Vasakronan

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Company Comment	Property	Sweden	03 November 2026

Q3: Financial resilience offsets leasing pressure

Vasakronan delivered a broadly stable Q3, with modest rental growth and slightly positive property revaluations, although negative net lettings and elevated vacancies persisted. Credit metrics remained resilient, supported by disciplined capital allocation, stable funding costs and strong liquidity. Overall, we view the report as credit neutral, with further improvement dependent on an operating recovery.

Q3: Steady overall, but persistent leasing pressure & modestly higher property values

Vasakronan reported a broadly stable, albeit subdued, operating performance in Q3, with modest rental growth offset by persistent vacancy pressure and weaker leasing fundamentals. Rental income increased by 0.7% y/y, while NOI declined by 0.2%. On a like-for-like basis, rental income was unchanged and NOI declined by 2% during the first nine months. The quarterly NOI margin narrowed by 1pp y/y to 75%, reflecting some vacancy pressure.

Economic occupancy, including development projects, edged down 0.1pp q/q to 87.1%, of which 0.8pp relates to development assets. The office portfolio (76% of contracted rent) continued to underperform retail, with occupancy of 85.8% versus 95.8%. Net lettings amounted to SEK -58m in Q3 (SEK -125m YTD), reflecting continued tenant departures, including previously announced terminations by Ericsson in Kista and King in central Stockholm. Nevertheless, new leasing activity remained healthy in Q3, with contracts covering 33,000 sq.m. and annual rents of SEK 206m, including 7,000 sq.m. with Embark Studios in Stockholm and nearly 5,000 sq.m. with Norconsult in Gothenburg. Renegotiated rents were 3.4% below previous levels YTD.

Property values increased by SEK 553m in Q3, equivalent to 0.3% of the portfolio. Valuations in Stockholm benefited from downward adjustments to estimated ground rents following a favourable court ruling in July. According to management, the ruling has a combined positive cash flow and valuation effect of SEK 1.5bn, of which SEK 770m was recognised in Q3. The average portfolio yield requirement remained broadly stable at 4.50%, compared with a reported LTM investment property yield of 3.79%.

Credit metrics remained resilient with adequate rating headroom maintained

Vasakronan's financial position remained resilient in Q3, supported by disciplined capital allocation, modestly positive property revaluations and stable funding costs. Investments in existing properties amounted to SEK 0.66bn, fully offset by net property divestments of a similar amount, including a property in Gothenburg and residential development rights in Uppsala. Net debt declined marginally q/q, while net LTV decreased by 0.2pp to 40.0%. The average cost of debt remained unchanged q/q at 2.6%. On an LTM basis, interest coverage improved by 0.1x q/q to 3.6x, while net debt/EBITDA declined by 0.1x to 11.6x.

Despite the challenging leasing environment, Vasakronan continues to benefit from adequate rating headroom, strong liquidity and good access to funding markets. The company maintained an average debt maturity of 4.4 years, including committed facilities, and an interest-rate fixing period of 3.5 years. During the first nine months, Vasakronan entered into SEK 7bn of interest-rate hedges with an average maturity of six years. Based on our calculations, Moody's-adjusted effective leverage stood at 41.1% (35–45% rating range), while fixed-charge coverage was 3.3x (3.0–4.0x), indicating continued headroom within the current rating category.

Focus remains on leasing activity, portfolio development and financial discipline

Vasakronan remains focused on leasing activity, portfolio development and selective asset recycling, consistent with its long-term strategy of optimising the property portfolio while maintaining financial discipline. The ongoing development portfolio remains modest by historical standards, with two major projects representing a total investment volume of SEK 2.8bn, of which 57% has been capitalised. Completion is scheduled for Q2/27 and Q2/28. Management expects a gradual recovery in the office market over the coming years, supported by improving economic conditions and limited new supply, while prioritising new lettings and tenant retention.

Management also highlighted the favourable court ruling in July, which reduced the ground rent rate for two Stockholm properties to 2%, compared with the previous practice of 3%. The decision could have broader implications for Vasakronan's nine Stockholm leasehold properties, valued at approximately SEK 30bn. However, both parties have appealed to the Supreme Court, leaving the final outcome uncertain.

Overall, we view the report as credit neutral, with disciplined financial management, stable leverage and solid liquidity offsetting weaker leasing fundamentals and persistently elevated vacancies. While the financial profile remains resilient, meaningful credit improvement will likely depend on a sustained recovery in occupancy and underlying cash flow generation.

Deviation between actual Q3 results and SEB DCM Research estimates (SEKm)

Deviation table	Q3/25	Q4/25	Q1/26	Q2/26	Q3/26E	Q3/26	Q3 vs SEB
Rental income	2 380	2 454	2 369	2 347	2 363	2 396	1%
NOI	1 759	1 751	1 653	1 665	1 723	1 777	3%
EBITDA	1 731	1 723	1 617	1 630	1 694	1 751	3%
Interest expense	-503	-506	-497	-510	-507	-498	-2%
Net interest expense	-469	-486	-467	-480	-479	-469	-2%
Investment properties	182 076	181 812	182 389	182 811	182 741	183 363	0%
Total debt	76 092	74 921	77 088	76 971	75 675	76 764	1%
Net debt	72 927	72 967	74 258	73 544	72 502	73 306	1%
Total debt / EBITDA (x)	11,2x	11,0x	11,3x	11,4x	11,3x	11,3x	
Net debt / EBITDA (x)	10,8x	10,7x	10,9x	10,9x	10,8x	10,8x	
EBITDA / net interest (x)	3,7x	3,7x	3,6x	3,5x	3,5x	3,6x	
FFO / net debt (%)	6,0%	6,2%	6,0%	5,7%	5,5%	5,7%	
Gross LTV	41,8%	41,2%	42,3%	42,1%	41,4%	41,9%	
Net LTV	40,1%	40,1%	40,7%	40,2%	39,7%	40,0%	

Property	Q3/25	Q4/25	Q1/26	Q2/26	Q3/26E	Q3/26	DEV
Net acquisitions	-2 136	0	481	15	720	662	
Investments in existing properties	-558	-924	-625	-615	-650	-657	
Property revaluation	-169	-1 188	433	-178	0	557	
Yield	4,52%	4,52%	4,51%	4,50%	4,51%	4,50%	

Operating costs	Q3/25	Q4/25	Q1/26	Q2/26	Q3/26E	Q3/26	
Central administration	-28	-28	-36	-35	-29	-26	-10%
Running costs	-200	-269	-289	-226	-222	-225	1%
Repairs and maintenance	-38	-54	-44	-42	-38	-35	-7%
Property administration	-114	-128	-114	-143	-116	-116	0%
Property taxes	-220	-197	-217	-221	-217	-216	-1%
Leasehold rents	-49	-55	-52	-50	-47	-27	-43%
Total property costs	-621	-703	-716	-682	-640	-619	-3%

