

Please note: the statement at the rear of this report contains details of investment banking services recently provided by SEB which could be considered relevant to the subject matter of this report.  
 NOT FOR DISTRIBUTION IN CANADA, AUSTRALIA OR JAPAN OR IN ANY OTHER JURISDICTION WHERE TO DO SO WOULD BE UNLAWFUL. MAY ONLY BE DISTRIBUTED IN THE US TO QUALIFIED INSTITUTIONAL BUYERS\*.

## Public ratings

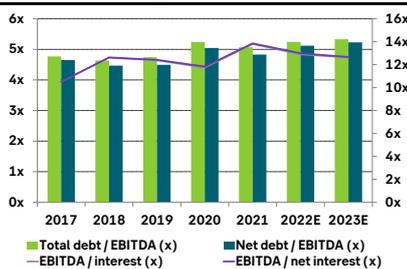
Moody's: A3/Stable

S&amp;P: N.R.

Fitch: N.R.

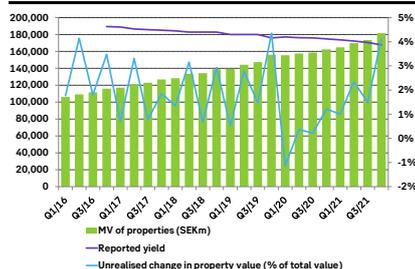
Market cap (SEKm) Not listed

## Vasakronan key credit metrics



Source: SEB

## Property portfolio statistics (SEKm)



Source: Company reports

## Q4: Solid report across the board

**Vasakronan's strong Q4 report was ahead of our expectations. Asset growth and sequential improvement in metrics were largely underpinned by notable positive value changes and lower financial costs. All in all, we believe Vasakronan to be well-positioned in a post-pandemic environment (both operationally and financially).**

### Strong Q4 performance, notable rental market rebound in H2 2021

Vasakronan reported rental income and NOI growth of 8% y-o-y, and positive net lettings for the second consecutive quarter. Furthermore, a rebound in the rental market was visible in the large volume of new contracts signed in Q4, resulting in positive net lettings of SEK 132m (negative SEK 56m for the full year). The occupancy rate increased 0.4pp q-o-q, to 91.4%. Vasakronan reported positive value changes of SEK 7.2bn in Q4 (corresponding to a 4.1% increase in the property value). This was largely attributable to lower yield requirements (down 10bp q-o-q) and raised market rent assumptions. Looking at yearly figures, the largest value growth was among public properties and offices in Stockholm (CBD & suburbs).

### Key credit metrics somewhat ahead of our expectations

The company's financial metrics credit metrics improved somewhat sequentially, thanks to large value changes and lower financial costs. As of end-September 2021, we calculate 12-month interest coverage at 5.2x (5.0 expected), net LTV at 38.7% (39.1% expected), and net debt/EBITDA at 13x. Vasakronan continues to benefit from lower funding costs, with an average interest rate now standing at 1.3%, down 20bp y/y. Given this development, the ratings leeway to Moody's A3 ratio requirements improved further. A dividend of SEK 4bn (SEK 2bn) has been proposed to the AGM.

### A solid end to 2021 after a softer start

We view the Q4 report as slightly credit supportive, and expect the company to be well-positioned in a post-pandemic environment (both operationally and financially). A digital CMD presentation will be held tomorrow at 08.00-09.00 CET. The link is <https://tv.streamfabriken.com/vasakronan-q4-2021>.

## Key credit metrics & ratios

	2018	2019	2020	2021	2022E	2023E	2024E
Revenues (SEKm)	6,718	7,040	7,006	7,425	7,659	7,871	8,000
EBITDA (SEKm)	4,768	4,947	4,914	5,252	5,409	5,569	5,624
EBIT (SEKm)	4,768	4,947	4,914	5,252	5,409	5,569	5,624
FFO (SEKm)	3,729	3,973	3,581	3,754	4,216	4,320	4,300
FOCF (SEKm)	2,541	256	-1,445	89	116	220	200
Net debt (m)	58,872	63,123	66,759	70,317	74,201	77,982	81,781
Equity	60,271	70,156	70,869	85,290	86,844	87,956	88,945
EBITDA margin	71.0	70.3	70.1	70.7	70.6	70.7	70.3
EBIT margin (%)	71.0	70.3	70.1	70.7	70.6	70.8	70.3
Adjusted EBITDA net int. cover. (x)	4.6	4.4	4.4	5.0	4.9	4.7	4.5
Adjusted net debt to EBITDA (x)	12.3	12.8	13.6	13.4	13.7	14.0	14.5
Adjusted FFO / Net debt	6%	6%	5%	5%	6%	6%	5%
Adjusted net debt to capital	49%	47%	49%	45%	46%	47%	48%

Source: SEB

### Analyst

Gustav Johannesson  
 (46) 8 763 8575  
[gustav.johannesson@seb.se](mailto:gustav.johannesson@seb.se)

## Q4 vs SEB DCM Research

Vasakronan reported an overall robust set of Q4 results, beating our expectations almost across the board. Operating performance (rental income, NOI and EBITDA) was 2-3% better than our expectations, thanks to good cost control and renegotiation results. Timing effects on completed projects might also explain the deviation (e.g. Sergelhuset). The company also said that its previous energy saving initiatives delivered results during Q4 (which was impacted by high electricity prices). Vasakronan beat our expectations for property value changes (SEK 7,176m against our expectation of SEK 3,087m). The average yield requirement decreased 10bp q/q to 3.87%. Key credit metrics improved somewhat sequentially ahead of our estimates, including a 12M interest coverage of 5.2x (we expected 5.0x) and net LTV of 38.7% (we expected 39.1%). We attribute the minor deviation from our forecasts to lower net interest expenses and higher property revaluations than we had expected.

