Vasakronan

Company Comment | Property | Sweden | 09 July 2026

Q2: Softer operating trends, but financial profile remains resilient

Vasakronan delivered a softer Q2, with modestly higher vacancy and negative net lettings driven primarily by Ericsson's planned downsizing in Kista. Despite weaker operating trends, credit metrics remained broadly stable, supported by disciplined capital allocation, no dividend distributions and strong liquidity. While the long-term strategy remains unchanged, management's near-term focus is firmly on occupancy improvement, tenant retention and active portfolio management.

Q2: Operationally soft, negative net lettings (Ericsson) and modestly higher vacancy

Vasakronan's operational performance weakened in Q2 following a relatively stable Q1. Rental income increased just 0.4% y/y, while NOI declined 0.5%, reflecting the impact of higher vacancies despite contributions from acquisitions and completed development projects. On a like-for-like basis, both rental income and NOI declined by 2%, impacted by higher vacancies and lower rents in renegotiated contracts. Economic occupancy, including development projects, fell 0.5pp q/q to 87.2%, with the increase in vacancy primarily attributable to Malmö. The company's larger office portfolio (76% of contracted rents) continued to underperform retail, with occupancy of 86.4% versus 96.3%.

Net lettings amounted to SEK -73m in Q2 (SEK -69m YTD), largely driven by Ericsson's announced intention to vacate 19,000 sq.m. in Kista in March 2028. However, Ericsson has during H1 extended leases for 39,000 sq.m. across two other Kista buildings through 2031, while discussions regarding the fourth building (22,000 sq.m.) remain ongoing.

Property values remained broadly stable, declining by SEK 192m in Q2, equivalent to 0.1% of the portfolio. The entire portfolio was externally valued during the quarter, with modest negative effects from revised assumptions on market rents, long-term vacancies and future investments largely offset by lower yield requirements. The average portfolio yield requirement declined marginally by 1bp q/q to 4.5%.

Mixed but broadly stable credit metrics underpin resilient financial profile

Vasakronan's financial profile remained resilient in Q2, supported by disciplined capital allocation and only marginally higher average interest rates. With no dividend distributions and c. SEK 0.6bn invested in existing properties and development projects, net debt declined by c. SEK 0.7bn sequentially. As a result, net LTV improved by 0.5pp q/q to 40.2% (42.6% including lease liabilities). The average cost of debt rose 0.1pp q/q to 2.6%, likely reflecting higher base rates and maturing swaps. On an LTM basis, EBITDA/net interest declined marginally to 3.5x from 3.6x, while net debt/EBITDA remained broadly unchanged at 10.9x. At the same time, we calculate an effective leverage of 41.4% (35-45% required) and fixed-charge coverage of 3.3x (3.0-4.0x) according to Moody's definitions.

Despite the more challenging operating environment, Vasakronan continues to benefit from adequate ratings headroom, strong liquidity and good access to funding markets. Following the quarter, the company divested a fully let education property in Gothenburg to Balder for SEK 300m, consistent with Vasakronan's long-term strategy of actively developing and optimizing its property portfolio.

Occupancy improvement remains the key near-term priority

Management stated that rental market conditions remain broadly unchanged from Q1, with demand continuing to be polarized by location and asset quality. Leasing activity remains relatively healthy, particularly in central Stockholm, but occupiers continue to face limited visibility on future growth and hiring needs, resulting in cautious decision-making and longer leasing processes.

The announced Ericsson vacancy is expected to create near-term headwinds for both Kista and Vasakronan, given the sub-market's already elevated vacancy levels. However, management reiterated its long-term conviction in Kista, highlighting its strategic location, ongoing infrastructure investments and redevelopment potential. The company also welcomed Stockholm City's initiative to accelerate Kista's transformation through a dedicated development company designed to coordinate efforts among property owners, public authorities, businesses and academia. While Ericsson's relocation represents a meaningful setback for Kista, the direct portfolio impact appears manageable. Kista accounts for ~7% of Vasakronan's total lettable area and likely an even smaller share of contracted rental income and property value, given higher-asset values elsewhere.

With occupancy at 87.2%, well below the long-term target of 94%, management emphasised the importance of maintaining direction, focus and perseverance. While the company's long-term strategy remains unchanged, near-term priorities centre on improving occupancy through active asset management, targeted property development and adaptation to evolving tenant requirements. Supported by strong ownership, a healthy balance sheet and a portfolio mainly consisting of higher quality assets, Vasakronan appears relatively well positioned to navigate the current leasing environment and benefit from a gradual, albeit likely uneven, market recovery. Nonetheless, we expect rental reversion potential to remain limited and uneven, with upside primarily concentrated around prime assets and locations.

Deviation between actual Q2 results and SEB DCM Research estimates (SEKm)

Deviation table	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26E	Q2/26	Q2 vs SEB
Rental income	2 338	2 380	2 454	2 369	2 341	2 347	0%
NOI	1 723	1 759	1 751	1 653	1 665	1 665	0%
EBITDA	1 686	1 731	1 723	1 617	1 629	1 630	0%
Interest expense	-494	-503	-506	-497	-516	-510	-1%
Net interest expense	-448	-469	-486	-467	-487	-480	-2%
Investment properties	179 551	182 076	181 812	182 389	182 492	182 811	0%
Total debt	75 961	76 092	74 921	77 088	76 855	76 971	0%
Net debt	71 818	72 927	72 967	74 258	73 931	73 544	-1%
Total debt / EBITDA (x)	11,2x	11,2x	11,0x	11,3x	11,4x	11,4x	
Net debt / EBITDA (x)	10,6x	10,8x	10,7x	10,9x	11,0x	10,9x	
EBITDA / net interest (x)	3,7x	3,7x	3,7x	3,6x	3,5x	3,5x	
FFO / net debt (%)	6,1%	6,0%	6,2%	6,0%	5,7%	5,7%	
Gross LTV	42,3%	41,8%	41,2%	42,3%	42,1%	42,1%	
Net LTV	40,0%	40,1%	40,1%	40,7%	40,5%	40,2%	

Property	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26E	Q2/26	DEV
Net acquisitions	0	-2 136	0	481	0	15	
Investments in existing properties	-462	-558	-924	-625	-605	-615	
Property revaluation	1 304	-169	-1 188	433	-502	-178	
Yield	4,53%	4,52%	4,52%	4,51%	4,51%	4,50%	

Operating costs	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26E	Q2/26	
Central administration	-37	-28	-28	-36	-36	-35	-4%
Running costs	-230	-200	-269	-289	-230	-226	-2%
Repairs and maintenance	-43	-38	-54	-44	-43	-42	-2%
Property administration	-125	-114	-128	-114	-135	-143	6%
Property taxes	-216	-220	-197	-217	-216	-221	2%
Leasehold rents	-1	-49	-55	-52	-51	-50	-3%
Total property costs	-615	-621	-703	-716	-676	-682	1%