Source: Company data, SEB DCM Research estimates

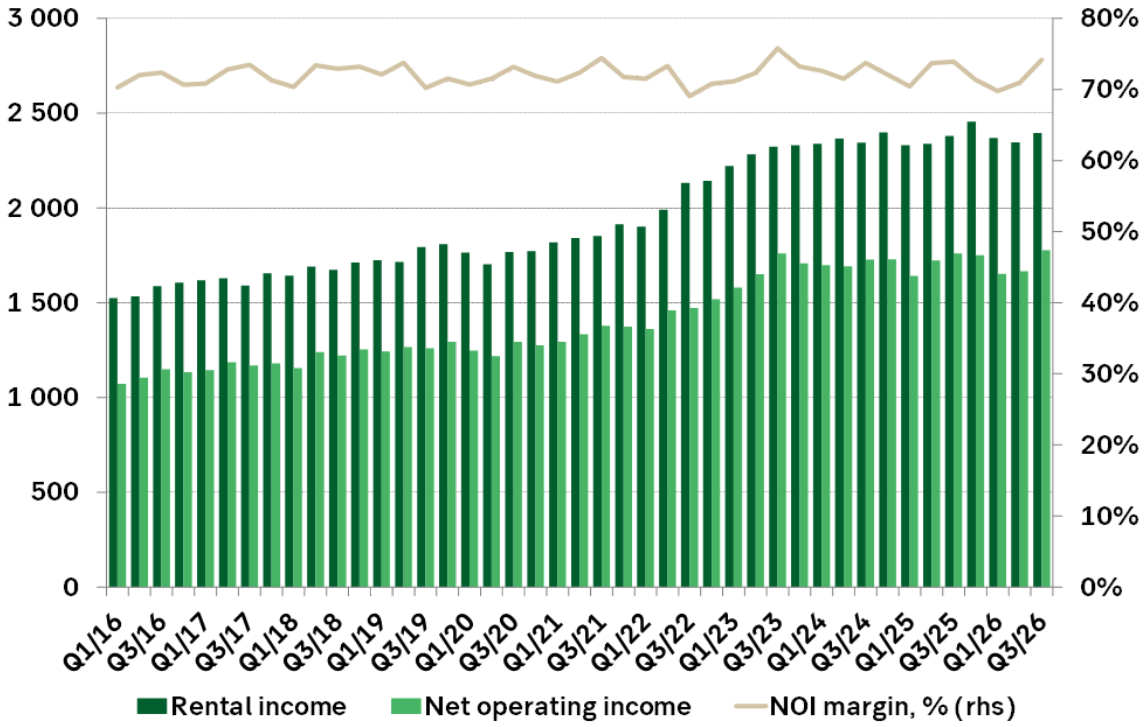
Vasakronan's LTM financial accounts and forecasts, SEB DCM Research base case

SEKm	Q4/25	Q1/26	Q2/26	Q3/26	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Rental income	9 503	9 541	9 550	9 566	7 040	7 006	7 425	8 167	9 157	9 447	9 503	9 474	9 537	9 663
NOI	6 875	6 886	6 828	6 846	5 060	5 032	5 377	5 808	6 697	6 847	6 875	6 770	6 847	6 938
EBITDA	6 798	6 806	6 748	6 773	5 268	4 961	5 461	5 862	6 636	6 768	6 798	6 696	6 773	6 863
FFO	4 533	4 472	4 217	4 155	3 899	3 608	4 090	4 414	4 706	4 575	4 533	4 210	4 419	4 493
Y/Y growth in rental income (%)	1%	1%	1%	1%	5%	0%	6%	10%	12%	3%	1%	0%	1%	1%
NOI margin (%)	72%	72%	71%	72%	72%	72%	72%	71%	73,1%	72,5%	72%	71%	72%	72%
EBITDA margin (%)	72%	71%	71%	71%	75%	71%	74%	72%	72%	72%	72%	71%	71%	71%
Interest expense	-1 981	-2 000	-2 016	-2 011	-1 135	-1 127	-1 055	-1 238	-1 884	-2 069	-1 981	-2 006	-2 139	-2 149
Net interest expense	-1 853	-1 870	-1 902	-1 902	-1 131	-1 118	-1 051	-1 208	-1 730	-1 885	-1 853	-1 889	-2 042	-2 083
Hybrid / preferred interest/dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted interest expense	-2 016	-2 027	-2 108	-2 086	-1 278	-1 276	-1 211	-1 368	-2 103	-2 093	-2 016	-2 060	-2 213	-2 257
Investment properties	181 812	182 389	182 811	183 363	156 071	162 420	181 575	188 317	174 569	178 183	181 812	183 795	186 796	190 273
Total debt	74 921	77 088	76 972	76 764	66 638	69 317	73 838	77 425	76 259	74 767	74 921	76 200	74 904	75 245
Cash and equivalents	1 954	2 830	3 427	3 458	3 515	2 558	3 521	2 984	3 225	3 878	1 954	4 345	2 968	2 803
Net debt	72 967	74 258	73 545	73 306	63 123	66 759	70 317	74 441	73 034	70 889	72 967	71 855	71 936	72 442
Hybrid / preferred debt / capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted debt	80 444	81 735	81 022	81 045	68 367	71 923	75 475	79 592	79 364	78 444	80 444	79 332	79 413	79 919
Secured debt	13 131	13 131	13 132	13 133	11 603	10 971	7 866	11 131	11 131	11 138	13 131	13 100	12 118	12 000
Equity	83 703	85 107	85 182	87 131	70 156	70 869	85 290	89 767	78 902	82 701	83 703	87 701	89 871	91 960
Adjusted equity	83 703	85 107	85 182	87 131	70 156	70 869	85 290	89 767	78 902	82 701	83 703	87 701	89 871	91 960
Net debt+equity	156 670	159 365	158 727	160 437	133 279	137 628	155 607	164 208	151 936	153 590	156 670	159 555	161 807	164 402

Credit metrics	Q4/25	Q1/26	Q2/26	Q3/26	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Total debt / EBITDA (x)	11,0x	11,3x	11,4x	11,3x	12,6x	14,0x	13,5x	13,2x	11,5x	11,0x	11,0x	11,4x	11,1x	11,0x
Net debt / EBITDA (x)	10,7x	10,9x	10,9x	10,8x	12,0x	13,5x	12,9x	12,7x	11,0x	10,5x	10,7x	10,7x	10,6x	10,6x
Adjusted debt / EBITDA (x)	11,6x	11,7x	11,7x	11,6x	12,6x	14,1x	13,4x	13,2x	11,3x	11,2x	11,6x	11,6x	11,4x	11,4x
EBITDA / interest (x)	3,4x	3,4x	3,3x	3,4x	4,6x	4,4x	5,2x	4,7x	3,5x	3,3x	3,4x	3,3x	3,2x	3,2x
EBITDA / net interest (x)	3,7x	3,6x	3,5x	3,6x	4,7x	4,4x	5,2x	4,9x	3,8x	3,6x	3,7x	3,5x	3,3x	3,3x
EBITDA / adjusted interest (x)	3,5x	3,4x	3,3x	3,3x	4,2x	4,0x	4,6x	4,4x	3,3x	3,3x	3,5x	3,3x	3,1x	3,1x
FFO / total debt (%)	6,1%	5,8%	5,5%	5,4%	5,9%	5,2%	5,5%	5,7%	6,2%	6,1%	6,1%	5,5%	5,9%	6,0%
FFO / net debt (%)	6,2%	6,0%	5,7%	5,7%	6,2%	5,4%	5,8%	5,9%	6,4%	6,5%	6,2%	5,9%	6,1%	6,2%
FFO / adjusted debt (%)	5,8%	5,7%	5,5%	5,4%	5,9%	5,2%	5,6%	5,7%	6,4%	6,1%	5,8%	5,5%	5,8%	5,8%
Gross LTV	41,2%	42,3%	42,1%	41,9%	42,7%	42,7%	40,7%	41,1%	43,7%	42,0%	41,2%	41,5%	40,1%	39,5%
Net LTV	40,1%	40,7%	40,2%	40,0%	40,4%	41,1%	38,7%	39,5%	41,8%	39,8%	40,1%	39,1%	38,5%	38,1%
Adjusted LTV	42,5%	43,0%	42,6%	42,4%	42,4%	42,9%	40,4%	41,1%	43,9%	42,2%	42,5%	41,5%	40,9%	40,4%
Net debt / debt+equity	46,6%	46,6%	46,3%	45,7%	47,4%	48,5%	45,2%	45,3%	48,1%	46,2%	46,6%	45,0%	44,5%	44,1%
Adjusted debt / debt+ equity	51,3%	51,3%	51,0%	50,5%	51,3%	52,3%	48,5%	48,5%	52,2%	51,1%	51,3%	49,7%	49,1%	48,6%
Secured LTV	7,2%	7,2%	7,2%	7,2%	7,4%	6,8%	4,3%	5,9%	6,4%	6,3%	7,2%	7,1%	6,5%	6,3%
Equity ratio	41,4%	41,6%	41,7%	42,3%	41,2%	40,2%	43,5%	43,0%	40,5%	41,6%	41,4%	42,3%	43,0%	43,3%