### SEB DCM Research deviation table (SEKm)

	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21E	Q4/21	Q4 vs SEB
Rental income	1,772	1,818	1,842	1,852	1,877	1,913	2%
NOI	1,274	1,293	1,333	1,378	1,346	1,373	2%
EBITDA	1,245	1,260	1,293	1,346	1,318	1,353	3%
FFO	984	798	1,150	1,023	1,183	783	-34%
FOCF	-274	-333	126	363	-20	18	
Interest expense	-264	-271	-269	-270	-269	-245	-9%
Net interest expense	-263	-270	-268	-269	-268	-244	-9%
Investment properties	162,420	164,819	169,863	173,471	177,486	181,575	2%
Total debt	69,317	73,167	73,700	73,763	73,256	73,838	1%
Net debt	66,759	68,752	70,311	69,478	69,326	70,317	1%
Total debt / EBITDA (x)	14.0x	14.6x	14.0x	13.8x	13.5x	13.6x	
Net debt / EBITDA (x)	13.5x	13.8x	13.4x	13.0x	12.8x	12.9x	
EBITDA / net interest (x)	4.4x	4.5x	4.9x	5.0x	5.0x	5.2x	
FFO / net debt (%)	5.4%	5.3%	5.6%	5.7%	6.1%	5.8%	
Gross LTV	42.7%	44.4%	43.4%	42.5%	41.3%	40.7%	
Net LTV	41.1%	41.7%	41.4%	40.1%	39.1%	38.7%	
<b>Property</b>							
Net acquisitions	-174	183	1	-26	142	77	
Investments in existing properties	-1,659	-945	-1,156	-1,030	-1,069	-1,006	
Property revaluation	1,946	1,637	3,889	2,553	3,087	7,176	
Yield	4.12%	4.08%	4.03%	3.97%	3.87%	3.87%	
<b>Operating costs</b>							
Central administration	-29	-33	-40	-32	-28	-20	-29%
Running costs	-185	-208	-178	-173	-180	-200	11%
Repairs and maintenance	-28	-26	-29	-21	-35	-28	-20%
Property administration	-90	-87	-99	-72	-111	-103	-8%
Property taxes	-155	-164	-163	-168	-170	-169	-1%
Leasehold rents	-40	-40	-40	-40	-34	-40	17%
Total property costs	-498	-525	-509	-474	-530	-540	2%

Source: XXX

## Financial forecasts

Following the Q4 report we have made minor adjustments to assumptions by adjusting revenue growth following letting and investment activities, the proposed dividend, as well as recent revaluations. Most of the forecast rental income is expected to derive from major ongoing property projects (SEK 7.9bn investment capitalised), together with some positive indexation effects. The occupancy rate in the project portfolio is healthy at 79%, with several projects with estimated completion in 2022. Moreover, we have marginally lowered our assumptions for 2022 financing costs, but gradually increase average interest expense for 2023-2024E in line with our broader sector view. All in all, we continue to calculate comfortable headroom to Moody's requirements for the A3 rating in our financial base case, including the proposed dividend of SEK 4bn (in line with levels distributed in 2017-2019).

### Vasakronan LTM financial accounts and forecast, SEB DCM Research base case

(SEKm)	Q1/21	Q2/21	Q3/21	Q4/21	2018	2019	2020	2021	2022E	2023E	2024E
Rental income	7,060	7,199	7,284	7,425	6,718	7,040	7,006	7,425	7,659	7,871	8,000
NOI	5,078	5,193	5,278	5,377	4,869	5,060	5,032	5,377	5,547	5,711	5,768
EBITDA	5,003	5,265	5,351	5,461	4,942	5,268	4,961	5,461	5,434	5,594	5,649
FFO	3,669	3,929	3,998	4,090	3,761	3,899	3,608	4,090	4,241	4,345	4,325
Y/Y growth in rental income (%)	0%	2%	3%	6%	4%	5%	0%	6%	3%	3%	2%
NOI margin (%)	72%	72%	72%	72%	72%	72%	72%	72%	72%	73%	72%
EBITDA margin (%)	71%	73%	73%	74%	74%	75%	71%	74%	71%	71%	71%
Interest expense	-1,118	-1,089	-1,074	-1,055	-1,046	-1,135	-1,127	-1,055	-1,124	-1,182	-1,257
Net interest expense	-1,111	-1,083	-1,070	-1,051	-1,043	-1,131	-1,118	-1,051	-1,115	-1,177	-1,254
Hybrid / preferred interest / dividends	0	0	0	0	0	0	0	0	0	0	0
Adjusted interest expense	-1269	-1242	-1230	-1211	-1189	-1278	-1276	-1211	-1280	-1354	-1438
Investment properties	164,819	169,863	173,471	181,575	138,934	156,071	162,420	181,575	188,401	194,573	200,619
Total debt	73,167	73,700	73,763	73,838	61,087	66,638	69,317	73,838	76,000	79,500	82,750
Cash and equivalents	4,415	3,389	4,285	3,521	2,215	3,515	2,558	3,521	1,799	1,518	969
Net debt	68,752	70,311	69,478	70,317	58,872	63,123	66,759	70,317	74,201	77,982	81,781
Hybrid / preferred debt / capital	0	0	0	0	0	0	0	0	0	0	0
Adjusted debt	73,915	75,472	74,638	75,475	58,872	68,367	71,923	75,475	79,359	83,140	86,939
Secured debt	9,969	9,467	7,866	7,866	12,907	11,603	10,971	7,866	8,000	8,500	9,000
Equity	73,186	75,401	78,552	85,290	60,271	70,156	70,869	85,290	86,842	87,954	88,943
Adjusted equity	73,186	75,401	78,552	85,290	60,271	70,156	70,869	85,290	86,842	87,954	88,943
Net debt+equity	141,938	145,712	148,030	155,607	119,143	133,279	137,628	155,607	161,043	165,936	170,724
<b>Credit metrics</b>											
Total debt / EBITDA (x)	14.6x	14.0x	13.8x	13.5x	12.4x	12.6x	14.0x	13.5x	14.0x	14.2x	14.6x
Net debt / EBITDA (x)	13.7x	13.4x	13.0x	12.9x	11.9x	12.0x	13.5x	12.9x	13.7x	13.9x	14.5x
Adjusted debt / EBITDA (x)	14.3x	13.9x	13.5x	13.4x	11.6x	12.6x	14.1x	13.4x	14.2x	14.4x	14.9x
EBITDA / interest (x)	4.5x	4.8x	5.0x	5.2x	4.7x	4.6x	4.4x	5.2x	4.8x	4.7x	4.5x
EBITDA / net interest (x)	4.5x	4.9x	5.0x	5.2x	4.7x	4.7x	4.4x	5.2x	4.9x	4.8x	4.5x
EBITDA / adjusted interest (x)	4.1x	4.4x	4.5x	4.6x	4.3x	4.2x	4.0x	4.6x	4.4x	4.3x	4.1x
Fixed charge coverage (x)	0.3x	0.3x	0.4x	0.4x	0.3x	0.4x	0.3x	0.4x	4.9x	4.8x	4.5x
FFO / total debt (%)	5.0%	5.3%	5.4%	5.5%	6.2%	5.9%	5.2%	5.5%	5.6%	5.5%	5.2%
FFO / net debt (%)	5.3%	5.6%	5.8%	5.8%	6.4%	6.2%	5.4%	5.8%	5.7%	5.6%	5.3%
FFO / adjusted debt (%)	5.2%	5.4%	5.6%	5.6%	6.6%	5.9%	5.2%	5.6%	5.6%	5.4%	5.2%
Gross LTV	44.4%	43.4%	42.5%	40.7%	44.0%	42.7%	42.7%	40.7%	40.3%	40.9%	41.2%
Net LTV	41.7%	41.4%	40.1%	38.7%	42.4%	40.4%	41.1%	38.7%	39.4%	40.1%	40.8%
Adjusted LTV	43.5%	43.1%	41.8%	40.4%	42.4%	42.4%	42.9%	40.4%	41.0%	41.6%	42.2%
Net debt / debt+equity	48.4%	48.3%	46.9%	45.2%	49.4%	47.4%	48.5%	45.2%	46.1%	47.0%	47.9%
Adjusted debt / debt + equity	52.1%	51.8%	50.4%	48.5%	49.4%	51.3%	52.3%	48.5%	49.3%	50.1%	50.9%
Secured LTV	6.0%	5.6%	4.5%	4.3%	9.3%	7.4%	6.8%	4.3%	4.2%	4.4%	4.5%
Equity ratio	40.4%	40.8%	41.6%	43.5%	41.5%	41.2%	40.2%	43.5%	43.1%	42.4%	41.8%