Source: Company data, SEB DCM Research estimates

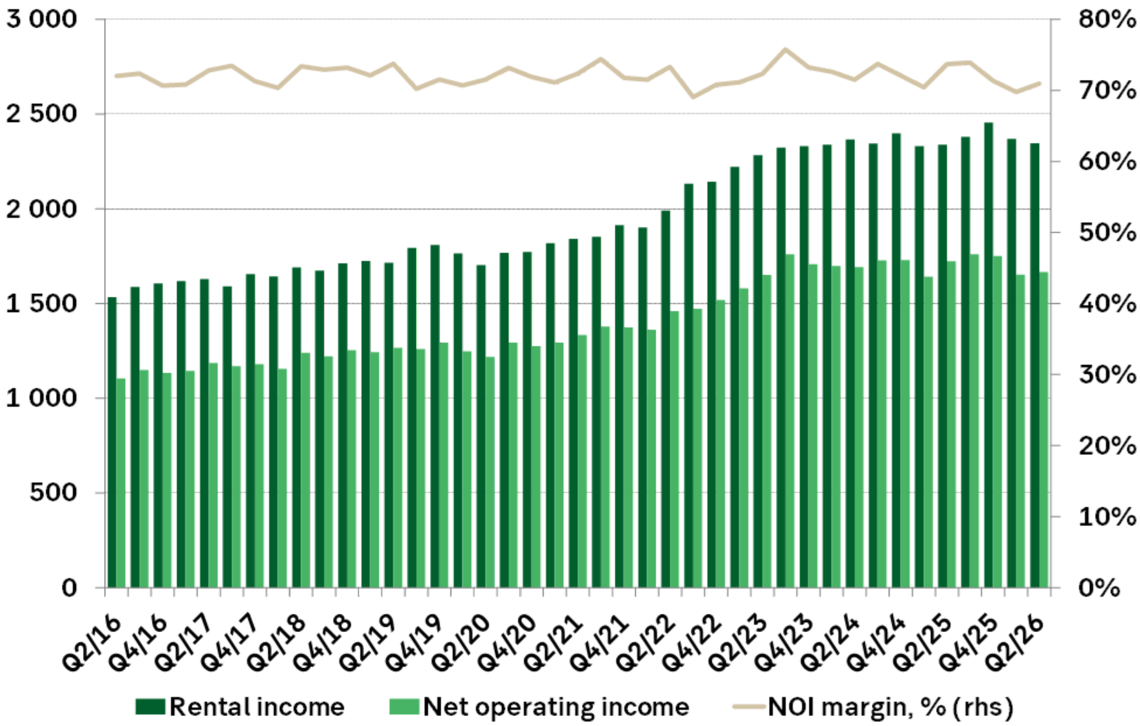
Vasakronan's LTM financial accounts and forecasts, SEB DCM Research base case

SEKm	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Rental income	9412	9 448	9503	9541	9 550	7040	7 006	7425	8167	9 157	9447	9503	9 399	9446
NOI	6822	6 853	6875	6886	6 828	5060	5 032	5377	5808	6 697	6847	6875	6 728	6792
EBITDA	6753	6 777	6798	6806	6 748	5268	4 961	5461	5862	6 636	6768	6798	6 654	6717
FFO	4373	4 396	4533	4472	4 217	3899	3 608	4090	4414	4 706	4575	4533	4 264	4420
Y/Y growth in rental income (%)	1%	1%	1%	1%	1%	5%	0%	6%	10%	12%	3%	1%	-1%	0%
NOI margin (%)	72%	73%	72%	72%	71%	72%	72%	72%	71%	73,1%	72,5%	72%	72%	72%
EBITDA margin (%)	72%	72%	72%	71%	71%	75%	71%	74%	72%	72%	72%	72%	71%	71%
Interest expense	-1986	-1 979	-1981	-2000	-2 016	-1135	-1 127	-1055	-1238	-1 884	-2069	-1981	-2 039	-2093
Net interest expense	-1829	-1 830	-1853	-1870	-1 902	-1131	-1 118	-1051	-1208	-1 730	-1885	-1853	-1 921	-2017
Hybrid / preferred interest/dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted interest expense	-1993	-1993	-2016	-2027	-2108	-1278	-1276	-1211	-1368	-2103	-2093	-2016	-2091	-2187
Investment properties	179551	182 076	181812	182389	182 811	156071	162 420	181575	188317	174 569	178183	181812	182 796	185292
Total debt	75961	76 092	74921	77088	76 972	66638	69 317	73838	77425	76 259	74767	74921	74 431	74904
Cash and equivalents	4143	3 165	1954	2830	3 427	3515	2 558	3521	2984	3 225	3878	1954	3 380	3769
Net debt	71818	72 927	72967	74258	73 545	63123	66 759	70317	74441	73 034	70889	72967	71 051	71135
Hybrid / preferred debt / capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted debt	79299	80 406	80444	81735	81 022	68367	71 923	75475	79592	79 364	78444	80444	78 528	78612
Secured debt	13129	13 130	13131	13131	13 132	11603	10 971	7866	11131	11 131	11138	13131	12 544	12118
Equity	82467	83 752	83703	85107	85 182	70156	70 869	85290	89767	78 902	82701	83703	86 510	88243
Adjusted equity	82467	83 752	83703	85107	85 182	70156	70 869	85290	89767	78 902	82701	83703	86 510	88243
Net debt+equity	154285	156 679	156670	159365	158 727	133279	137 628	155607	164208	151 936	153590	156670	157 561	159378

Credit metrics	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Total debt / EBITDA (x)	11,2x	11,2x	11,0x	11,3x	11,4x	12,6x	14,0x	13,5x	13,2x	11,5x	11,0x	11,0x	11,2x	11,2x
Net debt / EBITDA (x)	10,6x	10,8x	10,7x	10,9x	10,9x	12,0x	13,5x	12,9x	12,7x	11,0x	10,5x	10,7x	10,7x	10,6x
Adjusted debt / EBITDA (x)	11,5x	11,6x	11,6x	11,7x	11,7x	12,6x	14,1x	13,4x	13,2x	11,3x	11,2x	11,6x	11,5x	11,4x
EBITDA / interest (x)	3,4x	3,4x	3,4x	3,4x	3,3x	4,6x	4,4x	5,2x	4,7x	3,5x	3,3x	3,4x	3,3x	3,2x
EBITDA / net interest (x)	3,7x	3,7x	3,7x	3,6x	3,5x	4,7x	4,4x	5,2x	4,9x	3,8x	3,6x	3,7x	3,5x	3,3x
EBITDA / adjusted interest (x)	3,5x	3,5x	3,5x	3,4x	3,3x	4,2x	4,0x	4,6x	4,4x	3,3x	3,3x	3,5x	3,3x	3,1x
FFO / total debt (%)	5,8%	5,8%	6,1%	5,8%	5,5%	5,9%	5,2%	5,5%	5,7%	6,2%	6,1%	6,1%	5,7%	5,9%
FFO / net debt (%)	6,1%	6,0%	6,2%	6,0%	5,7%	6,2%	5,4%	5,8%	5,9%	6,4%	6,5%	6,2%	6,0%	6,2%
FFO / adjusted debt (%)	5,7%	5,7%	5,8%	5,7%	5,5%	5,9%	5,2%	5,6%	5,7%	6,4%	6,1%	5,8%	5,6%	5,8%
Gross LTV	42,3%	41,8%	41,2%	42,3%	42,1%	42,7%	42,7%	40,7%	41,1%	43,7%	42,0%	41,2%	40,7%	40,4%
Net LTV	40,0%	40,1%	40,1%	40,7%	40,2%	40,4%	41,1%	38,7%	39,5%	41,8%	39,8%	40,1%	38,9%	38,4%
Adjusted LTV	42,4%	42,4%	42,5%	43,0%	42,6%	42,4%	42,9%	40,4%	41,1%	43,9%	42,2%	42,5%	41,3%	40,8%
Net debt / debt+equity	46,5%	46,5%	46,6%	46,6%	46,3%	47,4%	48,5%	45,2%	45,3%	48,1%	46,2%	46,6%	45,1%	44,6%
Adjusted debt / debt+ equity	51,4%	51,3%	51,3%	51,3%	51,0%	51,3%	52,3%	48,5%	48,5%	52,2%	51,1%	51,3%	49,8%	49,3%
Secured LTV	7,3%	7,2%	7,2%	7,2%	7,2%	7,4%	6,8%	4,3%	5,9%	6,4%	6,3%	7,2%	6,9%	6,5%
Equity ratio	41,0%	41,3%	41,4%	41,6%	41,7%	41,2%	40,2%	43,5%	43,0%	40,5%	41,6%	41,4%	42,3%	42,6%

