rate	5.17%
Operating and maintenance costs, year 1	SEK 498 sq. m.
Investments, year 1	SEK 931 sq. m.
Market rent (at zero vacancies)	SEK 4,127 sq. m.

Yield requirement – residual value per sub-market	Interval, %	2023 average, %	2022 average, %
Central Stockholm	3.70–5.90	4.17	3.64
Stockholm inner suburbs	4.35–6.65	5.35	4.68
Gothenburg	4.05–4.90	4.49	3.81
Malmö	4.35–6.15	5.05	4.61
Uppsala	4.35–5.95	5.11	4.78
Total	**3.70–6.65**	**4.51**	**3.95**

Yield requirements by property type	Interval, %	2023 average, %	2022 average, %
Offices	3.70–6.65	4.47	3.92
Retail	4.35–6.15	4.89	4.28
Other	5.30–6.25	5.53	5.24
Total	**3.70–6.65**	**4.51**	**3.95**

	Yield requirement – residual value, %			Long-term vacancy rate, %		Market rent (at zero vacancies), SEK/sq. m. [2]		Operating and maintenance costs, year 1, SEK/sq. m.	
	Interval	Average	Change	Interval	Average	Interval	Average	Interval	Average
Central Stockholm									
Offices	3.70–5.90	4.17	0.53	2.8–12.2	4.8	3,200–10,400	6,387	150–1,000	544
Retail	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Stockholm inner suburbs									
Offices	4.35–6.65	5.34	0.68	2.8–15.5	7.5	2,200–4,400	2,992	220–730	448
Retail	–	–	–	–	–	–	–	–	–
Other[1]	6.25–6.25	6.25	0.50	–	–	–	–	–	–
Gothenburg									
Offices	4.05–4.90	4.45	0.68	3.2–6.0	4.9	2,600–4,900	3,237	240–680	427
Retail	4.35–4.70	4.57	0.70	1,8–4,2	3.7	3,900–6,900	4,344	420–750	523
Other	–	–	–	–	–	–	–	–	–
Malmö									
Offices	4.35–5.75	4.81	0.47	3.8–7.2	4.9	2,200–3,500	2,738	220–550	367
Retail	5.20–6.15	5.69	0.36	3.9–6.0	5.0	2,400–5,000	3,106	400–1,080	746
Other	5.55–6.00	5.66	0.44	2.6–4.9	3.5	3,400–5,000	4,220	480–920	703
Uppsala									
Offices	4.35–5.95	5.05	0.32	2.6–6.7	4.1	2,200–3,600	2,715	350–740	477
Retail	5.25–5.45	5.36	0.32	2.8–5.1	3.4	2,500–3,000	2,721	470–780	629
Other [1]	5.30–5.30	5.30	0.40	–	–	–	–	–	–

1) Only properties without NFA.
2) Pertains to the interval at a valuation object level.

Change in value of investment properties	Group 2023	2022
Project developments and development properties	-1,060	1,362
Transactions	0	17
Investment properties:		
Changed yield requirement	-36,118	-1,604
Change in market rents	20,628	5,142
Total change in value	**-16,550**	**4,917**

Undertakings to complete major projects (see compilation on page 15)	2023	2022
Remaining investment	2,249	2,292

Sensitivity analysis

Estimated market values are subject to uncertainty since property valuations entail an assessment of a likely sales price at a given valuation date in the market. Therefore, the valuations are provided together with a value interval that normally amounts to +/- 5–10%. However, the value interval may vary over time due, inter alia, to market conditions and property-specific changes.

In an uncertain market with few transactions, changes in valuation assumptions may be difficult to identify, in particular yield requirements. The following table illustrates the effects on the market value of each individual change.

Sensitivity analysis	Change in assumption	Value impact, SEK m	Value impact, %
Yield requirement and cost of capital	+1 percentage point	-31,259	-17.9
Yield requirement and cost of capital	-1 percentage point	49,072	28.1
Long-term vacancy rate	+/-1 percentage point	-/+1,951	-/+1.1
Operating and maintenance costs	+/- SEK 25 sq. m.	-/+1,182	-/+0.7
Market rents	+/- SEK 50 sq. m.	+/-2,364	+/-1.4

4.3 Right-of-use assets and lease liabilities

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

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

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

Right-of-use assets	Ground rent agreements	Land leases	Total
Cost:			
As of 1 January 2023	5,092	85	**5,177**
Revaluation[1]	1,185	0	**1,185**
As of 31 December 2023	**6,277**	**85**	**6,362**
Depreciation:			
As of 1 January 2023	0	-27	**-27**
Depreciation for the year	0	-7	**-7**
As of 31 December 2023	**0**	**-34**	**-34**
Recognised assets as of 31 December 2023	**6,277**	**51**	**6,329**
Lease liabilities			
Cost:			
As of 1 January 2023	5,092	85	**5,177**
Revaluation[1]	1,185	0	**1,185**
As of 31 December 2023	**6,277**	**85**	**6,362**
Principal repayments:			
As of 1 January 2023	0	-26	**-26**
Principal repayments for the year	0	-7	**-7**
As of 31 December 2023	**0**	**-33**	**-33**
Recognised lease liabilities as of 31 December 2023	**6,277**	**52**	**6,330**

1) The revaluation of ground rent agreements was attributable to higher estimates for ground rents on the agreements that expired during the year, but that are still under negotiation.

Contracted future ground rents [1]	31 Dec 2023
Contracted ground rents year 1	101
Contracted ground rents, 2–5 years	235
Contracted ground rents, >5 years	153
Closing balance	**489**

1) Estimated rents calculated until future renegotiation dates.

4.4 Equipment

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

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

	Group		Parent Company	
Equipment	**2023**	**2022**	**2023**	**2022**
Cost:				
Opening balance	305	216	205	128
Acquisitions	35	89	28	77
Sales and disposals	-5	0	0	0
Closing balance – cost	**335**	**305**	**233**	**205**
Depreciation:				
Opening depreciation	-152	-114	-92	-63
Depreciation for the year	-45	-37	-38	-29
Sales and disposals	2	-1	0	0
Closing balance – depreciation	**-195**	**-152**	**-130**	**-92**
Closing balance	**140**	**153**	**103**	**113**

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	
	2023	**2022**	**2023**	**2022**
Tenant receivables	104	99	4	6
Provision for doubtful receivables	-46	-32	0	0
Closing balance	**58**	**67**	**4**	**6**

Aging report, accounts receivable, Group	2023	2022
Current	35	47
1–30 days past due	12	11
31–90 days past due	11	11
More than 90 days past due	46	30
Total	**104**	**99**

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

5.2 Other current receivables, prepaid expenses and accrued income

	Group		Parent Company	
	2023	2022	2023	2022
Accrued interest income	648	467	648	467
Accrued rent discounts	100	129	0	0
Deposit account	321	307	321	307
VAT adjustment	8	15	0	0
Prepaid operating expenses	46	39	2	0
CSA receivables	346	0	346	0
VAT in projects	140	76	0	0
Other items	380	195	88	49
Closing balance	**1,989**	**1,228**	**1,405**	**823**

5.3 Other current liabilities, accrued expenses and deferred income

	Group		Parent Company	
	2023	2022	2023	2022
Prepaid rental revenue	1,757	1,652	0	1
Accrued interest expense	953	755	953	755
Accrued expenses for ongoing projects	155	236	0	0
Deposits, CSAs	12	307	12	307
VAT	291	310	14	5
Deposits	321	307	0	0
Property tax	172	103	0	0
Vacation pay, social security expenses and employee withholding taxes	52	54	52	54
Other items	219	232	41	59
Closing balance	**3,932**	**3,956**	**1,072**	**1,181**

NOTE 6 FINANCING AND CAPITAL STRUCTURE

6.1 Goals for financing activities

Owning and developing properties is a capital-intensive business. Interest expense is one of the Group's major cost items and access to cost-efficient financing is strategically important. Vasakronan finances its activities through owners' capital or through external borrowing. This division is based on a weighting of 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.

§ 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, which means that 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. This ensures efficient management and control of the company's financial risks and enables the utilisation of economies of scale.

Summary, compliance with financial policy	Policy	31 Dec 2023
Financing risk		
Loan-to-maturity	min. 2 years	4.9 years
Loan-to-maturity, including unutilised credit commitments.	–	5.2 years
Loans maturing, 12 months	max. 40%	15%
Credit commitments and cash/loans maturing 12 months	at least 100%	192%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	3.8x
Fixed-interest period	min. 2 years	4.1 years
Fixed-interest maturity within 12 months	max. 55%	22%
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

6.2 Breakdown of funding sources, share of total loan portfolio

	Loan limit	Nominal amount base currency	*Amount utilised*	Share, %
Commercial paper	25,000	–	*4,215*	6
Bonds, SEK	89,100[1]	–	*27,847*	37
Bonds, NOK	–	11,931	*11,833*	16
Bonds, EUR	–	487	*5,419*	7
Bonds, JPY	–	29,400	*2,102*	3
Bonds, AUD	–	230	*1,581*	2
Bonds, USD	–	505	*5,087*	7
Bonds, HKD	–	790	*949*	1
Bonds, CHF	–	20	*240*	0
Secured bank loans	11,131	–	*11,131*	15
NIB and EIB	5,855	–	*5,855*	8
Credit facility from owners	18,000	–	*0*	0
Total			***76,259***	**100**

1) The amount corresponds to EUR 8 billion and encompasses all currencies.

Summary of liabilities arising from financing activities – Group	Opening balance	Loan repayments	New borrowings	Repayment premiums/ discounts	Exchange-rate differences	Closing balance
Commercial paper	4,886	-16,384	15,701	12	0	4,215
Bonds	54,453	-8,064	10,092	6	-1,428	55,059
NSVs	559	-564	0	0	5	0
Bank loans	17,527	-542	0	0	0	16,985
Total	**77,425**	**-25,554**	**25,793**	**18**	**-1,423**	**76,259**

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

Loan terms and conditions

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

Carrying amount

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

6.3 Financial risks

Currency risk

Currency risk pertains to unfavourable changes in exchange rates that impact the Group's financial position. Where assets in foreign currency exist, currency exposure (net of assets and liabilities in foreign currencies) is permitted corresponding to a maximum of 1% of the company's total assets. All currency risk must be eliminated if no assets are held in foreign currency. As Vasakronan holds no assets denominated in foreign currency, payments of interest and principal on foreign currency borrowings are hedged using cross-currency derivatives. Foreign currency borrowings are recognised in the balance sheet at amortised cost and are translated at the closing rate at the balance-sheet date. This means that a gain or loss will arise if the exchange rate at the time the loan was contracted differs from the current exchange rate. The exposure to interest and exchange rates for cross-currency derivatives is the same as for the underlying loans. In accordance with the IFRS 9 accounting rules, derivatives are marked to market. This entails that a gain or a loss arises depending on whether the contracted interest rate and exchange rates differ from the interest rates or exchange rates at the balance-sheet date. Since Vasakronan does not apply hedge accounting, the income statement and balance sheet do not fully reflect the hedge in the event of a gain or loss on currency derivatives due to changed interest rates, which is not taken into account in the measurement of foreign currency borrowings. As of 31 December 2023, the negative change in value on foreign currency borrowings amounted to SEK 181 million. A corresponding asset of SEK 181 million is reported for the underlying cross-currency derivatives. The negative market value for derivatives linked to changed interest rates for foreign currencies amounted to SEK 2,717 million. This effect is not reflected in the balance sheet or income statement for the underlying borrowings.

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 limited access to several different types of financing sources. This risk is limited since the average remaining tenors for interest-bearing liabilities may not be less than two years.

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

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

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

Interest-rate risk

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

Liquidity risk – maturity analysis	2023				2022			
GROUP	**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	58	0	0	0	67	0	0	0
Other receivables	2,459	0	0	0	1,428	0	0	0
Cash and cash equivalents	3,225	0	0	0	2,984	0	0	0
Total	**5,742**	**0**	**0**	**0**	**4,479**	**0**	**0**	**0**
Liabilities[1]								
Bonds	-6,939	-10,758	-22,688	-23,249	-6,706	-8,591	-22,122	-25,230
Bank loans	-2,808	-2,278	-10,478	-5,259	-1,098	-2,497	-6,123	-10,703
Commercial paper	-4,256	0	0	0	-4,900	0	0	0
NSVs	0	0	0	0	0	0	0	0
Interest-rate derivatives	-143	-62	63	144	-96	-63	-5	-21
Currency derivatives — inflows	1,088	847	12,954	30,336	500	979	5,589	18,657
Currency derivatives — outflows	-1,625	-1,553	-7,321	-22,480	-667	-1,135	-5,907	-18,808
Accounts payable	-70	0	0	0	-71	0	0	0
Total	**-14,753**	**-13,804**	**-27,470**	**-20,508**	**-13,038**	**-11,307**	**-28,568**	**-36,105**

1) Excluding lease liability, leaseholds and land leases.

	Group		Parent Company	
Cash and cash equivalents	**2023**	**2022**	**2023**	**2022**
Cash and cash equivalents	3,225	2,984	3,222	2,975
Closing balance	**3,225**	**2,984**	**3,222**	**2,975**

	Group/Parent Company			
Maturity structure of current and non-current interest-bearing liabilities in the Group and Parent Company, years	**Fixed-interest**		**Loan-to-maturity**	
	Amount	**Share, %**	**Amount**	**Share, %**
0–1	16,874	22	11,062	15
1–2	2,694	3	10,366	14
2–3	5,899	8	8,457	11
3–4	24,151	32	11,016	14
4 years or more	26,641	35	35,358	46
Closing balance	**76,259**	**100**	**76,259**	**100**
Of which:				
Interest-bearing liabilities – floating rate	11,433			
Interest-bearing liabilities – fixed rate	64,826			

6.4 Derivatives

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

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

Derivative contracts in the consolidated and Parent Company balance sheets

Derivatives – financial assets	2023	2022
Interest-rate swaps, cross-currency basis swaps	3,375	6,258
Electricity derivatives	0	170
Closing balance	**3,375**	**6,428**

Derivatives – financial liabilities	2023	2022
Interest-rate swaps, cross-currency basis swaps, inflation-linked swaps	-4,012	-3,891
Electricity derivatives	-11	0
Closing balance	**-4,023**	**-3,891**
Net Derivatives	**-648**	**2,537**

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 the Vasakronan's credit risk in the event of the counterparty defaulting while the DVA reflects the company's own risk of default. Calculation of the valuation adjustment is based on the expected exposure, probability of default and recovery rates for exposed credits. As of 31 Dec 2023, the net value was SEK -29 million (-99) 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 NCR's or Standard & Poor's rating scale or alternatively Baa2 on Moody's rating scale.
- The duration of liquidity investments may not exceed six months.
- ISDA agreements are required that allow offsetting of payables and receivables from the same counterparty.

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 2023, the Group has received and posted such collateral.

	Group		Parent Company	
Non-current receivables	**2023**	**2022**	**2023**	**2022**
Deposits, CSAs	2,394	1,371	2,394	1,371
Other non-current receivables	74	65	55	55
Closing balance	**2,468**	**1,436**	**2,449**	**1,426**

	Group		Parent Company	
Other non-current liabilities	**2023**	**2022**	**2023**	**2022**
Deposits, CSAs	0	-13	0	-13
Liabilities to subsidiaries	–	–	-712	-712
Other non-current liabilities	-65	-65	-55	-54
Closing balance	**-65**	**-78**	**-767**	**-779**

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. This currently results in a lower interest rate than that contracted for the loan. Recognition at fair value would reduce the Group's liabilities by SEK 4,339 million and increase equity by SEK 3,445 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	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets								
Accounts receivable	58	67	0	0	58	67	58	67
Deposits, CSAs	2,394	1,371	0	0	2,394	1,371	2,394	1,371
Derivatives	0	0	3,375	6,428	3,375	6,428	3,375	6,428
Cash and cash equivalents	3,225	2,984	0	0	3,225	2,984	3,225	2,984
Total	**5,677**	**4,422**	**3,375**	**6,428**	**9,052**	**10,850**	**9,052**	**10,850**
Financial liabilities								
Bonds	55,058	54,453	0	0	55,058	54,453	50,689	48,069
Bank loans	16,986	17,527	0	0	16,986	17,527	17,015	17,304
Commercial paper	4,215	4,886	0	0	4,215	4,886	4,216	4,883
NSVs	0	559	0	0	0	559	0	551
Lease liability, leaseholds and land leases	6,330	5,151	0	0	6,330	5,151	6,330	5,151
Accounts payable	70	71	0	0	70	71	70	71
Deposits, CSAs	0	13	0	0	0	13	0	13
Derivatives	0	0	4,012	3,891	4,012	3,891	4,012	3,891
Total	**82,659**	**82,660**	**4,012**	**3,891**	**86,671**	**86,551**	**82,332**	**79,933**

Change in value of financial instruments	Group/ Parent Company	
	2023	2022
Interest-rate derivatives	-1,530	1,391
Early settlement of derivatives	-9	-198
Valuation allowances for foreign currency loans	1,473	-1,903
Valuation allowances for currency derivatives	-1,473	1,903
Electricity derivatives	-181	98
Total	**-1,720**	**1,291**

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	
	2023	2022	2023	2022
Property deeds	11,180	11,180	None	None
Contingent liabilities	287	287	None	None

6.7 Adjustment for non-cash items

Adjustment for non-cash items	Group		Parent Company	
	2023	2022	2023	2022
Estimated defined-benefit pension costs	-17	6	6	0
Equipment sales	0	0	0	0
Total	**-17**	**6**	**6**	**0**

NOTE 7 GROUP STRUCTURE

7.1 Shares and participations in subsidiaries

Shares and participations in subsidiaries	Parent Company 2023	2022
Opening balance	37,586	37,829
Impairment	-22	-312
Reversed impairment	0	69
Closing balance	**37,564**	**37,586**

Companies in the Vasakronan AB Group	Shares/ participa-tions[1]	Share of equity, %[2]	Carrying amount in Parent Company 2023	2022
Civitas Holding AB, 556459-9164, Stockholm	500	100	30,106	30,106
Vasakronan Fastigheter AB, 556474-0123, Stockholm	500	100	–	–
Vasakronan Holdingfastigheter AB, 556611-6850, Stockholm	1,000	100	–	–
Vasakronan Inom Vallgraven 22:3 AB, 556879-7012, Malmö	500	100	–	–
Vasakronan Malmöfastigheter AB, 556376-7267, Stockholm	5,000	100	–	–
Handelsbolaget Gotic, 969622-2844, Trelleborg	100	100	–	–
Fastighets AB Luxor, 556059-7139, Stockholm	2,000	100	–	–
Vasakronan Vattenled AB, 556577-9088, Stockholm	1,000	100	–	–
Vasakronan Priorinnan 5 AB, 559073-2151, Stockholm	500	100	–	–
Mabrabo AB, 556339-0227, Stockholm	10,000	100	–	–
Vasakronan Kista Science Tower AB, 556649-8043, Stockholm	1,000	100	–	–
Kymlinge Utvecklings A, 556647-7583, Stockholm	1,000	100	–	–
Vasakronan Kista Science Tower KB, 969660-7820, Stockholm	100	100	–	–
Vasakronan Uppsalafastigheter AB, 556651-1092, Stockholm	1,000	100	–	–
Kungspinnen I AB, 556701-4278, Stockholm	1,000	100	–	–
Frösunda Hus I AB, 556704-9183, Stockholm	1,000	100	–	–
Frösunda Hus II AB, 556704-9175, Stockholm	1,000	100	–	–
Frösunda Hus III AB, 556704-6213, Stockholm	1,000	100	–	–
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	–	–
Ankarspik 121 AB, 559440-1902, 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	–	–
Ankarspik 122 AB, 559399-7181, Stockholm	500	100	–	–
Fastighets AB Gesimsen Grön, 556011-7698, Stockholm	50,000	100	1,916	1,916
Fastighets AB Svava, 556268-6658, Uppsala	500,000	100	–	–
Vasakronan Uppsala City AB, 556057-0896, Uppsala	75,000	100	–	–
Uppsala Science City AB, 556250-5346, Uppsala	300,000	100	–	–
Uppsala Science Park KB, 916512-8126, Uppsala	200	100	–	–
Vasakronan Blåmannen AB, 556825-9302, Stockholm	500	100	1,110	1,110
Vasakronan Stockholmsstuten AB, 556820-7798, Stockholm	500	100	611	611
Vasakronan Kaninen 30 AB, 556740-3604, Stockholm	1,000	100	171	171
Vasakronan Bassängkajen AB, 556696-1362, Stockholm	1,000	100	367	367

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

Companies in the Vasakronan AB Group	Shares/ participa-tions[1]	Share of equity, %[2]	Carrying amount in Parent Company 2023	2022
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 Skjutsgossen nr 8 & Co KB, 916502-7971, Stockholm	105	100	–	–
Nisseshus Nr 1 HB, 916587-3424, Stockholm	–	100	–	–
Allmänna Pensionsfondens Fastighets nr 63 KB, 969646-7522, Stockholm	200	100	–	–
Förvaltningsbolaget Alvikshus HB, 916501-8004, Stockholm	–	100	–	–
Fastighetsbolaget Brödtorget & Co KB, 989200-4418, Stockholm	100	100	–	–
Allmänna Pensionsfondens Fastighets nr 12 KB, 969646-4016, Stockholm	200	100	–	–
Vasakronan Bredbandet 1 AB, 559016-1427, Stockholm	500	100	–	–
Vasakronan Hårddisken 1 AB, 559347-9974, Stockholm	500	100	–	–
Vasakronan Nordstaden 10:20 AB, 556865-4205, Stockholm	500	100	214	214
Fastighets Aktiebolaget Bodega, 556031-4246, Stockholm	3,000	100	215	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

Companies in the Vasakronan AB Group	Shares/ participa-tions[1]	Share of equity, %[2]	Carrying amount in Parent Company 2023	2022
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
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	322	337
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	75	82
Allmänna Pensionsfondens Fastighets AB, 556355-6835, Stockholm	500	100	60	60
Vasakronan Starkströmmarna AB, 556771-7920, Stockholm	1,000	100	37	39
Allmänna Pensionsfondens Fastighets nr 59 KB, 969646-4032, Stockholm	200	100	–	–
Ankarspik 120 AB, 559347-9982, Stockholm	500	100	–	–
Nacka Strand Förvaltnings Aktiebolag, 556034-9150, Stockholm	500	100	0	0
Vasakronan Invest AB	500	100	-5	-5
Beyond Us AB, 559016-1559, Stockholm	500	100	–	–
Total			**37,564**	**37,586**

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

7.2 Participations in associates and joint ventures

	Group		Parent Company	
Shares and participations in joint ventures	**2023**	**2022**	**2023**	**2022**
Opening balance	711	971	0	1
Dividends received	0	-125	0	0
Share of profit/loss for the year	-211	-151	0	-1
Acquisitions/sales	0	18	0	0
Contributed capital	10	0	0	0
Reclassification of subsidiaries	20	0	0	0
Other	0	-2	0	0
Closing balance	**530**	**711**	**0**	**0**

	Corp. Reg. No.	Reg. office	Share of equity, %	Shares/ partici-pations	Carrying amount 2023	Recognised in profit or loss	Dividends received	Carrying amount 2022	Other owners
Companies that pursue the long-term development of development rights at Järvafältet									
Järvastaden AB	556611-6884	Solna	50	500	262	-40	0	302	Skanska
Ursvik Exploaterings AB	556611-6892	Stockholm	50	5,000	0	0	0	0	Bonava
Stora Ursvik KB	969679-3182	Stockholm	50	50	238	-103	0	341	Bonava
Companies for property development at Värtahamnen									
Värtan Fastigheter AB	556678-0267	Stockholm	50	1,000	0	0	0	0	Fabege
Värtan Fastigheter KB	969601-0793	Stockholm	50	1	0	0	0	1	Fabege
Companies in PropTech development									
Idun Real Estate Solutions AB	559016-1245	Stockholm	49	1,025	20	0	0	0	Klipsk and others
Hydda Holding AB	559323-5921	Stockholm	32	45,968	10	-68	0	68	Blq Invest
Total					**530**	**-211**	**0**	**711**	

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	**2023**	**2022**	**2023**	**2022**
Opening balance	0	20	0	20
New lending	0	20	0	20
Reclassification	0	-40	0	-40
Closing balance	**0**	**0**	**0**	**0**

Pertains to a promissory note from Järvastaden AB.