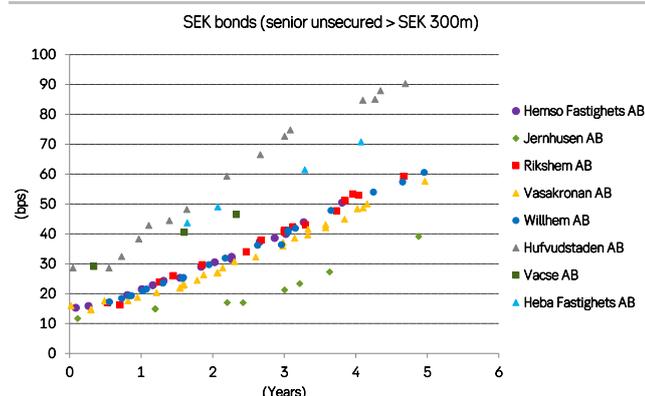
Source: Company data, SEB DCM Research estimates

# Relative value and SEB view

## Fairly valued SEK bonds given better rating resilience than peers

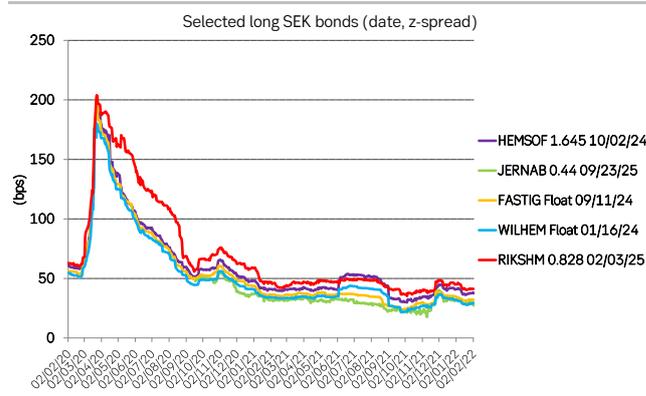
Vasakronan's SEK bonds are trading slightly tighter than government and partly government-owned peers such as Rikshem (A3 / Stable), Hemsö and Willhem (both rated A- / Stable), but somewhat wider than Jernhusen (A / Stable). Overall, we view Vasakronan's bonds as fairly valued, underpinned by stronger rating resilience and somewhat lower LTV than peers. Vasakronan has the most diverse mix of funding among its peers, with a global investor base, not dependent on a single bond market. The company has successfully reduced its share of secured bank debt, predominantly replaced by unsecured green bonds. This together with tight credit margins have resulted in that the average cost of trending downwards, now standing at 1.3% (1.5% at YE 2020).

Relative value comparison, selected A SEK bonds



Source: SEB, Bloomberg

Historical spread evolution, selected long A SEK bonds

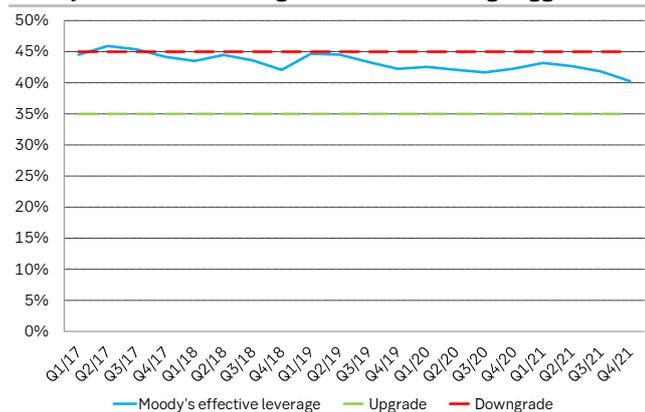


Source: SEB, Bloomberg

## Adequate headroom to Moody's A3 ratio requirements

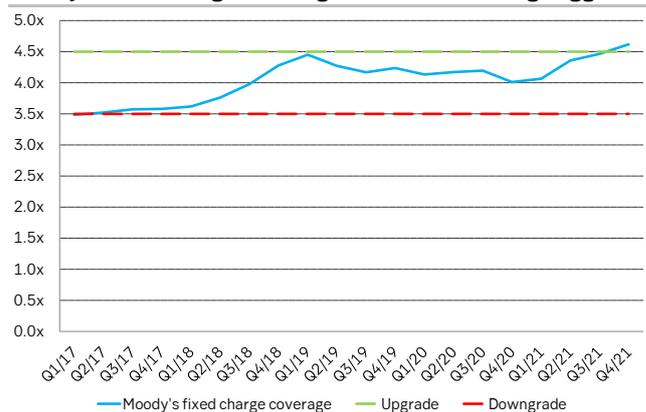
We calculate decent headroom to the current A3 rating. Vasakronan is required to maintain adjusted leverage of 35%-45% (40.3% at year-end 2021) and fixed-charge coverage above 3.5x (4.6x at year-end 2021), translating into adequate ratio headroom.