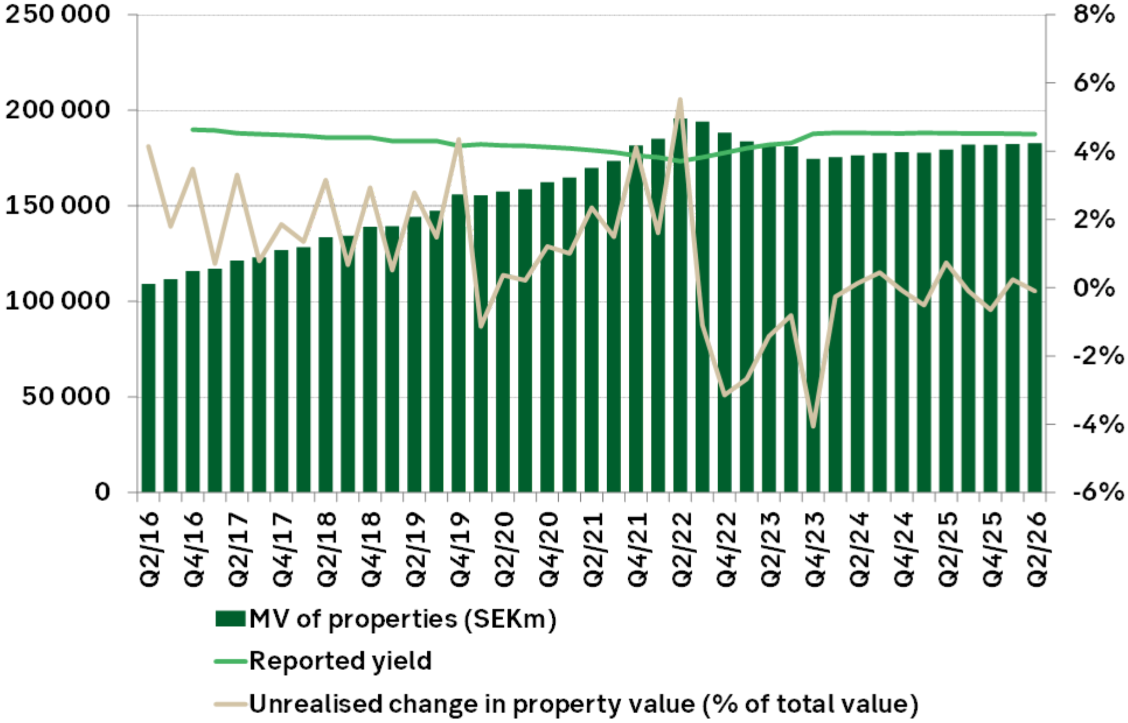
Source: Company data, SEB DCM Research estimates

Quarterly rental income and NOI (SEKm)



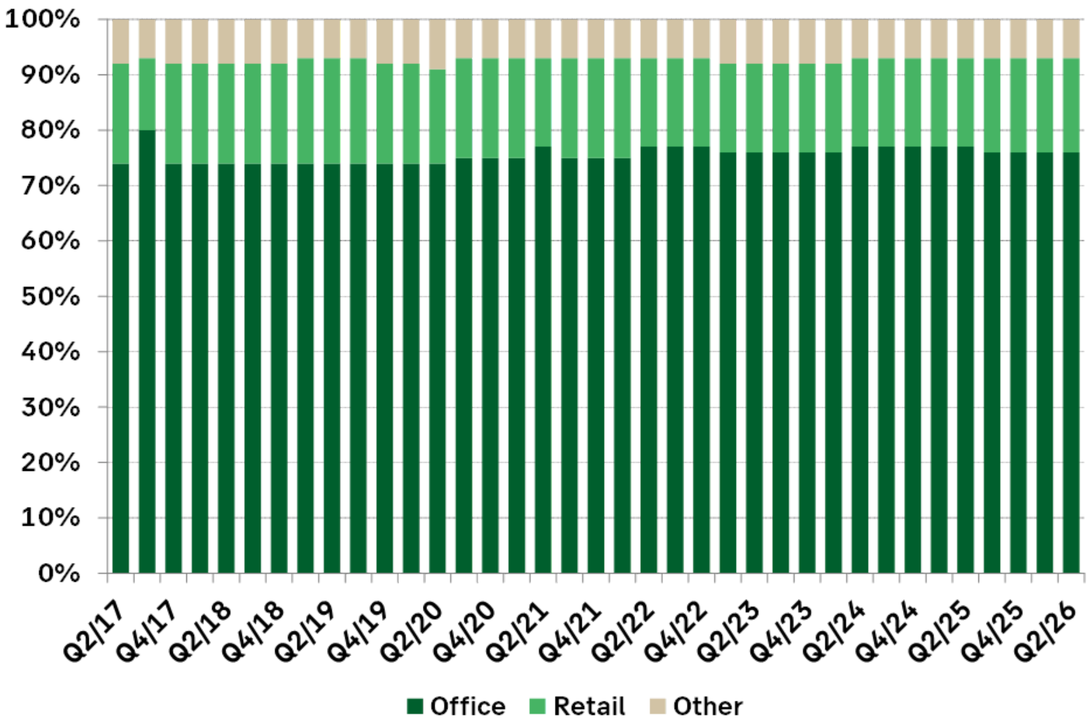
Source: Company reports, SEB

Property portfolio statistics (SEKm)



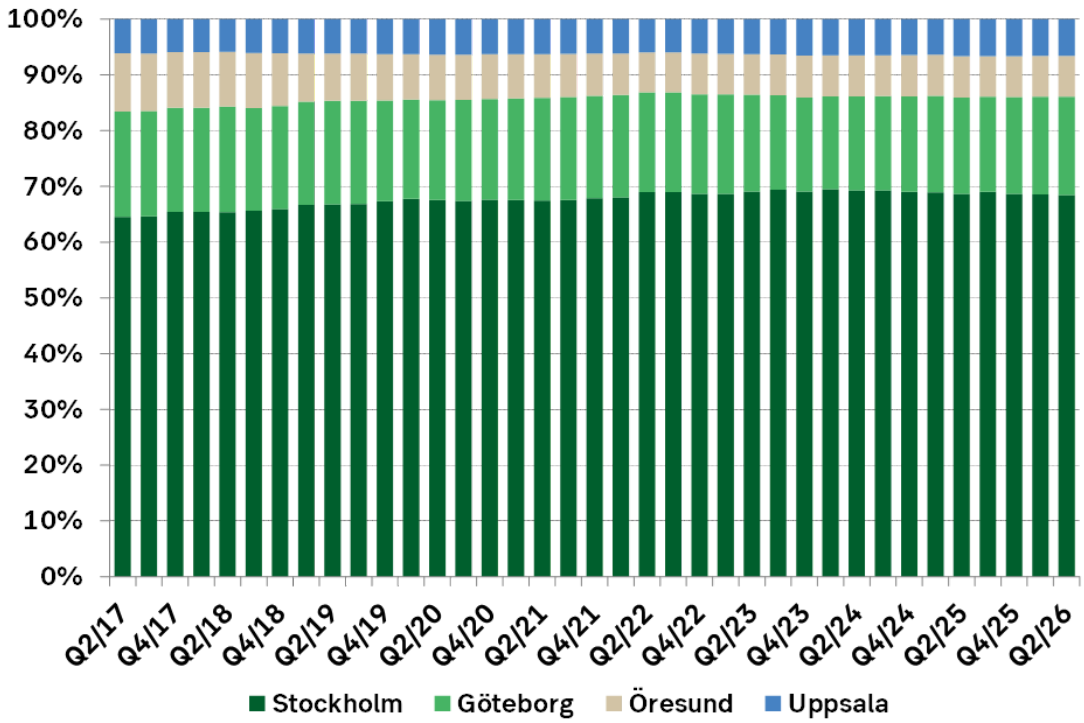
Source: Company reports, SEB

Property portfolio composition by property type (%)



