Overall mixed Q3 amid negative net letting

Vasakronan

Quarterly update Q3 2026

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Swedbank Research
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Income was better than expected but negative net letting stands out

Stable credit metrics and extensive hedging program are positive amid rising market rates

SEKm	3Q25	4Q25	1Q26	2Q26	3Q26	3Q26E	Dev %	y/y Δ %
Rental income	**2 380**	**2 454**	**2 369**	**2 347**	**2 396**	**2 353**	**2%**	**1%**
% growth, y/y	2%	2%	2%	0%	1%	-1%		
Operating expenses	-572	-648	-664	-632	-592	-565		
NOI	**1 808**	**1 806**	**1 705**	**1 715**	**1 804**	**1 787**	**1%**	**-0%**
SG&A	-28	-28	-36	-35	-26	-35		
Operating income	**1 780**	**1 778**	**1 669**	**1 680**	**1 778**	**1 752**	**1%**	**-0%**
Result from associates	-7	-7	-7	-8	1	0		
Interest income	34	20	30	30	29	28		
Interest expense	-503	-506	-497	-510	-498	-507		
Other financial items	-49	-55	-52	-50	-27	-50		
Income from prop. mgmt.	**1 255**	**1 230**	**1 143**	**1 142**	**1 283**	**1 223**	**5%**	**2%**
Revaluation of properties	-51	-1 189	433	-192	553	79		
Other value changes	236	159	117	-817	579	0		
Other non-op. Expenses	-2	-2	0	0	-10	0		
Income before tax	**1 438**	**198**	**1 693**	**133**	**2 405**	**1 302**		
Current tax	-106	-164	-114	-114	-178	-91		
Deferred tax	-46	-72	-175	56	-279	-169		
Net income	**1 286**	**-38**	**1 404**	**75**	**1 948**	**1 042**		
MV properties	182 076	181 812	182 389	182 811	183 363	183 681		
MV property development %	-0.0%	-0.7%	0.2%	-0.1%	0.3%	0.0%		
NOI margin	76.0%	73.6%	72.0%	73.1%	75.3%	76.0%		
FFO	1 257	1 276	790	900	1 148	1 132		
NIBD / Total assets	39.7%	39.8%	39.9%	39.7%	39.4%	39.4%		
NIBD / NIBD+Equity	49.0%	49.0%	49.0%	48.7%	48.2%	48.3%		
ICR	3.8x	3.7x	3.7x	3.6x	3.6x	3.6x		
Interest rate %	2.5%	2.5%	2.5%	2.6%	2.6%	2.7%		
Yield requirement	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%		

Comments

- Vasakronan reported an overall mixed Q3 as solid income and positive property value change (+0.3%) was offset by negative net letting and a further increase in vacancy rate to 12.9% from 12.8% in 2Q26. While office vacancy rate stabilised q/q, it's still too early to conclude that vacancy has peaked. The continued negative net letting trend implies that the letting market is still difficult in particular for older buildings and weaker locations, meanwhile Vasakronan reports high pace in letting activity for attractive locations and high quality properties. Transaction market is showing the same trends as letting market – strong in attractive locations with positive net letting and weaker in locations where letting markets are also weaker. Credit metrics and the average interest rate remained stable q/q which is positive amid higher long-term market rates. Further, Vasakronan has entered SEK 7bn interest rate hedges year-to-date with an average maturity of 6 years and is in our view overall well prepared for higher rates. Credit neutral quarter and we remain marketweight
- Rental income increased by 1% y/y and was 2% ahead of our estimate. For comparable portfolio, rental income was flat y/y. NOI and IFPM were solid and beat our estimates by 1% and 5%, respectively
- Net letting for Q3 was negative at SEK -58m which adds up to SEK -125m for YTD. Despite ongoing renegotiations and strong demand in central Stockholm, terminations are high primarily due to a few major previously announced terminations, e.g. by Ericsson and King
- Property value increased by SEK 553m or +0.3% of total property value and was mostly driven by Stockholm where values were positively impacted by downward adjustments to estimated ground rents to 2% from previous 3% as a result of the ruling by the Land and Environment Court of Appeal in July. Average yield requirement was 4.50%, unchanged q/q
- Occupancy rate was 87.1%, slightly down from 87.2% in 2Q26. At the same time, it's reassuring that office occupancy rate did not deteriorate q/q and remained stable at 85.8%, meanwhile retail occupancy rate decreased by 0.1 percentage points q/q to 95.8%. Year-to-date, the total portfolio occupancy rate has declined by 0.6 percentage points
- Loan to value ratio (NIBD/property MV) was unchanged q/q at 40%, meanwhile RTM ICR remained flat at 3.5x. The average interest rate for loans and derivatives remained unchanged q/q at 2.6%