Moody's effective leverage and current rating triggers



Source: SEB, Moody's

Moody's fixed charge coverage and current rating triggers



Source: SEB, Moody's

## Change of ownership or changes in regulations could lead to rating changes

Any weakening in financial support from the AP funds (change of ownership or changes in regulations), or conversely an explicit guarantee of debt from the owners are factors that could lead to a downgrade or, respectively, an upgrade. That said, according to our understanding, there are no plans among the AP funds to reduce their interest in Vasakronan, which they effectively consider to be of strategic nature given the size of investments.

## Long-term credit profile

Vasakronan's credit profile and the A3/Stable Moody's rating are underpinned by the company's very large portfolio and dominant position in central office locations in major Swedish cities. The rating is also supported by the indirect government ownership, a good liquidity position and a high interest coverage. Conversely, Vasakronan is geographically concentrated in Sweden and it engages in development activities, some speculative.

### **SEK 182bn commercial portfolio located in Sweden's four largest cities**

#### **Largest real estate company in Sweden**

With a property portfolio valued at about SEK 182bn, Vasakronan is Sweden's largest real estate company. The portfolio consists of about 170 properties located in central locations in Stockholm, Gothenburg, Uppsala, and Malmö/Lund. Vasakronan, in its current form, was established in 2008. The company operates in Sweden's most attractive office markets, focusing on high-quality and sustainable office buildings in prime locations. About 25% of the annual rental income derives from public sector tenants, which we consider to be a meaningful share. Vasakronan is owned by the Swedish pension fund (AP1-4) and, consequently, is indirectly owned by the Swedish government. Moody's applies a one-notch uplift to its ratings reflecting the likelihood of extraordinary government support.

### **Pioneer within the sustainability area**

Vasakronan is a pioneer within the sustainability area, after having issued the world's first green corporate bond in 2013 and first green commercial paper in 2018, where the funds raised are earmarked for green assets. As of year-end 2021, green funding consisting of green bonds, green CPs and green loans amounted to 74% of the total debt portfolio. At the same date, 94% of its total lettable area was environmentally certified, of which 82% was rated LEED Gold or higher. Furthermore, Vasakronan's diversified funding sources, global investor base and green asset pool underpins good access to financing.

### **A3 rating supported by ownership structure**

#### **A3/Stable by Moody's since May 2018**

Vasakronan has been rated A3 by Moody's since May 2018. The rating is underpinned by Vasakronan's large property portfolio with a dominant market position in the prime office segment, its high-quality assets, and its high share of public tenants. The rating agency also considers additional strengths, for example the company's strong liquidity position and good interest coverage. Secured LTV is very modest around 4%. This is sufficiently low not to warrant any notching from the issuer rating under rating agency methodology. The A3 rating includes a one-notch uplift relating to the likelihood of extraordinary government support.

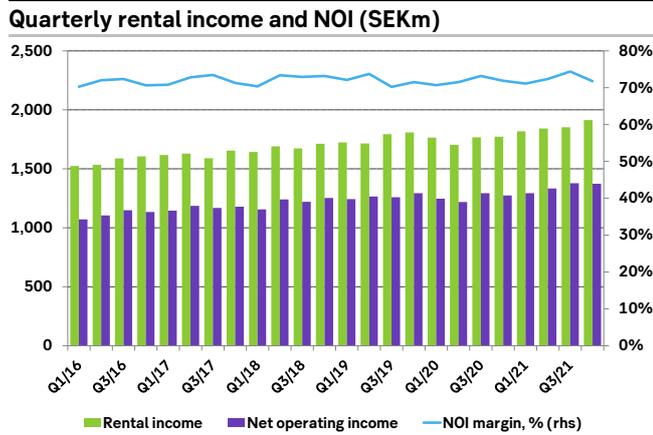
Conversely, Moody's believes that Vasakronan is exposed to potential regulatory changes that could limit the AP funds' exposure to real estate. Moody's also highlights a geographic concentration to Sweden and a moderate development pipeline as factors that counterbalance credit strengths.

### **Rating affirmed with stable outlook in May 2021**

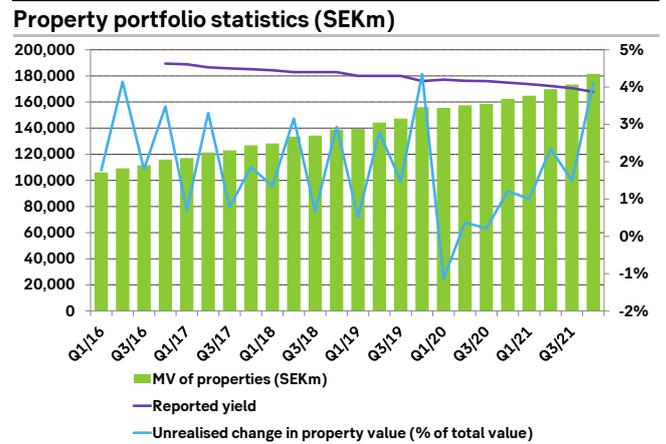
#### **Stable outlook and ratings leeway appear adequate to good**

Vasakronan's A3/Stable rating was affirmed by Moody's in May 2021. The stable outlook reflects Moody's expectations of no significant impact on values or metrics coming from COVID-19. Moody's expects the adjusted debt-to-asset ratio to stay well below 45% over the near term. We estimate the corresponding ratio at 40.3% at year-end 2021, and we also expect it to remain comfortable below 45% in our financial base case. The 12M interest rate coverage is also adequate in relation to the ratings requirement, standing at 4.4x per year-end 2021, against a minimum of 3.5x required by Moody's in order to avoid ratings pressure.

