

Vasakronan

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Company Comment	Property	Sweden	05 May 2026
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Q1: Broadly stable report and credit impact

Vasakronan delivered a broadly stable and credit neutral Q1 report. While the long-term operational trend remains softer, lettings, occupancy and property values stabilised in the first quarter. Financial performance remained largely resilient with steady credit metrics, underpinned by unchanged average cost of debt and controlled capital discipline. Moody's reaffirmed the company's A3 rating with a stable outlook, in line with expectations.

Q1: Decent operating development with stabilised lettings and property values

Vasakronan reported a decent Q1 operating performance, with marginally positive net lettings and property revaluations and a stable occupancy rate. However, the NOI margin edged down, driven by slightly higher vacancies and seasonally elevated winter-related property costs. On a like-for-like basis, rental income was flat while NOI declined 2% y/y.

Economic occupancy, including projects under development, was unchanged q/q at 87.7%, of which 1.0% relates to development assets. The office portfolio (76% of contracted rent) continued to show weaker occupancy at 86.4%, compared with 96.3% for retail. Net lettings totaled SEK 5m in Q1, supported by a 6,300 sqm lease with the Swedish Police Authority, although LTM net lettings remained negative at SEK -145m. Lease renegotiations and extensions amounted to SEK 387m, with renegotiated rents 2.6% below prior levels. The largest renegotiation during the quarter was with Ericsson, which extended its lease of 19,000 sqm at the Modemet property in Kista until January 2031.

Unrealised property value changes amounted to SEK 433m, corresponding to a 0.2% uplift, mainly driven by somewhat higher values in Gothenburg. The average yield requirement declined 1bp q/q to 4.51%, compared with a reported LTM yield of 3.86% for the portfolio.

Credit metrics stayed largely stable

The company's financial development and position remained resilient. Limited net investments, stable property revaluations and cost of funding resulted in broadly steady credit metrics in line with expectations. During Q1, SEK 625m was invested in existing properties and projects while two smaller non-core assets were sold for SEK 483m. While average cost of debt remained unchanged at 2.5%, net debt increased by c. SEK 1.3bn sequentially. Consequently, the net LTV increased 0.6% q/q to 40.7% per end-Q1 (43.0% adjusted for leasing debt). Twelve-month earnings metrics also softened marginally, including an EBITDA/net interest ratio of 3.6x (3.4x adjusted) and net debt/EBITDA of 10.9x (11.7x adjusted). At the same time, we calculate an effective leverage of 41.3% (35-45% required) and fixed-charge coverage of 3.4x (3.0-4.0x) according to Moody's definitions. Despite the tougher operating environment, Vasakronan continues to operate with adequate rating headroom, in a good liquidity position and with access to financing.

A3/Stable rating affirmed by Moody's in April

In April, Moody's affirmed Vasakronan's A3 credit rating with a stable outlook. The decision was supported by the company's strong liquidity position, conservative leverage profile and the one-notch uplift from expected extraordinary support via the Swedish AP funds, which offsets a subdued Swedish office market. While operating conditions remain challenging, with elevated vacancies and modest negative rental reversion, Moody's noted that prime asset quality, public-sector tenant exposure and stable credit metrics underpin the stable outlook over the next 12-18 months. Rating triggers remain unchanged.

Management highlighted ongoing uncertainty among tenants regarding future space needs, leading to a continued focus on lettings, asset development and portfolio quality. According to the CEO, quality and location remain the key drivers of demand in an increasingly polarised and competitive leasing market. Overall, we view the Q1 report as broadly stable and credit neutral.

Deviation between actual Q1 results and SEB DCM Research estimates (SEKm)

Deviation table	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26E	Q1/26	Q1 vs SEB
Rental income	2,331	2,338	2,380	2,454	2,393	2,369	-1%
NOI	1,642	1,723	1,759	1,751	1,683	1,653	-2%
EBITDA	1,606	1,686	1,731	1,723	1,646	1,617	-2%
Interest expense	-478	-494	-503	-506	-504	-497	-1%
Net interest expense	-450	-448	-469	-486	-485	-467	-4%
Investment properties	177,786	179,551	182,076	181,812	181,650	182,389	0%
Total debt	74,044	75,961	76,092	74,921	75,186	77,088	3%
Net debt	70,338	71,818	72,927	72,967	72,834	74,258	2%
Total debt / EBITDA (x)	11.0x	11.2x	11.2x	11.0x	11.0x	11.3x	
Net debt / EBITDA (x)	10.5x	10.6x	10.8x	10.7x	10.6x	10.9x	
EBITDA / net interest (x)	3.6x	3.7x	3.7x	3.7x	3.6x	3.6x	
FFO / net debt (%)	6.1%	6.1%	6.0%	6.2%	6.6%	6.0%	
Gross LTV	41.6%	42.3%	41.8%	41.2%	41.4%	42.3%	
Net LTV	39.6%	40.0%	40.1%	40.1%	40.1%	40.7%	

Property	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26E	Q1/26	DEV
Net acquisitions	45	0	-2,136	0	307	481	
Investments in existing properties	-562	-462	-558	-924	-600	-625	
Property revaluation	-914	1,304	-169	-1,188	-455	433	
Yield	4.54%	4.53%	4.52%	4.52%	4.52%	4.51%	

Operating costs	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26E	Q1/26	
Central administration	-36	-37	-28	-28	-37	-36	-3%
Running costs	-253	-230	-200	-269	-281	-289	3%
Repairs and maintenance	-38	-43	-38	-54	-43	-44	2%
Property administration	-124	-125	-114	-128	-112	-114	1%
Property taxes	-216	-216	-220	-197	-222	-217	-2%
Leasehold rents	-58	-1	-49	-55	-51	-52	1%
Total property costs	-689	-615	-621	-703	-710	-716	1%

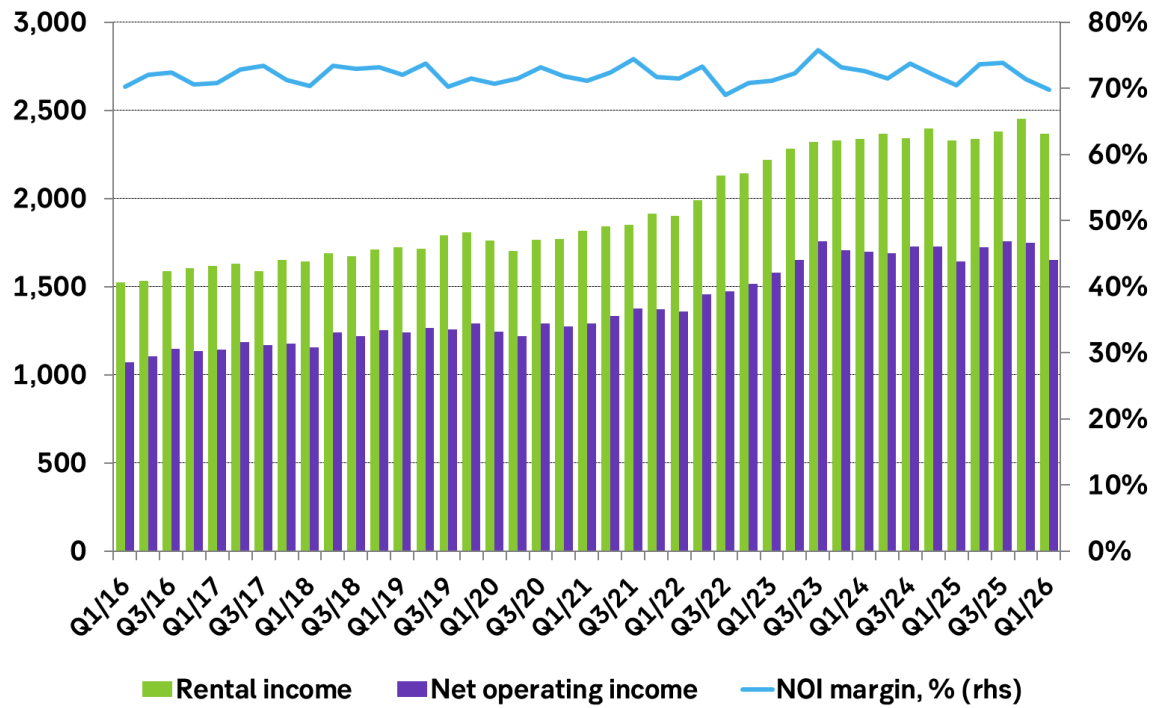
Source: Company data, SEB DCM Research estimates