7.4 Related parties

Related parties	Transactions
Parent Company (Vasakronan Holding AB)	No dividend was disbursed to the Parent Company in 2023.
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 68. At the end of 2023, the Third Swedish National Pension Fund had bond holdings with Vasakronan of SEK 225 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 38–39.
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 40–41.
Group companies	Specified in notes 7.1 and 8.4, transactions in Note 8.1. Transactions between Group companies pertain primarily to invoicing by the Parent Company for services provided in terms of property management and interest on Group balances.
Associates and joint ventures	Companies and transactions are specified in notes 7.2 and 7.3. Transactions pertain primarily to participations in companies and value transfers between the Group and companies.

NOTE 8 PARENT COMPANY

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

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

8.1 Intra-Group transactions

Of the Parent Company's purchases during the financial year, 23% (24) pertained to purchases from Group companies. Intra-Group costs mainly comprised rent.

Of the Parent Company's sales during the financial year, 95% (93) 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	**2023**	**2022**
Group contributions received and paid	868	1,383
Dividends received from subsidiaries	6,549	13,324
Impairment and reversal of impairment in participations in subsidiaries	-23	-243
Total	**7,394**	**14,464**

8.3 Appropriations and untaxed reserves

	Parent Company	
Appropriations and untaxed reserves	**2023**	**2022**
Appropriations		
Provisions to/reversal from the tax allocation reserve	0	-200
Total	**0**	**-200**
Untaxed reserves		
Tax allocation reserve, 2017 fiscal year	0	142
Tax allocation reserve, 2019 fiscal year	300	300
Tax allocation reserve, 2020 fiscal year	200	200
Tax allocation reserve, 2021 fiscal year	280	280
Tax allocation reserve, 2022 fiscal year	200	200
Tax allocation reserve, 2023 fiscal year	142	0
Total	**1,122**	**1,122**

8.4 Non-current receivables and liabilities with subsidiaries

	Parent Company	
Non-current receivables, subsidiaries	**2023**	**2022**
Opening balance	50,469	38,972
New lending	0	11,497
Principal repayments	0	0
Closing cost/carrying amount	**50,469**	**50,469**

Non-current liabilities, subsidiaries	**2023**	**2022**
Opening balance	712	723
New borrowings	0	0
Principal repayments	0	-11
Closing cost/carrying amount	**712**	**712**

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

NOTE 9 PROPOSED APPROPRIATION OF PROFITS

The following profit is at the disposal of the AGM:	
Retained earnings	SEK 19,774,669,522
Profit for the year	SEK 5,596,336,400
Total	**SEK 25,371,005,922**

The Board proposes that the earnings be appropriated as follows:	
To be carried forward	SEK 25,371,005,922
Total	**SEK 25,371,005,922**

NOTE 10 EVENTS AFTER THE BALANCE-SHEET DATE

To be able to maintain the scope for investment with the ambition of strengthening our customer offering and to adopt a responsible stance in uncertain market conditions, the Board of Directors proposes to the AGM that no dividend be distributed. Vasakronan's has a solid financial position and the Board intends to re-evaluate the situation after the summer. No other significant events have occurred after the balance-sheet date that impact the assessment of Vasakronan's financial position.

Board of Directors' signatures

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 2023 Sustainability Report has been prepared in accordance with the Annual Accounts Act and the GRI standards as issued by the Global Reporting Initiative.

Stockholm, 21 March 2024

Ulrika Francke
Chairman of the Board

Ann-Sofi Danielsson
Board Member

Niklas Ekvall
Board Member

Eva Halvarsson
Board Member

Staffan Hansén
Board Member

Hannes Hasselrot
Board Member

Kristin Magnusson Bernard
Board Member

Magnus Meyer
Board Member

Kia Orback Pettersson
Board Member

Johanna Skogestig,
Chief Executive Officer

Our Auditors' Report was submitted on 21 March 2024
Ernst & Young AB

Katrine Söderberg
Authorised Public Accountant, Auditor in Charge

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Vasakronan AB (publ) except for the corporate governance statement on pages 28-41 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 12-27 and 42-77 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2023 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 2023 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 28-41. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for opinions

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

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

Key audit matters

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

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

Valuation of investment properties

Description	How our audit addressed this key audit matter
The fair value of the Group's investment properties, reported in the consolidated balance sheet, amounted to SEK 174,569 million on 31 December 2023. Unrealised change in investment properties during the year, reported in the consolidated income statement, amounted to SEK -16,550 million. As of 31 December 2023, all the properties in the portfolio have been valued by external valuation experts. All properties are valued quarterly. The properties are valued by external valuation experts at each full-year and half-year end, and at the other quarterly shifts the properties are valued internally. The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. The required yields for the properties are assessed on each property's unique risk profile and observable transactions in the market for properties with a similar nature. Valuation at fair value is by nature subject to subjective assessments where a seemingly minor change in the assumptions made that form the basis for the valuations can have a significant effect in reported values. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, we assess this area to be a key audit matter in our audit. A description of the valuation of the investment properties, together with accounting principles, significant accounting assessments, estimates and assumptions is stated in Note 4.2. Risk and risk management linked to property valuation are described on pages 61-64.	In our audit we have evaluated the company's process for property valuation. We have evaluated the valuation methodology and the input data in the externally and internally prepared valuations. We have evaluated the skills and objectivity of the external experts. We have with support from internal valuation specialist reviewed the valuation model used and reviewed the reasonability of the adopted assumptions such as yield requirements, vacancy rates, rental income and operating costs for a sample of properties and made comparisons to known market information. The internal valuation specialists' work has mainly included a reasonableness assessment of the most significant assumptions such as yield requirements and future rental levels as well as an assessment of the final market value. The sample has been made based on risk criteria and size. We have discussed important assumptions and assessments with valuation managers and the entity's management. For a sample of investment properties, we have tested input in the valuation model regarding rental income, contract length and investments and checked the calculations that are the basis for the valuation. During the year, we have collected and reviewed a sample of internally valued properties to evaluate compliance with the company's valuation policy and valuation model. We have reviewed the disclosures provided in the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-11, 83-85 and 137-138. The Remuneration report for the year 2023 also represents other information. The Board of Directors and the CEO are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Responsibilities of the Auditor

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

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 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

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

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

Responsibilities of the Auditor

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

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 28–41 has been prepared in accordance with the Annual Accounts Act.

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

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

Ernst & Young AB was appointed auditor of Vasakronan AB by the general meeting of the shareholders on 28 April 2023 and has been the company's auditor since 4 May 2020.

Stockholm, 21 March 2024
Ernst & Young AB

Katrine Söderberg
Authorised Public Accountant

EU Taxonomy Regulation

The Taxonomy Regulation (the "Taxonomy") is part of the EU Action Plan: Financing Sustainable Growth and aims to create a common classification system for defining economic activities that are to be considered environmentally sustainable. For an economic activity to be classified as environmentally sustainable, it must make a substantial contribution to one or more of the Taxonomy's six environmental objectives, do no significant harm to the other objectives and comply with the Taxonomy's minimum social safeguards in sustainability.

Although Vasakronan is currently not subject to the reporting requirement under the Taxonomy Regulation, the company has nevertheless chosen to report voluntarily, due to requests for information from the majority of stakeholders and to promote greater transparency and comparability within the sector.

The principal economic activity that encompasses Vasakronan is activity 7.7 Acquisition and ownership of buildings and where 95% of the company's market value derives from the activity. For this reason, and due to some uncertainty regarding how other parts of the Taxonomy should be interpreted and reported, Vasakronan has chosen to report only on activity 7.7 in the 2023 report.

Environmental Objective 1 – Substantial contribution criteria
Under the Taxonomy Regulation, a sustainable economic activity must make a substantial contribution to one or more of the Taxonomy's six environmental objectives. Vasakronan's assessment is that its operations are primarily exposed to environmental objective 1: Climate change mitigation (CCM). The technical screening criteria for the economic activity are analysed to determine to which extent the company's activities

1 We contribute significantly to Environmental Objective 1. Climate change mitigation (CCM).

2 For the other five environmental objectives, we meet the criteria for do no significant harm (DNSH).

3 We meet the Taxonomy's minimum social safeguards requirements.

Vasakronan has economic activities in the following categories:

- **7.1** Construction of new buildings
- **7.2** Renovation of existing buildings
- **7.3** Installation, maintenance and repair of energy efficiency equipment
- **7.4** Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- **7.5** Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- **7.6** Installation, maintenance and repair of renewable energy technologies
- **7.7** Acquisition and ownership of buildings
- **9.3** Professional services related to energy performance of buildings
- **4.1** Electricity generation using solar photovoltaic technology
- **6.13** Infrastructure for personal mobility, cycle logistics

meet the requirements of environmental objective 1. The technical screening criteria for economic activity 7.7 specify that a building must have a valid energy performance certificate with at least class A, or belong to the 15% most energy-efficient buildings in Sweden. To determine which buildings meet the requirements, Vasakronan uses the Swedish Property Federation's thresholds published in December 2022. Vasakronan considers a building to have met the requirements of environmental objective 1 if the building has an energy performance certificate with a primary energy demand below the threshold for the building's principal activity. For more information about the buildings' primary energy demand at the end of the year, refer to the list of properties on the company's website. Vasakronan has no buildings constructed after 31 December 2020. Automated building management systems and energy consumption monitoring systems are installed in all buildings.

Analysis of outcomes

43% of the company's turnover in category 7.7 is Taxonomy-aligned. 41% of the company's CapEx is aligned and 33% of the company's OpEx is also aligned.

45% of the market value for category 7.7 activities is Taxonomy-aligned. The assessment, based on the definition of the technical screening criteria, is that Vasakronan has a higher proportion of Taxonomy-aligned property holdings and turnover than the property market in general. 2023 is the first year that Vasakronan reports under the Taxonomy and, accordingly, no comparative figures for 2022 are available.

Vasakronan aims to increase the proportion of properties that qualify under the screening criteria for activity 7.7 and the assessment is that the proportion will gradually increase in the future. Substantial resources are invested in reducing energy consumption.

Do no significant harm criteria: DNSH

For an economic activity to be considered Taxonomy-aligned, the activity is also subject to the requirement that it does no significant harm to any of the other environmental objectives. At present, only technical screening criteria for activity 7.7 apply to environmental objective 2: Climate change adaptation (CCA). For an activity under 7.7 to qualify under the screening criteria for environmental objective 2, a climate risk and vulnerability assessment needs to be performed to identify the main climate risks and possible adaptation solutions. Vasakronan conducted its first climate-risk analyses more than ten years ago and since then, has updated the analyses whenever new climate data has come available.

In 2023, Vasakronan has commissioned an analysis of the effects on the property portfolio from changes in the climate. First, an exposure analysis was performed for the majority of the property portfolio, whereby climate risks were analysed based on the geographical location of the properties.

The selection of climate indicators is based on the classification set out in the Taxonomy Regulation as well as on their relevance in terms of the impact on properties in the geographical area in question. The indicators deemed relevant to study comprise:

- Flooding due to torrential rain, high flows/levels in rivers, lakes and seas.
- Soil instability due to climate change.
- Changes in temperature.

Vasakronan has chosen to base the analysis on the UN's Intergovernmental Panel on Climate Change's (IPCC) respective development scenarios RCP 4.5 and RCP 8.5. These future scenarios represent, respectively, a limited and a high level of human impact on the climate through GHG emissions. To the extent possible, the existing maps used for the analysis have been related to the RCP scenarios. Existing maps and data from expert government agencies such as SMHI, MSB, SGU and SGI, as well as from municipalities and county administrative boards, are used to assess which of Vasakronan's properties may be exposed to the effects of climate change. The maps include various climate indicators that describe changes in the climate. Vasakronan considers a building to have met the requirements of environmental objective 2 if the building has a climate risk analysis and an action plan.

Minimum social safeguards

The company also needs to ensure that its operations are conducted in accordance with minimum social safeguards. This means that the company has procedures in place to ensure that its operations are conducted pursuant to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The company has systems, procedures and processes in place to ensure that the company operates its own business in line with minimum social safeguards and has for many years imposed similar requirements on all suppliers. However, work is underway to

develop the company's competence, governance and compliance to ensure social responsibility throughout the value chain, including through ensuring that conditions are also met in the extraction of raw materials for the production of construction materials. This work includes employee participation in a training programme on the UN Global Compact on human rights in the supply chain.

Reporting policies

The accounting principles underlying the outcomes presented in the table follow the principles that apply for the company's financial reporting. This year's report only encompasses activity 7.7, which means that the denominator (used to calculate the aligned proportion) used in calculations cannot be found in Vasakronan's consolidated financial reporting. For full tables on turnover, CapEx and OpEx, see pages 137–140.

Turnover

Turnover includes total rental revenue with regard to activity 7.7 and follows the definition of turnover provided in the EU directive (2013/34/EU) on annual financial statements, consolidated financial statements and related reports of certain types of undertakings. The allocation of turnover for activity 7.7 has been conducted at a property level. Refer to Note 2.2 on page 53 for more information.

OpEx

Operating expenditure (OpEx) includes costs for repairs and maintenance, meaning costs associated with the properties' continuous and intended function. Refer to Note 2.3 on page 53 for more information.

Summary of Taxonomy-eligible and Taxonomy-aligned 7.7 activities, 2023

	Eligible	Aligned
Turnover	100%	43%
CapEx	100%	41%
OpEx	100%	33%

Investments

Investments (CapEx) in the table are based on the same definitions from the IFRS and include new construction, extensions and redevelopments, other value-generating investments and property acquisitions. Vasakronan does not apply a CapEx plan. For more information about which accounting principles are applied for our investments, refer to Note 4.2 on pages 61–64.

Adjusted KPIs for green financing

Section 1.2.3.1 of Annex I of the Delegated Act of the Taxonomy Regulation mentions that non-financial undertakings that have issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities shall also disclose the turnover KPI. Due to lack of clarity as to whether this applies only to bonds issued as European Green Bonds, a standard that has yet to be implemented, Vasakronan has not chosen to include these KPIs this year.

Sustainability Report 2023

About Vasakronan's Sustainability Report 2023

This sustainability report follows the Global Reporting Initiative (GRI) guidelines and is prepared in accordance with the GRI Universal Standards 2021. In addition to the GRI Universal Standards, Vasakronan has chosen to recognise the sector-specific Construction and Real Estate (CRE) indicators that were previously recognised in accordance with GRI G4. Part of the mandatory GRI information can be found in the Annual Report, while others are part of the sustainability notes. The locations of the respective information are presented in the GRI index on pages 95–98.

The Sustainability Report is compiled on a yearly basis. 2023 is the fifteenth consecutive year for which Vasakronan publish a report of its sustainability efforts, and the most recently published report, for 2022, was published in March 2023. Following the reporting for 2022, two corrections have been made to the data provided in that report. In total, reported energy consumption was expanded to include bio oil (approximately 10% of consumption in a property) and other electricity consumption, for example in construction projects. This correction pertains to the reporting years 2021–2022, refer to page 113. The scope of the climate disclosures was expanded to include upstream emissions from district heating in the Production and distribution of fuels in scope 3. This correction pertains to the reporting years 2019–2022, refer to page 120.

The report is reviewed in summary by EY, and their limited assurance report can be found on page 136. Vasakronan's taxonomy reporting is not included in this review. 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.

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 87–135, except for the description of the company's business model on page 10 and information on risk management on pages 24–27.

EU Taxonomy

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

The reporting requirement in the Taxonomy Regulation does not apply to Vasakronan since the company has fewer than 500 employees. Based on expectations from stakeholders, Vasakronan has chosen to report the principal economic activity that encompasses Vasakronan under activity 7.7 Acquisition and ownership of buildings. Pages 83–85 include a description of the information included in the 2023 Annual Report. The list of properties by region on Vasakronan's website includes information about the properties' measured primary energy demand.

Governance

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

The annual business planning creates clear, well-supported plans for how operations are to be pursued in all sections of the company. The plans formulate both short- and long-term financial, environmental and social targets. The business plan is thereafter monitored continually during the year. For more information about how we govern our operations, see pages 28–41 and 103–135.

The UN SDGs

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

The challenges identified in operations connected to the 2030 Agenda goals include Goal 8 "Decent work and economic growth." This goal is primarily linked to the risk of work-related accidents and hazardous working conditions among Vasakronan's suppliers, including at Vasakronan's construction sites. For more detailed information and which goals are relevant to the operations, see pages 103–135.

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

Stakeholder dialogues

Stakeholder expectations

Vasakronan's stakeholders have previously been defined as tenants, suppliers, lenders, employees, public and private sector organisations, and owners.

Surveying and understanding stakeholder expectations and how they are affected by Vasakronan's operations is a prerequisite for creating sustainable value. Vasakronan maintains ongoing dialogues with stakeholders through meetings, interviews and questionnaires. Moreover, in-depth interviews have been held with stakeholders every few years. The most recent in-depth interviews were conducted in 2020.

As part of preparation to report in compliance with the new European Sustainability Reporting Standards (ESRS) to be applied when reporting according to the Corporate Sustainability Reporting Directive (CSRD), a double materiality assessment was performed in autumn 2023. It is based on a focused stakeholder dialogue aimed at identifying Vasakronan's impact on its operating environment, as well as the risks and opportunities entailed by sustainability matters in terms of Vasakronan's financial position. Stakeholder dialogues consisted of eleven interviews with relevant individuals internal to Vasakronan, as well as external individuals including tenants, city planners and trade unions.

Expectations	Vasakronan's objectives	Dialogue opportunities
· Long-term business relationship that offers premises in attractive locations 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	**Tenants** *We aim to be the preferred choice for tenants looking for office or retail premises*	· Customer meetings · Customer satisfaction survey · Customer service and ongoing dialogues regarding property management · Theme lectures
· 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	**Suppliers** *We set requirements for and review our suppliers to jointly contribute to sustainable collaboration*	· During procurement processes for framework agreements, when placing orders and in meetings with suppliers · Regular reviews/audits · Contract meetings · Site visits
· Long-term and stable financial management · High customer satisfaction · Climate change adaptation · Low energy consumption in the buildings	**Lenders** *We aim to always have access to financing on favourable terms and with low risk*	· Individual meetings with banks and investors in the capital market · Financial statements · Capital market and investor presentations
· Responsible and ethical business practices · Stable, long-term employer that offers good employment terms · Good work environment · Engagement in local communities	**Employees** *We aim to be an employer that attracts skilled employees and new talents*	· Employee dialogue meetings · Employee surveys · Workshops · Business planning
· Advocate more eco-system services in the planning phase and in the operations · Circular material use and selection · Reduce transportation and emissions · Safety and security in and around properties · Diversity throughout the entire value chain/contributing to integration · Support biodiversity	**Communities** *We aim to actively contribute to society by collaborating with public and private organisations*	· Attending and participating in meetings with stakeholders and industry organisations as well as other forums · Network meetings
· 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	**Owners** *We aim to generate high returns for our owners, but never at the expense of people, the environment or society*	· Board meetings, of which one each year is a strategy meeting · Meeting with owner representatives for specific discussions on corporate governance

Industry initiatives and partnerships

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

SWEDEN GREEN BUILDING COUNCIL

Founder of SGBC, a membership organisation for sustainable construction.

#ÄLSKADESTAD

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

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

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

HÅLL NOLLAN

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

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

BYGGVARU BEDÖMNINGEN

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

LFM30

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

Sergelgatan, Stockholm

Double materiality assessment

In autumn 2023, Vasakronan conducted a double materiality assessment in order to identify the company's material sustainability topics as part of driving Vasakronan's sustainability agenda forward. To prepare the company for the CSRD, the new EU legal requirements, the double materiality assessment was performed based on the requirements of the ESRS, which are in line with GRI Universal Standards for impact materiality.