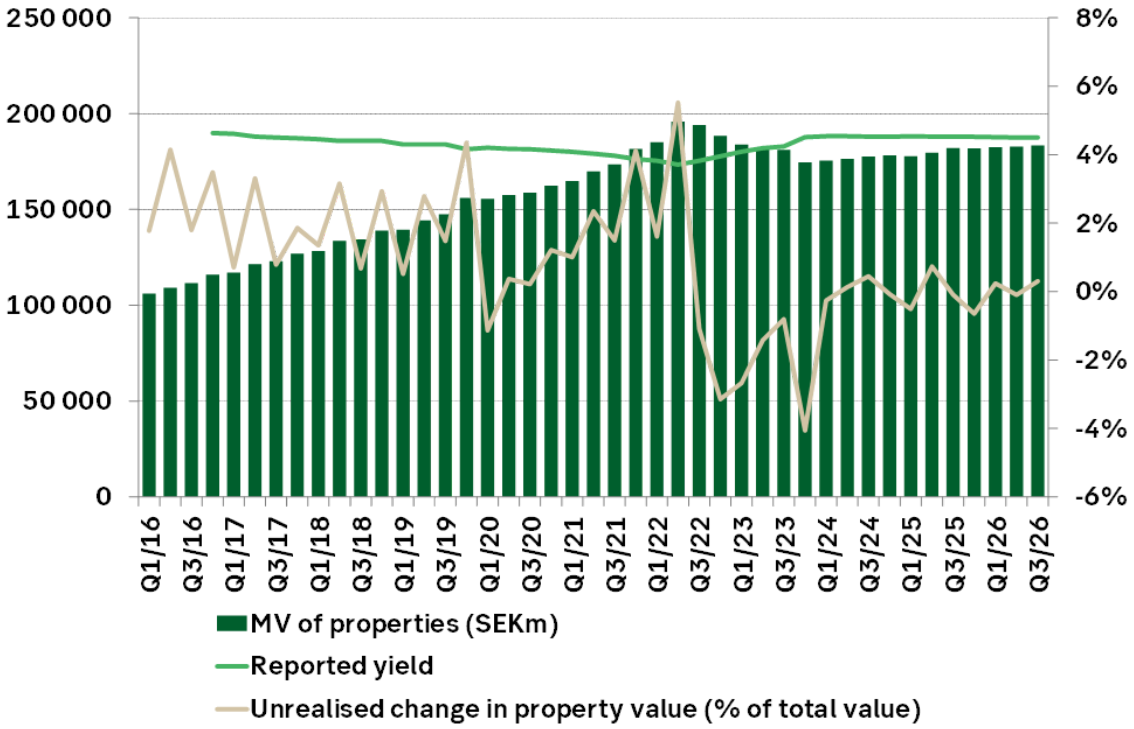
Source: Company data, SEB DCM Research estimates

Quarterly rental income and NOI (SEKm)



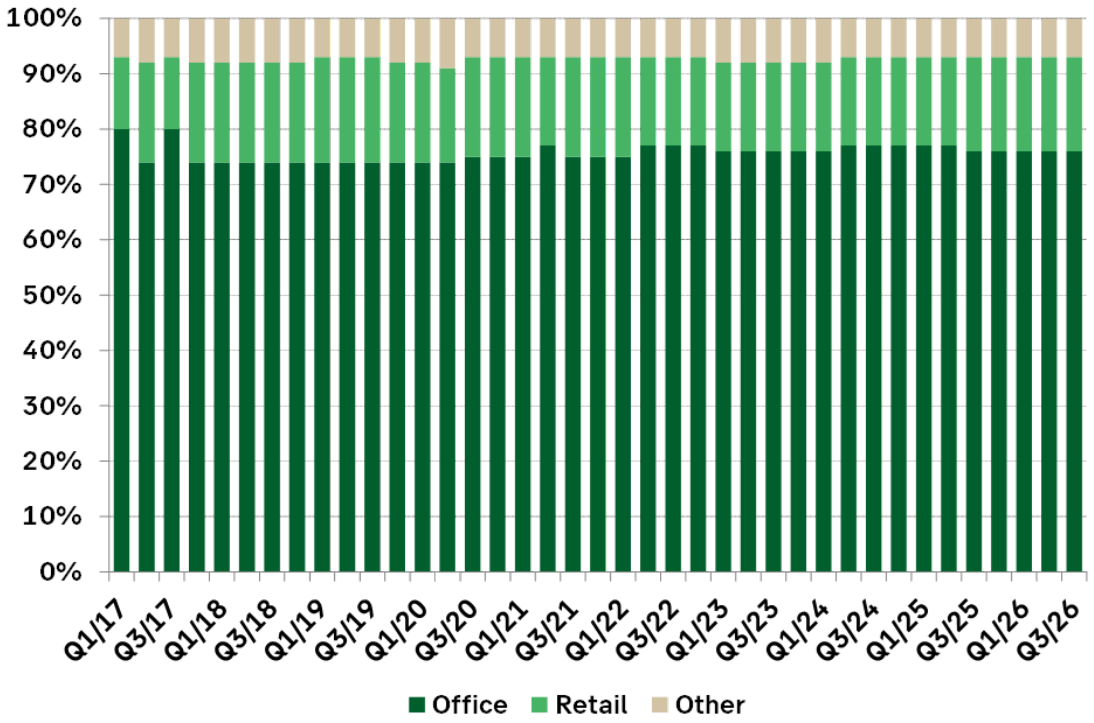
Source: Company reports, SEB

Property portfolio statistics (SEKm)



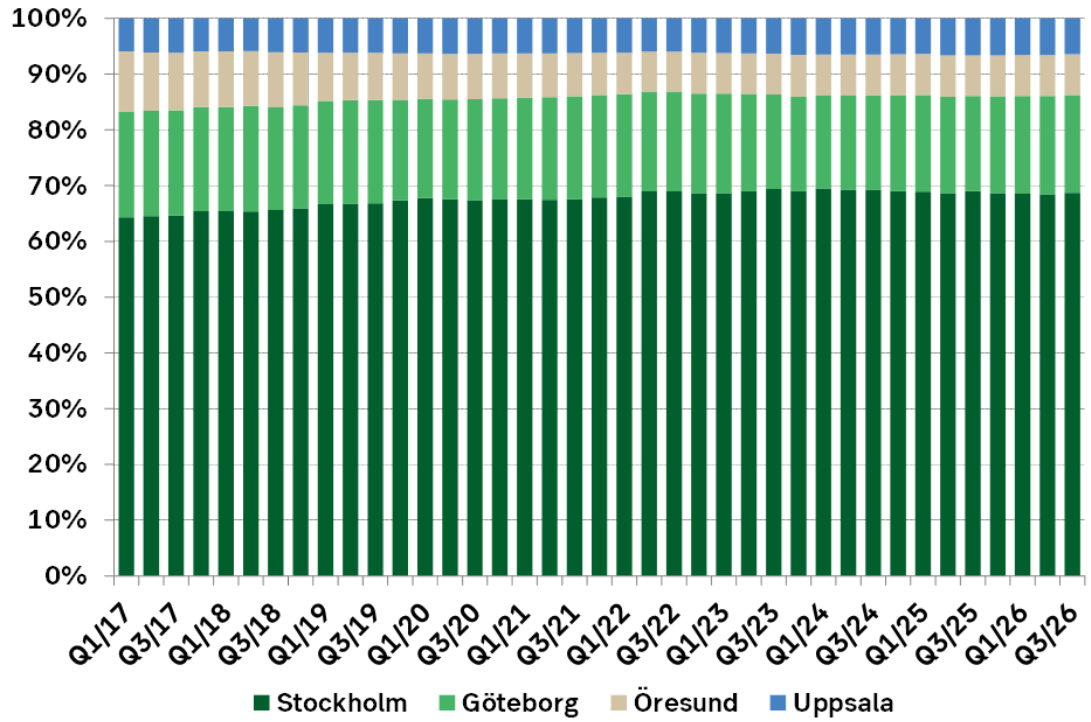
Source: Company reports, SEB

Property portfolio composition by property type (%)