Vasakronan's LTM financial accounts and forecasts, SEB DCM Research base case

SEKm	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Rental income	9,440	9,412	9,448	9,503	9,541	7,040	7,006	7,425	8,167	9,157	9,447	9,503	9,380	9,442
NOI	6,791	6,822	6,853	6,875	6,886	5,060	5,032	5,377	5,808	6,697	6,847	6,875	6,715	6,789
EBITDA	6,723	6,753	6,777	6,798	6,806	5,268	4,961	5,401	5,862	6,636	6,768	6,798	6,645	6,719
FFO	4,305	4,373	4,396	4,533	4,472	3,899	3,608	4,090	4,414	4,706	4,575	4,533	4,476	4,411
Y/Y growth in rental income (%)	2%	1%	1%	1%	1%	5%	0%	6%	10%	12%	3%	1%	-1%	1%
NOI margin (%)	72%	72%	73%	72%	72%	72%	72%	72%	71%	73%	72%	72%	72%	72%
EBITDA margin (%)	71%	72%	72%	72%	71%	75%	71%	74%	72%	72%	72%	72%	71%	71%
Interest expense	-2,022	-1,986	-1,979	-1,981	-2,000	-1,135	-1,127	-1,055	-1,238	-1,884	-2,069	-1,981	-2,039	-2,088
Net interest expense	-1,867	-1,829	-1,830	-1,853	-1,870	-1,131	-1,118	-1,051	-1,208	-1,730	-1,885	-1,853	-1,987	-2,040
Hybrid / preferred interest / dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted interest expense	-2,080	-1,993	-1,993	-2,016	-2,027	-1,278	-1,276	-1,211	-1,368	-2,103	-2,093	-2,016	-2,156	-2,210
Investment properties	177,786	179,551	182,076	181,812	182,389	156,071	162,420	181,575	188,317	174,569	178,183	181,812	183,096	186,324
Total debt	74,044	75,961	76,092	74,921	77,088	66,638	69,317	73,838	77,425	76,259	74,767	74,921	76,147	75,786
Cash and equivalents	3,700	4,143	3,165	1,954	2,830	3,515	2,558	3,521	2,984	3,225	3,878	1,954	3,003	2,042
Net debt	70,338	71,818	72,927	72,967	74,258	63,123	66,759	70,317	74,441	73,034	70,889	72,967	73,144	73,744
Hybrid / preferred debt / capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted debt	77,891	79,299	80,406	80,444	81,735	68,367	71,923	75,475	79,592	79,304	78,444	80,444	80,621	81,221
Secured debt	11,139	13,129	13,130	13,131	13,131	11,003	10,971	7,866	11,131	11,131	11,138	13,131	13,000	13,000
Equity	83,011	82,467	83,752	83,703	85,107	70,156	70,869	85,290	89,767	78,902	82,701	83,703	84,633	86,433
Adjusted equity	83,011	82,467	83,752	83,703	85,107	70,156	70,869	85,290	89,767	78,902	82,701	83,703	84,633	86,433
Net debt+equity	153,349	154,285	156,679	156,670	159,365	133,279	137,628	155,607	164,208	151,936	153,590	156,670	157,779	160,176
Credit metrics	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Total debt / EBITDA (x)	11.0x	11.2x	11.2x	11.0x	11.3x	12.6x	14.0x	13.5x	13.2x	11.5x	11.0x	11.0x	11.5x	11.3x
Net debt / EBITDA (x)	10.5x	10.6x	10.8x	10.7x	10.9x	12.0x	13.5x	12.9x	12.7x	11.0x	10.5x	10.7x	11.0x	11.0x
Adjusted debt / EBITDA (x)	11.2x	11.5x	11.6x	11.6x	11.7x	12.6x	14.1x	13.4x	13.2x	11.3x	11.2x	11.6x	11.8x	11.8x
EBITDA / interest (x)	3.3x	3.4x	3.4x	3.4x	3.4x	4.6x	4.4x	5.2x	4.7x	3.5x	3.3x	3.4x	3.3x	3.2x
EBITDA / net interest (x)	3.6x	3.7x	3.7x	3.7x	3.6x	4.7x	4.4x	5.2x	4.9x	3.8x	3.6x	3.7x	3.3x	3.3x
EBITDA / adjusted interest (x)	3.3x	3.5x	3.5x	3.5x	3.4x	4.2x	4.0x	4.6x	4.4x	3.3x	3.3x	3.5x	3.2x	3.1x
FFO / total debt (%)	5.8%	5.8%	5.8%	6.1%	5.8%	5.9%	5.2%	5.5%	5.7%	6.2%	6.1%	6.1%	5.9%	5.8%
FFO / net debt (%)	6.1%	6.1%	6.0%	6.2%	6.0%	6.2%	5.4%	5.8%	5.9%	6.4%	6.5%	6.2%	6.1%	6.0%
FFO / adjusted debt (%)	5.8%	5.7%	5.7%	5.8%	5.7%	5.9%	5.2%	5.6%	5.7%	6.4%	6.1%	5.8%	5.8%	5.6%
Gross LTV	41.6%	42.3%	41.8%	41.2%	42.3%	42.7%	42.7%	40.7%	41.1%	43.7%	42.0%	41.2%	41.6%	40.7%
Net LTV	39.6%	40.0%	40.1%	40.1%	40.7%	40.4%	41.1%	38.7%	39.5%	41.8%	39.8%	40.1%	39.9%	39.6%
Adjusted LTV	42.0%	42.4%	42.4%	42.5%	43.0%	42.4%	42.9%	40.4%	41.1%	43.9%	42.2%	42.5%	42.3%	41.9%
Net debt / debt+equity	45.9%	46.5%	46.5%	46.6%	46.6%	47.4%	48.5%	45.2%	45.3%	48.1%	46.2%	46.6%	46.4%	46.0%
Adjusted debt / debt+equity	50.8%	51.4%	51.3%	51.3%	51.3%	51.3%	52.3%	48.5%	48.5%	52.2%	51.1%	51.5%	51.1%	50.7%
Secured LTV	6.3%	7.3%	7.2%	7.2%	7.2%	7.4%	6.8%	4.3%	5.9%	6.4%	6.3%	7.2%	7.1%	7.0%
Equity ratio	41.5%	41.0%	41.3%	41.4%	41.6%	41.2%	40.2%	43.5%	43.0%	40.5%	41.6%	41.4%	41.4%	41.8%