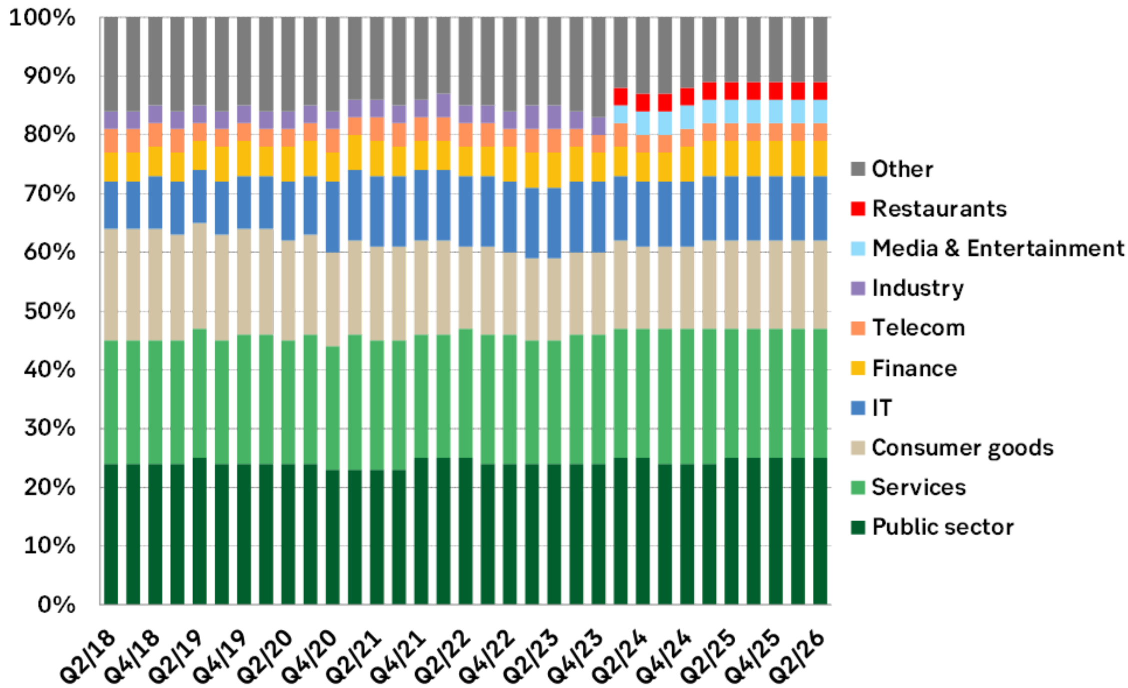
Source: Company reports

Property portfolio composition by region (%)



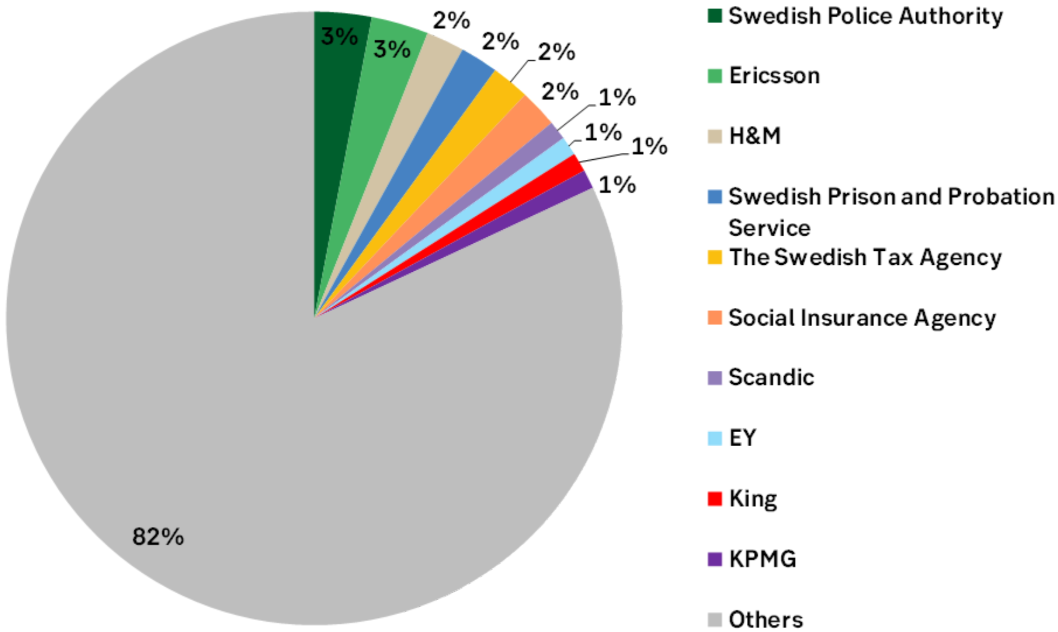
Source: Company reports

Breakdown of tenant by sector, % of contracted rent



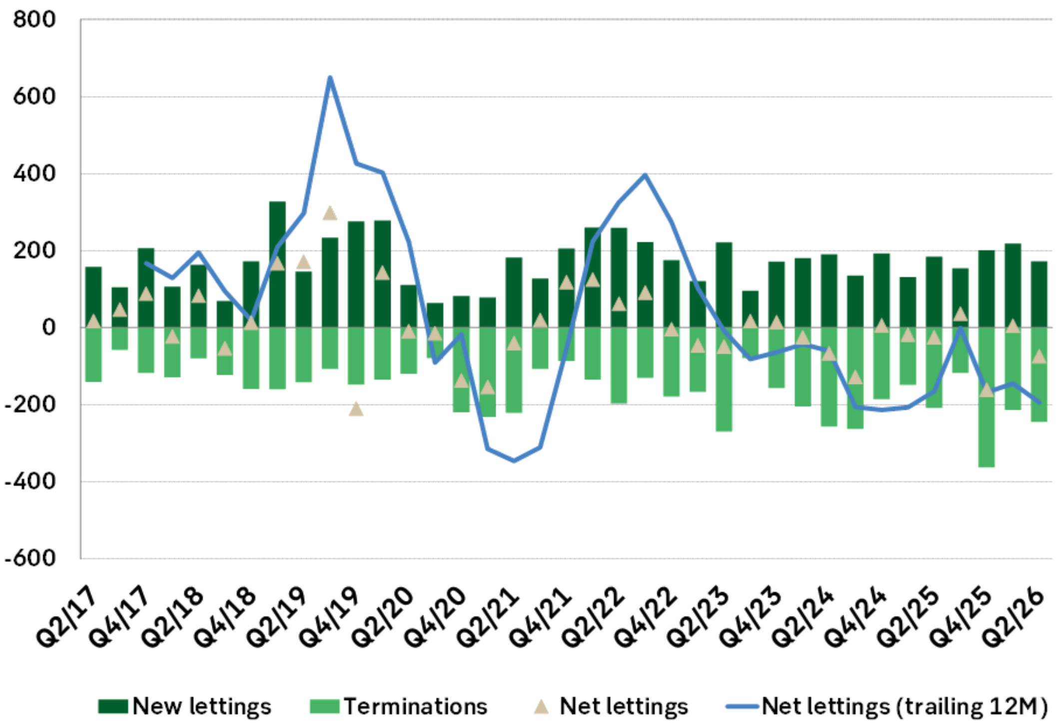
Source: Company reports

Tenant composition per end-Q2/26 (%)