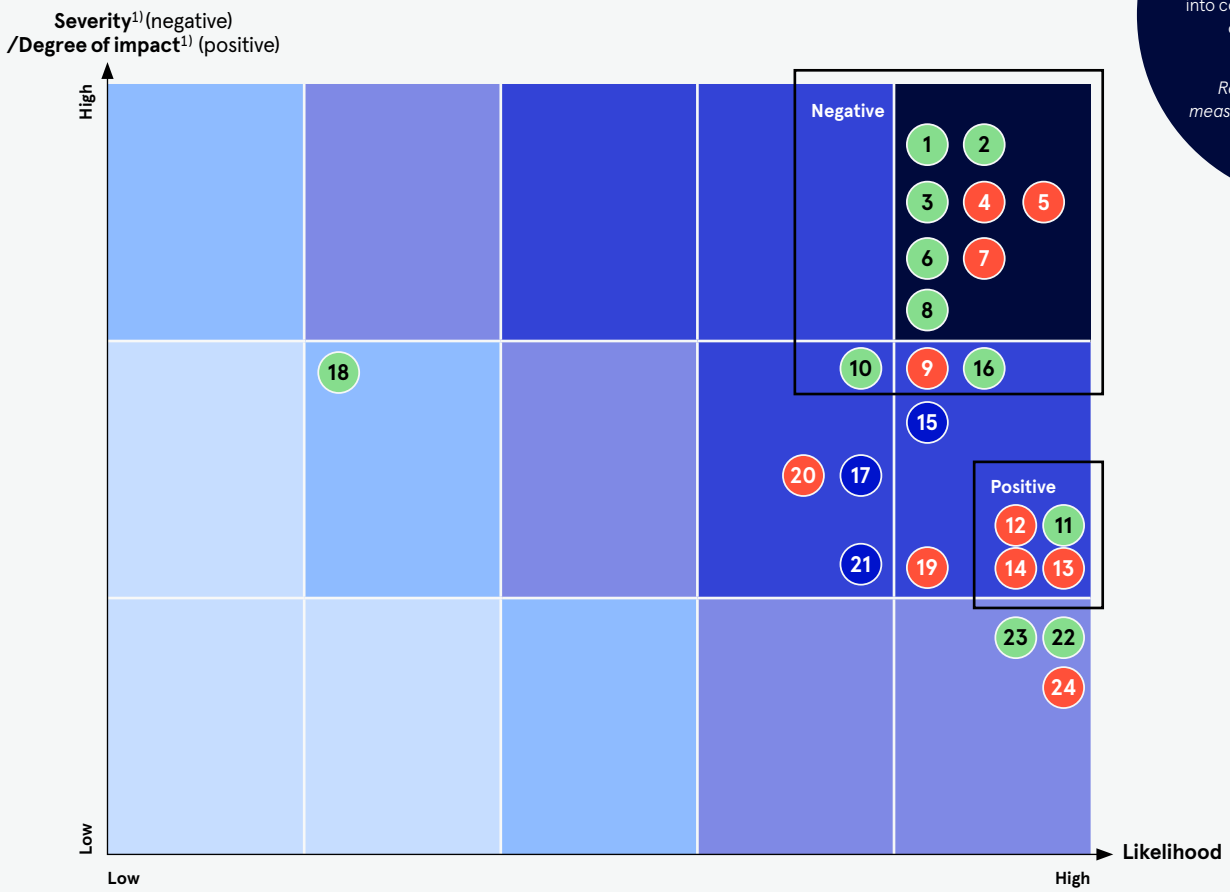
Desktop analysis
A desktop analysis was conducted to identify Vasakronan's actual and potential impacts on people and the environment, as well as the risks and opportunities that sustainability matters have for the company's financial position. It was based on the industry Vasakronan operates in as well as the previous and subsequent portions of the value chain. The analysis is based on a review of internal documentation and several external sources, for example industry reports. All sustainability matters in ESRS 1 Appendix A have been considered in the assessment of impacts, risks and opportunities.

Mapping and assessment
The mapping from the desktop analysis and stakeholder dialogues resulted in a gross list of Vasakronan's positive and negative impacts, together with financial risks and opportunities. All impacts were also considered based on the risks and opportunities that can arise from them. The extensive gross list was used in desktop analysis and stakeholder dialogues to generate a net list of impacts, risks and opportunities. Negative and positive impacts were analysed separately. The materiality of negative impacts was informed by the severity of the impact, which is a combination of scale, scope (who are affected) and irremediable character. The materiality of positive impacts was informed by the scale and scope of the impacts. Likelihood was also taken into consideration for potential negative as well as positive impacts. The materiality of financial risks and opportunities was informed based on a combination of likelihood and the potential scope of the financial effects. For all identified impacts, risks and opportunities are also assessed by their time horizon: short, medium, or long term.

Setting thresholds
Based on this analysis, a threshold was set that was discussed internally together with sustainability experts who helped prioritise impacts, risks and opportunities. The impact assessment used a scale of 1 to 15 to rate severity. Negative impacts rated 10 or higher, together with a likelihood between 4 (potential) and 5 (actual) – and positive impacts rated 6 or higher, together with a likelihood between 4 (potential) and 5 (actual) – are considered above the threshold and are thereby deemed material. For matters pertaining to human rights, severity has been prioritised over likelihood, in line with the ESRS. Vasakronan's risk methodology – low, moderate, high – was used to assess financial risks and opportunities for financial effect and likelihood. The risks and opportunities with a high financial effect together with high likelihood were deemed above the threshold. The assessment is available on pages 91–92.

Assessment of severity and likelihood of impacts, net list

1 Energy consumption
2 GHG emissions (scopes 1, 2, 3)
3 Exploitation of natural resources
4 Vulnerable groups
5 Human rights violations in the supply chain
6 Waste generation
7 Health and well-being in the supply chain
8 Water consumption
9 Negative impact on local communities in the supply chain
10 Disruptions, pollution and hazardous substances
11 Climate-smart properties (positive)
12 Safe and thriving society (positive)
13 Employee, tenant and customer well-being (positive)
14 Inclusion and safety for everyone (positive)
15 Processing of personal data
16 Material selection
17 Managing supplier relationships
18 Land degradation and alteration
19 Impact on people around construction projects
20 Corporate culture
21 Corruption and bribes
22 Protection and regeneration of biodiversity and ecosystems (positive)
23 Water consumption (positive)
24 Skills development (positive)



E Environment S Social G Governance

1) Severity is based on a combination of scale, scope and irremediable character for negative impacts. The degree of impact for positive impacts is based on scale and scope.

To ensure that Vasakronan continues to focus on the most material consequences, mitigating measures that Vasakronan has in place were not taken into consideration in the assessment of severity and likelihood.

Read more about mitigating measures in the sustainability notes on pages 103–135.

Assessment of financial effect and likelihood on sustainability risks and opportunities, net list

1 **Climate change**
– Physical risks and climate adaptation (risk)

2 **Energy**
– Inability to meet customer needs (risk)

3 **Circularity**
(opportunity)

4 **Energy**
– Energy efficiency (opportunity)

5 **Energy**
– Increased production of renewable energy (opportunity)

6 **Health and well-being**
– Health and safety at or around construction sites (risk)

7 **Human rights**
– Human rights violations in the value chain (risk)

8 **Business conduct**
– New regulations and requirements (risk)

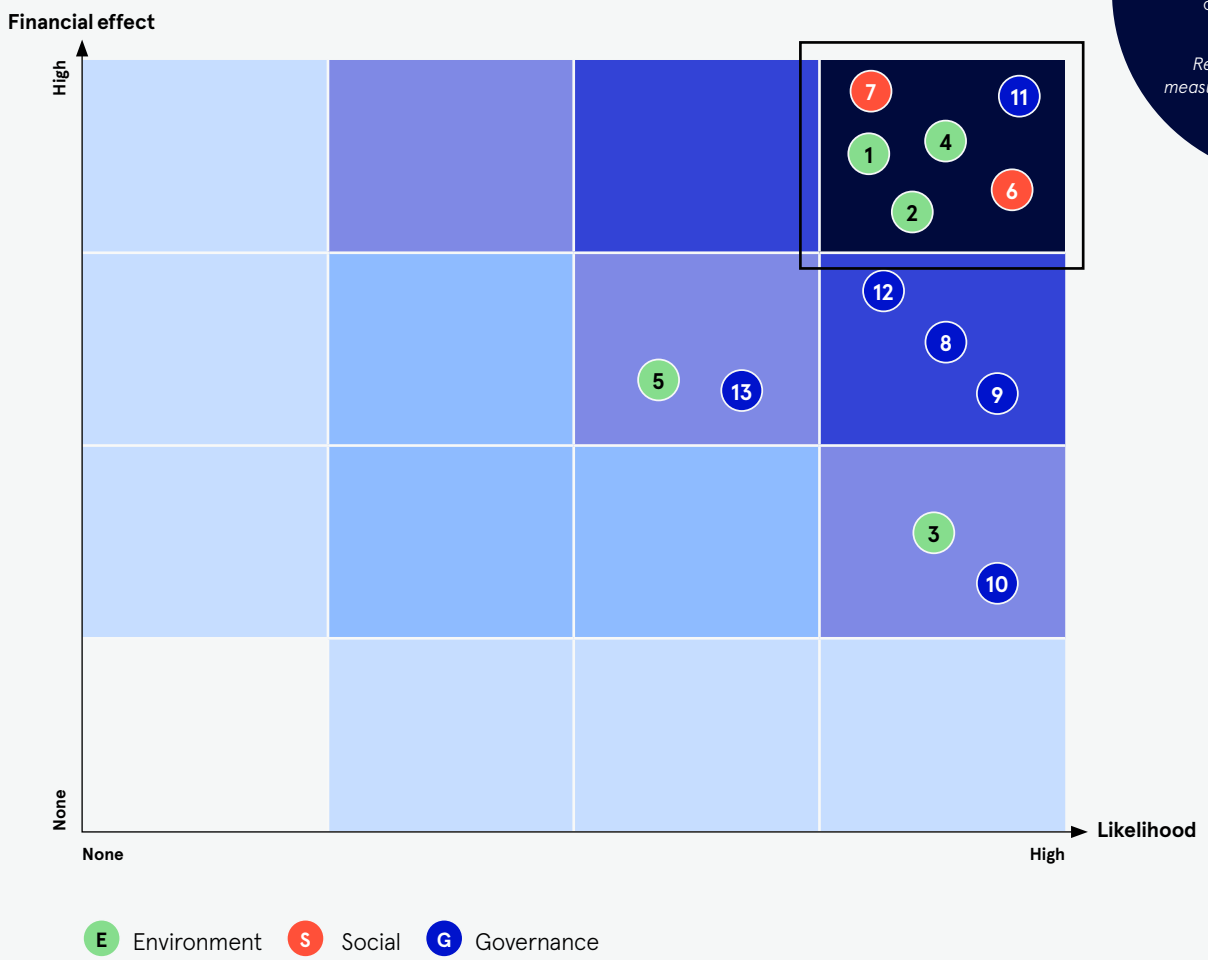
9 **Corporate governance**
– Lack of expertise (risk)

10 **IT security**
– Data processing (risk)

11 **Corruption**
– Corruption risks in the value chain (risk)

12 **Suppliers**
– Dependence on suppliers (risk)

13 **Certifications**
– Environmental certifications (opportunity)



To ensure that Vasakronan continues to focus on the most material consequences, mitigating measures that Vasakronan has in place were not taken into consideration in the assessment of severity and likelihood.

Read more about mitigating measures in the sustainability notes on pages 103–135.

A total of ten material topics were identified for Vasakronan that were validated by the company's Management Team. The material topics will govern the content of Vasakronan's sustainability reporting and agenda going forward.

Many of the topics identified in the double materiality assessment are in line with previously prioritised sustainability topics.

The result of the double materiality assessment indicates two areas where clear shift in materiality has been made compared with previous materiality assessments, namely biodiversity and human rights.

Biodiversity

Knowledge about biodiversity and its connection to climate change has spread throughout the last decade. Vasakronan depends on construction material, which requires natural resources. It is therefore likely that there is an impact on land use and habitat upstream in the value chain.

In own operations, local construction impacts land use as well as animal life. However, this has been deemed to be of less scope and severity.

Human rights

Vasakronan's value chain reaches countries with high risk of human rights violations. Since risks for human rights according to the ESRS are based on the affected stakeholders perspective, it is also natural to assign greater importance to them. Vasakronan has also highlighted migrant workers as a risk group, since human rights violations cannot be ruled out either upstream in the value chain or in own operations.

Vasakronan's material sustainability topics

Environment (E)	Social (S)	Governance (G)
1. Biodiversity and ecosystems − Exploitation of natural resources − Disruptions, pollution and hazardous substances	**6.** Health and well-being − Health and well-being in the supply chain + Employee, tenant and customer well-being R Health and safety at or around construction sites	**10.** Anti-corruption R – Corruption risks in the value chain
2. Circularity − Waste generation − Material selection	**7.** Diversity and equal opportunity + Inclusion and safety for everyone	
3. Energy − Energy consumption R Inability to meet customer needs O Energy efficiency	**8.** Human rights − Vulnerable groups − Human rights violations in the supply chain R Human rights violations in the value chain	
4. Climate change − GHG emissions (scope 1, 2, 3) R Physical risks and climate adaptation + Climate-smart properties	**9.** Communities − Negative impact on local communities in the supply chain + Safe and thriving society	
5. Water − Water consumption		

Impact: + Positive − Negative

Risk/opportunity: O Opportunity R Risk

GRI index

Sustainability targets

Sustainability notes

– Financial responsibility

– Environmental responsibility

– Social responsibility

Auditor's limited assurance report on the Sustainability Report

GRI

Abbedissan 2 in Malmö

GRI index

Level of application: Vasakronan reported pursuant to the GRI Standards for the period from 1 January 2023 to 31 December 2023.
GRI 1 used: GRI 1: Foundation 2021
Applicable GRI sector standards: N/A

GRI Standard	Explanation	Disclosure	Page	*Requirements omitted*	*Reason for omission*	*Explanation for mission*
GENERAL DISCLOSURES						
The organisation and its reporting practices						
GRI 2 2021	2-1	Organisational details	50			
	2-2	Entities included in the organisation's sustainability reporting	50, 72–73, 87			
	2-3	Reporting period, frequency and contact point	87			
	2-4	Restatements of information	87			
	2-5	External assurance	87, 136			
Activities and workers						
GRI 2 2021	2-6	Activities, value chain and other business relationships	4–5, 8–10, 89, 127			
	2-7	Employees	130–132			
	2-8	Workers who are not employees	132			
Governance						
GRI 2 2021	2-9	Governance structure and composition	29–34, 38–39			
	2-10	Nomination and selection of the highest governance body	30			
	2-11	Chair of the highest governance body	30			
	2-12	Role of the highest governance body in overseeing the management of impacts	35			
	2-13	Delegation of responsibility for managing impacts	35			
	2-14	Role of the highest governance body in sustainability reporting	35			
	2-15	Conflicts of interest	32, 38–39			
	2-16	Communication of critical concerns	35			
	2-17	Collective knowledge of the highest governance body	31, 35, 38–39			
	2-18	Evaluation of the performance of the highest governance body	32			
	2-19	Remuneration policies	32–34			
	2-20	Process to determine remuneration	33–34			
	2-21	Annual total compensation ratio	54–55, 131			

GRI index, cont.

GRI Standard	Explanation	Disclosure	Page	*Requirements omitted*	*Reason for omission*	*Explanation for mission*
Strategy, policies and practices						
GRI 2 2021	2-22	Statement on sustainable development strategy	*9–10, Year-end report 2023, pages 2–3*			
	2-23	Policy commitments	*29, 35, Vasakronan.se (ESG library)*			
	2-24	Embedding policy commitments	*35*			
	2-25	Processes to remediate negative impacts	*35, 103–135*			
	2-26	Mechanisms for seeking advice and raising concerns	*35–36*			
	2-27	Compliance with laws and regulations	*35*			
	2-28	Membership associations	*89*			
Stakeholder engagement						
GRI 2 2021	2-29	Approach to stakeholder engagement	*88*			
	2-30	Collective bargaining agreements	*132*			
MATERIAL TOPICS 2021						
GRI 3 2021	3-1	Process to determine material topics	*90–93*			
	3-2	List of material topics	*93*			
	3-3	Management of material topics	*103–104, 109–110, 112, 115–117, 124, 126–128, 130, 133, 135*			

GRI index, cont.

GRI Standard	Explanation	Disclosure	Page	*Requirements omitted*	*Reason*	*Explanation*
SPECIFIC DISCLOSURES						
GRI 200: ECONOMIC TOPICS						
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	*103*			
	201-2	Financial implications and other risks and opportunities due to climate change	*104*			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	*109*			
GRI 300: ENVIRONMENTAL TOPICS						
GRI 301: Materials 2016	301-1	Materials used by weight or volume	*110–111*			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	*112–113*			
GRI G4: Building energy intensity	CRE1	Building energy intensity	*112–113*			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	*115*			
	303-2	Management of water discharge-related impacts				
	303-3	Water withdrawal				
	303-5	Water consumption				
GRI G4: Building water intensity	CRE2	Building water intensity	*115*			
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity	*116*			
GRI 305: Emissions 2016	305-1	Direct (scope 1) GHG emissions	*117–122*			
	305-2	Energy indirect (scope 2) GHG emissions				
	305-3	Other indirect (scope 3) GHG emissions				
GRI G4 Greenhouse gas emissions intensity from buildings	CRE3	Greenhouse gas emissions intensity from buildings	*120*			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	*123–125*			
	306-2	Management of significant waste-related impacts				
	306-4	Waste diverted from disposal				
	306-5	Waste directed to disposal				
GRI G4: Product responsibility	CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	*126*			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	*127*			

GRI index, cont.

GRI Standard	Explanation	Disclosure	Page	*Requirements omitted*	*Reason*	*Explanation*
GRI 400: SOCIAL TOPICS						
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	*128–129*			
	403-2	Hazard identification, risk assessment, and incident investigation				
	403-3	Occupational health services				
	403-4	Worker participation, consultation, and communication on occupational health and safety				
	403-5	Worker training on occupational health and safety				
	403-6	Promotion of worker health				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				
	403-9	Work-related injuries				
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	*130–132*			
	405-2	Ratio of basic salary and remuneration of women to men				
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	*133–134*			
GRI 416: Customer Health and Safety 2016	OI: 416-A	Measures taken to maintain a high level of safety and security in and around properties	*135*			

(OI: Own Indicator)

Vasakronan's sustainability targets

Environmental targets

To reduce the negative impact that Vasakronan's operations have on the environment, the company has long-term objective in five areas: climate, energy, circularity, transportation and biodiversity. The biodiveristy target is new for 2024 and has been formulated as a result of the most recent materiality assessment. For the same reason, there will no longer be one specific long-term objective for transportation. Instead it will be part of the climate target. Each long-term objective must have at least one associated annual target.

LONG-TERM OBJECTIVES	Targets 2023	Target fulfilment		Contribution to SDGs	Targets 2024
Our entire value chain will be climate neutral by 2030.	Reduce CO_2 emissions (scopes 1, 2 and 3, excluding emissions from large construction projects) with 10% compared to 2022, kg/sq. m.	Emissions (scopes 1, 2 and 3, excl. large construction projects) amounted to 13 kg/sq. m. in 2023, an increase of 25%. *Read more on pages 117–122*	**CO_2 emissions, scopes 1, 2 and 3, excl. large construction projects,** kg/sq. m. 2023 13,1 2022 10,4 2021 10,1	11 Sustainable cities and communities 12 Responsible consumption and production 13 Climate action	Reduce CO_2 emissions (scopes 1, 2 and 3, excluding emissions from large construction projects) with 10% compared to 2023, kg/sq. m. Large construction projects starting in 2024 meet the respective emission level limits of 250 and 125 kg CO_2e/sq. m.
We are self-sufficient and do not need to purchase any energy.	Decrease purchased energy by 5%.	Energy intensity, specific energy consumption, amounted to an average of 73 kWh/sq. m. (75) for 2023, down 3% on the previous year. *Read more on pages 112–114*	**Specific energy consumption,** kWh/sq. m. 2023 73 2022 75 2021 83	7 Affordable and clean energy	Decrease purchased energy by 4%. More than 55% of the existing properties meet the energy requirements in the EU Taxonomy, primary energy demand.
	At least 96 solar photovoltaic systems in operation.	At the end of the year, 90 (86) solar photovoltaic systems were in operation, producing a total of 9,180 MWh (9,263) of energy. *Read more on pages 112–114*	**Number of solar photovoltaic systems** 2023 90 2022 86 2021 77	7 Affordable and clean energy	

Environmental targets, cont.

LONG-TERM OBJECTIVES	Targets 2023	Target fulfilment		Contribution to SDGs	Targets 2024
100% circular use of materials.	Increase the share of reused, renewable and recycled material in large construction projects by 10%.	During the year, the share of reused, renewable and recycled material increased to 10.1% (7.6%) of total material used. This represents an increase of 33%. *Read more on pages 110–111*	**The share of reused, renewable and recycled material in large construction projects,** % 2023 10 2022 8 2021 13	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Increase the share of reused, renewable and recycled material in large construction projects by 5%.
100% circular waste management.	At least 10% of customers use Vasakronan's waste management service and thereby have access to their waste statistics.	At the end of the year, 17% of our customers used the waste management service. *Read more on pages 123–125*	**Historic data prior to 2023 is unavailable**	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	At least 25% of customers use our waste management service and thereby have access to their waste statistics. Decrease the amount of waste in leasehold improvement projects 5%.
	Waste reports are submitted in all leasehold improvement projects.	Of all leasehold improvement projects finished during the year, 71% submitted waste reports. *Read more on pages 123–125*	**Historic data prior to 2023 is unavailable**	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
100% fossil-free transportation.	Increase the number of charging stations to 1,700.	At the end of 2023, there were 1,670 (1,467) charging stations in operation. *Read more on pages 112–114*	**No. of charging stations** 2023 1 670 2022 1 467 2021 1 177	11 SUSTAINABLE CITIES AND COMMUNITIES	
Our entire value chain will be nature positive.	New target 2024.				Increase biodiveristy (proportion of properties with mixed plant species).

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 objectives in three areas: labour conditions and work environment, diversity and inclusion, and attractive areas. Each long-term objective must have at least one associated annual target.

LONG-TERM OBJECTIVES	Targets 2023	Target fulfilment		Contribution to SDGs	Targets 2024
Everyone who works for Vasakronan has acceptable working conditions and a good physical, organisational and social work environment free from worksite accidents.	Reduce number of worksite accidents in construction projects.	Accident rate in large construction projects decreased to 10.4 (26.7). *Read more on pages 128–129*	**Accident rate in major projects** per million hours worked 2023 10,4 2022 26,7 2021 14,2	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	Reduce the accident rate in large construction projects. Construction site checks in all large construction projects and 25 other construction projects. Supplier audits/checks with at least three prioritised service suppliers. All new suppliers to be assessed, in agreements signed by the Purchasing departmenet.
	Audits of the work environment and other conditions included in Vasakronan's code of conduct, must be performed at all large construction sites and at least three of the prioritised service suppliers.	Audits are performed at all ongoing large construction projects. Audits are performed at two prioritised service suppliers. *Read more on pages 128–129*	**Historic data prior to 2023 is unavailable**	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	

Social targets, continued

LONG-TERM OBJECTIVES	Targets 2023	Target fulfilment		Contribution to SDGs	Targets 2024
Our company and our suppliers are diverse and have an inclusive corporate culture, and help individuals who are far removed from the labour market to find employment.	At least 15 trainees or summer workers come from under-represented groups.	Of the 36 trainees/summer workers hired during the year, 17 came from under-represented groups. *Read more on pages 130–132*	**Historic data prior to 2023 is unavailable**	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	At least 15 of Vasakronan's trainees or summer workers come from under-represented groups. In all new agreements that purchasing is responsible for, suppliers are to strive to offer work/internships to those who are far removed from the labour market.
	All of our contractor procurements must include the requirement to employ those from groups far removed from the labour market. The same requirement is placed on at least three prioritised service suppliers.	No major contractor procurements were conducted during the year but the framework has been added to the agreement templates. The requirement has been set during procurement with three prioritised service suppliers. *Read more on pages 133–134*	**Historic data prior to 2023 is unavailable**	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	
Our areas and properties are aesthetically pleasing and are designed to support: – occupational health and safety; – health and well-being; and – inclusivity for everyone.	Increase the share of public operations at Vasakronan's street level to at least 75%.	81% of operations at Vasakronan street levels are public. *Read more on page 135.*	**Historic data prior to 2023 is unavailable**	5 GENDER EQUALITY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Increase perceived safety in our prioritised neighborhoods.
	Improve perceived safety in our areas.	A pilot project was conducted in Stockholm in Q4 2023, which resulted in a report that described methods and outcomes, and provided a manual for coming measurements. *Read more on page 135.*	**Historic data prior to 2023 is unavailable**	5 GENDER EQUALITY 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	

Financial responsibility

201-1 Direct economic value generated and distributed

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

Boundaries

The reporting only encompasses the economic value created at Vasakronan. The value is impacted partly by factors that Vasakronan controls but also by external factors such as the 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 and communicated on a quarterly basis in connection with interim reports and through internal steering parameters established for the operations.