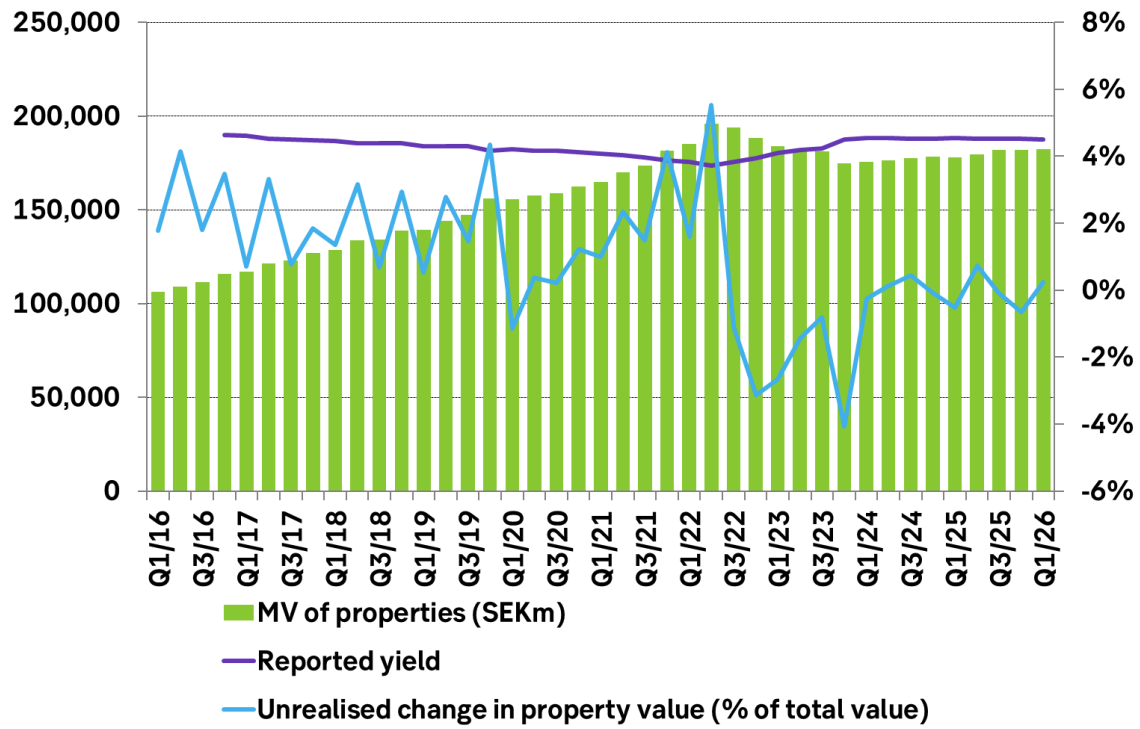
Source: Company data, SEB DCM Research estimates

Quarterly rental income and NOI (SEKm)



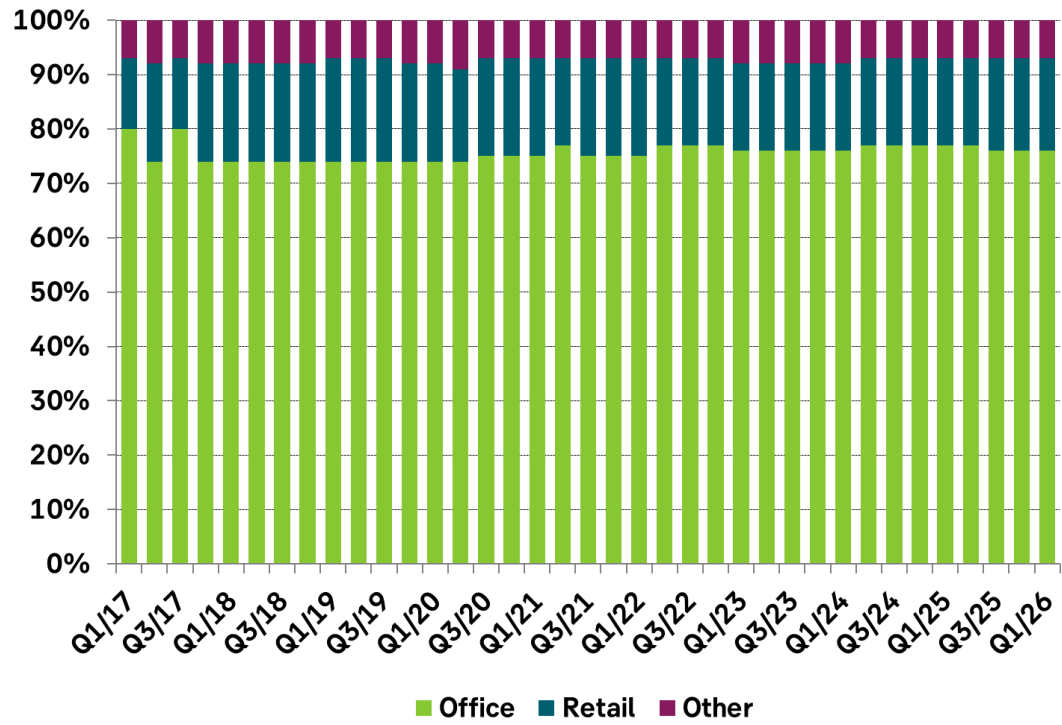
Source: Company reports, SEB

Property portfolio statistics (SEKm)



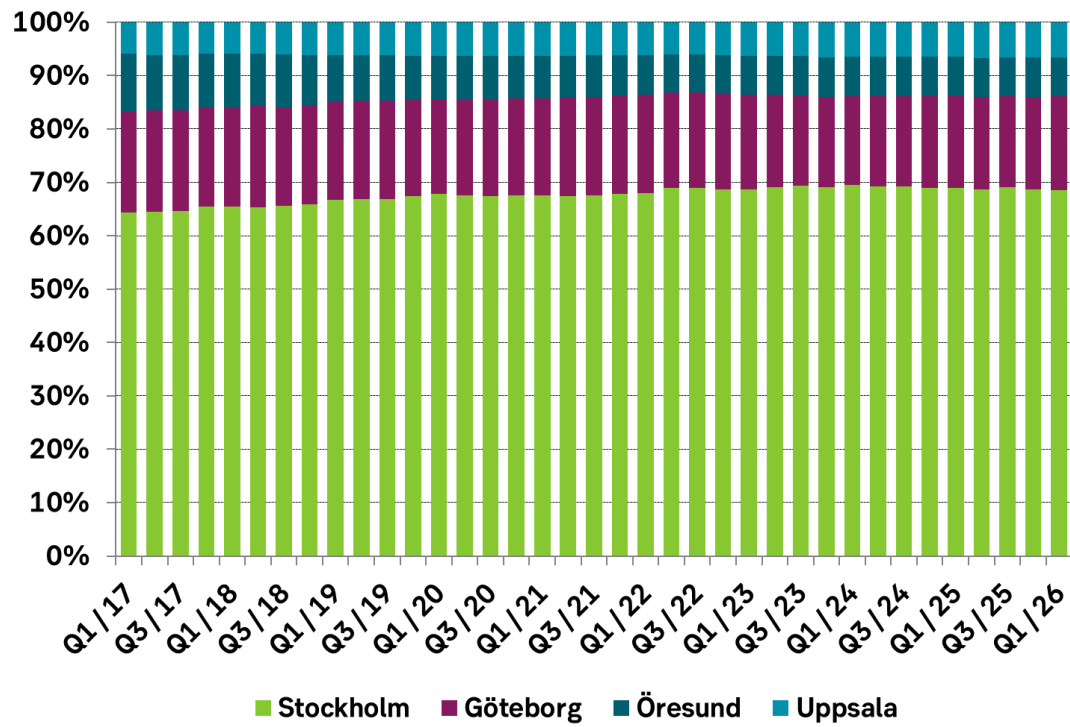
Source: Company reports, SEB

Property portfolio composition by property type (%)