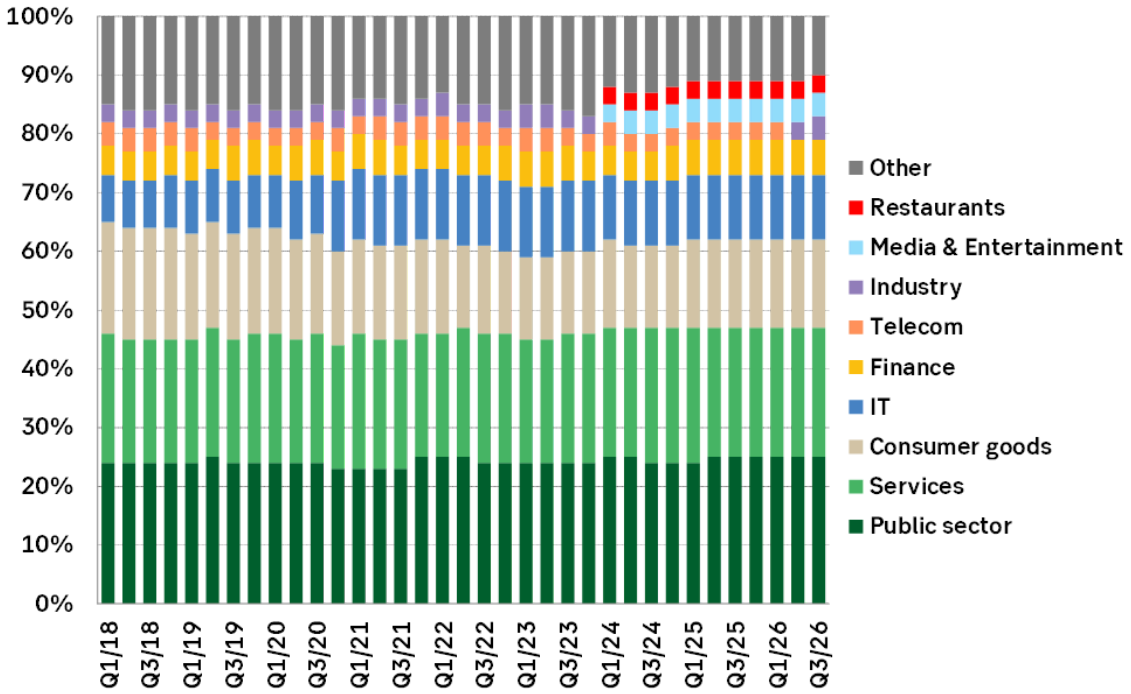
Source: Company reports

Property portfolio composition by region (%)



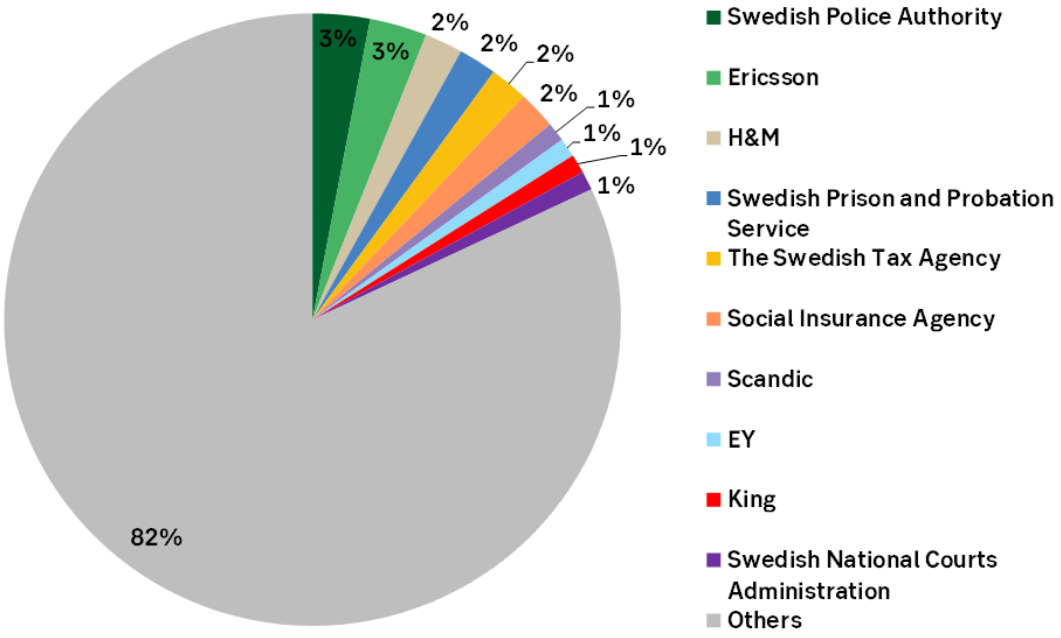
Source: Company reports

Breakdown of tenant by sector, % of contracted rent



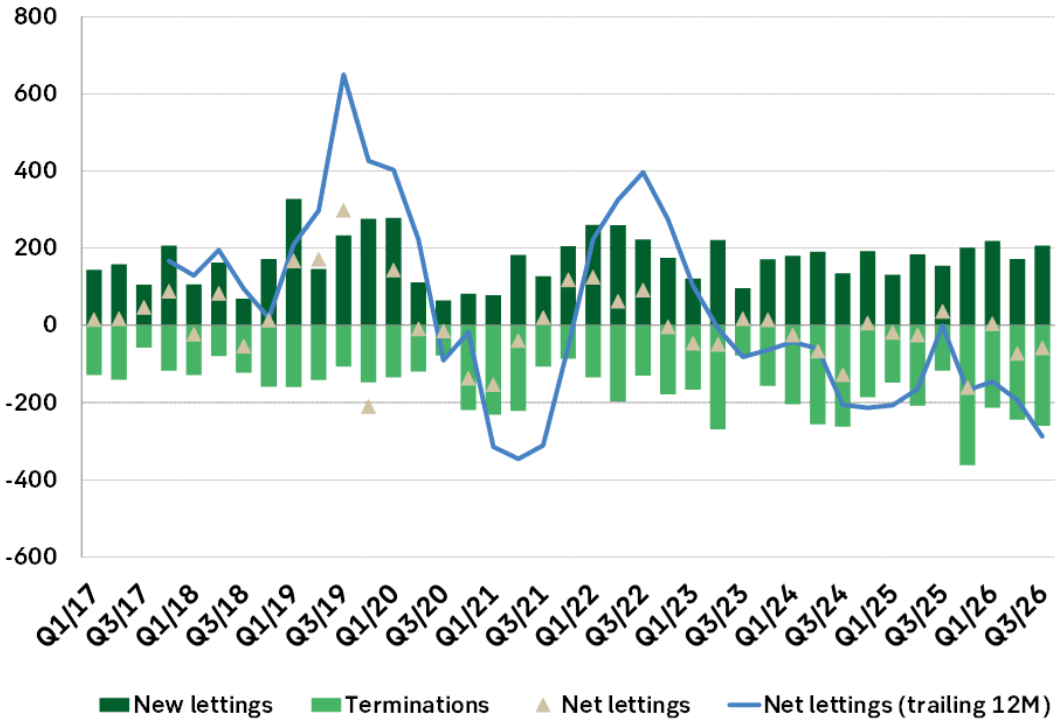
Source: Company reports

Tenant composition per end-Q3/26 (%)