Governance and objectives

The overall financial objective is a return that, in relation to risk, is greater than the return our owners could obtain from other equivalent investment alternatives. The overall financial objective is a total yield of at least 6.5% per year. In addition, the total yield must be at least 0.5 percentage points higher than the outcome for the rest of the industry, calculated as the average according to the MSCI Swedish Property Index (excluding Vasakronan). The average outcome is evaluated over rolling ten-year periods, together with monitoring and analysis of the outcome for each individual year. In addition, a number of key financial indicators are set for the coming year. These are monitored on a quarterly basis in connection with internal review and in the quarterly reports to the Board of Directors. For more information, see page 8.

Outcome

The economic value created during the year totalled SEK -4.6 billion (15.5) and comprised rental revenue, investments and changes in the values of properties. The value of our properties decreased SEK 16.5 billion during the year due to rising yield requirements in the market. Given the negative outcome during the year, there will be no dividend to the owners. Detailed information can be found in the company's financial reports on pages 43–48. The table to the right shows economic value distributed. The remaining value totalled SEK -13.4 billion (4.2).

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 established a tax policy to ensure tax issues are managed in line with fulfilling the high yield requirement and that the company meets the requirements set for responsible action. For more information on the company's tax policy, visit www.vasakronan.se.

Vasakronan's operations are conducted only in Sweden. Country-by-country reporting of taxes paid is therefore not applicable. Vasakronan is not currently the subject of any tax cases. More information about taxes recognised can be found on pages 59–60.

Economic value distributed

SEK m	2023	2022
Directly generated value		
Income	9,157	8,167
Value changes	-16,550	4,917
Investments	2,802	2,366
Directly generated value, total	**-4,591**	**15,450**
Economic value distributed		
Employees	-253	-227
Lenders	-1,845	- 1,291
Public sector[1]	-2,710	-2,303
- of which property tax	*-820*	*-839*
Suppliers	-3,953	-3,430
Owners	-0	-4,000
Contribution to society [2]	-1	-1
Total value distributed	**-8,762**	**-11,252**
Economic value retained	**-13,353**	**4,198**

1) The "Public sector" item includes property tax, ground rent, VAT, taxes paid and social security expenses.

2) The two largest contributions in 2023 were made to Löparakademin and Mitt Liv, totalling SEK 788,000

Contribution to the UN SDGs

Through partnerships with different volunteer organisations and supporting their activities with donations, Vasakronan is contributing to Goal 17 and its target 17.17, "Encourage and promote effective partnerships."

201-2 Financial implications and other risks and opportunities due to climate change

Climate change is one of the most pressing challenges of our time and entails primarily risks but also opportunities for operations. It is clear that a comprehensive transition in society is necessary for slowing climate change, which could affect the company's financial position. This is in the form of higher costs due to regulatory changes as well as opportunities connected to changes in customer behaviour and financing opportunities. Physical climate change could also have a significant impact on the company's assets and thereby its financial position.

More than ten years ago, Vasakronan identified climate change as an important operating environment factor. Accordingly, comprehensive efforts have already been made to reduce many 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. Only using renewable energy, increasing the share of on-site produced electricity and improving energy consumption, means greenhouse gas emissions can be reduced concurrent with reducing operating expenses.

Work to identify and manage physical climate change risks has been ongoing during the last few years. Properties are 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.

Boundaries

The report covers the financial impact that climate change, and associated mitigation efforts, can have on Vasakronan's financial performance and position.

Responsibility and monitoring

Efforts to identify, analyse, manage and follow up risks are prioritised at Vasakronan. Risk efforts involve all units in the company and follow a structured process that starts with an inventory of existing and new risks. The Management Team thereafter assesses the inventoried risks and material risks are then presented to the Audit Committee and the Board. Risks are then broken down to unit level and business plans are coordinated across all levels. The financial impact of climate risks and opportunities is also assessed when preparing the double materiality assessment, see pages 90–93. Indicators 305-1–3 presented on pages 117–122 of this report describe efforts to reduce Vasakronan's own climate impact, and thereby reduce the risk of costly and drastic reduction measures in the future.

The Chief Sustainability Officer is responsible for ensuring that the property portfolio and the company's other operations are analysed based on the consequences of a changed climate. Efforts to reduce the financial impact from climate-related events are delegated within the organisation. The Chief Technology Officer (CTO) is responsible for ensuring that the company's long-term maintenance plans include relevant climate adaptation measures for the entire property portfolio. The Chief Investment & Projects Officer (CIPO) is responsible for ensuring that any acquisitions and all development projects are analysed based on climate change.

Governance

To reduce the company's negative financial impact that might arise due to climate change, for more than a decade, there has been an ongoing project to, if possible, reduce climate-related risks and reduce the financial consequences if, or when, they arise. The work is governed by a plan created in 2013 with a clear prioritisation of measures within property management, transactions and project activities. Necessary climate change adaptations are included in project guidelines that are to be followed. For transaction activities, there is a checklist for climate adaptation questions. In connection with reporting what proportion of the company's operations are EU Taxonomy-aligned, the company will need to describe how the properties are maintained with respect to the relevant physical climate-related risks.

For more information about governance of efforts to reduce the company's own impact on the climate, refer to page 117.

Lessons learned

During the year, it has been clear that there is a need to clarify operational and maintenance instructions with measures that might need to be taken at properties to reduce the risk of damage due to extreme weather events. Carefully considering what types of technical equipment are appropriate or inappropriate to place below street level. It is also clear that greater focus on climate adaptation measures are needed in the company's long-term maintenance plans. By incorporating climate adaptation work into regular maintenance planning, costs for climate adaptation measures can be reduced.

Target
The company's target to reduce its climate impact is described in this report under indicators 305-1–3, refer to pages 117–122.

The company's long-term climate change goal is to minimise its negative financial impact. This will be accomplished by actively analysing the property portfolio based on relevant climate-related risks, as new climate data gradually becomes available, and implement measures in relation to the size of the financial risk. One short-term goal is to incorporate climate adaptation measures in the long-term maintenance plans and to plan climate adaptation measures together with other necessary maintenance work.

Reporting policies
The reporting policies applied when assessing the financial impact of climate risks and opportunities are based in large part on own assumptions about occurrence and frequency. The table is presented on pages 106–108.

Outcome
In 2022 and 2023, Vasakronan conducted a new, more comprehensive analysis of climate risks at the property level. The physical risks identified for Vasakronan's property portfolio are primarily torrential rain and proximity to watercourses, heat waves and changed land condition. The results of the most recent analyses are now being integrated property by property into the processes of operations, maintenance and property management. This applies to project activities and in planning for the company's property portfolio. An assessment of the financial impact of climate risks and opportunities has been compiled in the tables on pages 106–108.

Contribution to the UN SDGs
By reducing the negative impact climate change has on the company's operations, Vasakronan contributes 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."

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 2/kWh. Calculated based on consumption in 2023. Expressed in GWh, SEK m and percentage of operating surplus.	Total energy consumption (heating, cooling and landlord electricity) in the property portfolio amounted to 217 GWh (216), equivalent to approximately SEK 365 million (356). A price increase of SEK 2/kWh would entail an increased energy cost of SEK 434 million (432), the equivalent of 6% (7) of the operating surplus for 2023.	GRI 302-1, pages 112–114
	Assets /liabilities	Investment in low-carbon alternatives. Expressed in SEK m/year.	In 2023, approximately SEK 61 million (84) 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 equivalent to a SEK 1,000/ton price for scope 1 and 2 emissions, market-based and location-based. Estimate is based on the assumption that the entire cost will be charged to the buyer. Expressed in SEK m and percentage of operating surplus.	A SEK 1,000/ton price increase for scope 1 and 2 emissions calculated using the market-based method would increase costs SEK 5 million (5), the equivalent of 0.08% (0.09) of the operating surplus for 2023. Using the location-based method, the equivalent costs would increase SEK 15 million (14), representing 0.22% (0.24) of the operating surplus.	GRI 305, pages 117–122
	Costs	Increased construction material costs of SEK 1,000/ton on emissions from construction material. Estimate is based on the assumption that the entire cost of emissions for the material will be charged to the buyer. Expressed in SEK m and percentage of total project expenses for the year.	A price increase for scope 3 emissions from construction material would increase costs SEK 6.8 million (57), the equivalent of 0.2% (0.9) of total project expenses for 2023.	GRI 305, pages 117–122
	Costs	Climate compensation paid, expressed in KSEK/year.	From 2020, Vasakronan compensates for all reported emissions from operations. One third of the emissions generated in 2022 were compensated by purchasing shares in compensation projects for SEK 2,015,000 . 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 117–122

Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
PHYSICAL RISKS				
Properties will become permanently unusable due to rising sea levels. (*Systematic physical risk*)	Assets	The share of properties in areas with heightened risks for permanently rising sea levels.	A survey of the property portfolio was conducted in 2020 that included rising sea levels. The result indicated that none of the properties are at risk of permanent flooding up until 2100. Therefore the assessment is that there is no risk of any major financial impact from permanently higher sea levels.	GRI 201-2, pages 104–105
Properties becoming temporarily unusable and in need of repair due to increased precipitation or other temporary flooding. *(Acute physical risk)*	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 five 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 five per cent of the property portfolio will be temporarily unusable and need to be repaired, the maintenance costs would increase SEK 458 million (408) per year, the equivalent of 1.7% (1.7) of the operating surplus.	GRI 201-2, pages 104–105
	Costs	Estimated increase in maintenance costs due to repairs and restoration needs. Assuming that five 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 five per cent of the property portfolio will be temporarily unusable and need to be repaired, the maintenance costs would increase SEK 359 million (360) per year, the equivalent of 5.2% (6.0) of the operating surplus.	GRI 201-2, pages 104–105
Increased energy needs (primarily cooling) due to a warmer climate. (*Systematic physical risk*)	Costs	Estimated cost increase of a 100% increase in cooling needs. Expressed in SEK m and percentage of operating surplus.	The impact of a 100% increase in cooling needs entails increased costs of SEK 26 million (25), the equivalent of 0.4% (0.4) of the operating surplus.	GRI 302-1, pages 112–114
Higher water costs due to greater investment needs in water and sewage networks. (*Systematic physical risk*)	Costs	The estimated effect of a 100% price increase for water on costs. Expressed in million SEK per m^3/year and percentage of operating surplus.	Total water consumption in the property portfolio amounted to 983,812 m^3 (968,502). A doubling of the price of water would entail an increase in water costs of approximately SEK 26 million (22), equivalent to 0.4% (0.4) of the operating surplus.	GRI 303-5, page 115

Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
OPPORTUNITIES				
Increased own production of renewable energy.	Income	Income from sales of on-site produced renewable energy. Expressed in SEK m/year.	Income from sales of on-site produced renewable energy from solar photovoltaics amounted to SEK 2.0 million (2.0), equivalent to 0.0% (0.0) of operating surplus.	GRI 302-1, pages 112–114
	Costs	Lower energy costs due to on-site produced renewable energy. Expressed in MWh and SEK m/year.	On-site produced electricity in the property portfolio reduced the need for purchased energy by an estimated 4,900 MWh (4,700), the equivalent of cost savings of approximately SEK 5 million (5), the equivalent of 0.07% (0.08) of the operating surplus.	GRI 302-1, pages 112–114
	Assets/ liabilities	Investments in increasing on-site produced renewable energy. Expressed in SEK m/year.	SEK 2.6 million (6.8) was invested in solar photovoltaics and solar parks during the year.	–
Higher revenue from sustainable/certified properties.	Income	Estimated increase in revenue assuming higher repurchase rates, higher occupancy rates and higher rent levels from environmentally certified properties. Based on an assumption of a 5–15% increase in rental revenue. Expressed in SEK m and percentage of total rental revenue and operating surplus, respectively.	Rental revenue from environmentally certified properties amounted to SEK 8,500 million (7,610), representing approximately 93% (93) of the total rental revenue. A 5–15% increase in rental revenue would be equivalent to an increase of approximately SEK 420–1,270 million (381–1,142). This is the equivalent of 6–19% (6–19) of the operating surplus.	GRI CRE 8, page 126
	Costs	Cost of environmental certification of new construction and renovations in relation to total investments. Expressed in %.	Sperlingens Backe 45 was certified in 2023. The cost of certification corresponded to 0.00% of the total investment.	GRI CRE 8, page 126
Higher valuations for environmentally certified properties.	Assets	Market value for environmentally certified properties in relation to market value for the entire property portfolio. Expressed in SEK m and percentage of total market value on the closing date.	At the end of 2023, properties with a total market value of SEK 157,271 million (171,090) were environmentally certified, reflecting 90% (91) of the total market value of the property portfolio. The reduction is due to a lower market value, not to fewer environmentally certified properties.	GRI CRE 8, page 126
Lower material costs in construction projects due to increased share of reused material.	Costs	Estimated cost savings due to increased share of reused material in construction projects, based on the assumption that material costs stand for 55% of the project expenses, a maximum re-use potential of 50% and that reused material costs 25–50% less than new material. Expressed in SEK m.	In 2023, the cost for material with re-use potential in finished projects was SEK 781 million (1,707). An increased reuse of materials in these construction projects would have an effect of approximately SEK 200–400 million (400–900), corresponding to 7–14% (7–14) of project expenses.	GRI 301-1, pages 110–111
Favourable financing for green assets.	Costs	Lower interest expense due to financing through the Green Finance Framework or green bank loans.	It is currently difficult to estimate how much lower interest expenses are with financing through our green framework. With an assumption of an average of 5 points' lower financing costs, this represents a reduction of SEK 31.6 million in interest expenses per year.	Impact report 2023, pages 2–13
	Assets	Assets that meet the criteria in the green framework. Expressed in SEK m and percentage of total assets.	At the end of 2023, assets in the green pool totalled SEK 65,734 million (61,241), equivalent to 34% (29) of the company's total assets.	Impact report 2023, page 6
	Liabilities	Total green bonds outstanding and other green debt instruments. Expressed in SEK billion.	At the end of 2023, the volume outstanding of green bonds and other green debt instruments totalled SEK 63.3 billion (61.7).	Impact report 2023, page 6

205-3 Confirmed incidents of corruption and actions taken

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

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

Responsibility and monitoring
The efforts toward counteracting corruption and bribery are being led by the company's General Counsel in the capacity of Compliance Officer. Infringements are not acceptable and may result in disciplinary measures, termination or legal proceedings. Any suspicions of corruption or other improprieties are reported to the Board of Directors annually. Company employees, suppliers and customers also have the option of anonymously turning to an external whistle-blower function. An external party 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 the company's website.

Governance
Anti-corruption work in the company is governed by policies and guidelines for areas including anti-corruption and purchasing. Vasakronan's policies, routines and training work together with our Code of Conduct for employees and suppliers to counteract all forms of corruption and improprieties.

Lessons learned
No additional lessons apply and no improvement measurements were identified.

Target
The goal is zero tolerance for all forms of corruption.

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

Outcome
No suspicions of corruption were reported in any of the company's channels in 2023.

Contribution to the UN SDGs
By striving to keep all of Vasakronan's business relationships free from corruption, Vasakronan contributes to achieving Goal 16 and its target 16.5, "Substantially reduce corruption and bribery in all their forms."

Environmental responsibility

301-1 Materials used by weight or volume

Large amounts of materials are used in new construction, redevelopment, leasehold improvements and maintenance at Vasakronan's properties. The materials used in projects give rise to major environmental impact when they are extracted, produced and transported. Therefore, reducing the amount of material used and greater use of reused material and material that is manufactured from renewable or recycled raw goods is important. Information about the quantity and type of material used needs to be reported to give a fair and accurate overview of the actual climate impact of Vasakronan and of individual projects. In addition, Vasakronan needs to ensure that the materials used do not contain hazardous substances that risk being spread into indoor environments in buildings or into the environment outside them.

Boundaries

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

The materials Vasakronan purchases and uses, such as office supplies and consumables, have been deemed non-material in relation to the impact of construction material.

The responsibility for collecting information about the material used lies primarily with the company's suppliers, who purchase and use the materials when they perform construction and installation services. Vasakronan's ability to affect the total amount of material and the kind of material used is primarily governed by which projects the company chooses to carry out, how they are designed and the type of material prescribed.

Responsibility and monitoring

The Chief Investment & Projects Officer (CIPO) is responsible for the materials used in large constuction projects. This responsibility covers which projects are carried out, the amount and type of material used and using the Byggvarubedömningen system in all projects. The Chief Technology Officer (CTO) is responsible for material use in maintenance projects.

The type and amount of materials used is followed up in conjunction with the completion of a project. The material used is compiled by weight, in total and per square metre, the proportion of renewable raw materials, the proportion of recycled and reused material as well as whether the material is environmentally certified. Annual targets are monitored through quarterly reports to the Board of Directors and to the Management Team.

Governance

Material use is governed by Vasakronan's environmental policy and in more detail through the internal governance documents "Miljöprogram för projekt" (Environmental Programme for Development Projects) and "Guidelines och principer för byggande" (Guidelines and Principles for Construction). All architects, planners and contractors are to comply with the Environmental Programme, which states that Vasakronan must use materials efficiently and prioritise reuse of materials or those made from renewable or recycled raw materials. At the start of all projects with a cost of SEK 75 million or above, a workshop about reusing material must be held. The purpose is to identify reuse potential and to set project-specific targets.

To reduce future material use, the Environmental Programme also stipulates that it should also be possible to reuse or recycle material when it is no longer needed in the building. Buildings and premises are also to be designed proactively and as flexibly as possible to reduce the need for future redevelopment. An environmental certification under LEED also steers toward reduced use of materials and a larger proportion of reused and recycled material as well as to larger shares from local sources.

One measure to guide contractors towards increased use of reused construction material is abolishing the surcharge for new materials in the company's framework agreement. Instead, a higher surcharge of 20% was introduced for all reused material used.

The Environmental Programme also prescribes using the Byggvarubedömningen system for the selection and documentation of construction materials used in the project. Compliance is checked both through internal audits and through supplier audits. Using the Byggvarubedömningen system is also required in the majority of leases, which is important since tenants sometimes conduct renovations themselves.

Lessons learned

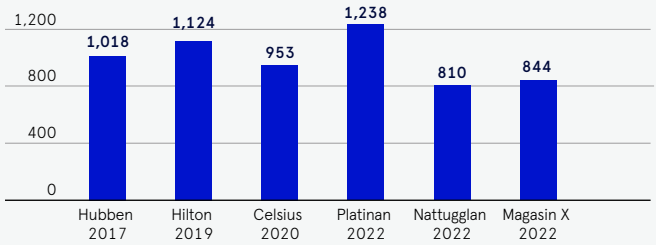
Following up the year's leasehold improvement projects and the specific material reports submitted made it clear that a large portion of construction material is still manufactured from 100% virgin, non-renewable material. This made it clear that the company needs to intensify work to further increase the share of reused material, especially given that leasehold improvements happen so often from a life cycle perspective. Another lesson is that large construction projects need to be continuously followed up during the duration of the project to reduce the risk of gaps and errors in material reporting.

Targets and fulfilment

Ahead of 2023, a target was set to increase the share of reused, renewable and recycled material in projects with 10%. The outcome for the year was 10.1% (7.6), corresponding to an increase of 33%. However, it is worth noting that no new construction projects were completed in 2023 and the outcome is therefore not entirely comparable with 2022, when both new construction and redevelopment projects were completed.

Material used in new construction projects

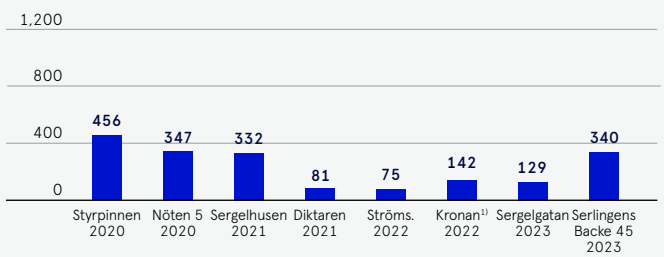
kg/sq. m.



New construction projects completed, 2017–2022.
No new construction projects were completed in 2023.

Material used in redevelopment projects

kg/sq. m.



Redevelopment projects completed in 2020–2023.
1) Pertains to the redevelopment portion of the project.

Share of renewable, reused and recycled material

%	2023	2022	2021
New construction projects[1]	–	7.2	–
Redevelopment projects	10.1	19.2	12.9
Total	**10.1**	**7.6**	**12.9**

1) No new construction projects were completed in 2023 and 2021.

Reporting policies

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

For other projects, there are currently no reporting requirements for actual materials used, either while the project is ongoing or in connection with its completion. To estimate the amount of material, data is instead obtained from climate calculations performed in conjunction with the start of the project. The aim is for leasehold improvements and maintenance projects to also report their material usage as their administration becomes increasingly digitalised.

When data about material quantities are reported per square metre, the project's GFA (gross floor area) was used.

Outcome

A total of 2 large construction projects (5) were completed in 2023, Sergelgatan and Sperlingens Backe 45. Both were redevelopment projects. No new construction projects were completed during the year. In addition to redevelopment projects, leasehold improvements encompassing a total area of 80,000 square metres (68,000) were also completed. The total quantity of material used in these projects amounted to approximately 8,000 tons (164,000). The low quantity of material used compared with 2022 was due to fewer large construction projects being completed in 2023. They were also both redevelopment projects, which use significantly less material than new construction projects. The reason that the material consumption in new construction projects is significantly higher than for redevelopment projects is because a large portion of the material pertains to the building's foundation and frame, something that is remaining in most redevelopment projects.