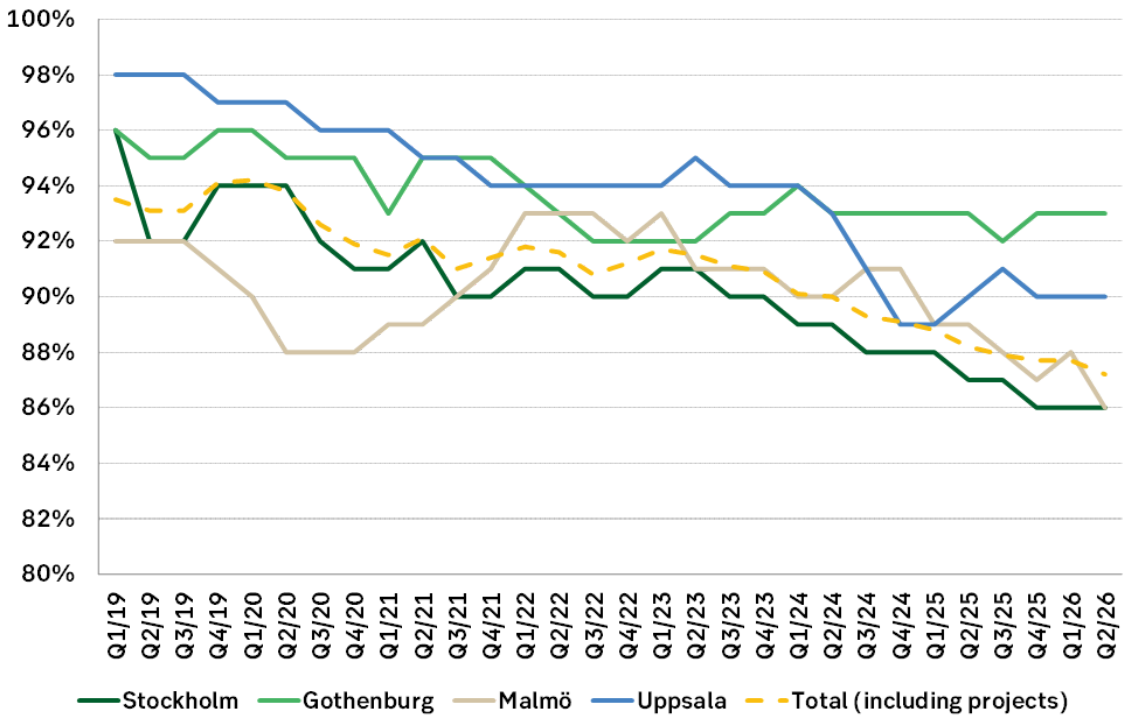
Source: Company reports

Historical evolution of net leasing per quarter (SEKm)



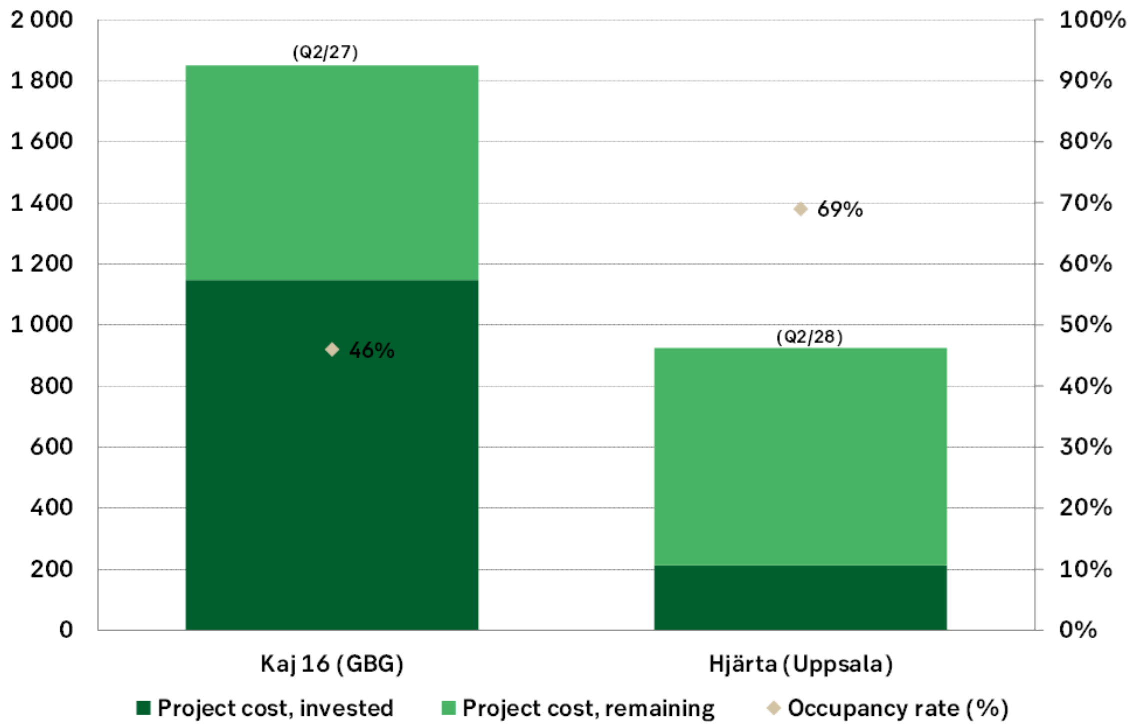
Source: Company reports, SEB

Occupancy rate development per region (%)