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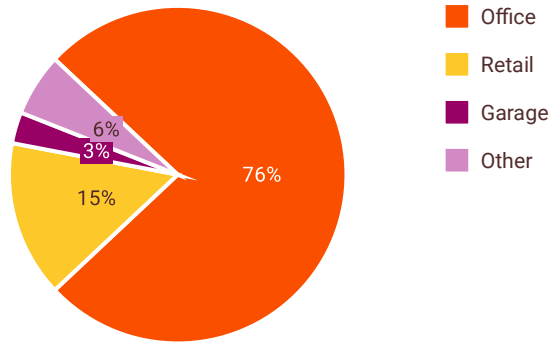
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Stable credit profile with strong liquidity position

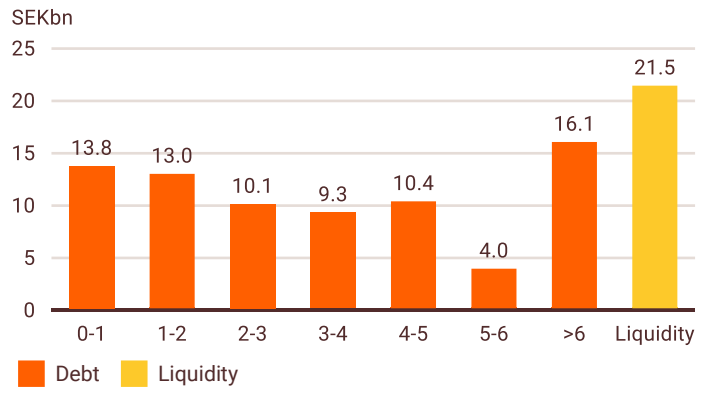
Financial metrics in line with the current credit rating

SEKm	2023	2024	2025	2026E	2027E	2028E
Rental Income	9 157	9 447	9 503	9 514	9 789	10 076
Revenue growth	12.1 %	3.2 %	0.6 %	0.1 %	2.9 %	2.9 %
EBITDA	6 751	6 943	6 909	6 869	7 088	7 296
EBITDA margin	74%	73%	73%	72%	72%	72%
Market value, Properties	174 569	178 183	181 812	184 303	187 663	190 444
IBD	82 589	82 322	82 398	83 990	82 158	80 641
NIBD	79 364	78 444	80 444	80 767	79 360	77 343
Cash	3 225	3 878	1 954	3 223	2 798	3 298
Equity	78 902	82 701	83 703	88 183	92 301	96 446
FFO	4 589	4 453	4 479	3 976	4 481	4 565
Capex	-2 802	-2 414	-2 505	-2 752	-3 054	-2 529
FOCF	1 733	2 381	1 585	796	1 427	2 037
Change in cash	241	653	-1 925	1 269	-425	500
LTV	47%	46%	45%	46%	44%	42%
Net LTV	45%	44%	44%	44%	42%	41%
IBD / Total Assets	42%	41%	41%	41%	39%	38%
NIBD / NIBD+Equity	50%	49%	49%	48%	46%	45%
NIBD/ EBITDA	11.8x	11.3x	11.6x	11.8x	11.2x	10.6x
FFO/NIBD	6%	6%	6%	5%	6%	6%
Equity ratio	40%	42%	41%	43%	44%	45%
EBITDA / net interest	3.9x	3.7x	3.7x	3.6x	3.3x	3.2x
Interest rate %	2.7y	2.6%	2.5%	2.7%	3.1%	3.3%
Yield requirement	4.5y	4.5%	4.5%	4.5%	4.5%	4.5%
Vacancy rate	9.1%	10.9%	12.3%	12.9%	12.9%	12.9%
Interest maturity	4.1y	4.1y	3.6y	-	-	-
Debt maturity	5.2y	4.8y	4.4y	-	-	-
MV property development %	-8.8%	0.3%	-0.5%	0.5%	0.2%	0.1%