The total quantity of material used in redevelopment projects amounted to about 6,900 tons, representing an average of 155 kg/sq. m., compared to 113 kg/sq. m. in the redevelopment projects that finished in the previous year.

Material use in leasehold improvements totalled approximately 1,600 tons (1,700) for the year, equivalent to 20 kg/sq. m. (24).

The audits conducted during the year show that the Byggvarubedömningen system was used in all major projects.

Contribution to the UN SDGs

By reducing the risk of construction material containing substances that are hazardous to people's health or to the ecosystem, Vasakronan contributes to achieving Goal 3 and its target 3.9, "Substantially reduce the number of deaths and illnesses from hazardous chemicals and contamination".

By reducing the amount of material, and using renewable, recycled or reused material to greater extents, the company contribute to achieving Goal 8 and its target 8.4, "Improve global resource efficiency in consumption and production."

By increasing the quantity of recycled and reused material, the company also contributes to achieving Goal 12 and its targets 12.1, "Implement the 10-year framework of programmes on sustainable consumption and production," 12.2 "Sustainable management and efficient use of natural resources" and 12.4 "Environmentally sound management of chemicals and all wastes."

302-1 Energy consumption within the organisation CRE 1 Building energy intensity

The property sector accounts for 34% of total energy consumption in Sweden. Therefore, Vasakronan's efforts to decrease energy consumption and only use renewable energy is an important sustainability issue. Vasakronan's buildings need to have low energy consumption for the properties to be considered Taxonomy-aligned, which is something many tenants are demanding. To be considered Taxonomy-aligned, newly constructed buildings must be 10% below the National Board of Housing, Building and Planning's requirements for new construction (BBR) and existing buildings must be in the top 15% in terms of energy performance for its type. Low energy consumption is also a prerequisite for obtaining a high rating when environmentally certifying a building. Among other things, this is important for Vasakronan's green financing. Additionally, reduced energy consumption means lower operating costs and a reduced risk for increased costs if energy taxes are raised as part of a stronger climate policy.

Boundaries

As a property owner, Vasakronan can significantly impact the energy consumption in properties, for example through the investments made by the company in HVAC-systems and in the building envelope of the properties. Tenants also affect energy consumption. It depends on the type of operations they conduct and the tenant's preferences as regards indoor climate, for example.

The reporting covers energy consumption for all properties in Vasakronan's property portfolio, and fuel used in vehicles owned by the company. Vasakronan's report distinguishes between landlord-related energy consumption (i.e. energy consumption related to heating, air conditioning and landlord electricity) and tenants' own energy consumption. Tenants' own energy consumption is followed up and reported separately to be used, among other things, for scope 3 calculations of carbon emissions. The primary energy demand for properties is also monitored and is used to determine whether an existing building is Taxonomy-aligned. The quantity of on-site produced electricity from solar photovoltaics owned by Vasakronan and the share of renewable and non-renewable energy is also reported.

Responsibility and monitoring

The CTO is responsible for the energy consumption of the existing buildings, choice of energy source and for increasing Vasakronan's on-site produced energy. The CIPO is responsible for the future energy consumption at development projects. The Chief Customer Officer (CCO) is responsible for maintaining existing customer partnerships and establishing new ones with respect to reduced energy consumption and to obtain information about customers' own energy purchases.

Energy consumption and the share of on-site produced electricity is monitored on a monthly basis at the property, technical area, and company level using an energy monitoring system in which all the meter values measured are recorded and analysed. Energy consumption for new construction and redevelopment projects is monitored against projected values in connection with a project being completed and being transferred into operation. The type of purchased energy is checked once per year.

Governance

The energy initiatives are governed by Vasakronan's environmental policy and energy strategy. The energy strategy aims to reduce energy demand in buildings, reduce peak loads by using the energy at a different time, increasing on-site produced electricity and storing more energy in the company's buildings.

In existing buildings, Vasakronan's work is also governed by the Energy Inventory Act (Lagen om energikartläggningar). The Act includes requirements for identifying and proposing cost-effective measures to reduce energy consumption.

For large new construction projects, Vasakronan's work is governed by provisions in the Planning and Building Act as well as Boverket's Building Regulations (BBR). Additionally, the internal requirement is to come in at least 50% under the BBR energy requirements, which is the equivalent of energy class A in the Swedish system for energy performance certificates. For major renovations not covered by the BBR requirements, the aim is for an energy consumption of less than 50 kWh/sq. m. and to be certified energy class C at minimum.

Reducing energy consumption in existing buildings requires close collaboration with the company's tenants. Since 2017, there is a clause in Vasakronan's new leases that entails collaboration around reduced energy consumption and mutual reporting of energy data. Requirements are also set in this area for tenants to procure renewable energy if tenants have their own electricity supply contracts.

Vasakronan only purchases electricity from renewable sources, and in agreements with suppliers of district heating and district cooling Vasakronan has requirements for renewable and/or climate neutral energy if such is available from the supplier.

Lessons learned

As more stakeholders become interested in the EU Taxonomy, there has been more focus on buildings' primary energy demand, something that was previously only reported in the building's energy performance certificate. There is a risk that in the short term, the company will change priorities and focus too narrowly on the primary energy demand and lowering it to below threshold values in as many buildings as possible. This could mean shifting focus from the aggregate energy saved to prioritise small savings in properties that are near the threshold values. For this reason, the company has one target for the share of properties under threshold values as well as one for reducing total energy consumption.

Targets and fulfilment

For 2023, the target was to decrease purchased energy by 5%. Specific energy consumption (previously energy intensity) amounted to an average of 73 kWh/sq. m. (75) for 2023, down 3% year-on-year. The ambitious target of reducing energy consumption 5% was not achieved, largely due to the cold weather in the last months of the year. A portion of energy consumption is adjusted for a typical year, but not electricity for heat pumps.

Another target was to have 96 solar photovoltaic systems in operation by the end of the year. In December 2023, 90 (86) solar photovoltaic systems were in operation, meaning the target was not achieved. One reason is that expansion was initially slowed due to substantial price increases for solar panels, which was difficult to address before the end of the year.

At the end of the year, 1,670 (1,467) EV charging stations were in operation. While the company came close, the target for 2023 of increasing the number of EV charging stations to 1,700 was therefore not achieved due to lower demand from tenants.

Reporting policies

Specific energy consumption is calculated through the annual total energy consumption, adjusted to the level of a normal year, from heating, cooling and landlord electricity, divided by the temperate area. In other words, the indoor area for all floors of a building that are heated to more than 10°C. The primary energy demand is calculated through multiplying the building's energy consumption by weighting factors, depending on the energy carrier(s) used. The heating energy is then divided by a geographic adjustment factor. Finally, the result is divided by the building's temperate area. Reported energy intensity (specific energy consumption and primary energy demand) also includes some tenant electricity and process cooling which, for technical reasons, is not possible to remove from the landlord electricity calculation.

Reported amounts of energy in GWh are based on actual measured values or values taken from grid operators for part of the tenant energy. In some properties, Vasakronan delivers tenant electricity. In which case, reporting is based on actual measurements and the tenant is billed for the energy consumed. In the rest of the property portfolio, where tenants have their own electricity contracts, Vasakronan receives measurement data at a property level from the grid operators.

Reported amounts of energy are not adjusted to the level of a normal year, except in specific energy consumption data and the primary energy demand that is based on adjusted values. The primary energy demand at company level and the figures reported at property level in the list of properties on Vasakronan's website are calculated using the most recent measured data.

Reported quantities for on-site produced electricity are based on actual measured values without any normalising. The quantities of renewable and non-renewable energy delivered by energy companies are based on data from each energy company.

The number of solar photovoltaic systems and EV charging stations is collected and followed up centrally within Technology and property.

Energy consumption

GWh	2023	2022	2021
Vehicle fuel consumption	–	–	–
Oil	0.1	0.1	0.1
Share renewable, %	*100*	*100*	*100*
Heating	117.6	113.0	136.2
Share renewable, %	*89*	*89*	*90*
Cooling	20.0	24.3	26.2
Share renewable, %	*94*	*95*	*95*
Landlord electricity	78.3	78.9	75.3
Share renewable, %	*100*	*100*	*100*
Other electricity consumption, e.g., construction projects	1.2	0.8	1.5
Share renewable, %	*75*	*32*	*75*
Total	**217.2**	**217.1**	**239.3**
Share renewable, %	94	94	94

Outcome

Thanks to comprehensive energy efficiency efforts and energy-efficient redevelopment projects entering operation, the company's specific energy consumption fell to 73 kWh/sq. m. (75), down 3.1%. The property portfolio's average primary energy demand was 81 kWh/sq. m. (82) at the end of the year. The tenants' own electricity consumption of 175.4 GWh (167.1) is excluded in the calculation of specific energy consumption or primary energy demand, but is included in the climate report (scope 3).

Vehicle fuel used during the year amounted to 0 GWh (0), since all service vehicles that Vasakronan owns are electric and are charged at the company's own properties. Vehicle electricity consumption is therefore indirectly included in the properties' energy consumption.

In 2023, an additional 3 solar photovoltaic systems (9) were put into operation in the property portfolio and a facility that was not included in the documentation for 2021 was registered in 2023. At the end of the year, 90 (86) solar photovoltaic systems were in operation. The installations are located throughout the entire property portfolio; Stockholm has the most with 36 installations followed by Uppsala with 26, Gothenburg with 13 and Malmö with 15. In total, 9,180 MWh (9,263) of electrical energy were produced by our solar photovoltaic systems. This means that 11%[1] (11) of electricity needs are covered by own production. The decrease is due to faulty measurements and fewer solar hours during the year.

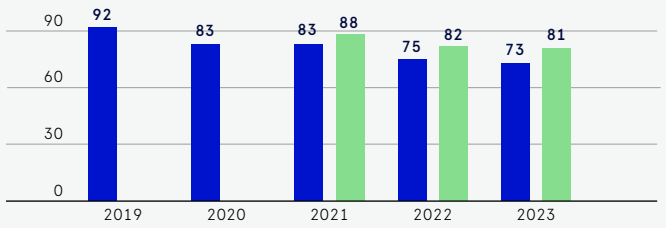
1) Updated formula for the share of on-site produced electricity (On-site produced electricity divided by total landlord electricity).

Contribution to the UN SDGs

By reducing energy consumption and transitioning to renewable energy sources, Vasakronan contributes to achieving Goal 7 and its target 7.2, "By 2030, increase substantially the share of renewable energy in the global energy mix" and 7.3, "By 2030, double the global rate of improvement in energy efficiency."

Energy intensity

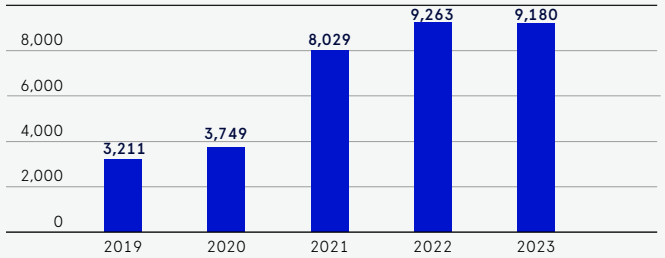
kWh/sq. m., 12 months



Specific energy consumption (previously energy intensity)
Primary energy demand

Self-generated electricity

MWh



A total of 9,180 MWh of electricity was produced by solar photovoltaic systems during the year. Reference 2021.

303 Water and effluents 303-5 Water consumption CRE2 Building water intensity

The shortage of fresh water that faces many parts of the world makes water consumption an important sustainability issue from a global perspective. Over the last few years, even in Sweden, access to drinking water has been restricted in certain locations, including Uppsala where Vasakronan owns properties. Even though a shortage has only arisen in one of the cities where the company operates to date, the company is working continually on monitoring and on cost-efficient measures to reduce water consumption. Low water use is a prerequisite for environmentally certifying buildings with high ratings and helping to reduce operating expenses. In addition, the EU Taxonomy sets requirements in terms of buildings' water consumption.

Boundaries

As a property owner, Vasakronan has considerable opportunity to impact the amount of water used in its buildings, since the company is the one who decides and makes investments in technical systems. 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 encompasses water consumption at all properties. However, it does not cover any water use where tenants have their own water supply contracts nor water consumption at Vasakronan's construction sites to the extent that water is not taken from an existing building that has a water contract.

Responsibility and monitoring

The CTO has primary responsibility for the water consumption of the existing properties. The CIPO is responsible for all new construction and redevelopment being designed so that their water consumption is low. Water efficient equipment is selected during planning — low flush lavatories and low flow fixtures, for example. Any landscaping adjacent to the buildings is planned to reduce the need for irrigation. If possible, rainwater collection systems are installed to collect water used to flush toilets or water plants.

Water consumption is monitored on a monthly basis at the property, city, and company level via Vasakronan's operations monitoring system in which all the meter values measured are recorded and processed.

Governance

Reduced water use is governed by the company's environmental policy, and is included as a requirement in environmental certification of buildings. The requirement for low-flush equipment is also included in the company's Environmental Programme for Development Projects.

Vasakronan uses municipal water from each municipality. Water suppliers and drinking water sources for each city are presented in the table to the right.

Lessons learned

No additional lessons were learned and no additional improvement measurements were identified.

Reporting policies

Reported quantities for water are based on actual measured values without any normalising. Water intensity is calculated by dividing water consumption by a property's NFA.

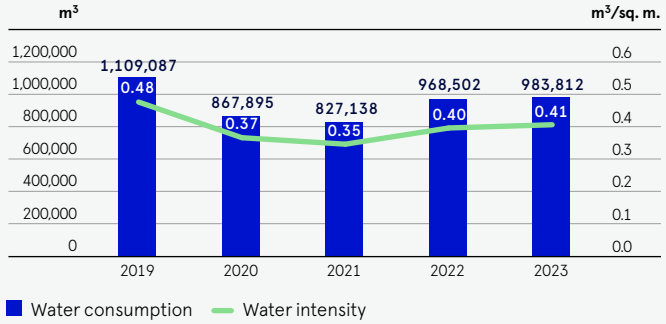
Outcome

The total amount of water consumed during 2023 amounted to 983,812 m3/sq. m. (968,502), equivalent to a water intensity of 0.41 m3/sq. m. per year (0.40). During the pandemic years of 2020 through 2022, lower water consumption could be noted. The increase is primarily explained by use of premises returning to normal after the pandemic.

Water suppliers and sources

City	Water suppliers	Water sources
Stockholm	Stockholm vatten och avfall/ Norrvatten/Sundbyberg avfall & vatten	Surface water
Gothenburg	Göteborg vatten & avfall	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, Vasakronan contributes to achieving Goal 6 and its target 6.4, "By 2030, substantially increase water-use efficiency across all sectors."

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 aproximately one new building every year and, when we build, it is essentially never on undeveloped land. Instead, new construction is on land that has already been developed for some other use, such as parking. Even if the risk of reducing biodiversity is not as great, there are still often opportunities to promote biodiversity in connection with development projects. There are also good opportunities to increase biodiversity in the existing property portfolio.

Using various kinds of pesticides in property management operations also risks affecting biodiversity. For example, Vasakronan's operations can entail the use of weedkillers and chemical treatments against various types of pests.

Vasakronan affects biodiversity in other places indirectly through purchases of goods and services, such as construction material and energy. By reducing the amount of construction material and setting requirements for different kinds of environmental certification for goods and energy, the indirect impact on biodiversity can be reduced considerably.

Boundaries

As a property owner, Vasakronan's operations primarily entail opportunities to increase biodiversity. Sometimes space at ground level is limited, but then roofs and walls can be used to increase plant life. Vasakronan can also plant and take care of new plants on adjacent land owned by municipalities or other land owners.

This report only covers Vasakronan's own impact on biodiversity in and around the company's properties. It does not yet cover the company's indirect impact on biodiversity through purchased goods and services, though the ambition is also to include this area in our reporting.

Responsibility and monitoring

While the CTO has primary responsibility for biodiversity at existing properties, in practice, much of the daily work is through Vasakronan's landscaping contractors.

The CIPO is responsible for designing new construction and redevelopment projects so that site biodiversity is improved after construction is completed and ensuring that the surrounding ecosystem is not disrupted during a construction project.

Governance

Work to increase biodiversity is governed by Vasakronan's environmental policy. The Environmental Programme for Development Projects requires an ecological study to be performed and this is also evaluated during environmental certification of new construction and redevelopment projects. Supplier agreements with landscaping contractors include binding requirements to prioritise and support biodiversity. To encourage a lower impact on biodiversity at the supplier level in terms of construction material used by Vasakronan, the company currently relies primarily on reducing the impact on biodiveristy by using fewer virgin materials (even if they are renewable).

Lessons learned

During the work to calculate a green space/biodiversity index for the properties, it became clear that the company needs to clarify the definitions used when the green spaces/biodiversity index is being inventoried and calculated. The performance measures also need to be developed and take research into urban ecosystems into consideration. When it comes to Vasakronan's impact on the supplier chain, the company has researched which countries have made more progress than Sweden and established important relationships with various researchers.

Reporting policies

During the year, Vasakronan carried out an initial inventory of the entire property portfolio in terms of green spaces and biodiversity. The purpose of the inventory is to increase the total amount of green space at properties and to support biodiversity. The data reported at the property level includes the total land area of the property, the area that is green (covered by plants) to at least some extent, and whether the green area is monocultural (for example, lawn) or multi-species (at least five different species). An inventory of habitats or other animal-friendly measures has also been carried out.

Outcome

The inventory carried out during the year indicated that 49% of the properties have some form of green space. Of the total plot area, 11% is some form of green space, with a breakdown of 68% on the ground, 31% on roofs and 1% on walls. The property portfolio's Biodiversity index is 35%. The biodiversity index is defined as the share of total green area that is multi-species (five or more species).

Contribution to the UN SDGs

By promoting biodiversity, Vasakronan contributes to achieving Goal 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".

305-1 – 305-3 Direct, indirect and other indirect GHG emissions CRE3 Greenhouse gas emissions intensity from buildings

Buildings account for 20% of all greenhouse gas emissions in Sweden, both through emissions connected to construction and through those generated by energy consumption in operation. Reducing Vasakronan's emissions is important for several reasons, including demand from customers for premises with low carbon emissions and to reduce the risk of increased construction and energy fees/taxes due to the increased prices of carbon emissions. Moreover, a new law for climate declarations for new buildings entered force on 1 January 2022.

Boundaries

Climate impact within our own organisation, scope 1, is marginal since Vasakronan does not have central heating boilers in the buildings and since all of the service vehicles are electric vehicles. Despite occurring outside of the organisation, Vasakronan can still influence indirect emissions due to energy consumption, scope 2, by how high the energy consumption is in the properties and by the kind of energy Vasakronan chooses for their supply. The largest amount of emissions is related to operations which stem from outside the organisation, scope 3. These emissions can be influenced through the number and type of construction projects and the choice of construction material as well as strict waste targets. The company can also set requirements for the kind of fuel used in the vehicles and machines used in construction projects. Emissions connected to how tenants use the premises can be influenced through setting requirements for the kind of electricity they purchase, how they sort their waste and by making it easier to choose climate-smart commutes.

The report includes all significant emissions from the organisation as well as those from outside the organisation that are the most material in terms of size and potential impact.

Responsibility and monitoring

Responsibility for Vasakronan's emissions is based on the same allocation of responsibilities as for the materials used, energy consumption and waste, information for which is given under each indicator in this Sustainability Report. In addition, the Chief Human Resources Officer (CHRO) is responsible for creating the conditions and guidelines for reducing emissions from employees' business travel and commutes.

Monitoring of greenhouse gas emissions is conducted every year under the GHG (Greenhouse Gas) protocol, and in 2023 the greenhouse gas report was prepared with support from the consultants 2050 AB.

Governance

Efforts to reduce the company's emissions are mainly governed through systematic work to reduce our material and energy consumption, waste from tenants and construction waste. For more information about governance, refer to each indicator.

For even better control over emissions from construction operations, all decisions pertaining to construction projects budgeted in excess of SEK 75 million are required to include a climate calculation, which reports emissions per produced square metre and information about the project's plans to reduce them. New construction projects are not permitted to exceed 250 kg CO_2 equivalents (CO_2-e), while redevelopment projects may not exceed 125 kg CO_2-e (calculated using LFM30's method).

Lessons learned

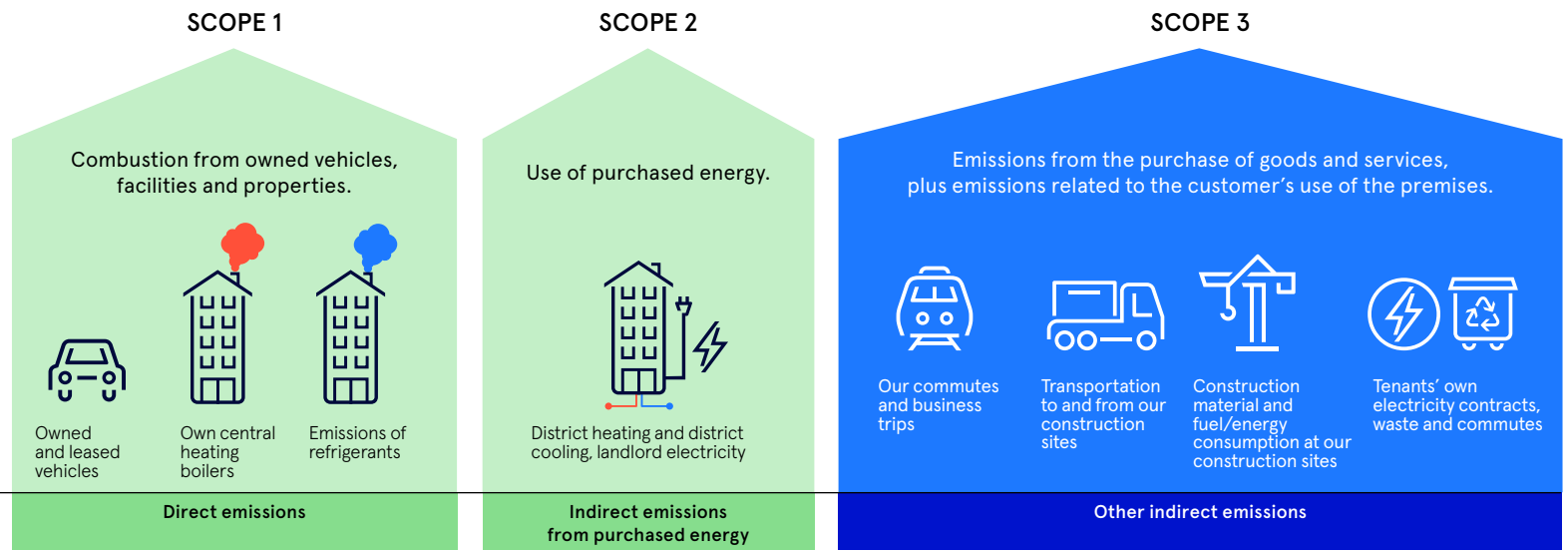
During the year, several lessons have been learned regarding how the report could be further improved and more clearly present actual efforts to reduce emissions within the company. One such example comprises emissions from project activities (scope 3), where emissions for 2023 are a consequence of projects started about five years ago, and which do not reflect the company's current goals and ambitions. Another lesson the company has learned is that there is data regarding tenant commutes that would make it possible to follow-up their emissions on an annual basis and include them in the company's scope 3 emissions. It is also clear that the scope 3 emissions from property companies vary greatly and that companies that report low scope 3 emissions are not necessarily performing better but rather choosing less comprehensive reporting.