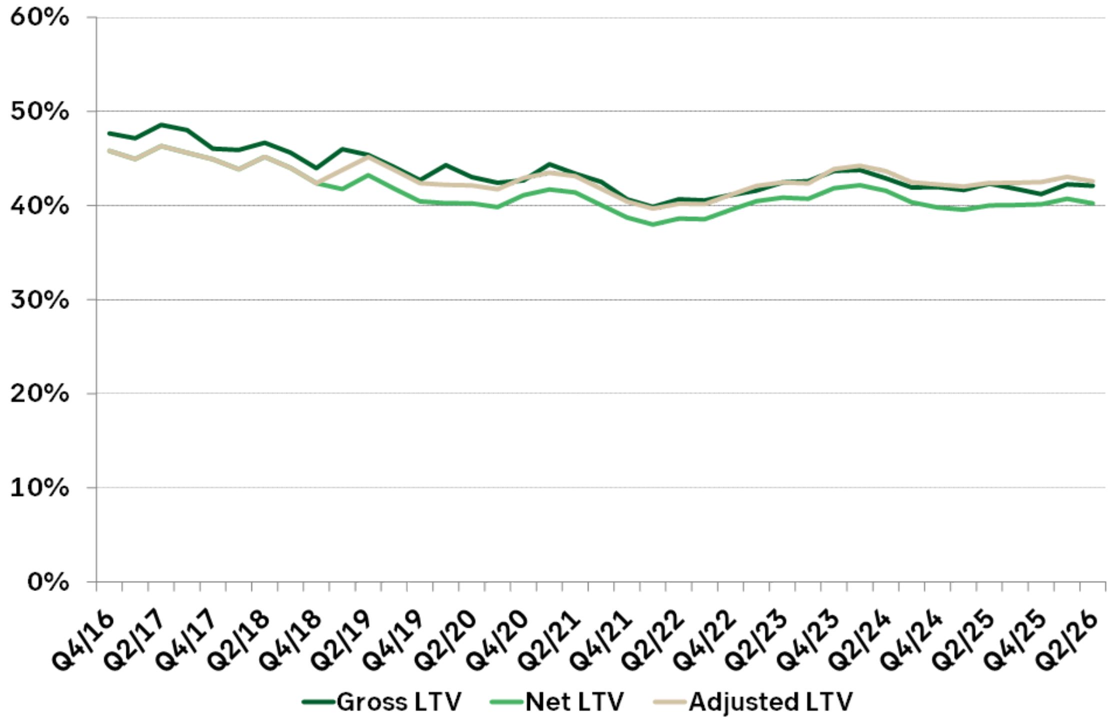
Source: Company reports, SEB

Overview of major projects ongoing per end-Q2/26 (SEKm)



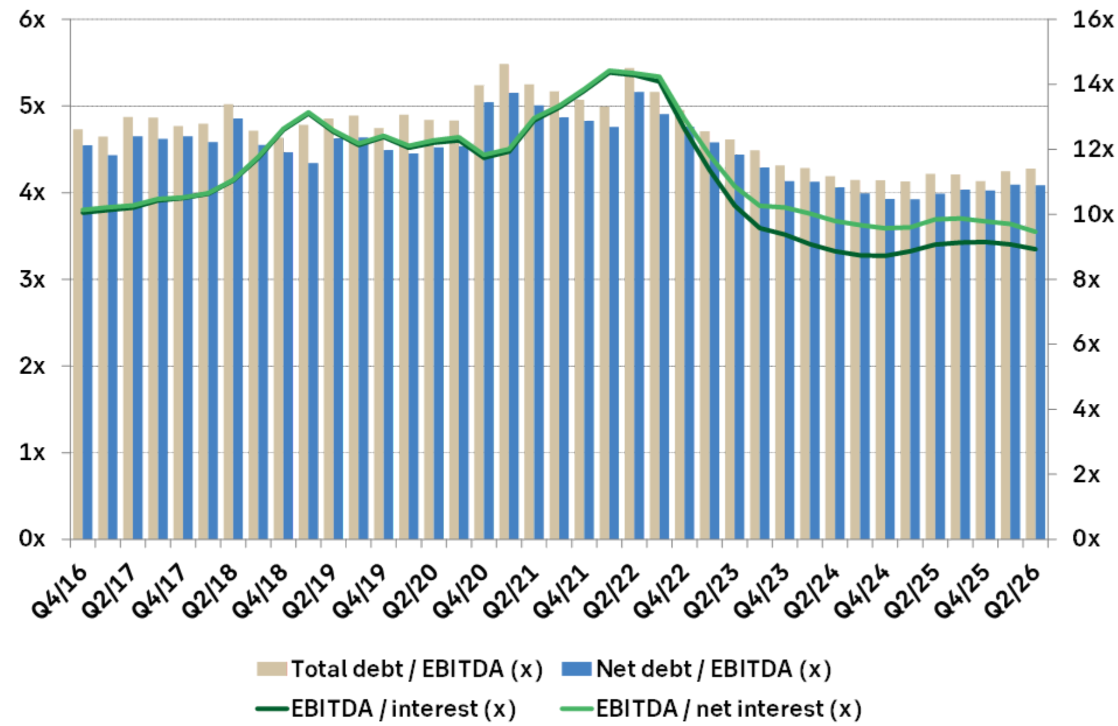
Source: Company reports, SEB

LTV (%)



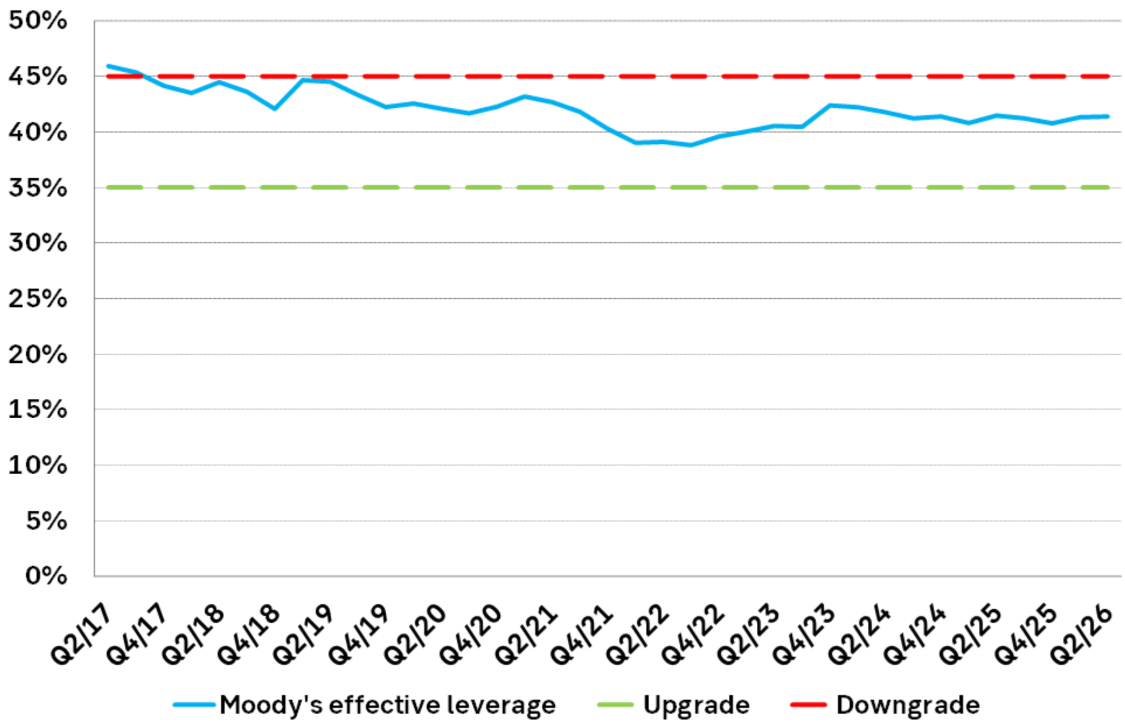
Source: Company reports, SEB

LTM leverage and interest coverage (x)