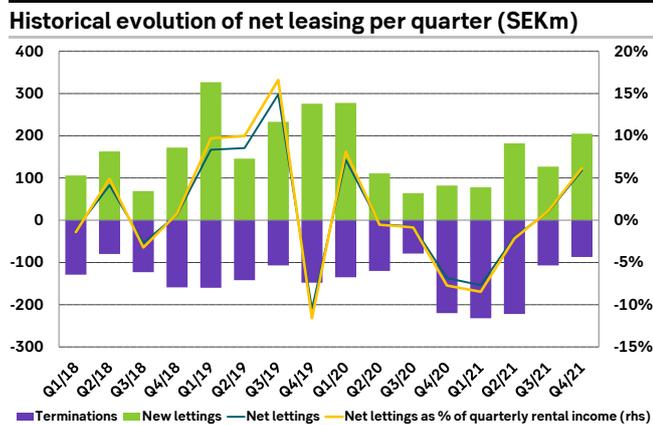
# Company overview



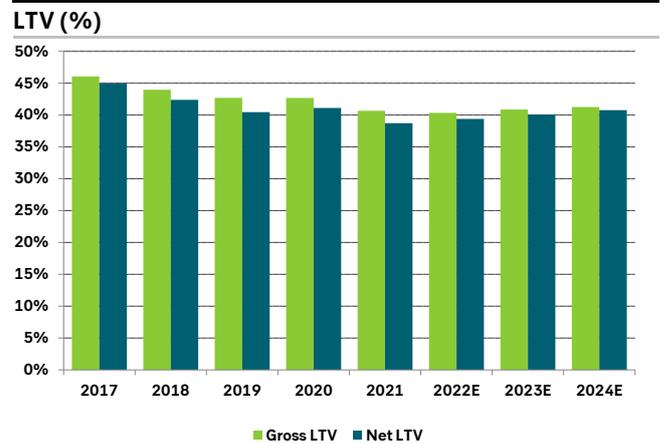
Source: Company reports



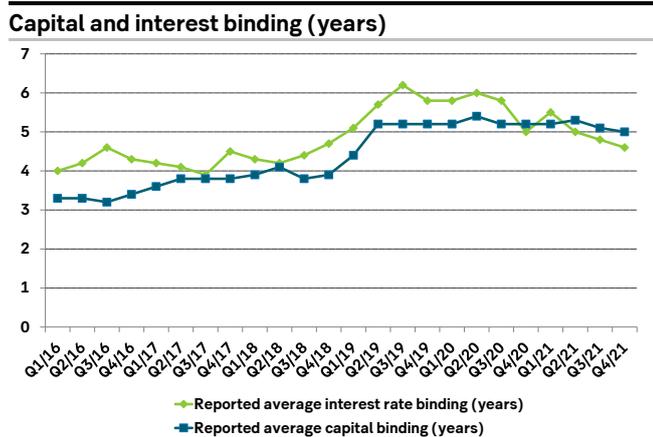
Source: Company reports



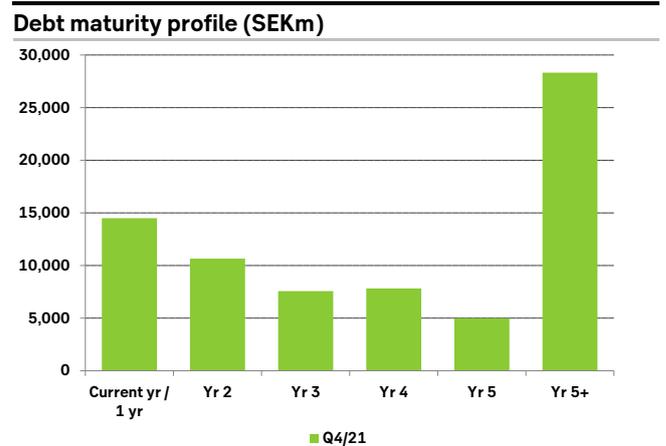
Source: Company reports



Source: SEB



Source: Company reports



Source: Company report

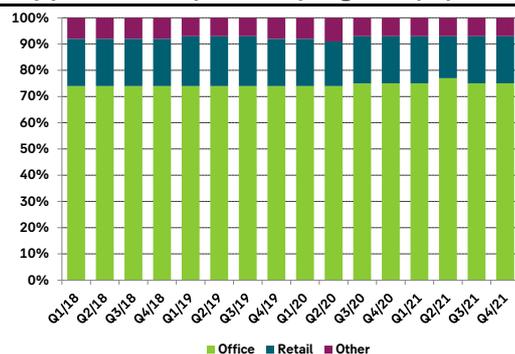
### Credit strengths

- Large portfolio and high-quality property portfolio
- Indirectly owned by the Swedish government through AP1-4
- Strong liquidity, including commitment from owners
- Meaningful share of public sector tenants (about 25%)
- Strong interest coverage and LTV

### Credit concerns

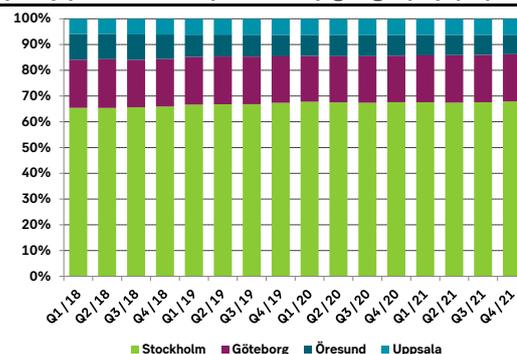
- Geographically concentrated to Sweden
- Exposed to commercial property segments where rent levels can be volatile
- Modest retail exposure, albeit attractive locations
- Engages in development activities with varying degree of speculation

### Property portfolio composition by segment (%)



Source: Company reports

### Property portfolio composition by geography (%)



Source: Company reports

### Financial statement summary - Adjusted numbers (SEKm)

Income statement	2020	2021	2022E	2023E
Revenues	7,006	7,425	7,659	7,871
EBITDA	4,914	5,252	5,409	5,569
Net income (reported)	3,715	16,360	5,552	5,112

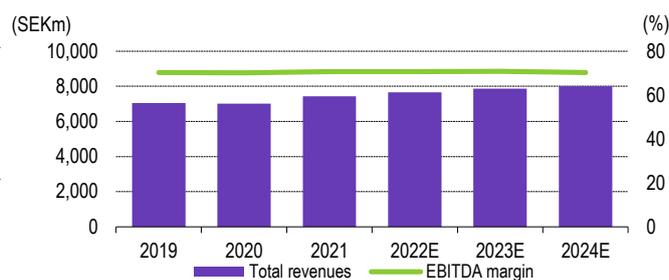
Cash flow statement	2020	2021	2022E	2023E
Funds from operations (FFO)	3,581	3,754	4,216	4,320
Operating Cash Flow	3,852	4,129	4,216	4,320
Free Operating cash flow	-1,445	89.0	115.6	219.5
Pre-financing cash flow	-4,445	-1,911	-3,884	-3,780

Balance sheet	2020	2021	2022E	2023E
Cash (and equivalents)	2,558	3,521	1,799	1,518
Total debt	69,317	73,838	76,000	79,500
Net debt	66,759	70,317	74,201	77,982
Equity	70,869	85,290	86,844	87,956
Total assets (reported)	176,226	196,194	201,397	207,379