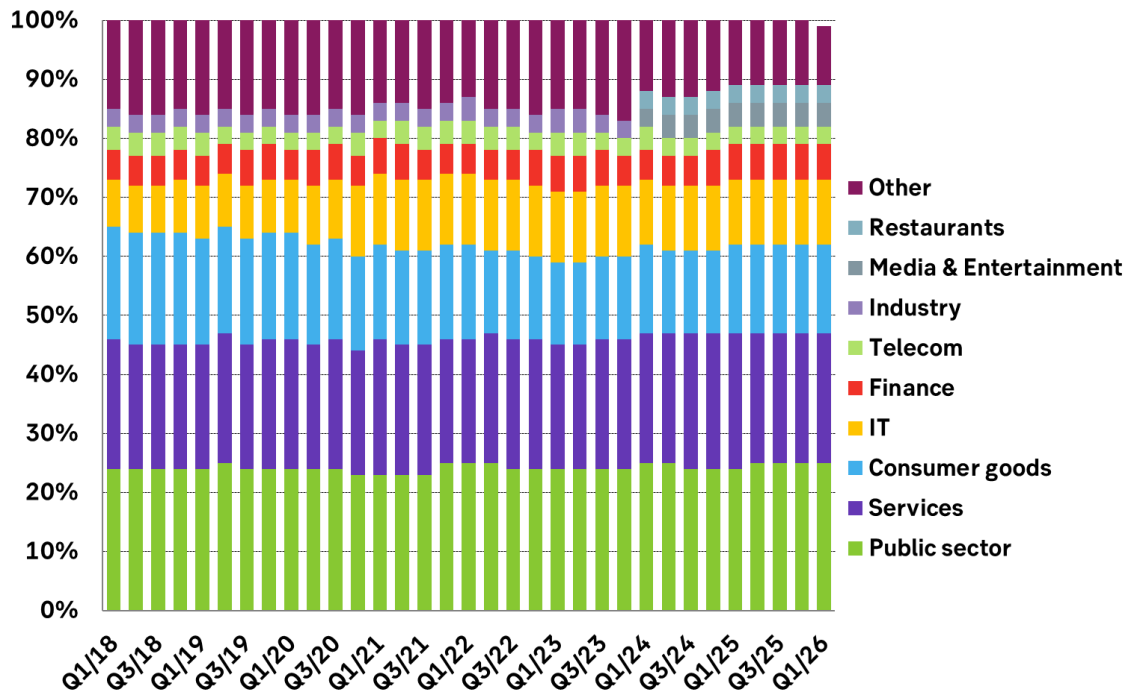
Source: Company reports

Property portfolio composition by region (%)



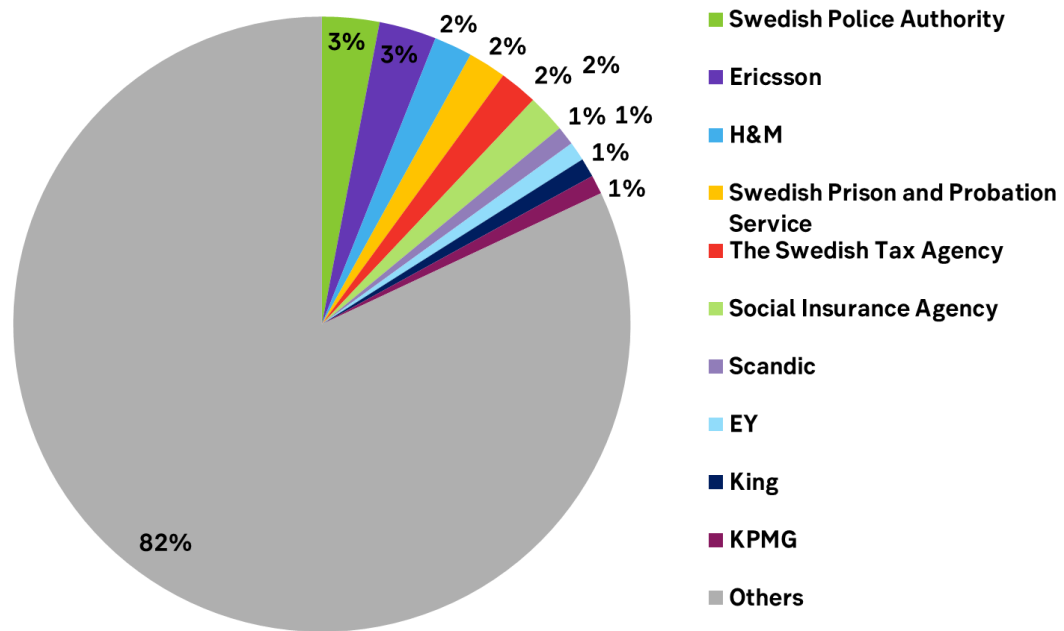
Source: Company reports

Breakdown of tenant by sector, % of contracted rent



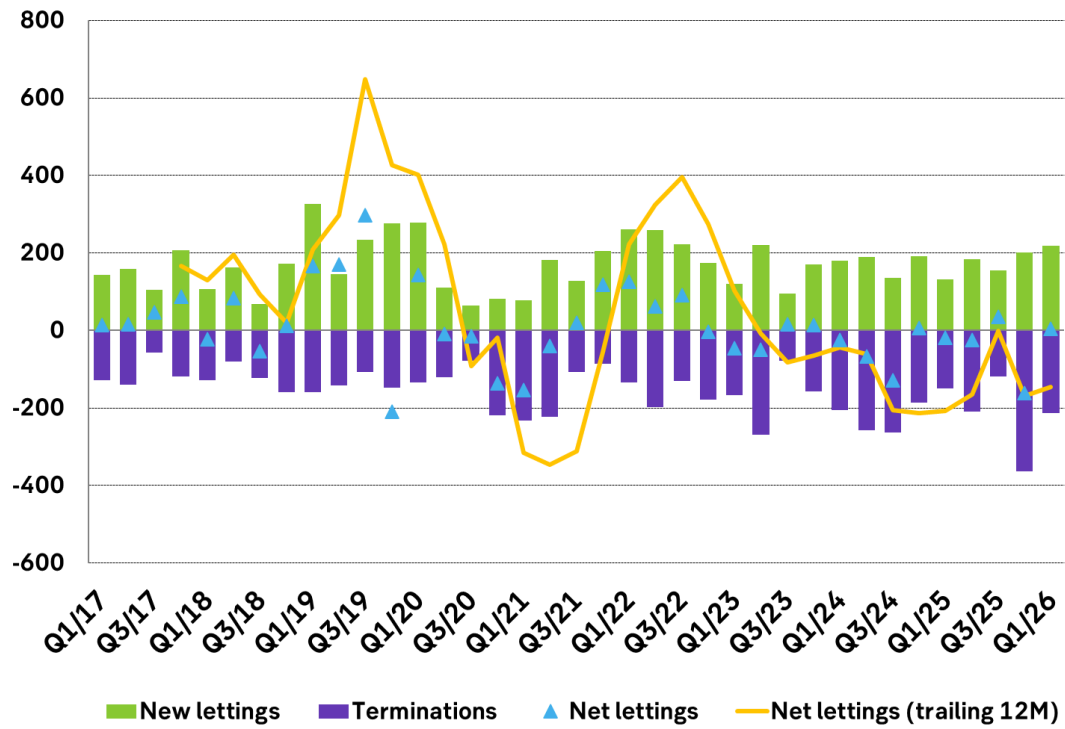
Source: Company reports

Tenant composition per end-Q1/26 (%)