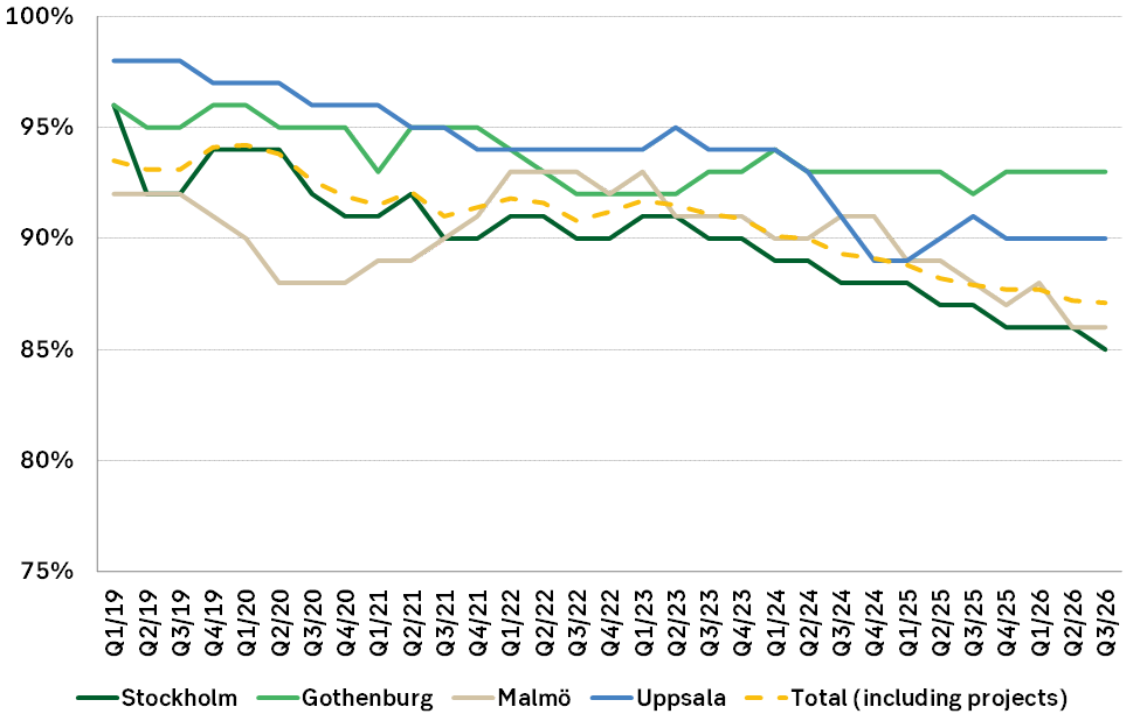
Source: Company reports

Historical evolution of net leasing per quarter (SEKm)



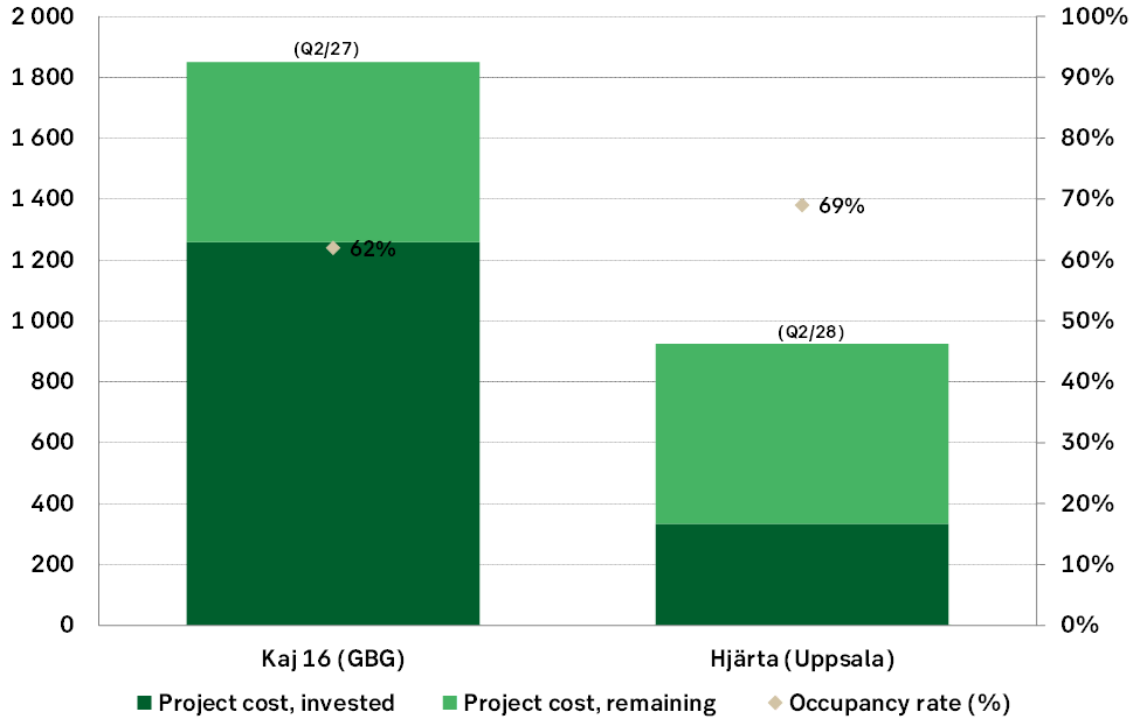
Source: Company reports, SEB

Occupancy rate development per region (%)



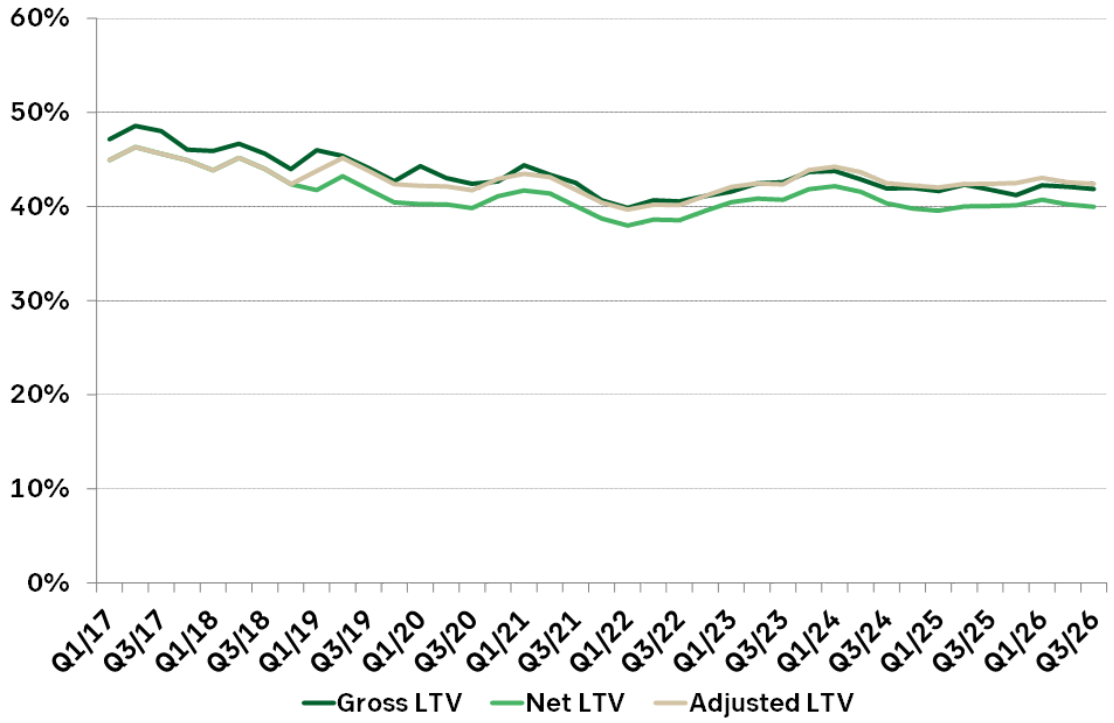
Source: Company reports, SEB

Overview of major projects ongoing per end-Q3/26 (SEKm)