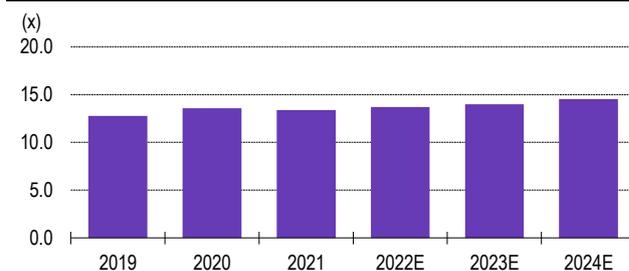
Key credit metrics & ratios	2020	2021	2022E	2023E
Net debt to EBITDA (x)	13.6	13.4	13.7	14.0
Net debt to capital	49%	45%	46%	47%
FFO / Net debt	5%	5%	6%	6%
Equity ratio	40%	43%	43%	42%

Source: SEB and Vasakronan financial reports

### Revenues and EBITDA margin



### Adjusted net debt / EBITDA



Source: SEB and Vasakronan financial reports

**Profit & loss statement**

(SEKm)	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Total revenues	6,251	6,490	6,718	7,040	7,006	7,425	7,659	7,871	8,000
Total expenses	-1,879	-1,909	-1,950	-2,093	-2,092	-2,173	-2,251	-2,302	-2,376
<b>EBITDA</b>	<b>4,372</b>	<b>4,581</b>	<b>4,768</b>	<b>4,947</b>	<b>4,914</b>	<b>5,252</b>	<b>5,409</b>	<b>5,569</b>	<b>5,624</b>
Depreciation	0	0	0	0	0	0	0	0	0
Intangibles amortisation	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>4,372</b>	<b>4,581</b>	<b>4,768</b>	<b>4,947</b>	<b>4,914</b>	<b>5,252</b>	<b>5,409</b>	<b>5,569</b>	<b>5,624</b>
Associated companies	-3	-3	159	1,105	-219	193	100	90	80
Net interest expenses	-1,152	-1,165	-1,043	-1,131	-1,118	-1,051	-1,115	-1,177	-1,254
Value changes	11,274	8,415	10,602	12,308	1,244	16,181	2,724	2,072	1,946
Other financial items	0	0	0	0	0	0	0	0	0
<b>Reported pre-tax profit</b>	<b>14,491</b>	<b>11,828</b>	<b>14,486</b>	<b>17,229</b>	<b>4,821</b>	<b>20,575</b>	<b>7,118</b>	<b>6,554</b>	<b>6,396</b>
Minority interests	0	0	0	0	0	0	0	0	0
Total taxes	-3,019	-2,559	-1,584	-3,320	-1,106	-4,215	-1,566	-1,442	-1,407
<b>Net profit</b>	<b>11,472</b>	<b>9,269</b>	<b>12,902</b>	<b>13,909</b>	<b>3,715</b>	<b>16,360</b>	<b>5,552</b>	<b>5,112</b>	<b>4,989</b>
EBITDA margin	69.9	70.6	71.0	70.3	70.1	70.7	70.6	70.7	70.3
EBIT margin (%)	69.9	70.6	71.0	70.3	70.1	70.7	70.6	70.8	70.3
Tax rate (%)	20.8	21.6	10.9	19.3	22.9	20.5	10.9	19.3	22.9
<b>Growth rates y-o-y (%)</b>									
Total revenues	0.0	3.8	3.5	4.8	(0.5)	6.0	3.2	2.8	1.6
EBITDA	n.a.	4.8	4.1	3.8	(0.7)	6.9	3.0	3.0	1.0
EBIT	0.0	4.8	4.1	3.8	(0.7)	6.9	3.0	3.0	1.0
Pre-tax profit	0.0	(18.4)	22.5	18.9	(72.0)	326.8	(65.4)	(7.9)	(2.4)

**Cash flow**

(SEKm)	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
FFO	3,137	3,383	3,729	3,973	3,581	3,754	4,216	4,320	4,300
Changes in working capital	302	0	271	165	271	375	0	0	0
<b>Operating cash flow</b>	<b>3,439</b>	<b>3,383</b>	<b>4,000</b>	<b>4,138</b>	<b>3,852</b>	<b>4,129</b>	<b>4,216</b>	<b>4,320</b>	<b>4,300</b>
Net capital expenditures	23	-2,985	-1,459	-3,882	-5,297	-4,040	-4,100	-4,100	-4,100
<b>Free operating cash flow</b>	<b>3,462</b>	<b>398</b>	<b>2,541</b>	<b>256</b>	<b>-1,445</b>	<b>89</b>	<b>116</b>	<b>220</b>	<b>200</b>
Dividend paid	-7,382	-4,000	-4,000	-4,000	-3,000	-2,000	-4,000	-4,000	-4,000
Acquisitions, divestments net	0	0	0	0	0	0	0	0	0
<b>Pre-financing cash flow</b>	<b>-3,920</b>	<b>-3,602</b>	<b>-1,459</b>	<b>-3,744</b>	<b>-4,445</b>	<b>-1,911</b>	<b>-3,884</b>	<b>-3,780</b>	<b>-3,800</b>
Net loan proceeds	4,285	3,237	2,735	5,379	3,764	3,111	2,162	3,500	3,250
Share issue	0	0	0	0	0	0	0	0	0
Other	-519	-359	-484	-335	-276	-237	0	0	1
<b>Net change in cash</b>	<b>-154</b>	<b>-724</b>	<b>792</b>	<b>1,300</b>	<b>-957</b>	<b>963</b>	<b>-1,722</b>	<b>-280</b>	<b>-549</b>
Capex/sales (%)	-0.4	46.0	21.7	55.1	75.6	54.4	53.5	52.1	51.2