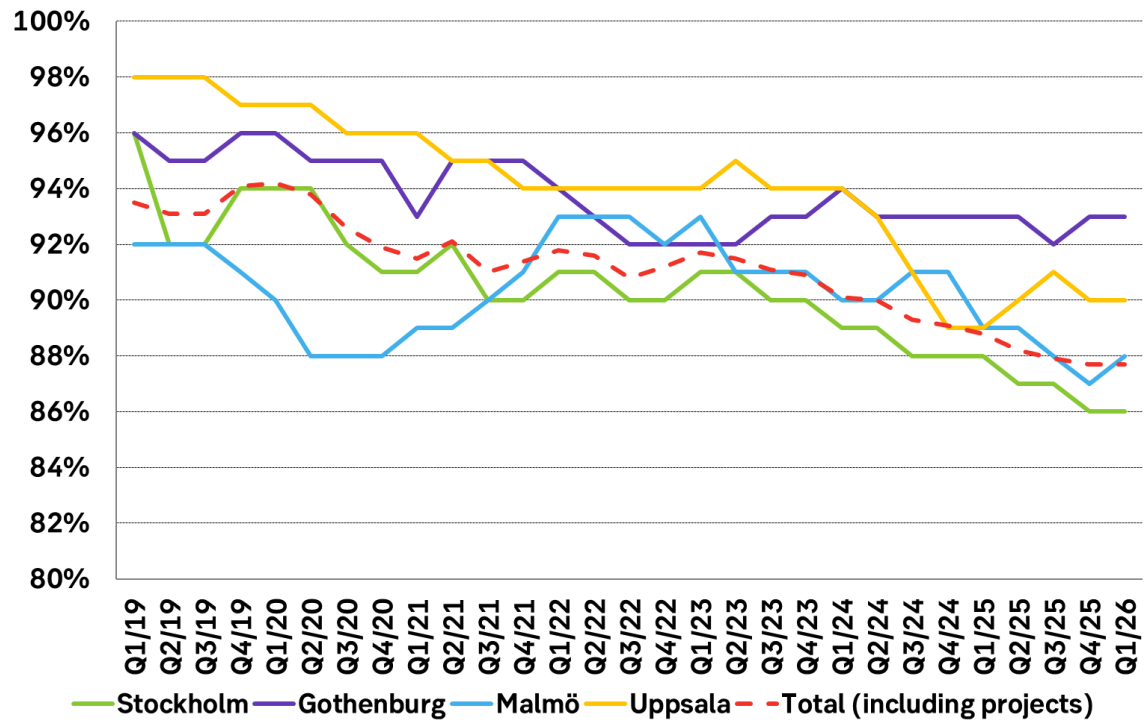
Source: Company reports

Historical evolution of net leasing per quarter (SEKm)



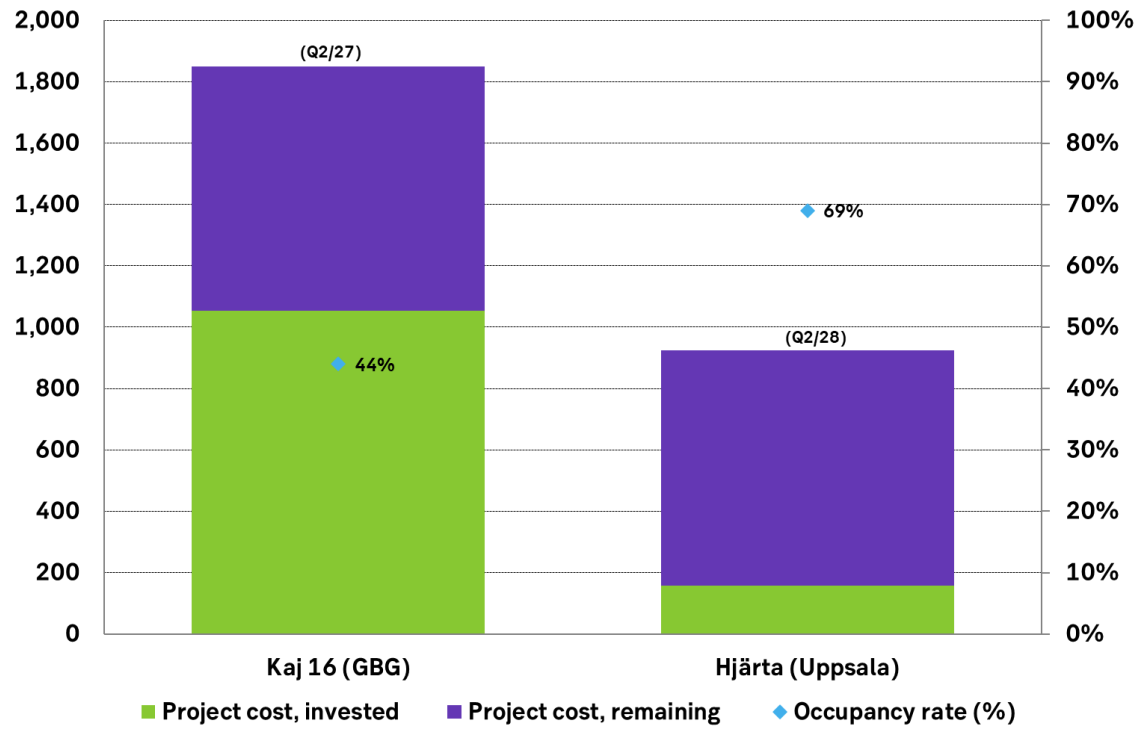
Source: Company reports, SEB

Occupancy rate development per region (%)