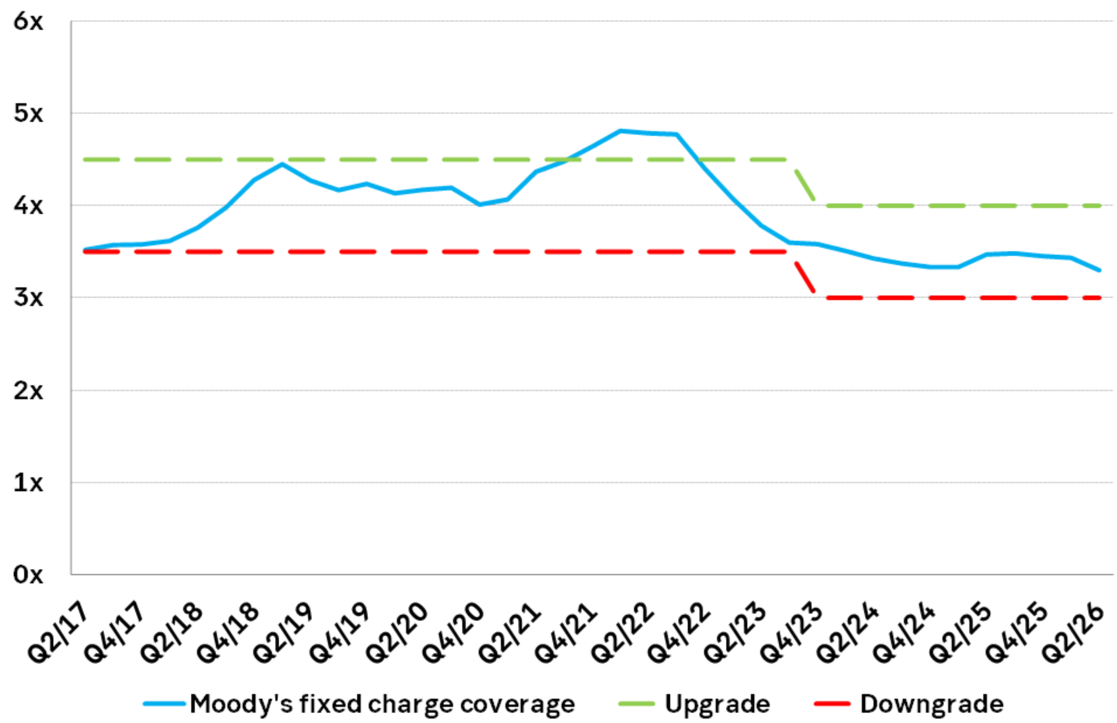
Source: Company reports, SEB

Moody's effective leverage and rating triggers



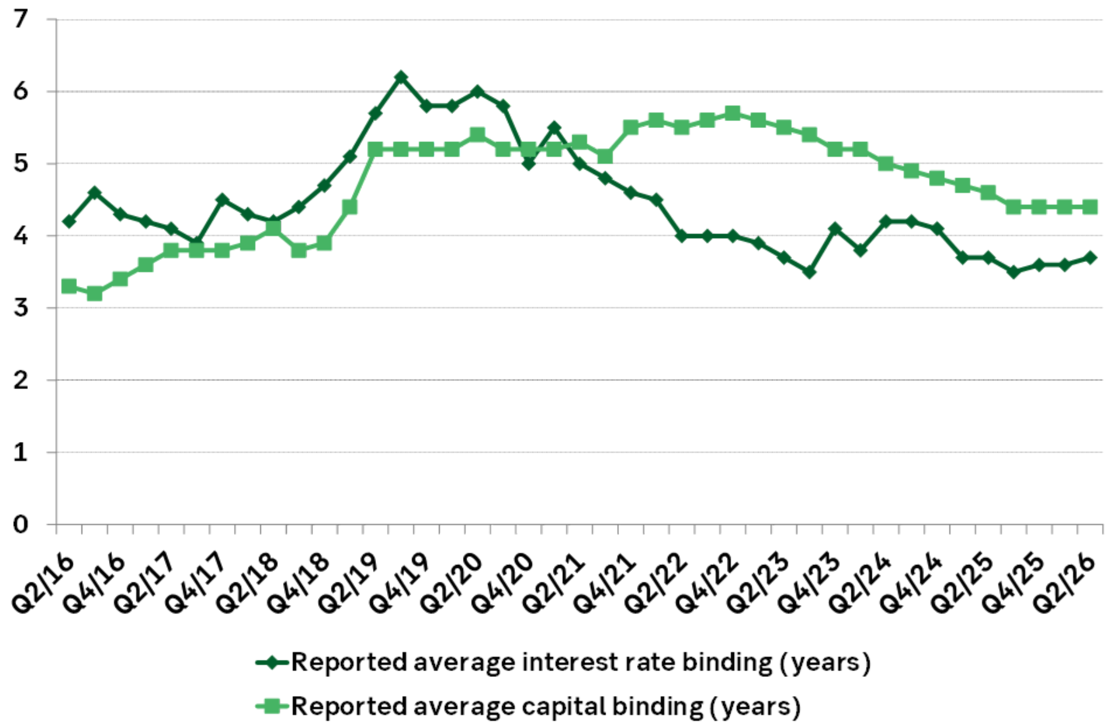
Source: SEB, Moody's

Moody’s fixed charge coverage and current rating triggers



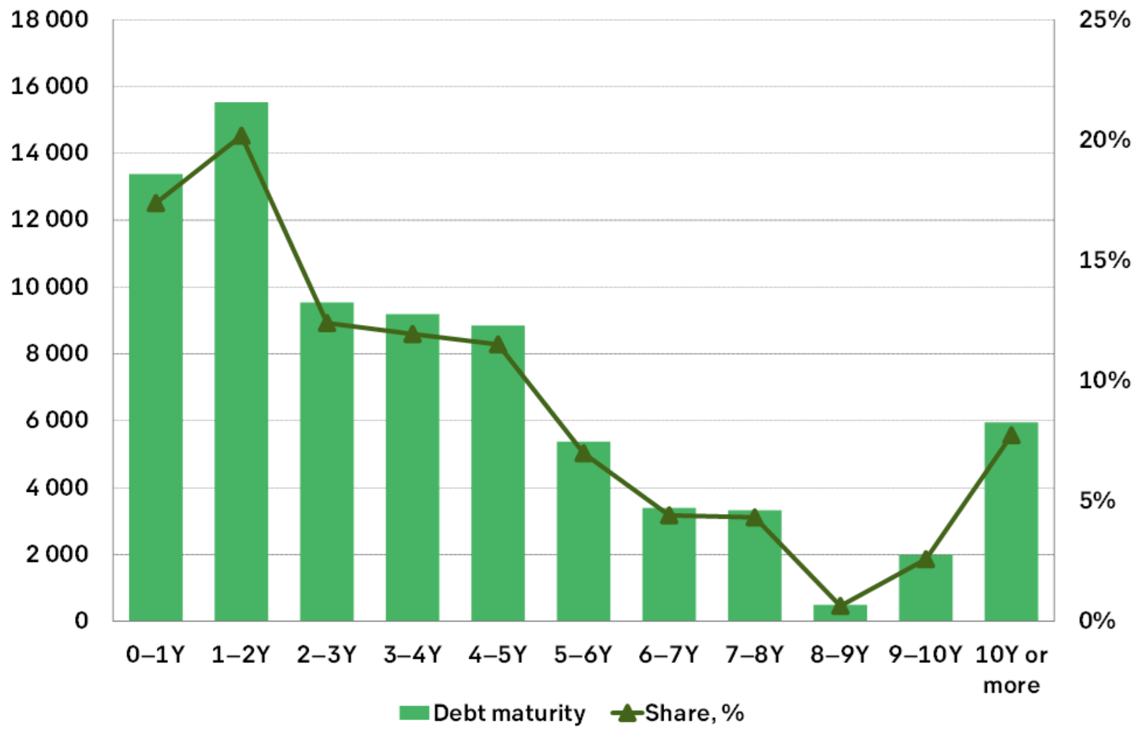
Source: SEB, Moody’s

Capital and interest binding (years)



