

Vasakronan

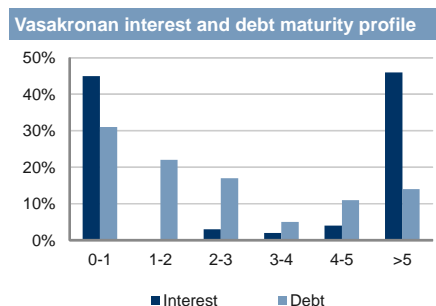
Industry (GICS): Real Estate Management & Development
Sector (Nordea): Construction and Real Estate

Key info	
Country	Sweden
Bloomberg debt	FASTIG
Bloomberg equity	1276Z SS
Moody's	NR/---
S&P	NR/---
Market cap. (bn)	n.a.

Nordea Markets - Analysts	
Devdeep Chakraborty	+46 101 565 968
Senior Analyst, Credit	
devdeep.chakraborty@nordea.com	
Andreas Zsiga	+46 101 565 985
Chief analyst, Credit	
andreas.zsiga@nordea.com	

Vasakronan bond recommendations	
Bond	Recommendation
FASTIG 0 08/10/17	Outperform (Market perform)
FASTIG 0 01/17/18	Market perform
FASTIG 0 03/19/19	Market perform
FASTIG 1.46 03/12/22	Market perform

Source: Company data and Nordea Markets



Source: Company data and Nordea Markets

Post-Q3 credit profile remains in shape

Vasakronan's credit profile strengthened slightly in Q3, with a 3% increase of rental revenue (y/y on a comparable property) and a property revaluation of 7.9% owing to increasing rents and decreasing yields. Credit duration was at a moderate 3.2 years and we expect this to increase in the next few years. The average interest rate on the whole loan portfolio was 2% and the interest coverage ratio is at 3.8x (3.7x a year back). LTV came in at 48% (49% a year back) and the occupancy rate increased to 93.7% from last year's 92.4%. Cash flow from operations improved.

SEK real estate at a crossroads: Vasakronan well-positioned

We believe tides are changing in the SEK real estate market where valuation is sky high and yields are at multi-year lows. Moving forward, a lot of focus will be on rents, vacancies and projects. We believe Vasakronan is well-positioned in the Swedish real estate market with exposure to offices in attractive locations which have seen positive trends in rents and vacancies. Like many other players, low yields will likely see Vasakronan focus on projects to create value instead of buying new properties at current high valuations. Although projects are on the whole negative for bondholders, given Vasakronan's scale and attractive project locations, we remain comfortable with its plan of investing SEK 10m in the coming six years. Investments in other Nordic countries could also be on the cards.

We expect the company to look for longer-dated funding

Around 53% of debt matures in the next year or two and we believe Vasakronan will roll this debt forward with considerable ease, albeit at slightly higher interest costs. We also believe the company will diverge from its previous strategy of more shorter-dated funding to focus on longer-dated funding. Given its size, relationship with banks and diversified funding channels, we believe it will be able to achieve this in the coming years. In our view Vasakronan also remains one of the public rating candidates. Given the current financial KPIs and Vasakronan's focus on the Stockholm CBD office market, we remain positive on the credit. At current levels we keep our Market Perform recommendation on Jan'18, Mar'19 and Mar'22 bonds but given the short duration we change our recommendation on the Aug'17 bond to Outperform from Market Perform.

Key credit metrics and ratios (adjusted numbers)										
SEKm	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
EBITDA	3,807	3,706	4,211	4,272	4,141	4,058	4,115	4,318	4,452	4,590
- margin	65%	67%	70%	72%	69%	69%	68%	69%	69%	69%
EBIT	3,341	3,589	4,090	4,128	4,141	4,058	4,115	4,318	4,452	4,590
- margin	57%	65%	68%	69%	69%	69%	68%	69%	69%	69%
Shareholders' equity	24,763	26,697	29,716	32,660	36,357	35,094	41,245	37,359	38,028	38,770
Debt	40,222	44,656	44,434	43,621	43,347	45,521	49,024	52,650	52,996	53,250
Debt/(Debt+Equity)	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.6	0.6	0.6
FFO/Debt	7.8%	1.7%	2.7%	7.7%	4.0%	4.7%	0.3%	4.0%	4.1%	4.2%
FOCF/Debt	4.0%	5.7%	6.0%	5.2%	6.4%	6.4%	6.6%	5.4%	5.4%	5.6%
DCF/Debt	1.3%	-3.6%	2.7%	2.3%	3.6%	-2.4%	-3.4%	-6.0%	2.6%	2.8%
EBITDA interest coverage	2.8	2.9	2.5	2.7	2.8	3.2	3.7	2.9	2.9	2.9
Debt/EBITDA	10.6	12.0	10.6	10.2	10.5	11.2	11.9	12.2	11.9	11.6
ROC	4.6%	4.8%	5.1%	5.0%	4.8%	4.6%	4.3%	4.2%	4.3%	4.4%