**Balance sheet**

(SEKm)	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Cash and liquid assets	2,147	1,423	2,215	3,515	2,558	3,521	1,799	1,518	969
Other current assets	909	871	905	1,176	1,234	1,511	1,511	1,511	1,511
Long-term financial assets	907	969	1,058	2,150	2,807	2,386	2,486	2,576	2,656
Fixed tangible assets	115,922	126,875	138,934	161,314	167,583	186,732	193,558	199,730	205,776
Intangibles	2,171	2,145	2,089	2,024	2,044	2,044	2,044	2,044	2,044
<b>Total assets</b>	<b>122,056</b>	<b>132,283</b>	<b>145,201</b>	<b>170,179</b>	<b>176,226</b>	<b>196,194</b>	<b>201,397</b>	<b>207,379</b>	<b>212,956</b>
Interest bearing debt	55,240	58,421	61,087	66,638	69,317	73,838	76,000	79,500	82,750
Other liabilities	20,699	22,485	23,843	33,385	36,040	37,066	38,554	39,923	41,261
Minority interests	0	0	0	0	0	0	0	0	0
Shareholders' equity	46,117	51,377	60,271	70,156	70,869	85,290	86,844	87,956	88,945
<b>Total liabilities and equity</b>	<b>122,056</b>	<b>132,283</b>	<b>145,201</b>	<b>170,179</b>	<b>176,226</b>	<b>196,194</b>	<b>201,397</b>	<b>207,379</b>	<b>212,956</b>
Net debt (m)	53,093	56,998	58,872	63,123	66,759	70,317	74,201	77,982	81,781
Net debt/equity (%)	115.1	110.9	97.7	90.0	94.2	82.4	85.4	88.7	91.9
Equity/total assets (%)	37.8	38.8	41.5	41.2	40.2	43.5	43.1	42.4	41.8
Net debt/EBITDA (x)	12.1	12.4	12.3	12.8	13.6	13.4	13.7	14.0	14.5
EBITDA Interest cover	3.8	3.9	4.6	4.4	4.4	5.0	4.8	4.7	4.5

**Main shareholders**

Name	(%)	Votes	Capital	Management		Company information	
Name				Title	Name	Contact	
Swedish National Pension Funds	100.0	100.0		COB	Ulrika Francke	Internet	www.vasakronan.se
				CEO	Johanna Skogestig	Phone number	+46 8 783 2100
				CFO	Christer Nerlich		

**Company description:** Vasakronan is Sweden's largest real estate company with its SEK 177bn valued portfolio. It was created in 2008 through AP Fastigheter's acquisition of the "old" Vasakronan from the Swedish government. Vasakronan's strategy is to be a long-term owner of commercial properties in regions enjoying high economic growth, mainly Stockholm, Gothenburg, Öresund and Uppsala. At end of Q3 2021, offices accounted for 75% of the asset value, retail 18% and 7% other.

**Please note:** The data in several tables and charts in this document have been adjusted in line with common practice in the field of DCM research. This mainly refers to adjustments of operating leases, pensions, derivatives and other contingent liabilities. For a detailed breakdown of the adjustments, please contact the author of this report.

**Authors' statement of independence (Analyst Certification)**

We, the authors of this report, hereby confirm that notwithstanding the existence of any potential conflicts of interest referred to herein, the views expressed in this report accurately reflect our personal views about the companies and securities covered. We further confirm that we have not been, nor are or will be, receiving direct or indirect compensation in exchange for expressing any of the views or the specific recommendation contained in the report. We are not registered or qualified as research analysts, representatives or associated persons under the rules of any US exchange, regulatory organization or State.

**This statement affects your rights**

This report is confidential and may not be reproduced, redistributed or republished by any recipient for any purpose or to any person.

**Recipients**

This marketing communication is approved and issued by Skandinaviska Enskilda Banken AB (publ) ("SEB"), a bank organized under the laws of the Kingdom of Sweden, on behalf of itself and its affiliates for institutional investors. SEB is not a registered Broker-Dealer under the US Securities and Exchange Act of 1934.

This marketing communication is produced for the private information of recipients - if you are not a client of ours, you are not entitled to this research report, and should destroy it. The document is not, and should not be construed as, an offer to sell or solicitation of an offer to buy any securities. Opinions contained in the report represent the author's present opinion only and may be subject to change. In the event that the author's opinion should change or a new analyst with a different opinion becomes responsible for our coverage of any company mentioned, we shall endeavour (but do not undertake) to disseminate any such change, within the constraints of any regulations, applicable laws, internal procedures within SEB, or other circumstances. If you are in doubt as to the meaning of the recommendation system used by SEB in this communication, please refer to the explanation below.

**Good faith and limitations**

All information, including statements of fact, contained in this marketing communication have been obtained and compiled in good faith from sources believed to be reliable. However, no representation or warranty, express or implied, is made by SEB with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative and should not be taken in substitution for the exercise of reasoned, independent judgement by you. Recipients are urged to base their investment decisions upon such investigations as they deem necessary. To the extent permitted by applicable law, no liability whatsoever is accepted by SEB for any direct or consequential loss arising from the use of this document or its contents.

**Distribution**

This marketing communication has been prepared by SEB or its affiliates and is being distributed by SEB offices in Stockholm, Copenhagen, Oslo, Helsinki, Frankfurt, London, Tallinn, Vilnius, Singapore and Hong Kong. This communication may only be distributed in the US by SEB Securities Inc. to recipients which are deemed 'Qualified Institutional Buyers' under Rule 144A of the Securities Act of 1933, and the communication is provided to these recipients as Institutional Debt Research under the exemptions in FINRA Rule 2242(j). The Communications are prepared and distributed in Lithuania by AB SEB bankas and in Estonia by AS SEB Pank in accordance with the requirements of the local laws and Financial Supervision Authority's conduct of business rules. Addresses and Phone numbers for each office can be found at the end of the report.

**The SEB Group: members, memberships and regulators**

SEB is a member of, inter alia, Nasdaq OMX Nordic, Oslo Stock Exchange, the London Stock Exchange, NYSE Euronext, Frankfurt Stock Exchange, Tallinn Stock Exchange as well as certain European MTF's such as BATS-Chi-X, Turquoise, Burgundy, XUBS, POSIT and Sigma-X. SEB is regulated by Finansinspektionen in Sweden and, for the conduct of investment services business, in (i) Denmark by Finanstilsynet, (ii) Norway by Finanstilsynet, (iii) Finland by Finanssivalvonta, (iv) Germany by Bundesanstalt für Finanzdienstleistungsaufsicht, (v) the UK by the Financial Conduct Authority and Prudential Regulation Authority (details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request), (vi) Estonia by the Estonian Financial Supervision Authority, (vii) Lithuania by the Bank of Lithuania, (viii) by the Monetary Authority of Singapore and (ix) Hong Kong by Securities and Futures Commission. SEBSI is a U.S. broker-dealer, registered with the Financial Industry Regulatory Authority (FINRA). SEBSI is a subsidiary of SEB. SEBSI is authorized to engage in the underwriting of securities but does not make markets or otherwise engage in any proprietary trading in any securities.