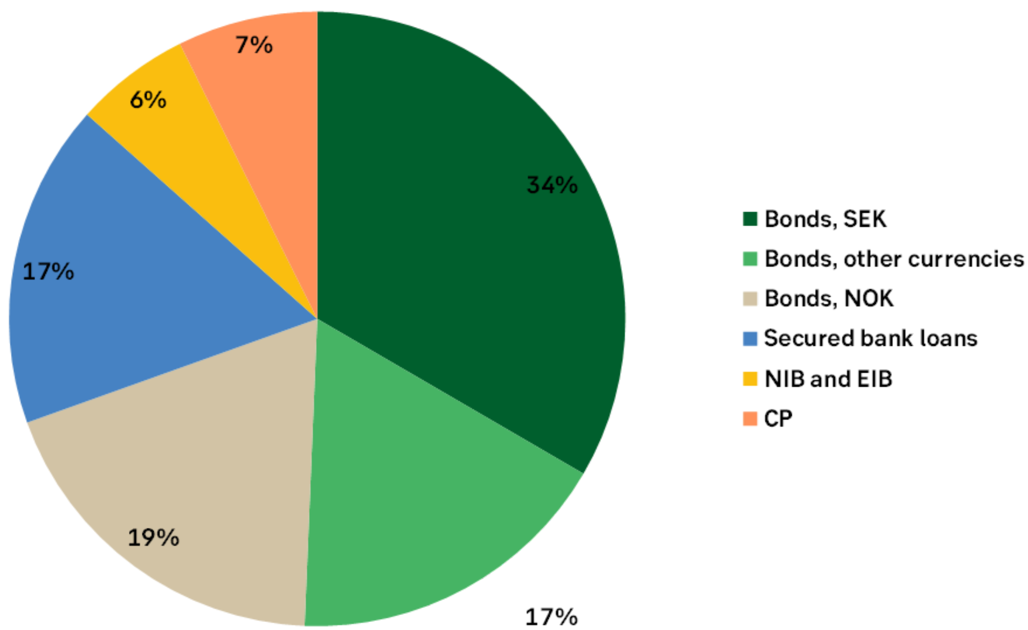
Source: Company reports

Debt maturity profile per end-Q2/26 (SEKm)



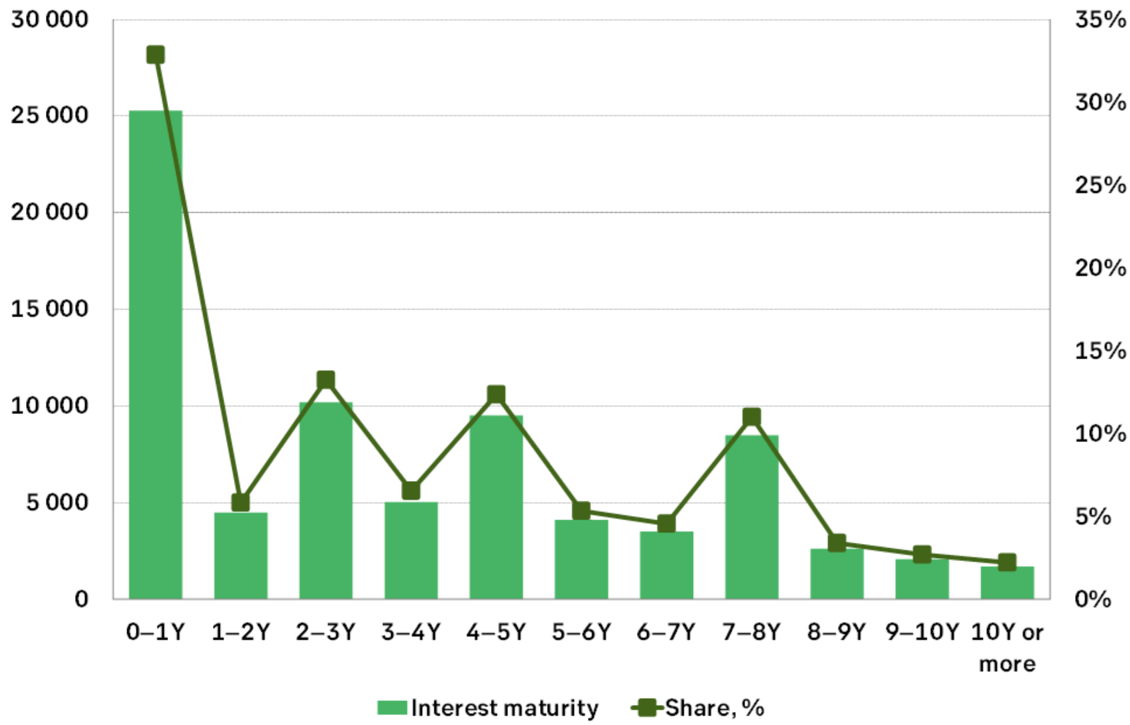
Source: Company data

Distribution of funding sources per end-Q2/26 (%)



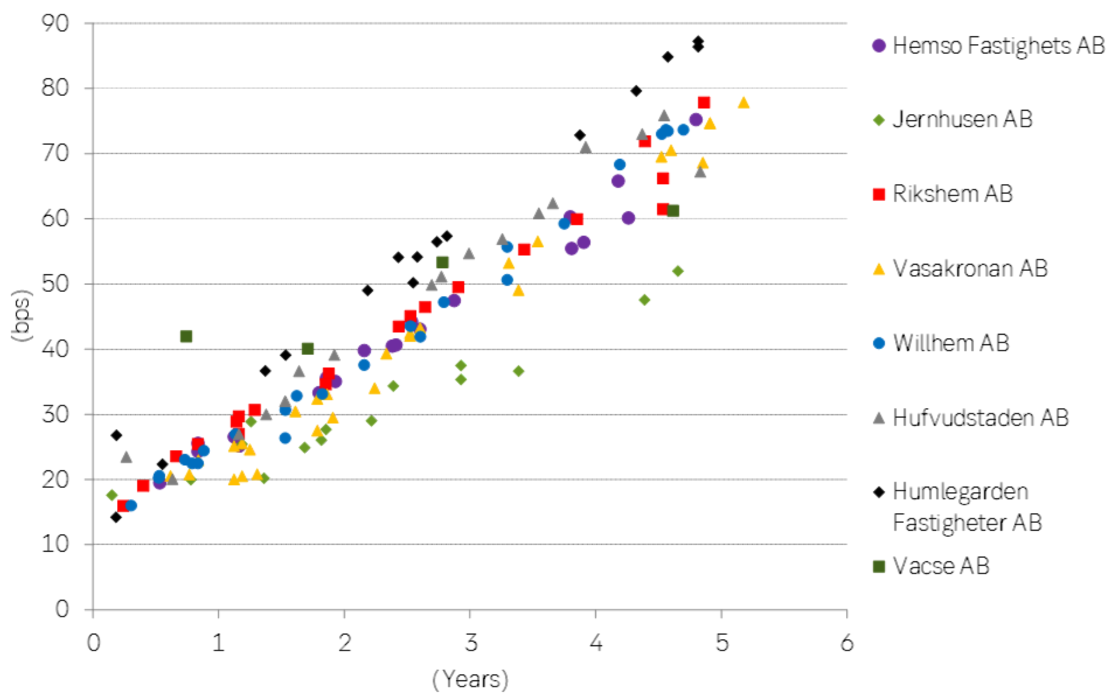
Source: Company data

Interest maturity profile per end-Q2/26 (SEKm)



Source: Company data

Relative value, selective SEK bonds



Source: Bloomberg, SEB

Spread development, selective SEK bonds

Spread development, selective SEK bonds

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1) Formal terminology

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>
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