Targets and fulfilment

In 2019, Vasakronan developed a 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, expressed as a decrease of emissions of at least 90% and an opportunity to compensate for the remaining emissions with some kind of mechanism that removes the remaining portion of carbon dioxide from the atmosphere. In 2022, the new, refined climate target was analysed and approved by the Science Based Targets initiative.

Because the size of the company's climate impact largely depends on how successful the company is at reducing energy consumption, material use and waste volume, Vasakronan sets annual efficiency targets in all of these areas. For information about the targets that were set, see each indicator. The target for 2023 has been to reduce the company's total emissions per square metre (scopes 1, 2 and 3, excluding emissions from projects that exceed SEK 75 million) with 10%. The target was not reached and instead reported emissions increased with 25%. The largest reason for this is that tenants' energy consumption increased and a more comprehensive survey of the amount of renewable energy purchased by tenants indicated that it was smaller than what had previously been assumed. This does not necessarily mean that actual emissions increased. Another item that increased was the amount of leasehold improvements, which means that total emissions from leasehold improvements increased even though they decreased per improved square metre.

Emissions in various scopes are reported as such:



Reporting policies

A company's climate impact is divided into three scopes. Scope 1 emissions are ones that arise in direct connection to Vasakronan's own operations.

Scope 2 emissions are indirect emissions that arise due to Vasakronan's energy purchases and all other indirect emissions are reported in scope 3. Vasakronan no longer has significant scope 1 emissions as a result of fossil fuel no longer being combusted at Vasakronan's facilities or in its vehicles. Among other initiatives, all fossil-dependent oil burners were phased out more than ten years ago and all service vehicles have been electric for several years now. However, there are occasionally leaks of refrigerants from cooling equipment, which is a direct emission related to our own operations.

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 from operations that occur along the value chain. Upstream emissions arise primarily in the supplier chain from material use, waste and transportation in construction projects. Downstream emissions arise from customers when tenants use and commute to our premises. One source of indirect emissions outside the organisation are different kinds of business trips by car, train or air and employees' commutes.

Vasakronan has been reporting its greenhouse gas emissions since 2006. Since then, a gradual improvement of data — as well as amended reporting policies — have led to an increase in the scope of which emissions are included in the climate reporting. Since 2012, the reports relate not only to emissions of carbon dioxide but to all greenhouse gases that impact the climate. Emissions from waste, material used and transportation in construction projects have been included since 2014, and tenant energy consumption has been included in reporting since 2015.

In scope 3, part of the report is based on actual data and part on estimated values. For more information, see the table on pages 121–122. 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. 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 completed per year. Initiatives to improve reporting from project operations have been introduced so that a climate report can be prepared gradually for all of the years that a project takes, and their introduction is planned for 2024. When applicable, emissions are reported using both the market-based (MB) and the location-based (LB) methods.

Outcome

Total greenhouse gas emissions from 2016 and 2019–2023 are given in the table on page 120.

During the year, scope 1 emissions increased with 24% to 434 tons (351) as a result of increased refrigerant leakages and better reporting of refrigerants. Scope 2 emissions (MB) increased with 4% to 4,979 tons (4,783), due to a 4% increase in heating demand during a cold winter. Climate calculations do not make adjustments for a normal year, unlike reporting for specific energy consumption and primary energy demand.

In 2023, scope 3 emissions decreased with 60% to a total of 31,803 tons (80,508). The decrease is explained by a smaller number of projects completed during the year compared with last year. Refer to the explanation on the previous page.

A relevant scope 3 emission for Vasakronan that was not included previously due to uncertainty and a lack of reliable data was tenants' commutes to and from properties. For quite some time, the company has taken various measures to reduce this kind of emission, for example by offering bicycle parking, changing rooms, charging stations for electric cars and opportunities for commuting by boat. In 2023, an overview of all tenants' commutes was carried out using data from the travel habit surveys carried out in conjunction with the LEED certification for properties. Based on this calculation, approximate emissions related to commuting could be estimated at 50,000 tons of CO_2e per year. The goal is to refine collection efforts for travel pattern data and begin to report emissions related to tenants' commutes in the annual climate report starting with the 2024 financial year.

Compensation

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. A new climate compensation principle was applied starting in 2020. All of the emissions reported in the table on page 120, except for those that are already compensated for by the company's energy suppliers, are assigned an economic value based on the cost of conventional climate compensation. Funding is provided for this amount in the following year. One third is used to buy shares in conventional carbon offset projects, one third to plant trees and other vegetation in connection with the company's own properties and one third to support research that leads to reduced emissions from the construction and property sector. Vasakronan is aware that only the first category is generally accepted as climate compensation, but since most of the emissions being "compensated" for are scope 3 emissions (which are seldom compensated for at all) and because all compensation is always voluntary, we have chosen to apply this principle.

To reach the target of climate neutrality by 2030, however, all of the remaining emissions reported that year need to be fully compensated with some kind of "carbon removal certificate compensation". This refers to a mechanism that permanently removes the equivalent amount of carbon dioxide from the atmosphere.

Contribution to the UN SDGs

By reducing the climate impact of the entire value chain, Vasakronan contributes to achieving Goal 11 and its target 11.6, "Reduce the adverse per capita environmental impact of cities". The company also contributes to achieving Goal 12 and its targets 12.2, "Sustainable management and efficient use of natural resources" and 12.4 "Environmentally sound management of chemicals and all wastes". The company also contributes to achieving Goal 13, "Climate Action," and its target 13.3, "Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning".

	Base year 2016[1]	2019	2020	2021	2022	2023	Comments
SCOPE 1							
Oil[2]	0	0	0	0	0	0	
Own vehicles	21	11	–	–	–	–	All fossil-dependent vehicles were phased out in 2019. From 2020 Vasakronan only owns electric vehicles.
Refrigerant leakage	280	170	317	494	351	434	Increased leakage and better reporting during the year.
Total scope 1	**301**	**181**	**317**	**494**	**351**	**434**	
SCOPE 2							
District heating (Market based)	4,369	4,272	3,838	4,327	4,525	4,789	Increased heating demand due to a cold winter.
District heating (Location based)		*8,867*	*7,254*	*8,614*	*7,846*	*8,558*	
District cooling (Market based)	121	7	10	0	0	0	Fossil-free deliveries in all agreements.
District cooling (Location based)		*191*	*213*	*137*	*115*	*78*	
Electricity (Market based)	415	127	103	121	258	190	Reduced electricity consumption in properties not part of Vasakronan's electricity contracts (100% renewable electricity).
Electricity (Location based)		*4,838*	*4,392*	*5,864*	*6,080*	*5,950*	
Total scope 2 (Market based)	**4,905**	**4,406**	**3,951**	**4,448**	**4,783**	**4,979**	
SCOPE 3, Upstream							
Materials in construction projects	30,175	26,312	19,254	23,967	57,333	6,762	No new construction projects were completed during the year.
Production and distribution of fuels (in scope 1 and 2)[3]	2,536	1,727	1,519	1,520	1,323	1,339	Increased heating demand due to a cold winter.
Transportation in construction projects	1,013	547	1,235	1,280	2,826	274	No new construction projects were completed during the year.
Waste from construction projects	1,157	1,104	6,342	3,010	2,153	1,011	No new construction projects were completed during the year.
Business trips (train, taxi, flights, hotels, service vehicles and private vehicles used for business)	147	132	36	30	57	77	The number of business trips increased somewhat after the low levels of the pandemic.
- of which flights	118	*121*	*23*	*15*	*44*	*64*	The number of business trips increased somewhat after the low levels of the pandemic.
Commutes	157	90	25	77	82	63	A more sophisticated commute survey was carried out during the year, with more exact data about each respondent's commute to be used in calculations. The outcome is therefore not entirely comparable with previous years.
SCOPE 3, Downstream							
Tenants' energy consumption	24,830	12,155	12,906	13,365	14,635	20,054	Increased electricity consumption and improved reporting of contract types from tenants.
Waste from our tenants' operations	1,727	1,288	1,186	1,427	2,100	2,222	The amount of tenant waste increased during the year.
Total scope 3	**61,743**	**43,355**	**42,502**	**44,674**	**80,508**	**31,803**	
Sum total of emissions (scope 1, 2 and 3)	**66,949**	**47,942**	**46,770**	**49,617**	**85,642**	**37,215**	
Climate compensation from energy suppliers	-4,179	-4,279	-3,848	-4,327	-4,525	-3,646	
Emissions following climate compensation from energy suppliers	**62,770**	**43,663**	**42,922**	**45,289**	**81,117**	**33,569**	
Emissions intensity, scopes 1 and 2 *(kg per lettable sq. m.)*	2.15	1.97	1.82	2.11	2.14	2.26	Scope 2 Market based

All amounts in the table refer to tons of GHG, if not otherwise stated.

1) Base year updated from 2006 to 2016. 2) Pertains to Vasakronan's biogenic emissions, combustion of bio oil.
3) Expansion of scope so that upstream emissions from district heating is included in the category Production and distribution of fuels. Includes all reporting years in the table.

Explanations, emissions notes

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 gCO_2e/kWh	Swedenergy, 2021
Vehicles	Information on purchased vehicle fuel. Emissions ceased in 2019. Only electric vehicles since then.	Only electric vehicles charged at the company's own properties. Electricity consumption is included in scope 2. **Electric vehicles:** 0 gCO_2e/km	–
Refrigerants	Refrigerant emissions are taken from each property's refrigerant reporting, which includes information about amounts refilled and type.	**R134A:** 1,530 tons CO_2e/ton refrigerant **R407C:** 1,525 tons CO_2e/ton refrigerant **R410A:** 1,725 tons CO_2e/ton refrigerant **R452A:** 2,140 tons CO_2e/ton refrigerant	IPCC, 2022 (AR6) The Swedish Environmental Protection Agency, Refrigerant list (Swe: Köldmedieförteckning), 2022 The Swedish Environmental Protection Agency, Refrigerant list (Swe: Köldmedieförteckning), 2022 The Swedish Environmental Protection Agency, Refrigerant list (Swe: Köldmedieförteckning), 2022
SCOPE 2			
Energy consumption for all properties regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	**Electricity use MB/LB** 0.2/74.8 g CO_2e/km 0.3/74.8 g CO_2e/km 0.2/74.8 g CO_2e/km 0.1/74.8 g CO_2e/km 467.6/74.8 g CO_2e/km 0.2/74.8 g CO_2e/km 0.04/74.8 g CO_2e/km	Entelios 2023, Vattenfall, 2021, 2022 ECOHZ, 2023 E.ON, 2023, Vattenfall, 2022 Vattenfall, 2021, 2022, 2023 Swedish Energy Markets Inspectorate, 2022 The Swedish Society for Nature Conservation, 2023, Vattenfall, 2021, 2022, 2023 Vattenfall, 2021
Use of district heating in all properties connected to district heating, regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	**District heating MB/LB:** 2/2 g CO_2e/km 54/54 g CO_2e/km 60/60 g CO_2e/km 5/158 g CO_2e/km 1/115 g CO_2e/km	Stockholm Norrenergi, 2022 Stockholm Exergi, 2022 Göteborg Energi, 2022 Vattenfall, 2022 E.ON, 2022
Use of district cooling in 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_2e/km 0.0/0.0 g CO_2e/km 0.0/0.0 g CO_2e/km 0/104 g CO_2e/km 0/0 g CO_2e/km	Stockholm Norrenergi, 2022 Stockholm Exergi, 2022 Göteborg Energi, 2022 Vattenfall, 2022 E.ON, 2020
SCOPE 3, Upstream			
Materials in construction projects (Category 2: Capital goods)	Data on construction material is collected for all large construction projects. The amount of material in leasehold improvements was estimated using key metrics for materials per square metre improved and total number of square metres improved during the year.	Primarily actual emissions factors. Generic data to a certain extent.	The National Board of Housing, Building and Planning's climate database, each building's EPD, IVL, One Click LCA, Plant.

MB = Market based and LB = Location based

Scope 3, Upstream, cont.

Activity/Category	Data sources	Emissions factor	Source
Production and distribution of energy fuels in scopes 1 and 2 (Category 3: Fuel and energy-related activities not included in scope 1 or 2)	Company cars and bio oil in scope 1. Electricity consumption and district heating in scope 2.	**Electricity:** refer to scope 3 factors in sources under scope 2 **District heating:** refer to scope 3 factors in sources under scope 2 **Bio oil:** 4 gCO_2e/kWh	Swedenergy, 2021
Transportation in construction projects (Category 4: Upstream transportation and distribution)	Data is compiled from all large construction projects completed during the year. In cases where transportation data is missing, the project's climate calculation is used. For leasehold improvement projects, emissions are calculated based on climate calculations available for projects finished this year. Projects that lack climate calculations apply standardised calculations based on the number of square metres improved.	–	–
Waste from construction projects (Category 5: Waste generated in operations)	Data is compiled from all large construction 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.	**Material recycling:** 0.02 **Incineration without energy recapture:** 0.45 **Landfill:** 0.001 *The above pertains to tons CO_2e/ton waste*	DEFRA, 2022 Swedish Waste Management, 2019 DEFRA, 2022
Business trips, taxi (Category 6: Business travel)	Data from the salary system on payments for taxi trips.	221 g CO_2e/km	Taxiförbundet (the Swedish Taxi Association), "Branschläget 2021"
Business trips, flights (Category 6: Business travel)	Data taken from travel agency/portal.	334 g CO_2e/pkm	NTM, 2022
Business trips, trains (Category 6: Business travel)	Data from SJ and travel agencies/portals.	0.86 g CO_2e/pkm	NTM, 2020
Business trips, hotels (Category 6: Business travel)	Data from travel agencies/portals.	**Sweden:** 8.5 kg CO_2e/night	Larsson & Kamb, 2019 Travel and climate Methodology Report.
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).	170 g CO_2e/km	The Swedish Transport Administration, average car in Sweden, 2020
Commutes (Category 7: Employee commuting)	Questionnaire to all employees regarding commute distances and methods.	**Car:** 0.03–0.21 kg CO_2e/km **Car pooling:** 0.062–0.067 kg CO_2e/km **Park-and-ride:** 0.12–0.13 kg CO_2e/km **Public transportation:** 0.01–0.13 kg CO_2e/km **Rail transit:** 0.0000021 kg CO_2e/km **Bus:** 0.0385 kg CO_2e/km **Motorcycle/moped:** 0.1 kg CO_2e/km **Electric bicycle:** 0.005 kg CO_2e/km	The Swedish Environmental Protection Agency, 2022 Miljöbarometern, 2022
SCOPE 3, Downstream			
Tenants' commutes (Category 9: Downstream transportation and distribution)	Data on travel habits per building taken from the environmental certification application.	–	–
Tenants' energy consumption (Category 13: Downstream leased assets)	Data taken from our own system and the grid operator. A portion also estimated. The share of agreements with or without clauses pertaining to green electricity are taken from our business system.	**Hydro power and wind power:** (MB) 0.86g CO_2e/kWh **Electricity without agreements (MB):** 500.2 gCO_2e/kWh **Bio oil:** 4 gCO_2e/kWh	Vattenfall EPD, 2022 Swedish Energy Markets Inspectorate, 2022 Swedenergy, 2021
Waste from tenants' operations (Category 13: Downstream leased assets)	Data taken from municipal waste contractors and the company's own waste contractors who handle unsorted waste.	**Material recycling:** 0.02 **Incineration without energy recapture:** 0.45 **Landfill:** 0.47 *The above pertains to tons CO_2e/ton waste*	DEFRA, 2022 Swedish Waste Management, 2019 DEFRA, 2022

306 Waste 306-4 Waste diverted from disposal 306-5 Waste directed to disposal

Large amounts of waste arise in new construction and redevelopment projects and account for approximately 40% 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, excluding recycling of excavated masses.

In addition to construction waste that arises from operations, Vasakronan also takes care of large amounts of waste from tenants' operations. Even though Vasakronan is unable to greatly affect the quantity of waste that arises, Vasakronan can influence the kind of waste and how well it is sorted by tenants since the company is responsible for the waste recycling facilities. The EU Taxonomy sets the requirement for new construction projects that at least 70% of construction and demolition waste is to be recycled in order for a new construction or redevelopment project to be considered Taxonomy-aligned.

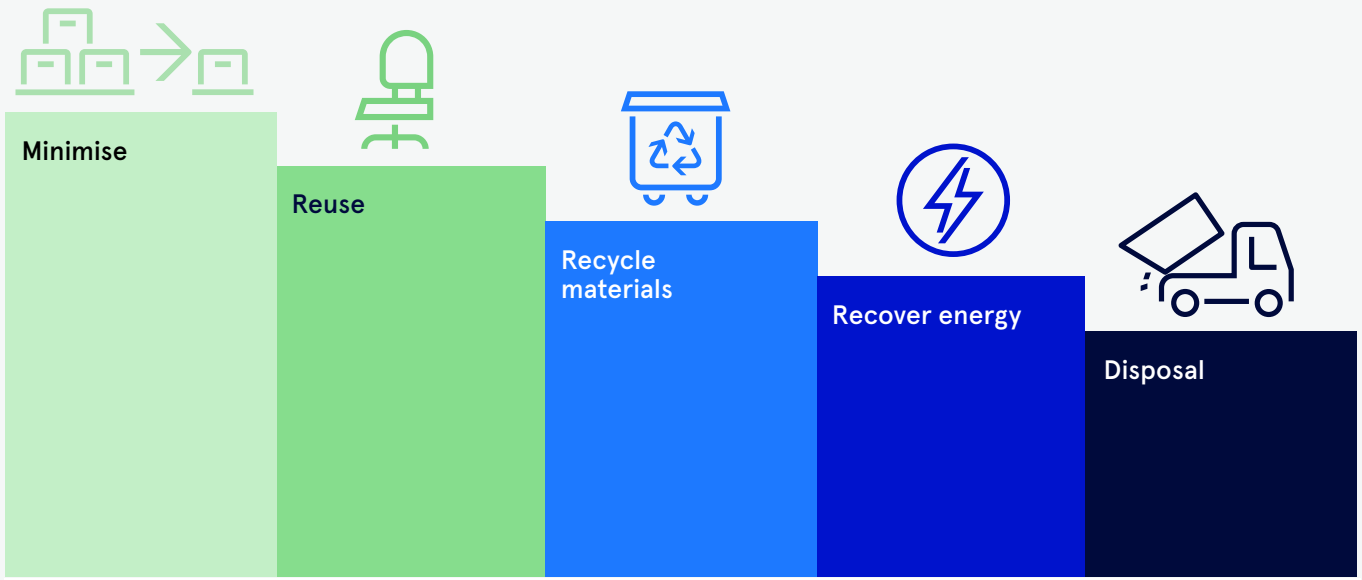
Boundaries

Vasakronan's influence is mainly exercised outside the organisation at construction contractors working on our construction projects, and at tenants who conduct operations at the company's properties. The waste that arises in Vasakronan's own organisation owing to our own property management is not deemed to be material in relation to the waste from construction projects and tenant waste. Since Vasakronan is a tenant at the company's own properties, the company's waste from operations is reported as tenant waste under this indicator without being reported separately.

Reporting only covers the waste that Vasakronan helps tenants with, not any waste for which the tenant is responsible for removal. This could encompass hazardous waste from healthcare operations or confidential papers, for example.

Construction waste includes the waste that arises in direct connection with demolition and construction work at Vasakronan's construction sites.

Waste hierarchy



Minimise	Reuse	Recycle materials	Recover energy	Disposal
Wherever possible, we try to prevent any waste arising.	We try to reuse any waste that arises, for example by selling.	Metals, corrugated board, glass and plastic packaging are examples of materials that can be recycled and transformed into new products.	Combustible waste is a resource that can be used to recover energy and become electricity and/or heat.	Waste that cannot be reused, recycled or used for energy recovery is taken care of and disposed of in an environmentally correct manner.

Responsibility and monitoring
The CTO is responsible for ensuring good waste sorting at Vasakronan's properties. The CCO is responsible for ensuring that there are clear waste management provisions in our leases and for offering a waste management service, where each customer has their waste weighed before removal. This improves statistics for customers as well as for Vasakronan. The CIPO is responsible for planning project developments so that waste sorting is possible for future tenants and for ensuring that waste issues are addressed in construction projects.

Tenant waste and construction waste are monitored annually in connection with preparing the Sustainability Report.

Governance
Work to reduce the company's environmental impact from waste is governed by Vasakronan's environmental policy, which in turn is based on the EU waste hierarchy. Vasakronan strives to minimise waste, to increase the proportion that is recycled or reused, and minimise the share that goes to incineration or landfill.

Waste minimisation programs for all major new construction and redevelopment projects are governed by the Environmental Programme for Development projects and Guidelines for Construction. According to the Environmental Programme, a waste workshop is to be held. The aim is to reduce the quantities of waste and to define a tangible efficiency target for each project.

Lessons learned
During the year, it became clear that different municipalities have made different progress in reporting accurate waste data for municipal waste (waste and food waste) that Vasakronan is legally obliged to use. Discussions were therefore initiated with municipalities during the year to find a solution. With regard to waste from construction projects, it has become clear that regular monitoring during the year is necessary to ensure that no data is missed in the final reporting for the project.