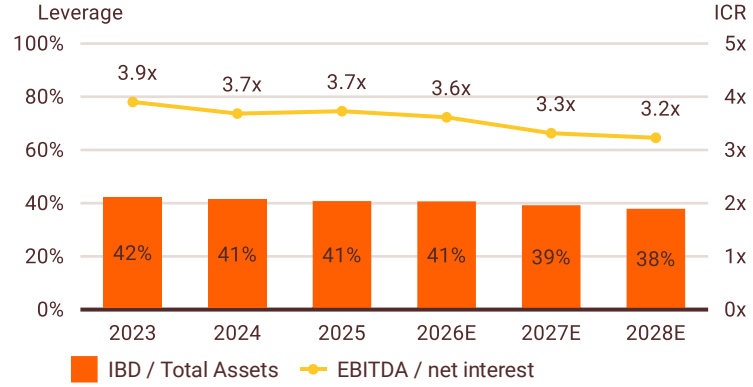
Portfolio split – segments



Maturity schedule



Leverage development



Recommendation

- Vasakronan's 3Q26 report was overall mixed, but the credit profile remains solid and the company is in our view well prepared for the higher rate environment
- In April, Moody's affirmed the A3 rating with stable outlook, reflecting Vasakronan's robust financial performance, very strong liquidity, solid market access, and ongoing owner support
- Vasakronan is trading in a tight range with its A rated peers Jernhusen, Rikshem and Hemsö. Overall, Vasakronan's bonds remain at tight levels despite the recent credit spread widening, particularly for the real estate sector. We reiterate our **marketweight recommendation**