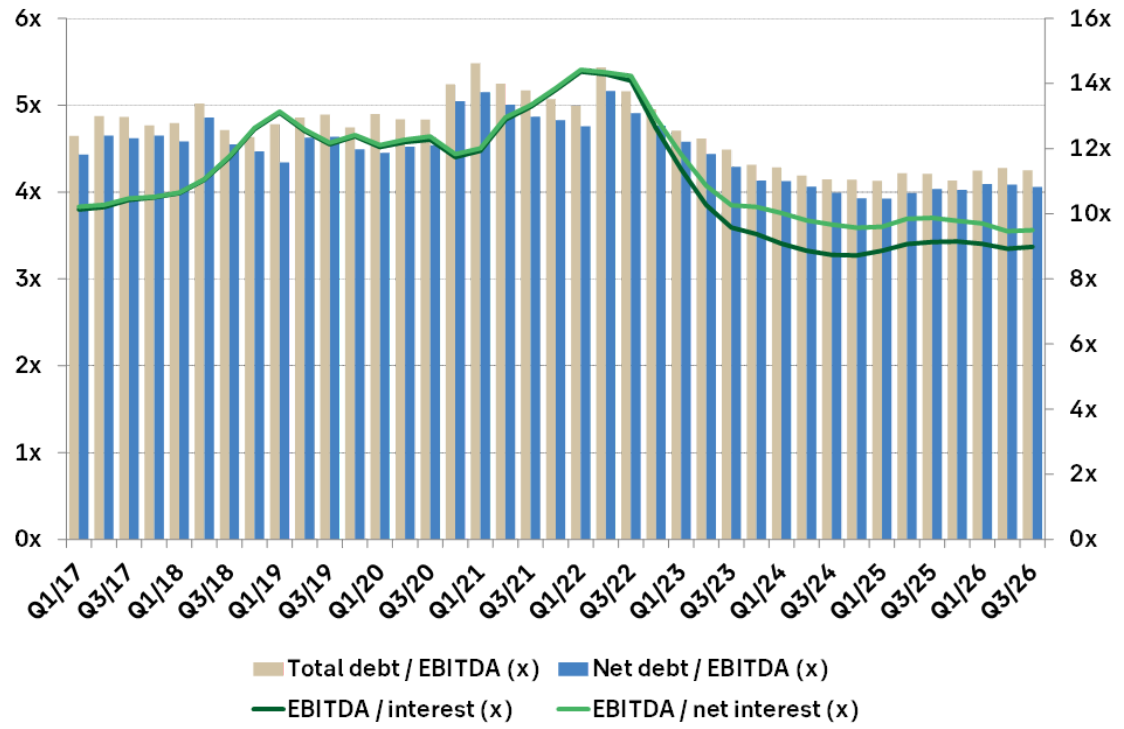
Source: Company reports, SEB

LTV (%)



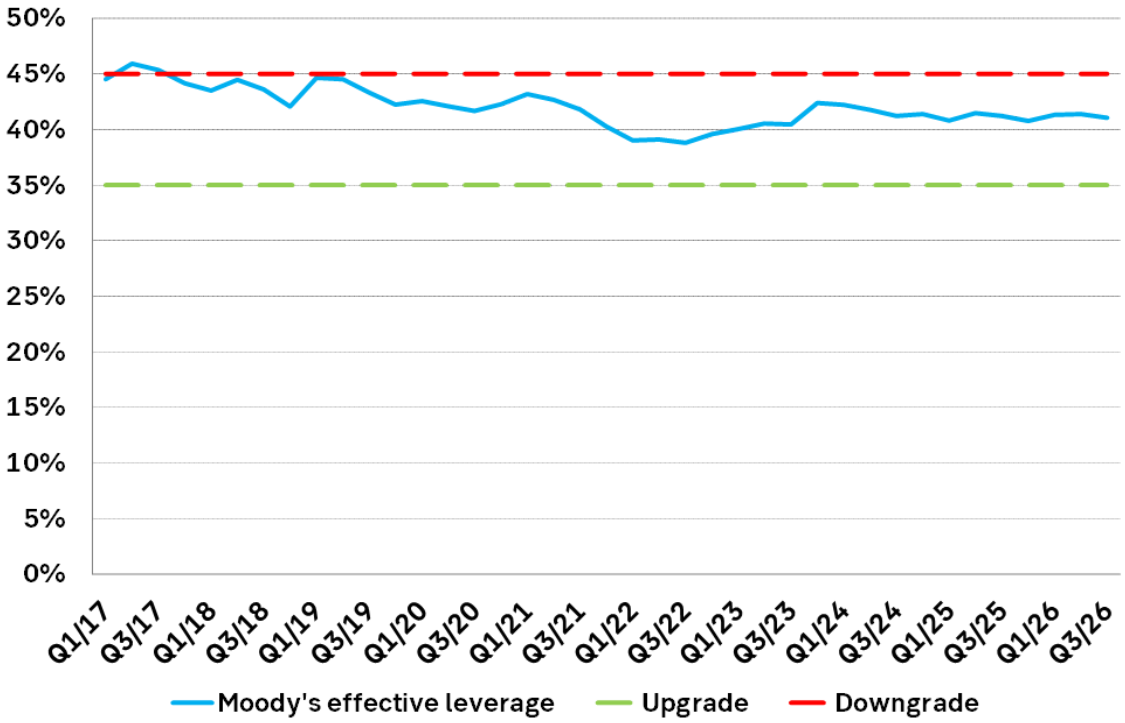
Source: Company reports, SEB

LTM leverage and interest coverage (x)