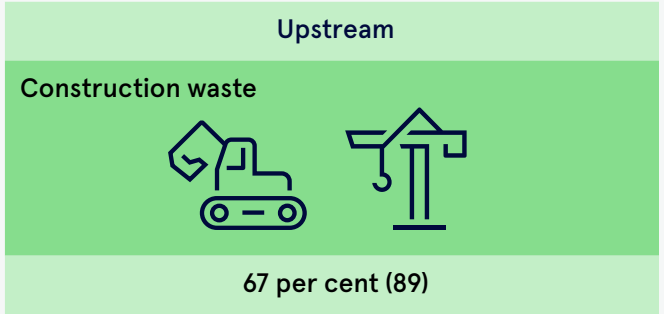
Targets and fulfilment
The long-term objective is that neither the company's own nor our tenants' operations should generate waste that cannot be recycled or reused. Ahead of 2023, Vasakronan set the target that 10% of tenants would use the waste management service. At the end of the year, 17% of tenants used the waste removal service, far above the target level. The target for waste from project activities was to submit waste reports in all leasehold improvement projects at the end of the project. At the end of the year, 71% (37) had submitted a waste report, which is a large increase but still not enough to achieve the target. Vasakronan is therefore intensifying follow-up work in project activities.

Reporting policies
Reporting amounts of tenant waste is based on weighed amounts of waste that were delivered through data files from the respective waste contractors to Vasakronan's monitoring system.

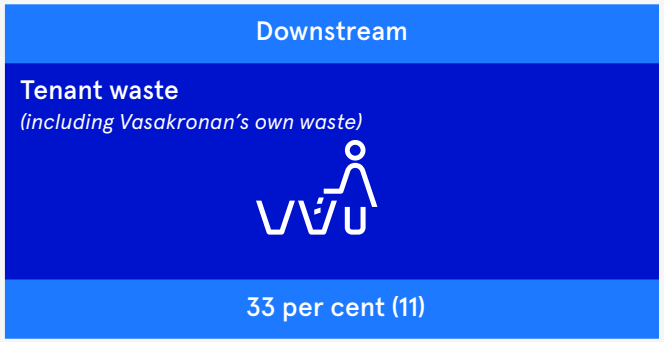
Tenant waste consists of operational waste and municipal waste (formerly known as household waste or equivalent). The operational waste is collected from properties and weighed by Ragnsells, which reports monthly on the weight of the waste and the treatment method. The municipal waste may only be collected at the properties by a contractor appointed by the respective municipality. Weighbridges are used to weigh municipal waste on refuse collection vehicles in Stockholm, Malmö, Sundbyberg and Gothenburg and Vasakronan receives reports on the weight of the waste and the treatment method. These reported weights are the basis for the estimated key metrics for the calculation of waste in the municipalities, Uppsala and Solna, where municipal waste is not weighed. This also applies to some addresses in Stockholm where the contractor is unable to lift the waste containers with a refuse collection vehicle.

Construction waste pertains to waste arising from new construction and redevelopment projects that were completed during the current year as well as leasehold improvements. Waste from new construction and redevelopment projects is based on the actual mea-

Waste's origin and distribution in the value chain



Construction and demolition waste from new construction, redevelopments and leasehold improvements.



Waste from tenants' operations left in shared waste-sorting rooms.

surements summarised in waste reports upon completion. In the majority of leasehold improvement projects, waste reports are compiled at the end of the project. For a few leasehold improvement projects where it has not been possible to compile a waste report, an estimate is made based on data from the projects that have waste reports with an uncertainty margin of 25%.

Outcome

In 2023, tenant waste totalled 8,681 tons (8,338), of which 59% (66) was operational waste and 41% (34) was municipal waste.

The total amount of operational waste decreased marginally to 5,135 tons (5,476). The amount of municipal waste reported increased to 3,546 tons (2,863). It is difficult to draw any clear conclusions about variations between years due to historically incomplete data. The ambition is to further improve statistics for future years.

Construction waste totalled 17,544 tons (70,189) and included waste from the large new construction and redevelopment projects and the leasehold improvement projects that were completed during the year. The decrease in tons between years is because no new construction projects were completed in 2023.

When comparing the redevelopment projects completed during the year, Sergelgatan and Sperlingens Backe 45, and those completed in 2022 in terms of waste per square metre of GFA (gross floor area), the average demolition waste increased. Refer to the diagram Waste in new construction and redevelopment projects. The increase was primarily because renovation projects completed this year were more comprehensive than in the previous year. The buildings in the Sergelgatan project had not undergone any major renovation since they were built in the 1960s, meaning items like the floors and foundation skirting had reached the end of their technical lifespan and needed to be replaced. The Sperlingens backe 45 project involved a lot of heavy demolition, including facades and parts of the floor structure.

Contribution to the UN SDGs

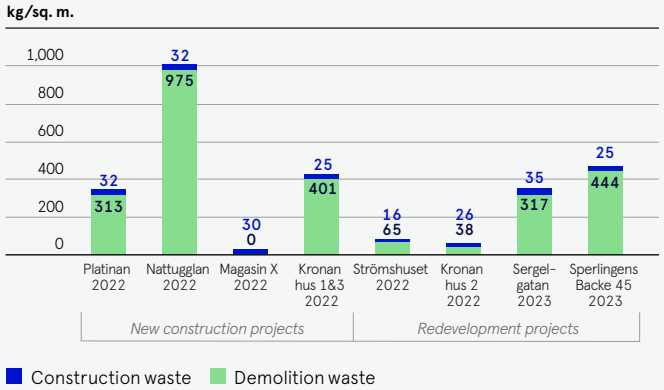
By reducing waste, Vasakronan contributes to achieving Goal 11 and its target 11.6, "Reduce the adverse per capita environmental impact of cities" as well as Goal 12 and its target 12.5, "Substantially reduce waste generation".

Waste by processing method

Tons	Project waste 2023	Tenant waste2023	Waste, total 2023	Waste, total 2022
Waste excl. hazardous waste				
Material recycling[1]	6,311	3,801	10,112	58,838
Energy recovery/ incineration	1,914	4,695	6,609	8,592
Destruction without heat production	0	0	0	50
Landfill	8,914	53	8,967	9,802
Total	**17,139**	**8,549**	**25,688**	**77,282**
Hazardous waste[2]				
Material recycling	133	130	263	255
Energy recovery/ incineration	3	0.9	4	50
Landfill	269	1	270	940
Total	**405**	**132**	**537**	**1,245**
Total waste	**17,544**	**8,681**	**26,225**	**78,527**

1) Includes food waste sent for biogas production.
2) Includes electrical, special and other waste.

Waste in new construction and redevelopment projects



The outcome refers to the large construction projects that were completed in 2023. No new construction projects were completed during the year.

CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment

Environmental certification of existing and of new construction projects is important from several perspectives. They are third-party evidence of Vasakronan's properties' low environmental impact. It means that Vasakronan can fulfil tenants' growing environmental requirements. Environmental building certification is also a prerequisite for green financing.

Boundaries
Many aspects are assessed when environmentally certifying buildings, and Vasakronan cannot always have full control over some of them. Vasakronan decides which buildings will be certified, which certification will be chosen and which rating will be the objective. The reporting covers all of Vasakronan's properties.

Responsibility and monitoring
Responsibility for environmentally certifying new construction and redevelopment projects lies with the CIPO. The CTO is responsible for certifying and recertifying existing buildings. The CCO is responsible for involving tenants in the work. The number of certified buildings is reviewed quarterly and reported in Vasakronan's interim reports.

Governance
The environmental intensity of the project is governed by the Environmental Programme for Development Projects, an internal policy document. The document stipulates that all projects are to be certified under LEED, with the goal of reaching Platinum certification. If there is any deviation from the overall goal, information on the choice of certification and the level set as a goal must also be indicated in the decision memoranda produced for the respective projects.

Almost all of Vasakronan's existing properties have been certified. In some cases the company decided to wait with certification since the building was awaiting a major redevelopment or other extensive measures. All existing buildings have to be recertified every three years.

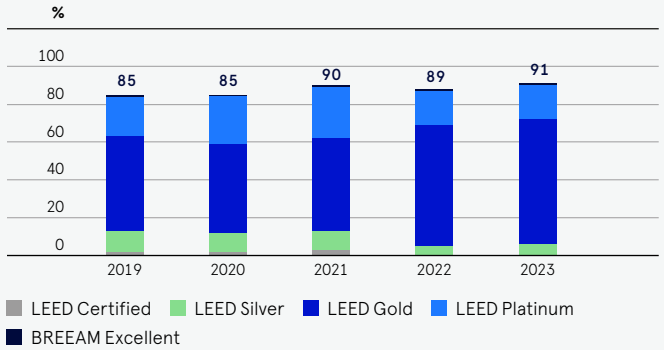
Lessons learned
One of the year's lessons learned is that clarifying procedures and instructions are important for facilitating the recertification process of the existing buildings. Particularly when it comes to involving tenants, since their participation is required for parts of the process, such as responding to surveys about travel habits.

Target
Vasakronan's ambition is to environmentally certify all our properties.

Reporting policies
The number of certified buildings is reported as certified area relative to the company's total area. Vasakronan counts only BREEAM, LEED and Miljöbyggnad as satisfactory certifications. GreenBuilding is excluded as it only encompasses the environmental topic energy, while WELL and Fitwel are excluded as they only focus on well-being for people who spend time in a building.

Outcome
During the year, 2 (1) redevelopment projects were certified and 19 (92) existing properties were recertified. At the end of 2023, 91% (89) of our total property portfolio was environmentally certified, of which the share of LEED Gold or better environmental certifications was 85% (84).

Environmental certifications



Share of the property portfolio's total area.
At the end of the year, 91% of the entire property portfolio was environmentally certified.

308-1 New suppliers that were screened using environmental criteria

In order to successfully conduct operations, Vasakronan needs to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, competence and efforts toward quality and sustainability as well as risk function, performance, design and price. Since a large part of the company's environmental impact arises in the supply chain, assessing suppliers based on how they conduct their environmental work is of great importance.

Boundaries

It is Vasakronan who determines which requirements will be set for suppliers and which ones will ultimately be engaged. In turn, the engaged suppliers often have subcontractors. The exact number of subcontractors is difficult to estimate, since the number per supplier can vary. The reporting covers the supplier agreements signed by the Purchasing Department.

Responsibility and monitoring

The Chief Development Officer (CDO) is responsible for procurement, which is organised as a central unit with responsibility for purchasing meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every procurement, an evaluation of potential suppliers is conducted based on several criteria, for example, ISO certification, emissions and energy intensity. In addition to product- or service-specific requirements, all new suppliers must sign the company's supplier Code of Conduct. Audits and construction site checks 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 the supplier's revenue from its relationship with Vasakronan and their answers in the sent out questionnaires as well as particular risks and focus areas.

Vasakronan works continually to increase control over the supplier chain by reducing the total number of suppliers engaged and to have all procurements managed directly by the Purchasing Department. Work is also under way to increase the number of construction site checks for environmental as well as social aspects at the company's construction sites.

Governance

Vasakronan's environmental policy states that the company is to prioritise suppliers who live up to the company's requirements, therefore all suppliers must be reviewed with respect to the environment, which is also stated in the company's procurement policy. Environmental requirements for suppliers at projects — the Environmental Programme for Development Projects and Guidelines for Construction, for example — are placed in specific appendices to the agreement. General environmental requirements are summarised in the company's environmental policy and in a supplier Code of Conduct. The agreements with new suppliers always include the Code of Conduct for Vasakronan's suppliers. As of 2017, all new framework and service agreement suppliers are evaluated as regards the environment, working conditions and human rights.

Lessons learned

It remains clear that additional resources are needed in the Purchasing Department to enable the necessary supplier evaluation throughout Vasakronan's value chain. There is also a need for a systematic and simple way to monitor the environmental impact of construction materials throughout the value chain.

Reporting policies

All suppliers are entered into a supplier register that includes information about agreed-upon requirements and appendices as well as events such as supplier audits and construction site checks. This supplier register 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 totalled 2,503 (2,566) at year end. The suppliers that are primarily engaged are consultants (technical consultants and architects, for example), construction contractors, utility suppliers (electricity, district heating and district cooling), and service suppliers (cleaning and grounds service companies, for example). Since Vasakronan conducts operations exclusively in Sweden, our suppliers most often are also based in Sweden.

In 2023, a total of 141 (72) new supplier agreements were signed by the Purchasing Department. All of these suppliers, meaning 100%, signed the supplier Code of Conduct. In 2023, no (0) major supplier audits were conducted and seven (4) audits were conducted in conjunction with contract meetings with suppliers.

The low number of major audits and contract meetings was due to high workloads in the purchasing organisation during the year.

Contribution to the UN SDGs

Through its supplier Code of Conduct, Vasakronan sets requirements for its suppliers regarding knowledge of and control over their environmental impact in several areas. This includes the material used, how waste is managed, improving energy consumption and actively working to reduce their emissions. By setting these requirements, Vasakronan is contributing to the goals based on indicators for material, waste, energy and emissions.

Social responsibility

403 Occupational health and safety **403-9** Work-related injuries

Sick leave leads both to unnecessary human suffering for the individual as well as direct and indirect costs for the company in the form of sick pay and loss of output. Vasakronan is a major purchaser for construction and installation work, and construction sites are some of the most accident-prone workplaces in Sweden. Vasakronan's operations can never come at the expense of people's health or well-being. One of the main risks to human health and well-being is work-related accidents and injuries in the company's supply chain.

Boundaries

The employer is responsible for ensuring a good physical, organisational and psychosocial work environment for their own employees. However, the greatest risk of serious accidents is outside Vasakronan's organisation. This includes those who carry out work on Vasakronan's behalf to manage and operate properties and on construction sites in construction project operations. It is possible for Vasakronan to influence the working environment at the supplier level in several ways. One of the most important conditions for a safe working environment at construction sites is a reasonable construction project schedule, which is primarily Vasakronan's responsibility as the client of the project. Therefore, in our role as client, follow-up on these types of accidents is conducted and not only those that occur within the company's own organisation.

The reporting covers sick leave and accidents involving employees at Vasakronan or Coor who work in our properties as well as accidents among those working at construction sites.

Work has started on developing a system for also reporting accidents that impact other suppliers in conjunction with performing property management duties and services at Vasakronan's properties, for example cleaning services, snow removal (from roofs) and landscaping services

Responsibility and monitoring

The CHRO is responsible for overall working environment and wellness measures for Vasakronan's employees and providing them with access to measures that promote health and the opportunity for rehabilitation after illness. The respective managers are responsible for reviewing employees' work situations.

The CIPO is responsible for monitoring work environment efforts at Vasakronan's construction sites. The equivalent responsibility for operation and maintenance contracts lies with the CTO.

The number of accidents at suppliers in major projects is reviewed regularly and summarised when the project is completed. Accidents that affected our employees, or those at Coor working in our properties, are followed up regularly and summarised annually when preparing the Sustainability Report. Monitoring of sick leave and long-term illness absence for Vasakronan's employees is conducted monthly and over a rolling twelve months.

Governance

Vasakronan's occupational health and safety agenda is based on the Swedish Work Environment Act and is governed by several policies, such as the company's policies for work Environment, diversity and inclusion, crisis management and the Employee Code of Conduct.

Employees provide their opinions through surveys, dialogues, associations, work environment meetings and safety officers. All Vasakronan employees are covered by the systematic work environment agenda. All managers with responsibility for personnel are trained in work environment issues, so that they can take an active responsibility for identifying risks and continuously improve the work environment.

The work environment in construction projects is governed by the Environmental Programme for Development Projects and the Guidelines for Construction, as well as through the Supplier Code of Conduct.

Lessons learned

It has become clear that the follow-up structure for monitoring work-related accidents varies significantly among the company's own employees, service suppliers and construction contractors. Follow-up of service suppliers needs to be improved, with clearer definitions and reporting instructions. A greater focus on proactive work, not just accidents and incidents, is needed in all categories.

Targets and fulfilment

Vasakronan's long-term objective is that no employee or person carrying out work on behalf of the company should be injured at work. Ahead of 2023, a target was set to reduce the number of worksite accidents on projects. Both the number of accidents and the accident rate decreased during the year. Another target was set during 2023 for audits of the work environment and Code of Conduct, which must be performed at all major construction sites (large construction projects) and at least three of the prioritised service suppliers. Site visits were carried out at all ongoing projects. Audits were carried out at two prioritised service suppliers. Due to high workload in the Purchasing Department, the third planned audit has been postponed until 2024.

Reporting policies

Incidents and accidents are reported in the "Kris och incidenter" (Crisis and incidents) tool. This tool is available for all employees on Vasakronan's intranet, but reporting currently only covers Vasakronan employees. Reporting and accidents for Coor employees who work in our properties is collected at the end of the year.

Accident reporting in major construction projects (new construction and redevelopment projects) is compiled regularly by the contractor responsible during the project. A final report of accidents, near misses and hours worked is submitted to Vasakronan upon project completion.

During the year, audits/site visits were carried out on at least one occasion at all of Vasakronan's major construction sites, with the exception of those in the early or late stages of completion. The audits are conducted with the help of third parties and include checks on work permits, authorisations, personal protective equipment and drug tests. Minutes are obtained after each completed audit.

Audits of prioritised service suppliers are carried out by purchasing and include follow-up of Vasakronan's Code of Conduct, work environment and social conditions, business conduct and use of resources. Minutes are drawn up after each completed audit.

Outcome

Total sick leave in 2023 amounted to 2.4% (2.3). The distribution by gender is shown in the accompanying diagram.

In 2023, no accidents (1) were reported among Vasakronan's employees. An estimated 600,000 hours were worked, leading to an accident rate of 0.0. During the year, there were 8 accidents (12) among Coor employees carrying out work at Vasakronan's properties. An estimated 290,000 hours were worked, leading to an accident rate, for all accidents, of 27.2. Seven of the accidents were "first aid" accidents where the individual could return to work on the same day, or a day or two later. One of the accidents required a visit to a doctor, but none of the accidents were considered serious[1)].

Accidents with machinery and tools as well as falls from heights are the most common causes of serious accidents within the construction industry. Safety rounds are carried out to minimise the risk of serious accidents, as well as proactive work with risks and job planning to ensure that work is well planned with risks minimised before construction begins. In the two redevelopment projects that were completed in the year, there were a total of 19 accidents (140) and 44 near misses (159). Accidents included cuts, abrasions, finger injured by a strap, trips, hitting one's head on something. None of these were considered serious[1)]. The accident rate in completed projects, all accidents, decreased to 10.4 (26.7). Refer to the table Accidents and near misses in new construction and redevelopment projects on this page for more information.

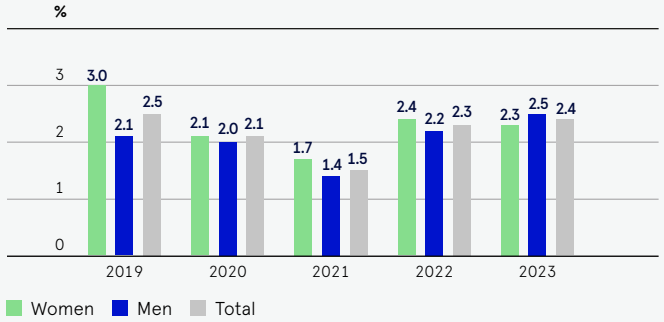
Given the difficulty in drawing any concrete conclusions about any underlying cause for this decrease, it is clear that the reporting of accidents in project activities needs to be improved. Work has therefore begun on clarifying instructions and procedures, and introducing more continuous follow-up of proactive safety work as well as accidents and near misses in project activities.

Contribution to the UN SDGs

Through occupational health and safety efforts, Vasakronan contributes to achieving Goal 3 and target 3.4, "Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being" and Goal 8 and its target 8.8, "Protect labour rights and promote safe and secure working environments for all workers".

1) Work-related injuries that result in a death or an injury from which the worker cannot recover, or does not or is not expected to recover fully to pre-injury health status within 6 months.

Sick leave



Accidents and near misses in new construction and redevelopment projects

	2023	2022	2021
Fatalities	0	0	0
Accidents leading to absence from work	3	–	–
-of which serious accidents	*0*	–	–
Accidents without absence from work	16	–	–
Near misses	44	159	123
Total number of accidents[2]	**19**	**140**	**50**
Accident rate[3]*, all accidents*	*10.4*	*26.7*	*14.2*
Accident rate[3]*, accidents with absence from work*	*1.6*	–	–
Number of hours worked	1,821,882	5,234,506	3,528,217

2) There is no data for some of the projects completed in 2021 and 2022 regarding whether or not accidents led to an absence from work.

3) Per one million hours worked.

405-1 Diversity of governance bodies and employees

405-2 Ratio of basic salary and remuneration of women to men

Vasakronan wants to reflect the society in which the company operates. There is a conviction that success is achievable by avoiding overly homogeneous groups. Research shows that groups with a more heterogeneous composition are often more innovative and solve problems more efficiently.

Boundaries

The impact within Vasakronan's own organisation occurs in connection with recruitment of new employees and when employees leave. Reporting covers only individuals employed at Vasakronan, and not individuals who perform work under conditions similar to employment (consultants).

Responsibility and monitoring

The work on diversity and equal treatment is managed by the CHRO. Each manager at Vasakronan is responsible for creating groups marked by diversity and for no employees being discriminated against. Any cases of discrimination are captured by one of the following channels: employee surveys, immediate supervisors, the HR division, union parties, the company's Compliance Officer or the external whistleblower function.

To ensure that no unreasonable differences in pay occur at Vasakronan, wage surveys are conducted every year. The survey is performed in collaboration with a third party to ensure the highest possible level of objectivity.

Governance

The composition of the Board is governed by the company's Nomination Committee, which is appointed by the owners. The work concerning the company's employees is mainly governed by Vasakronan's Diversity and Inclusion Policy, which states that all operations will have an inclusive culture, be free from discrimination and harassment and that all employees and job applicants will be treated equally. All employees, regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age must be given equal opportunities for development and advancement, as well as equal pay for equal work. In addition, there is an internal Code of Conduct for employees and Board members that emphasises the importance of everyone's right to an inclusive work environment free from harassment and discrimination.

Lessons learned

As a result of the policy review carried out during the year, certain changes were introduced in the company's Diversity and Inclusion Policy, preciously called the Equal Treatment Policy.

Targets

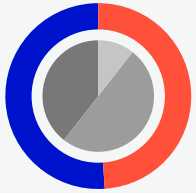
The long-term objective of Vasakronan's equal treatment policy is that all employees must be given equal opportunities for development and advancement, as well as equal pay for equal work. Ahead of 2023, a target was set for at least 15 trainees or summer workers to come from under-represented groups. Of a total of 36 trainees and summer workers were hired during the year, 17 came from under-represented groups. The target was thereby met.

Reporting policies

Data about the number of employees and gender and age are taken from Vasakronan's HR system. Data on the number of consultants used is taken from Vasakronan's internal system for consultant administration. Data on salary differences between men and women is taken from Vasakronan's annual salary survey. Data on the percentage of employees with foreign backgrounds was obtained from Nyckeltalsinstitutet/Statistics Sweden. Data on trainees and summer workers from under-represented groups are monitored and compiled by HR.