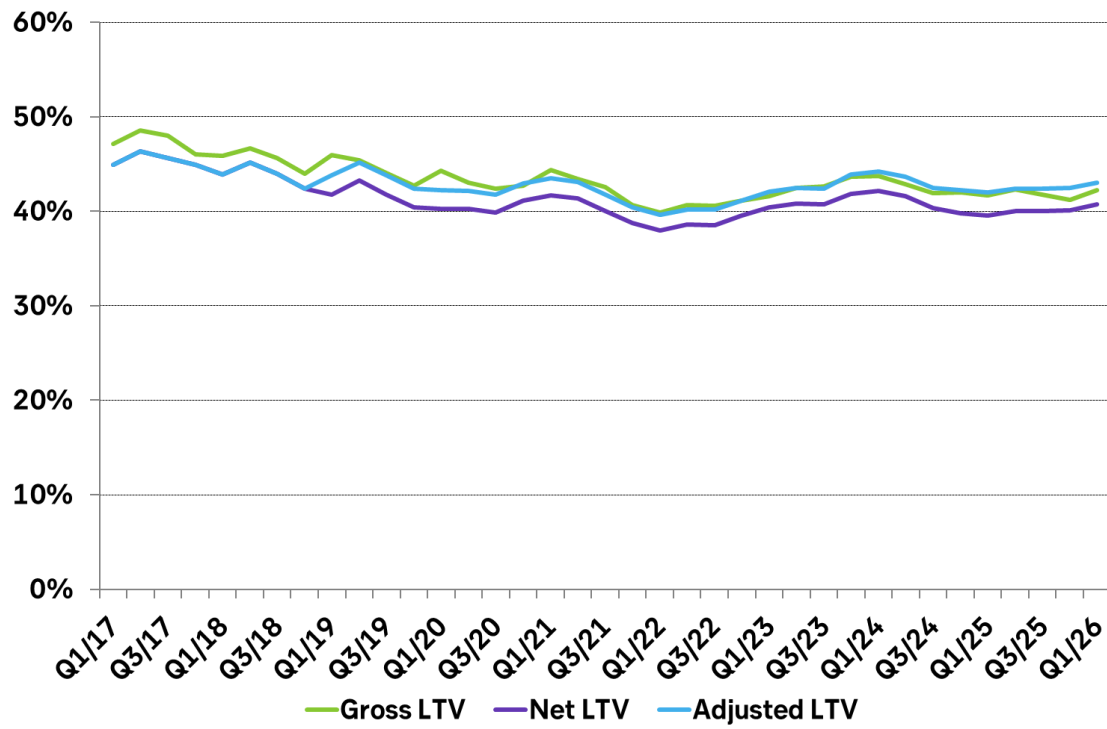
Source: Company reports, SEB

Overview of major projects ongoing per end-Q1/26 (SEKm)



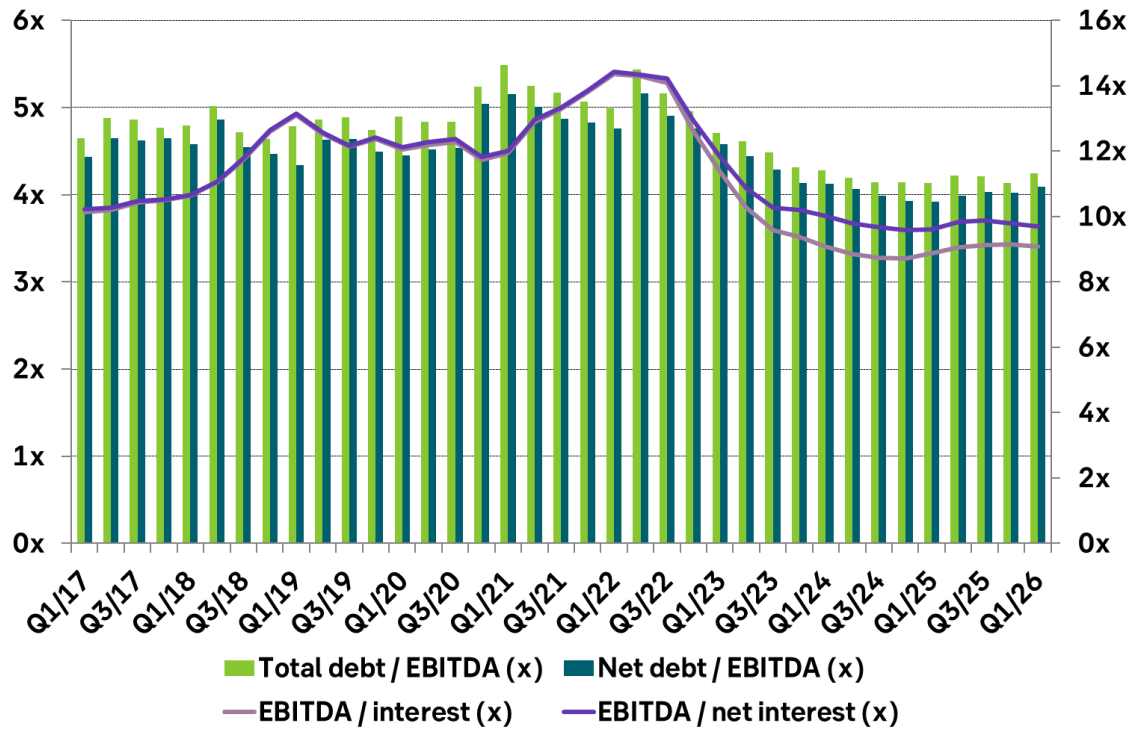
Source: Company reports, SEB

LTV (%)



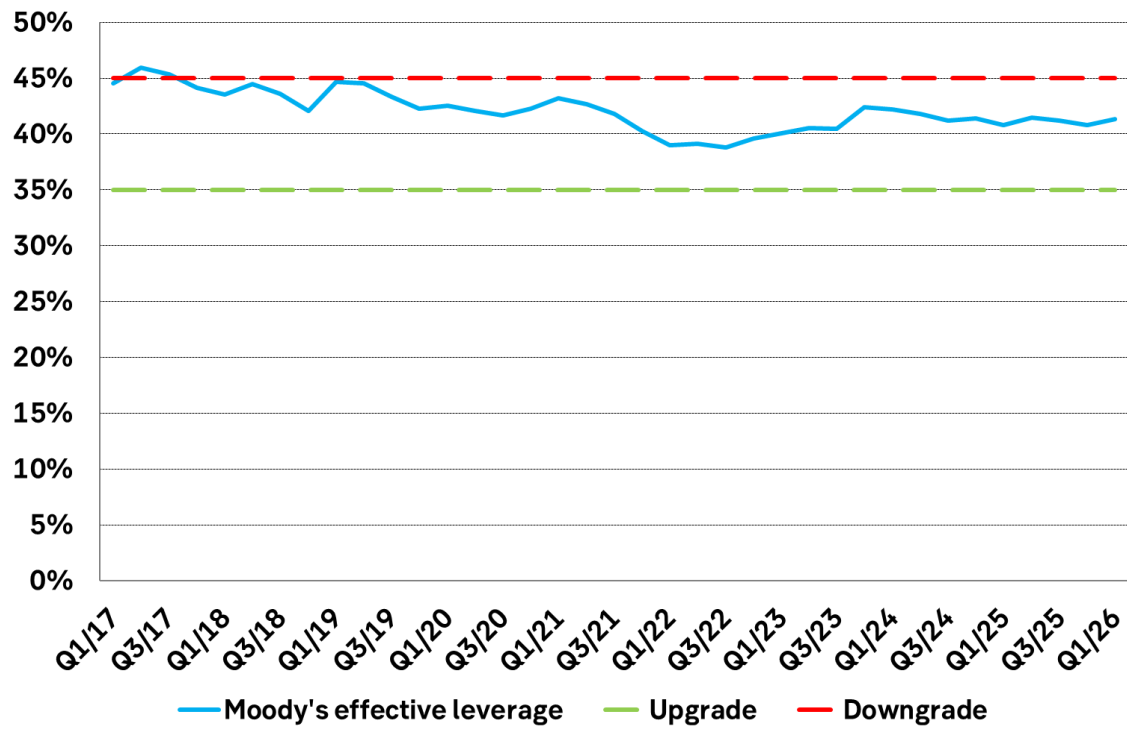
Source: Company reports, SEB

LTM leverage and interest coverage (x)