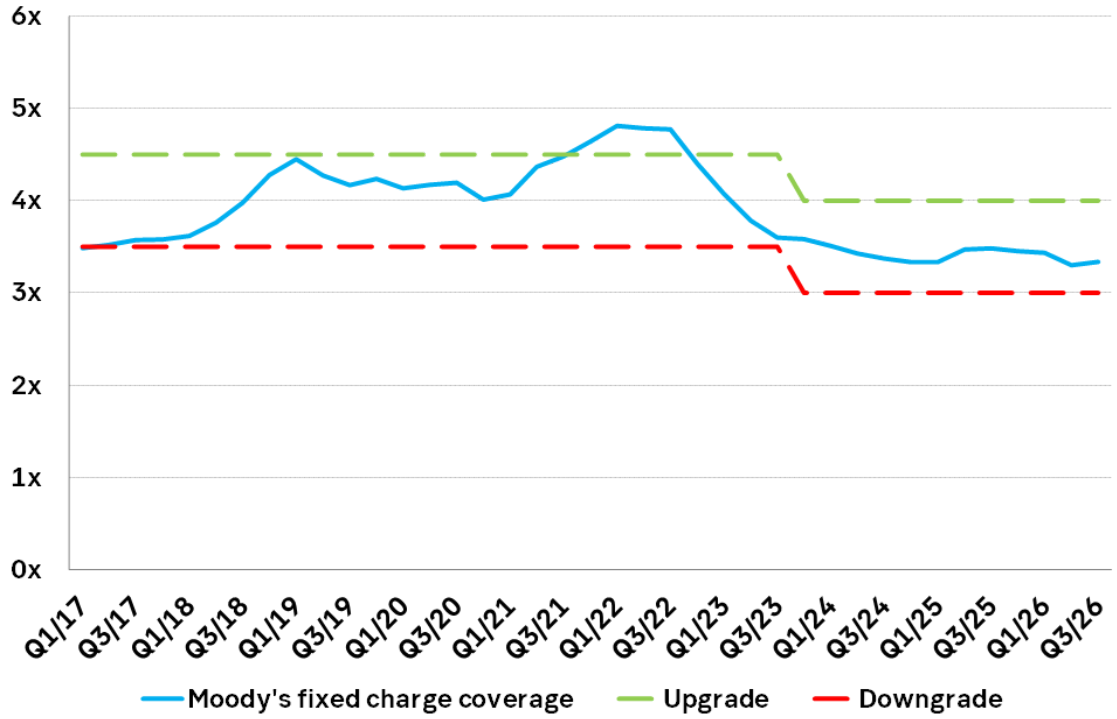
Source: Company reports, SEB

Moody's effective leverage and rating triggers



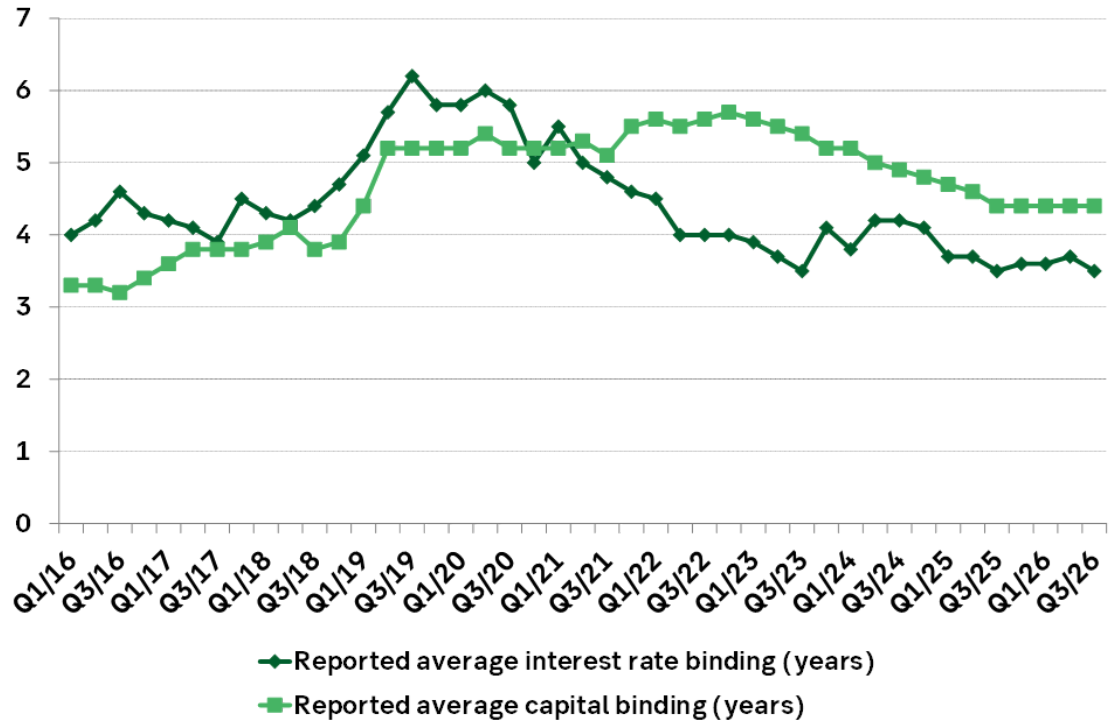
Source: SEB, Moody's

Moody's fixed charge coverage and current rating triggers



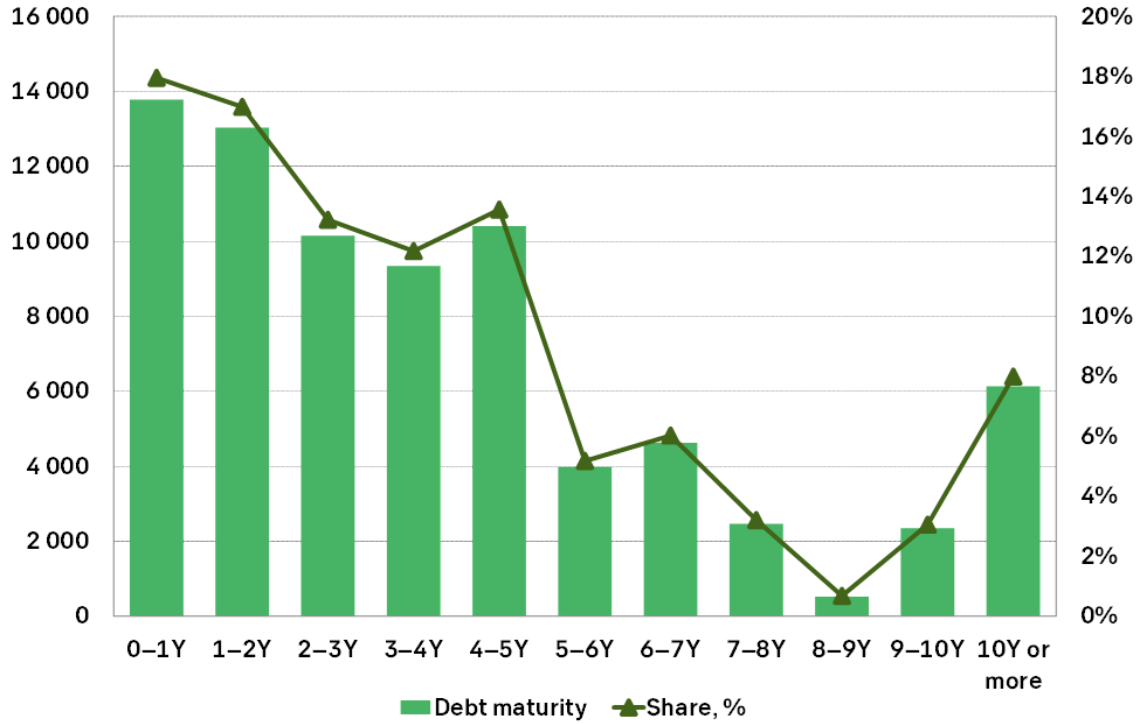
Source: SEB, Moody's

Capital and interest binding (years)



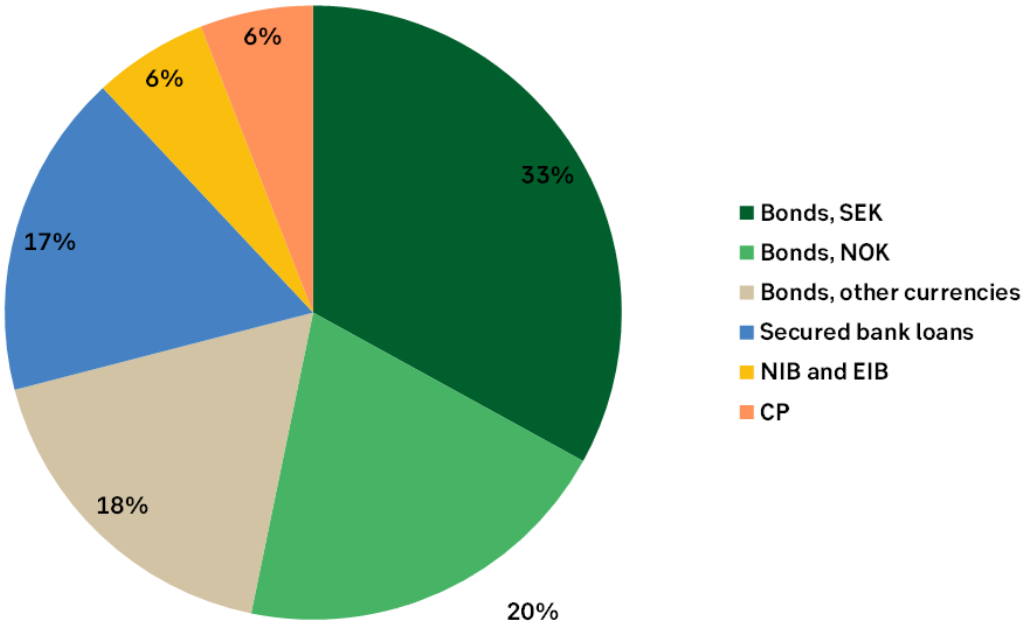
Source: Company reports

Debt maturity profile per end-Q3/26 (SEKm)