Breakdown by gender (women and men) and age as of the balance-sheet date

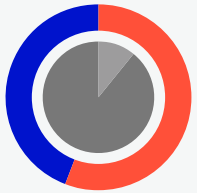
All employees



Women, 49% (45)
Men, 51% (55)

–29 years, 11% (8)
30–49 years, 51% (49)
50– years, 40% (43)

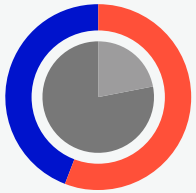
Management Team



Women, 56% (56)
Men, 44% (44)

–29 years, 0% (0)
30–49 years, 11% (33)
50– years, 89% (67)

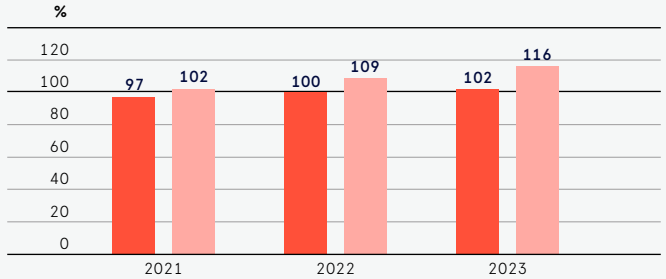
Board of Directors



Women, 56% (56)
Men, 44% (44)

–29 years, 0% (0)
30–49 years, 22% (33)
50– years, 78% (67)

Women's salaries relative to men's

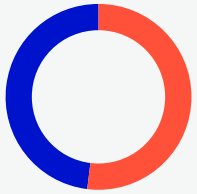


All female staff Managers, women

In 2023, female employees had 102% of men's salaries and among managers, women earned 116% of men's salaries.

Distribution, women and men, by region, at the balance-sheet date

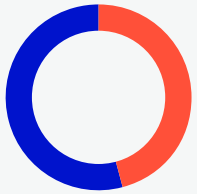
Stockholm



Women, 52% (47)
Men, 48% (53)

The number of employees in Stockholm was 194.

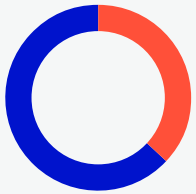
Gothenburg



Women, 46% (41)
Men, 54% (59)

The number of employees in Gothenburg was 48.

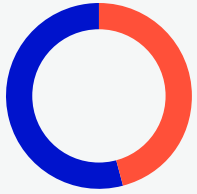
Malmö



Women, 37% (35)
Men, 63% (65)

The number of employees in Malmö was 30.

Uppsala



Women, 46% (48)
Men, 54% (52)

The number of employees in Uppsala was 28.

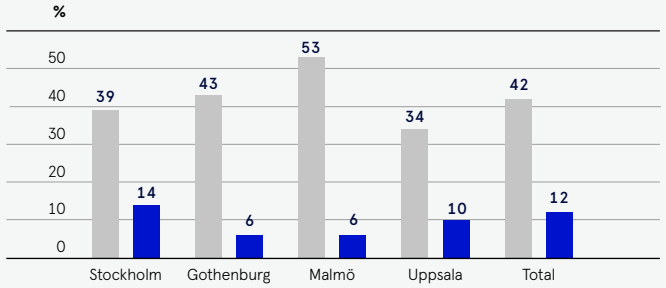
Note. On 31 December 2023, the number of employees was 300 (294), of which 296 (289) were permanent employees, 4 (5) were on time-limited contracts and 0 (0) had a part-time contract. The number of hourly employees is limited to young people with holiday work and is not included in this report. As the number of employees on time-limited contracts only amounts to 4 people, Vasakronan does not report these employees.

Pay ratio of highest earner to median

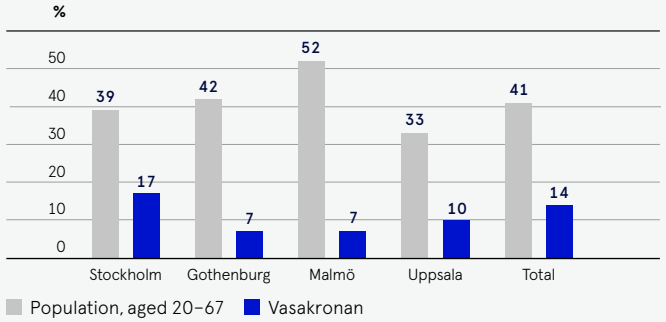
	2023	2022
Total remuneration to highest earner in the organisation, SEK thousand	5,809	5,722
Total remuneration to other employees, median, SEK thousand	623	678
Ratio of the annual earnings of the highest earner to the median earner (excl. highest earner)	9.3	8.4
Salary growth rate for CEO, %	1.5	8.2
Salary growth rate for median, %	-8.2	5.3
Ratio of the salary growth rate of the highest earner to the median earner	-0.2	1.6

The figures have not been recalculated to FTEs. All remuneration has been included, i.e., fixed and variable remuneration. The company's CEO is the highest earner. The decrease in total remuneration to other employees, median, is part of Vasakronan's strategy to focus on younger new hires when possible. During the year, 57 people were recruited with an average age of 34.

Share of employees with a foreign background, 2023



Share of employees with a foreign background, 2022



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

Outcome

On 31 December 2023, the number of employees was 300 (294), of which 296 (289) were permanent employees and 4 (5) were on time-limited contracts. No (0) employees had part-time contracts. The number of hourly employees is limited to young people with holiday work and is not included in this report. At the end of the year, all employees were covered by collective agreements and all were salaried.

Composition of the Board, management and other employees based on gender and age is given on page 131 and in the presentation of the Board and management on pages 38–41.

At the end of the year, 278 (280) consultants were employed in operations. Of these, about 40% were hired in as external project leaders in new construction and redevelopment projects. Other consultants were hired primarily as replacements for existing personnel, for example in connection with parental leave or sick leave. There are no seasonal variations.

The 2023 salary survey found that women earn 102% (100) of what men earn and that female managers earn 116% (109) of what male managers earn. Moving forward, efforts will continue to focus on identifying unwarranted pay differences and taking actions.

Contribution to the UN SDGs

By engaging with diversity and equal treatment, Vasakronan contributes to achieving Goal 5 and its target 5.5, "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life"a. The company also contribute to achieving Goal 8 and its target 8.5, "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value" as well as Goal 10 and its target 10.2, "By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status".

414-1 New suppliers that were screened using social criteria

In order to successfully conduct operations, Vasakronan needs to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, competence and efforts toward quality and sustainability as well as risk function, performance, design and price.

Boundaries

It is Vasakronan who determines which requirements will be set for suppliers and which ones will ultimately be engaged. In turn, the engaged suppliers often have subcontractors. The exact number of subcontractors is difficult to estimate, since the number per supplier can vary. The reporting covers the supplier agreements signed by the Purchasing Department.

Responsibility and monitoring

The CDO is responsible for procurement, which is organised as a central unit with responsibility for purchasing meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every procurement, an evaluation of potential suppliers is conducted based on several criteria, for example, the risk of human rights violations or labour crime and whether there is a systematic work environment and collective agreements. In addition to product- or service-specific requirements, all new suppliers must sign the company's supplier Code of Conduct. Audits and construction site checks 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 the supplier's revenue from its relationship with Vasakronan and their answers in the sent out questionnaires as well as particular risks and focus areas.

Vasakronan works continually to increase control over the supplier chain by reducing the total number of suppliers engaged and to have all procurements managed directly by the Purchasing Department. Work is also under way to increase the number of construction site checks for environmental as well as social aspects at the company's construction sites.

Governance

Requirements regarding such aspects as working conditions and human rights are established in the Supplier Code of Conduct. 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, as established by the Procurement policy.

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 whistleblower function.

Lessons learned

It remains clear that additional resources are needed in the Purchasing Department to enable the necessary supplier evaluation throughout Vasakronan's value chain. There is also a need for a systematic and simple way to monitor the environmental impact of construction materials throughout the value chain.

Targets and fulfilment

For 2023, a target was set to require contractors in large construction projects to provide internship opportunities for groups who are far removed from the labour market. The same requirement was set during procurement with three prioritised service suppliers. While no major contracts had been procured by the end of 2023, the requirement is now included in all contractual texts. The requirement is set out in contracts with three priority service suppliers. Service supplier compliance will be monitored in 2024.

Reporting policies

All suppliers are entered into a supplier register that logs information about agreed-upon requirements and appendices as well as events such as supplier audits and construction site checks. Information about the number and share of suppliers evaluated in terms of working conditions and human rights are collected from the supplier register.

Outcome

The total number of suppliers engaged directly by Vasakronan totalled 2,503 (2,566) at year end. The suppliers that are primarily engaged are consultants (technical consultants and architects, for example), contractors (mainly construction contractors), 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 2023, a total of 141 (72) new supplier agreements were signed by the Purchasing Department. All of these suppliers, meaning 100%, signed the supplier Code of Conduct. In 2023, no (0) major supplier audits were conducted and 7 (4) audits were conducted in conjunction with contract meetings with suppliers.

The low number of major audits and contract meetings was due to high workloads in the purchasing organisation during the year.

Contribution to the UN SDGs

By setting requirements for suppliers regarding decent work and human rights, Vasakronan contributes to achieving Goal number 3 and target 3.4, "Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being". Work also contributes to achieving Goal 5, primarily its target 5.5, "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making" and to Goal 8 and its target 8.8, "Protect labour rights and promote safe and secure working environments for all workers".

416-A Measures taken to maintain a high level of safety and security in and around properties

Feeling safe and secure in their local surroundings is important for most people. As employers, it is of great importance to Vasakronan's tenants to ensure that their employees have workplace and a commute that they feel is safe and secure. The safety and security of the neighbourhood is becoming an increasingly important issue when selecting premises and, in some cases, is the deciding factor in where a company moves. It is also critical for retail tenants that locations feel safe and secure so that they have more visitors. An important part in the overall work for safe and secure neighbourhoods is creating a mix of different operations, such as offices, retail, homes and culture. This variety creates a more dynamic environment throughout the entire day, every day of the week.

Boundaries

The reporting encompasses actions taken by Vasakronan to improve safety and security around the properties. To create a greater impact, some of these actions are carried out together with other actors with operations around Vasakronan's properties, such as other property owners and the municipality.

Responsibility and monitoring

The CIPO is responsible for designing new construction and redevelopment projects with a focus on creating comfortable and safe areas. This responsibility also includes working with other actors and ensuring that safety and security measures are implemented during construction.

The CTO is responsible for making sure that safety features like security patrols, surveillance and entry systems are well-functioning and that safety measures are included in maintenance and development plans for the existing properties.

The CCO is responsible for following up the tenant experience of security and safety through questions in various surveys to Vasakronan's customers. The number of measures for increased security and safety are reviewed annually when preparing this Sustainability Report.

Governance

There are no governing documents or policies that govern work with safety measures. An annual prioritisation of the work to be done is accomplished by analysing what tenants want and the possible measures that can be taken in each property and area, by Vasakronan itself or together with others. There are operating routines for the ongoing property management work that govern how security issues are handled, such as surveillance procedures and security patrols.

Lessons learned

During the year, a security survey was conducted in one of the company's areas. The goal is to use it to establish a procedure for conducting regular safety surveys in all areas.

Targets and fulfilment

The long-term objective for Vasakronan's properties and neighbourhoods is that they should feel safe and secure.

For 2023, the target was to develop an overall plan for following up perceived safety and security among customers and visitors in the company's areas. A test survey was conducted in one of the company's areas during the year. Efforts to find a workable method following up safety work for areas will continue in 2024. A target was set for 2023 to increase the share of public operations at Vasakronan's street level to over 75%. At the end of the year, the share of public operations at street level was 81% and the goal was thereby achieved.

Reporting policies

At the end of the year, the measures implemented in each city are compiled for the existing property portfolio.

Outcome

Over the year, 134 actions (92) were implemented to increase security in and around the properties. Examples of measures include updated entry systems and increased patrols, stronger and increased lighting in and around properties, safety walks and security reviews. Another measure is to increase the number of businesses, such as shops and restaurants, at street level. This creates a dynamic, active atmosphere and helps to increase security.

A test safety survey was carried out in one area. The results will be refined and measures planned in accordance with requests expressed in the survey. There are now plans to carry out the survey in additional areas.

In several Stockholm locations, Vasakronan works with the "Tryggare Sverige" (Safer Sweden) foundation. There are also partnerships with the City of Stockholm aimed at making Stockholm city and Kista safer neighbourhoods.

There is a partnership with Purple Flag and the Swedish Property Federation in Gothenburg to highlight places that have successfully worked to improve safety and access, and that also offer a diverse selection at night.

Contribution to the UN SDGs

By maintaining a safe and secure environment in and around Vasakronan's properties, the company contributes to achieving Goal 5 and its target 5.2, "Eliminate all forms of violence against all women and girls", Goal 10 and its target 10.2, "Empower and promote the social, economic and political inclusion of all", Goal 11 and its target 11.7, "Provide universal access to safe, inclusive and accessible, green and public spaces", and Goal 16 and its target 16.1, "Significantly reduce all forms of violence".

Auditor's Limited Assurance Report on Vasakronan AB´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 2023. The company has defined the scope of the Sustainability Report to the areas referred to in the GRI Index on pages 87 in this document, which also includes the statutory sustainability report defined on page 87.

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 87 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 (Revised) Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. Our examination 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 International Standard on Quality Management 1, which requires that the firm design, implement and operate a system of quality management including policies or 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, March 21, 2024
Ernst & Young AB

Katrine Söderberg
Authorized Public Accountant

Marianne Förander
Expert Member of FAR

Taxonomy-aligned proportion of activity 7.7

The complete tables of the proportion of Vasakronan's turnover, CapEx and OpEx that is aligned with the EU Taxonomy and activity 7.7. Acquisition and ownership of buildings are presented below. For more information about the EU Taxonomy ordinance, see pages 83–85.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities				Substantial Contribution Criteria						DNSH criteria ("Do No Significant Harm")									
Economic activities 2023	Code	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safe-guards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2022[1]	Category enabling activity	Category transitional activity
		SEK million	%	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	3,864	43	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	N/A	–	–
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**3,864**	**43**	**43%**	**0%**	**0%**	**0%**	**0%**	**0%**	**–**	**Y**	**–**	**–**	**–**	**–**	**Y**	**N/A**		
Of which Enabling		0	0	0%	0%	0%	0%	0%	0%	–	–	–	–	–	–	–	N/A	E	
Of which Transitional		0	0	0%						–	–	–	–	–	–	–	N/A		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	5,147	57	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,147**	**57**	**57%**	**0%**	**0%**	**0%**	**0%**	**0%**								**N/A**		
Total (A.1+A.2)		**9,011**	**100**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES[2]																			
Turnover of Taxonomy-non-eligible activities (B)		N/A	N/A																
TOTAL (A+B)		**N/A**	**N/A**																

1) 2023 is the first year that Vasakronan reports details under the Taxonomy and, accordingly, no comparative figures for 2022 are available.

2) Vasakronan is currently not subject to the reporting requirement under the Taxonomy Regulation. The company has decided to only report on activity 7.7. That is why there is insufficient information available to make an assessment of activities that are not Taxonomy-eligible.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities				Substantial Contribution Criteria						DNSH criteria ("Do No Significant Harm")									
Economic Activities 2023	Code	CapEx	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safe-guards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2022[1]	Category enabling activity	Category transitional activity
		SEK million	%	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	597	41	Y	N	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	N/A	–	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**597**	**41**	**41%**	**0%**	**0%**	**0%**	**0%**	**0%**	**–**	**Y**	–	–	–	–	Y	**N/A**		
Of which Enabling		0	0	0%	0%	0%	0%	0%	0%	–	–	–	–	–	–	–	N/A	E	
Of which Transitional		0	0	0%						–	–	–	–	–	–	–	N/A		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	855	59	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**855**	**59**	**59%**	**0%**	**0%**	**0%**	**0%**	**0%**								**N/A**		
Total (A.1+A.2)		**1,452**	**100**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES[2]																			
CapEx of Taxonomy-non-eligible activities (B)		N/A	N/A																
TOTAL (A+B)		**N/A**	**N/A**																

1) 2023 is the first year that Vasakronan reports details under the Taxonomy and, accordingly, no comparative figures for 2022 are available.

2) Vasakronan is currently not subject to the reporting requirement under the Taxonomy Regulation. The company has decided to only report on activity 7.7. That is why there is insufficient information available to make an assessment of activities that are not Taxonomy-eligible.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities				Substantial Contribution Criteria						DNSH criteria ("Do No Significant Harm")									
Economic Activities 2023	Code	OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safe-guards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2022[1]	Category enabling activity	Category transitional activity
		SEK million	%	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	37	33	Y	N	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	N/A	–	–
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**37**	**33**	**33%**	**0%**	**0%**	**0%**	**0%**	**0%**	**–**	**Y**	**–**	–	**–**	**–**	**Y**	**N/A**		
Of which Enabling		0	0	0%	0%	0%	0%	0%	0%	–	–	–	–	–	–	–	N/A	E	
Of which Transitional		0	0	0%						–	–	–	–	–	–	–	N/A		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	76	67	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**76**	**67**	**67%**	**0%**	**0%**	**0%**	**0%**	**0%**								**N/A**		
Total (A.1+A.2)		**113**	**100**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES[2]																			
OpEx of Taxonomy-non-eligible activities (B)		N/A	N/A																
TOTAL (A+B)		**N/A**	**N/A**																

1) 2023 is the first year that Vasakronan reports details under the Taxonomy and, accordingly, no comparative figures for 2022 are available.

2) Vasakronan is currently not subject to the reporting requirement under the Taxonomy Regulation. The company has decided to only report on activity 7.7. That is why there is insufficient information available to make an assessment of activities that are not Taxonomy-eligible.

Row	Nuclear energy related activities	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Annex II

Additional tables for economic activities

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective[1]
CCM	43%	N/A
CCA	%	N/A
WTR	%	N/A
CE	%	N/A
PPC	%	N/A
BIO	%	N/A

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective[1]
CCM	41%	N/A
CCA	%	N/A
WTR	%	N/A
CE	%	N/A
PPC	%	N/A
BIO	%	N/A

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective[1]
CCM	33%	N/A
CCA	%	N/A
WTR	%	N/A
CE	%	N/A
PPC	%	N/A
BIO	%	N/A

1) Vasakronan is currently not subject to the reporting requirement under the Taxonomy Regulation. The company has decided to only report on activity 7.7. That is why there is insufficient information available to make an assessment of activities that are Taxonomy-eligible.

Definitions

Annual rent, SEK m
Base annual rent plus indexation and other 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.

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

Contracted rent by property type, SEK m
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.

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.

EBITDA margin, %
Rental revenue in relation to EBITDA. 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.

Environmental certification of investment properties, %
Total area of investment properties that have obtained certification in accordance with BREEAM, LEED or Miljöbyggnad, divided by the area for all property holdings, on the closing date.

EPRA NDV (Net Disposal Value), SEK m
Equity adjusted for goodwill and the fair value of interest-bearing liabilities as well as the full extent of deferred tax.

EPRA NRV (Net Reinstatement Value), SEK m
Recognised equity, adding back goodwill, derivatives and deferred tax. The metric shows the company's EPRA NAV.

EPRA NTA (Net Tangible Assets), SEK m
Recognised equity adding back goodwill, derivatives and other intangible assets after adjustment for estimated actual deferred tax. Calculated on the basis of a 30% current tax rate, in other words 6.2%. The metric reflects the actual NAV.

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

Income from property management, SEK m
Profit after net financial items excluding changes in value, tax and interest expenses from associated companies and joint ventures.

Interest coverage ratio, multiple
EBITDA in relation to net financial items. Intended as an indication of the company's sensitivity to fluctuations in interest rates.

Investments in existing projects, SEK m
Investments in ongoing projects. Intended as an indication of the company's investment volume.

Loan-to-value (LTV) ratio, %
Net interest-bearing liabilities divided by the fair value of investment properties on the closing date. Intended as an indication of the company's financial risk.

Net financial items, SEK m
Financial income less financial expenses excluding ground rents and land leases.

Net interest, SEK m
Interest income less interest expenses.

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-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 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.

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.

Primary energy demand, kWh/sq. m.
The building's energy consumption is multiplied by weighting factors, depending on the energy carrier(s) used. The heating energy is then divided by a geographic adjustment factor. Finally, the result is divided by the building's temperate area.

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.

Specific energy consumption, kWh/sq. m.
Annual total for energy consumption, adjusted to the level of a normal year, from heating, comfort cooling and landlord 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.

Surplus ratio, %
Operating surplus divided by rental revenue. Intended as an indication of the current earnings in property management activities.

Total yield, total holdings, %
Sum total of yield and change in value, including projects and transactions. Calculated according to the same method as the MSCI Swedish Property Index. Intended as an indication of the return on total assets.

Value change in the total property portfolio, %
Value change in SEK, divided by market value for all property holdings, that is including projects and transactions at the start of the period. In the five-year overview, the value change is reported according to the same method as the MSCI Swedish Property Index. Intended as an indication of the value change in the property holdings.

Yield, total holdings, %
Net operating income as a percentage of the sum of the properties' opening market value, plus half of the year's investments and less half of net operating income during the year. Calculated according to the same method as the MSCI Swedish Property Index and pertains to all property holdings including projects and transactions. Intended as an indication of the return on current earnings from the properties.

Vasakronan

Financial Calendar

REPORTS

Interim Report Jan–Mar 2024	26 April 2024
Mid-year report Jan–Jun 2024	9 July 2024
Interim report Jan–Sep 2024	5 November 2024
Year-end report 2024	7 February 2025
Annual and Sustainability Report 2024	March 2025

ANNUAL GENERAL MEETING

Annual General Meeting	26 April 2024

Addresses and websites

VASAKRONAN AB
Box 30074, SE-104 25 Stockholm
Street address: Malmskillnadsgatan 36
Tel. +46 8 566 20 500

STOCKHOLM
Box 30074, SE-104 25 Stockholm
Street address: Malmskillnadsgatan 36
Tel. +46 8 566 20 500

GOTHENBURG
Box 11264, SE-404 26 Gothenburg
Street address: Götgatan 15
Tel. +46 31 743 42 00

UPPSALA
Box 1050, SE-751 40 Uppsala
Street address: Sidenvävargatan 17
Tel. +46 18 489 20 00

MALMÖ
Box 334, SE-201 23 Malmö
Street address: Triangeln 4
Tel. +46 40 691 71 00

WEBSITE www.vasakronan.se
CORP. REG. NO. 556061-4603

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