**Prevention and avoidance of conflicts of interest**

All marketing communications produced by SEB are produced with due care, skill and integrity. While DCM Research and Equities sales and trading are part of the same organisational unit as its investment banking activities, care is taken to manage any conflict of interest. Our DCM Research communications are thus based solely on publicly available information. Following standard practice, recommendations and target share prices are removed from analytical comments on companies which are the subject of public offers on which SEB is advising. The remuneration of staff within DCM Research is determined by senior management of the Large Corporates & Financial Institutions division and may include discretionary awards based on the firm's total earnings, including investment banking and markets (sales and trading businesses) income; however, no such staff receive remuneration based upon specific investment banking or markets transactions. SEB's Compliance department monitors the production of research and the observance of the group's procedures designed to prevent any potential conflicts of interest from affecting the content of research; the latter are described in greater detail in the "Statement of Policies for dealing with potential conflicts of interest surrounding our Research activities" which is available on our Research website.

**Your attention is also drawn to the fact that:**

Unless explicitly stated otherwise in this report, SEB expects (but does not undertake) to issue updates to this report following the publication of new figures or forecasts by the company subject to comment, or upon the occurrence of other events which could potentially have a material effect on it.

The securities discussed in this report may not be eligible for sale in all countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this report and its distribution, may be made only in countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. For US recipients which are 'Qualified Institutional Buyers' under Rule 144A of the Securities Act of 1933, any resulting transactions as a consequence of this communication may only be affected through SEB Securities Inc.

Additional recommendation history for the issuer is available at <https://research.sebgroup.com/>

**Specific disclosures for institutional investors**

The analysis and valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties; different assumptions could result in materially different results. The inclusion of any such valuations, projections and forecasts in this report should not be regarded as a representation or warranty by or on behalf of the SEB Group or any person or entity within the SEB Group that such valuations, projections and forecasts or their underlying assumptions and estimates will be met or realized. Past performance is not a reliable indicator of future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report.

**Company specific disclosures and potential conflicts of interest:**

A member of, or an entity associated with, SEB or its affiliates, officers, directors, employees or shareholders of such members (a) is not, and has never been, represented on the board of directors or similar supervisory entity of Vasakronan, (b) has from time to time bought or sold the securities issued by the company or options relating to the company, and (c) SEB does not hold any short / long position exceeding 0.5% of the total issued share capital of Vasakronan as of 31 Jan 2022.

Within the past 12 months, SEB or its affiliates acted as Lead or Co-Lead Manager in a public offering of securities of Vasakronan or an affiliate.

SEB or its affiliates is, or has within the last 12 months been or expects in the next 3 months to be, party to an agreement relating to the provision of investment banking services to Vasakronan or an affiliate, or has received from it fees or the promise of fees in respect of such services.

The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Vasakronan and do(es) not have holdings in other instruments related to the company.

**Explanation of DCM Research recommendations:**

SEB derives its Recommendations from its appraisal of the credit quality of the issuer and issue in combination with the market price. The analyst may express a recommendation in various ways, depending on the complexity of the issuer's debt structure or the complexity of the analysed instrument, including:

1) Formal terminology:

**Overweight** – over the next six months we expect a position in this instrument to exceed the relevant index, sector or benchmark.

**Marketweight** – over the next six months we expect a position in this instrument to perform in line with the relevant index, sector or benchmark.

**Underweight** – over the next six months we expect a position in this instrument to underperform the relevant index, sector or benchmark.

2) An expression of relative value compared with instruments or debt classes issued by peers or comparable entities.

3) A list of so called "Top Picks" from a group of issuers, instruments or debt classes.

DCM Research recommendations are valid during the day of publication only and are therefore not necessarily updated or adjusted even if credit quality and market pricing have changed materially.

**Methodology**

SEB's DCM Research makes its assessment of the creditworthiness of an issuer based on the assessment of an issuer's business risk profile as well as its financial risk profile. The business risk profile includes country risk, industry risk, competitive position, and profitability. The financial risk profile includes financial policies, accounting, cash flow adequacy, capital structure and liquidity. The outcome of the assessment of the two risk profiles is weighed together for a final overall assessment.

In addition to SEB's credit assessment of creditworthiness, other factors considered in a particular issuer include the credit ratings assigned to a specific issuer by independent agencies, the value and market price of its securities, macroeconomic factors such as interest rates, promised coupon or yield of the specific instruments, and historical spread developments.

**Recommendation History****Instrument Recommendation Date**

Recommendation changes by SEB DCM Research Analysts in the subject company over the past 12 months. If no recommendation changes were made in that period, the most recent change is stated.

---

**Copenhagen**

Bernstorffsgade 50  
DK-1577 Copenhagen  
Telephone: +45 3336 8500  
Capital Markets Sales  
Telephone: +45 3317 7720  
Treasury Sales  
Telephone: +45 3315 8065

**Frankfurt**

Stephanstrasse 14-16  
DE-60313 Frankfurt am Main  
Telephone: +49 69 258 5190  
Capital Markets Sales  
Telephone: +49 69 9727 1145

**Gothenburg**

Östra Hamngatan 24  
SE-405 04 Göteborg  
Telephone: +46 31 62 10 00  
Treasury Sales  
Telephone: +46 31 774 91 10

**Helsinki**

Eteläesplanadi 18  
FI-00100 Helsinki  
Telephone: +358 9 616 280 00  
Capital Markets Sales  
Telephone: +358 9 616 285 60

**Hong Kong**

17/F Jardine House  
1 Connaught Place, Central  
Hong Kong  
Telephone: +852 31592888

**London**

One Carter Lane  
London EC4V 5AN  
Telephone: +44 20 7246 4000  
Forex & Money Market  
Telephone: +44 20 7246 4282  
Treasury Sales  
Telephone: +44 20 7236 0593

**Malmö**

Östergatan 39  
SE-205 20 Malmö  
Telephone: +46 40 667 6910  
Treasury Sales  
Telephone: +46 40 667 6910

**New York**

245 Park Avenue, 33rd Floor  
New York, New York 10167  
Telephone: +1 212 907 4700  
Capital Markets & Treasury Sales  
Telephone: +1 212 351 4900

**Oslo**

Filipstad Brygge 1  
NO-0123 Oslo  
Telephone: +47 22 82 70 00  
Capital Markets Sales  
Telephone: +47 22 82 72 68  
Treasury Sales  
Telephone: +47 22 82 72 30

**Stockholm**

Kungsträdgårdsgatan 8  
SE-106 40 Stockholm  
Telephone: +46 8 763 80 00  
Capital Markets Sales  
Telephone: +46 8 506 232 18