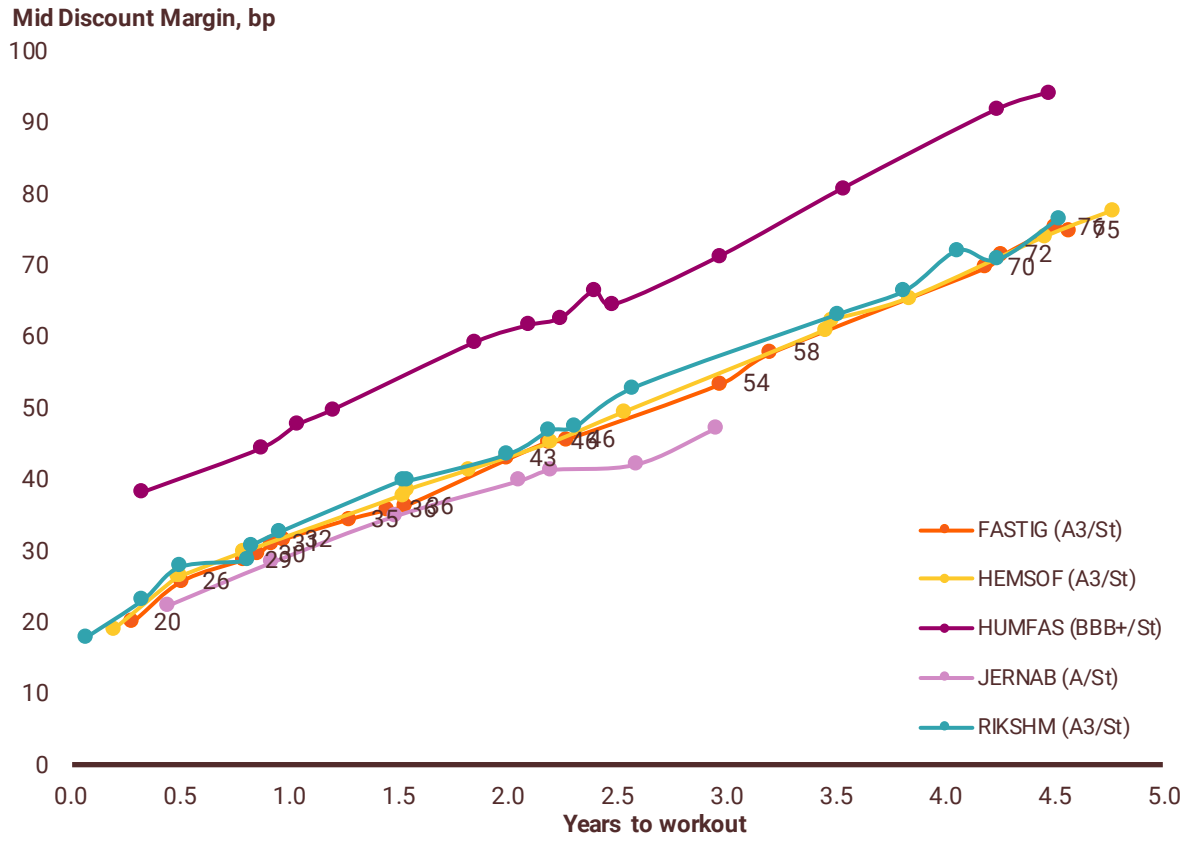
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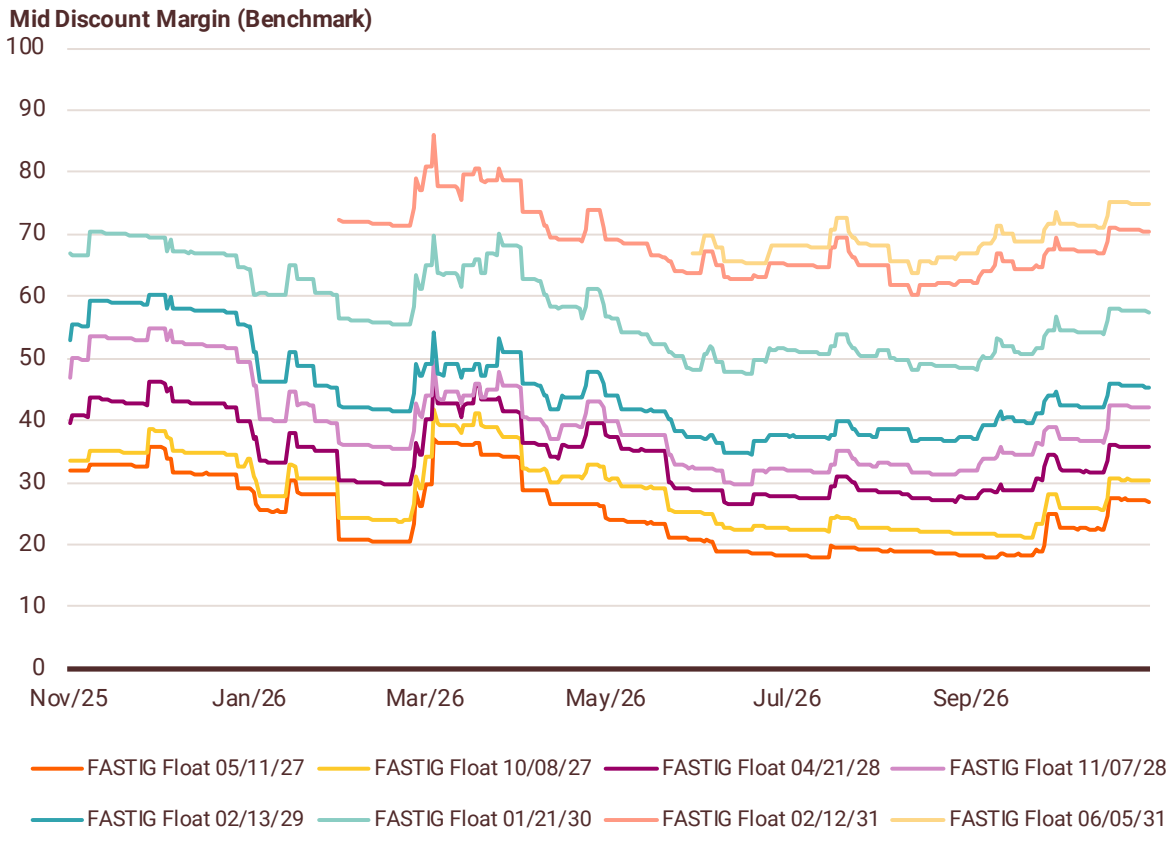
Vasakronan is trading in line with A-rated real estate peers

The high grade real estate spreads are only marginally wider in recent months as opposed to lower rated peers

High grade SEK floaters



Vasakronan spread development for selected bonds



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Source: Bloomberg, Swedbank Research

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