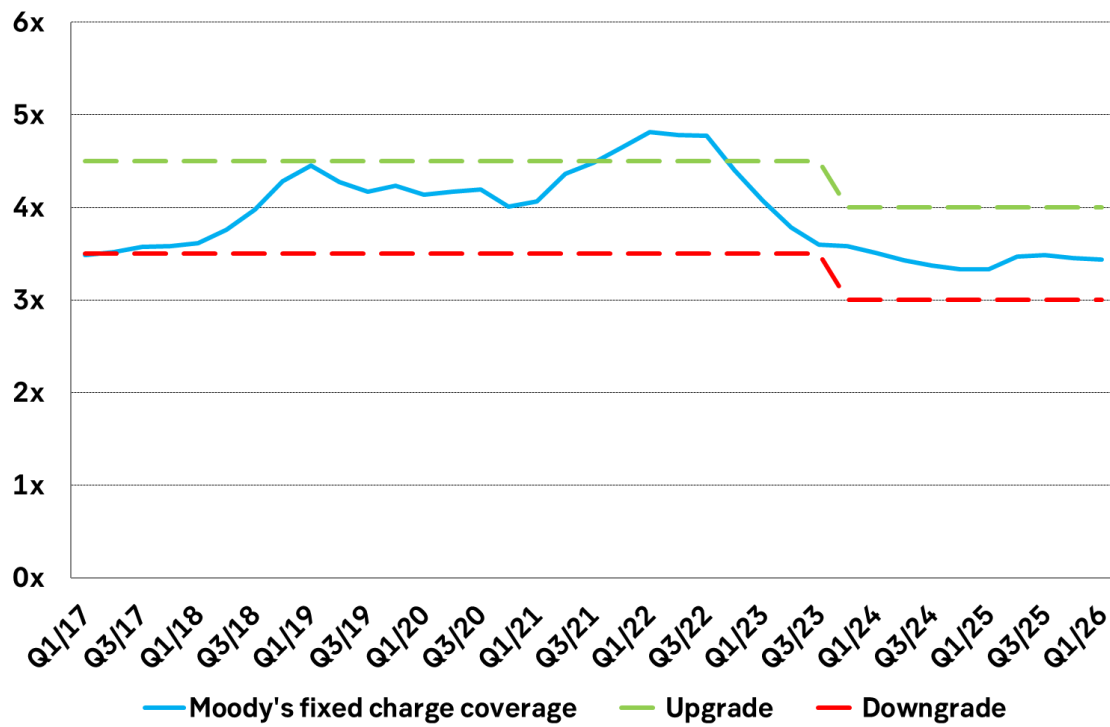
Source: Company reports, SEB

Moody's effective leverage and rating triggers



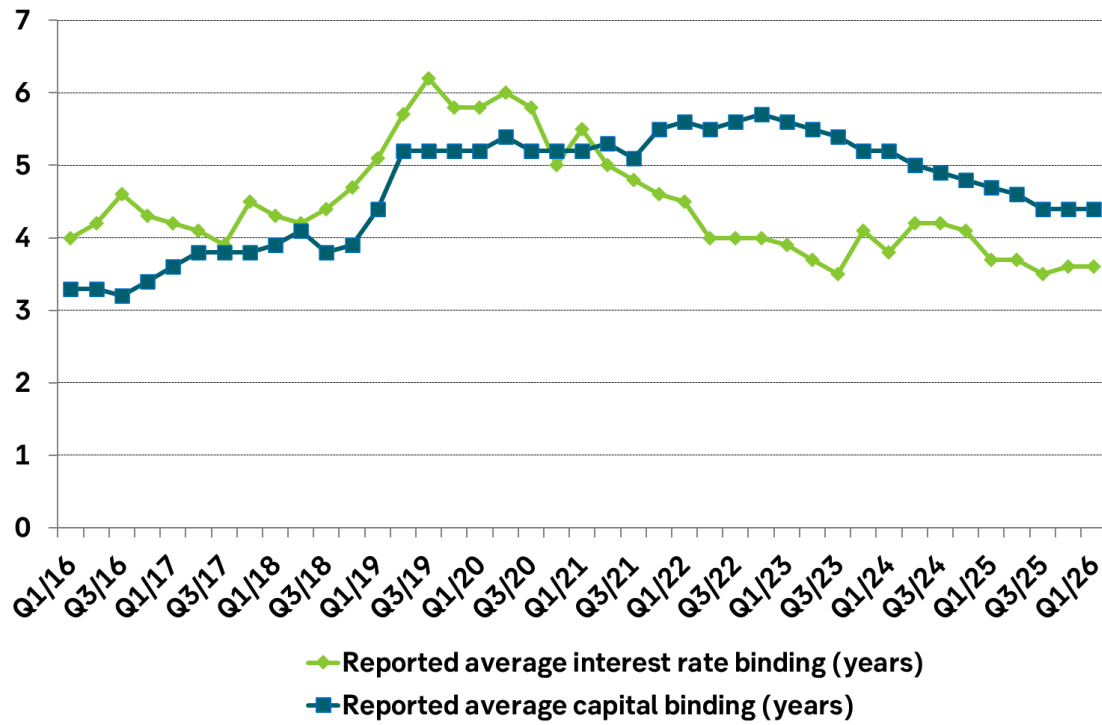
Source: SEB, Moody's

Moody's fixed charge coverage and current rating triggers



Source: SEB, Moody's

Capital and interest binding (years)



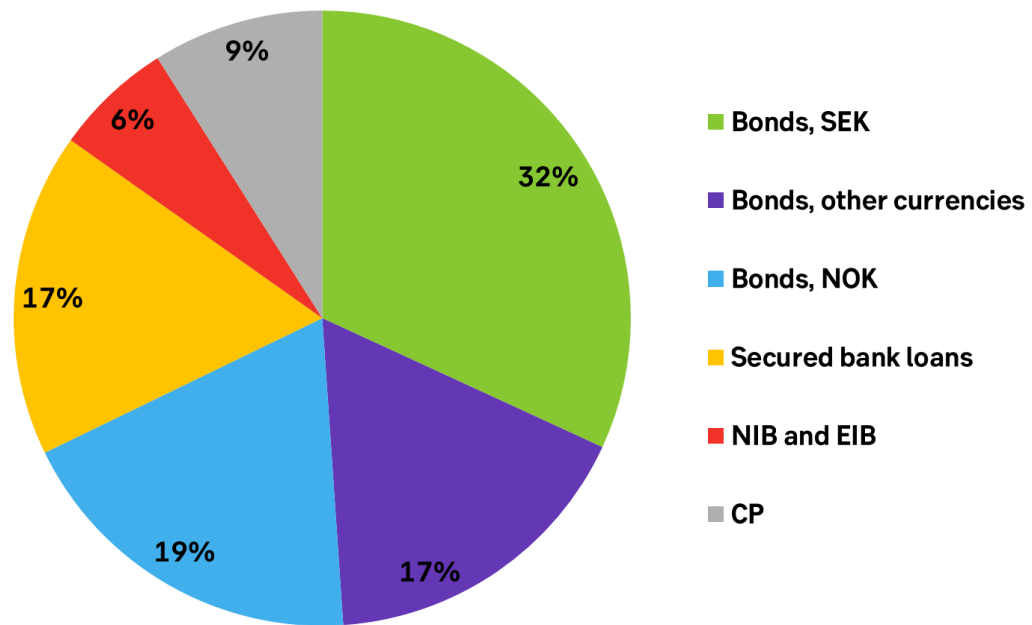
Source: Company reports

Debt maturity profile per end-Q1/26 (SEKm)