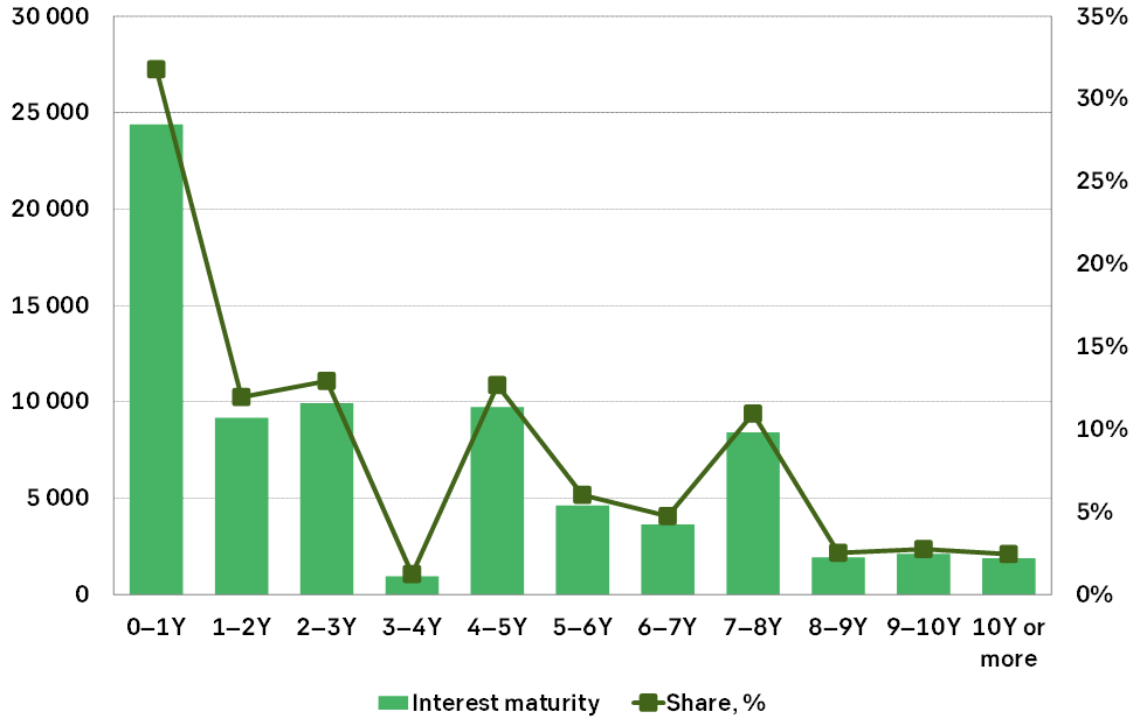
Source: Company data

Distribution of funding sources per end-Q3/26 (%)



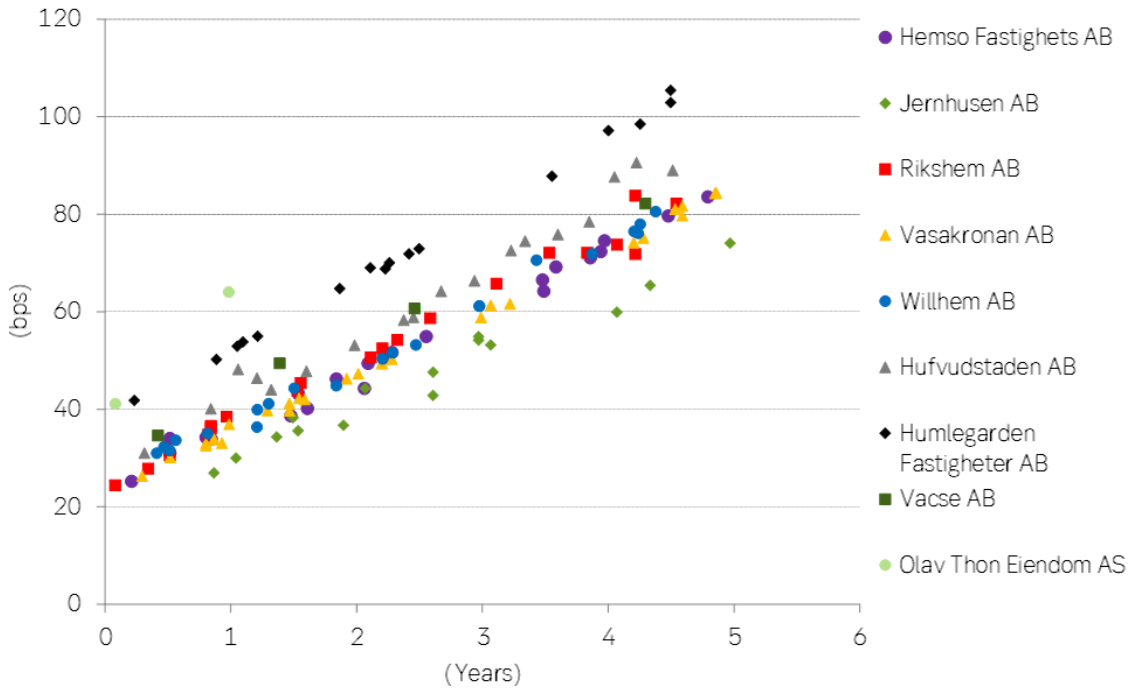
Source: Company data

Interest maturity profile per end-Q3/26 (SEKm)



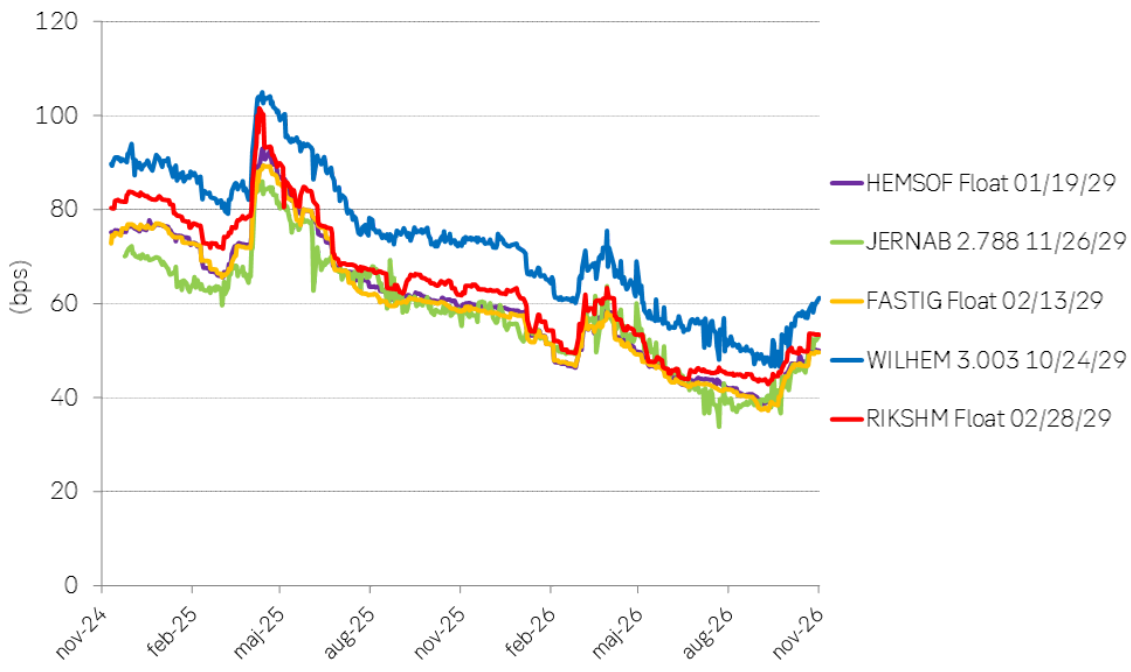
Source: Company data

Relative value, selective SEK bonds



Source: Bloomberg, SEB

Spread development, selective SEK bonds



Source: Bloomberg, SEB

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