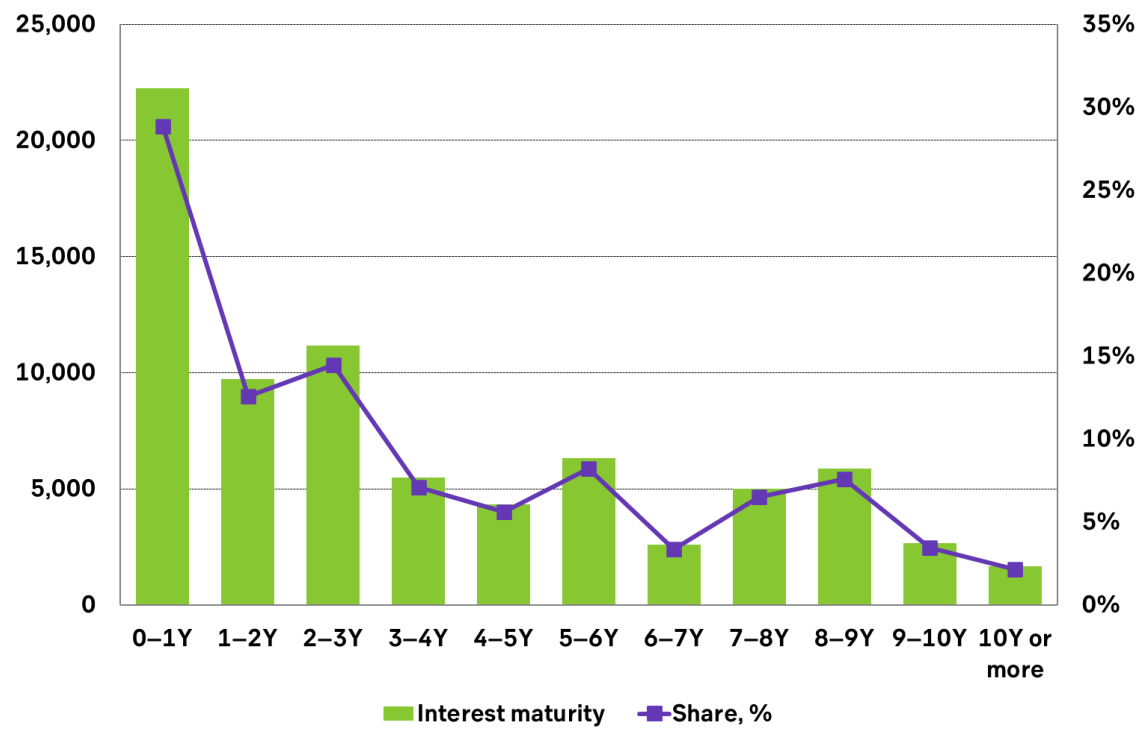
Source: Company data

Distribution of funding sources per end-Q1/26 (%)



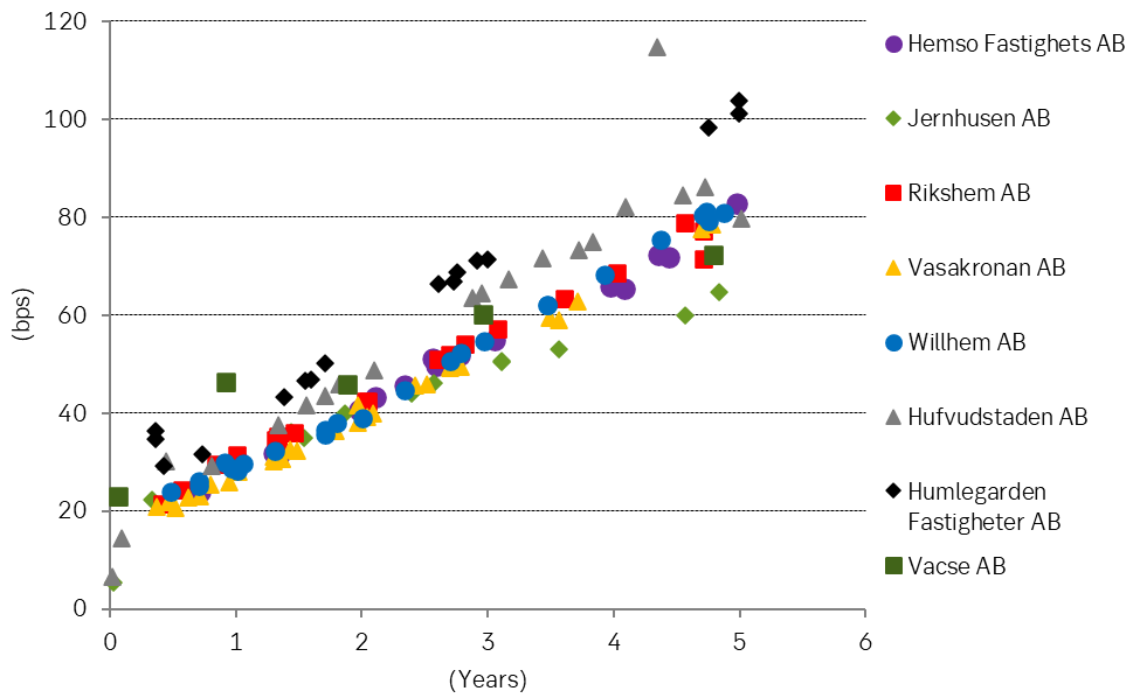
Source: Company data

Interest maturity profile per end-Q1/26 (SEKm)



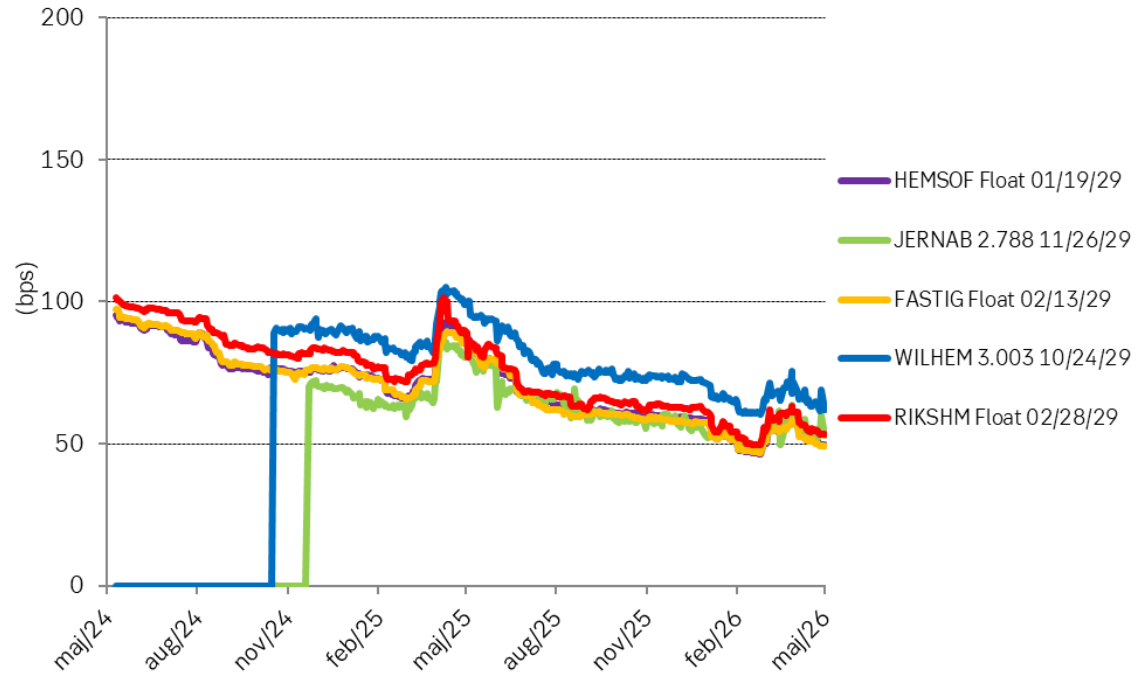
Source: Company data

Relative value, selective SEK bonds



Source: Bloomberg, SEB

Spread development, selective SEK bonds



Source: Bloomberg, SEB

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1) Formal terminology

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

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Methodology

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