Source: Company data and Nordea Markets

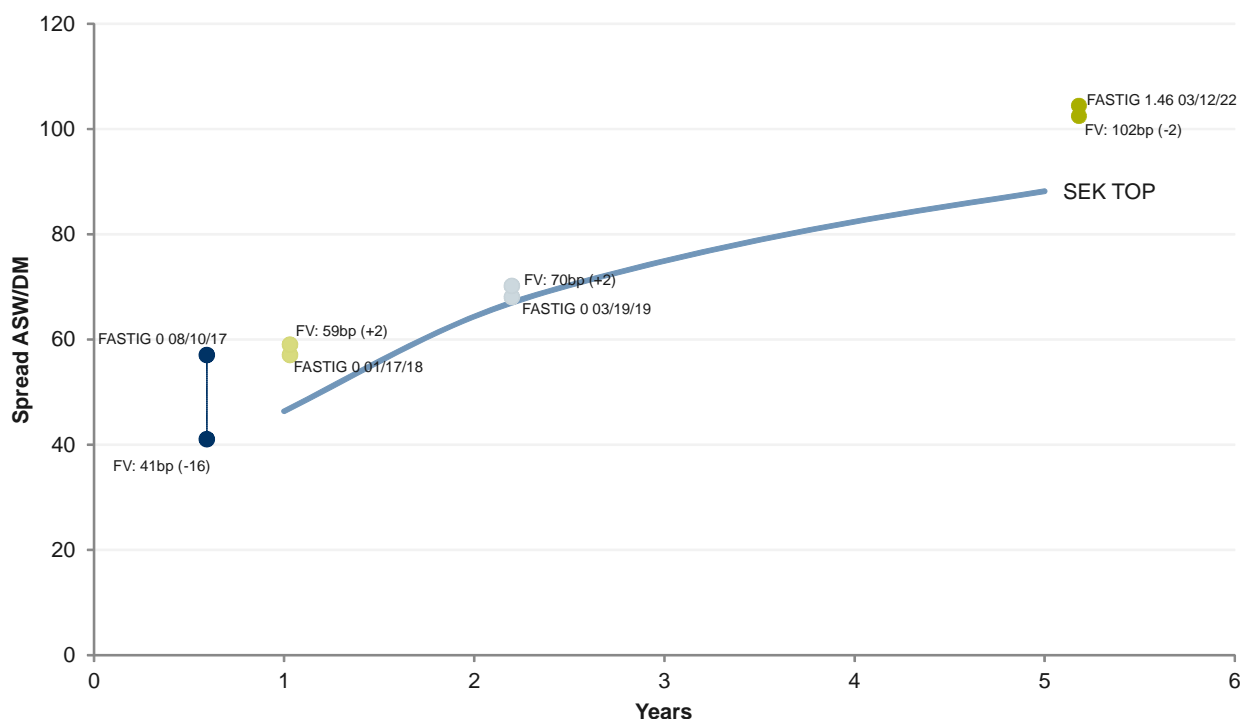
Bond recommendations

Given the current financial KPIs and Vasakronan's focus on the Stockholm CBD office market, we remain positive on the credit. At current levels we keep our Market Perform recommendation on Jan'18, Mar'19 and Mar'22 bonds, but given the short duration we change our recommendation on Aug'17 to Outperform from Market Perform.

Recommendation and walk-through of the fair spread estimate				
Bloomberg ticker	EK061688 Corp	EK127312 Corp	EK790947 Corp	EJ510639 Corp
Security name	FASTIG 0 08/10/17	FASTIG 0 03/19/19	FASTIG 1.46 03/12/22	FASTIG 0 01/17/18
Currency	SEK	SEK	SEK	SEK
Recommendation	Outperform (Market perform)	Market perform	Market perform	Market perform
Curve spread	32.81	66.81	89.08	47.16
Credit quality vs reference	6.56	0.00	8.91	9.43
Issuer score vs reference	0.00	0.00	0.00	0.00
Rated/Unrated	1.64	3.34	4.45	2.36
Bond liquidity	0.00	0.00	0.00	0.00
Demand saturation	1.64	3.34	4.45	2.36
Ownership etc	-1.64	-3.34	-4.45	-2.36
Fair Value	41.02	70.15	102.44	58.95
Spread	57.00	67.99	104.42	56.98
Difference	-15.99	2.16	-1.98	1.97

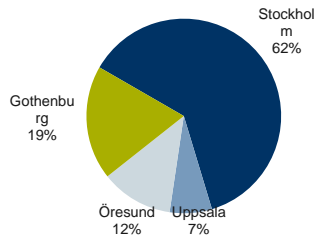
Source: Bloomberg and Nordea Markets

Vasakronan bonds – relative value



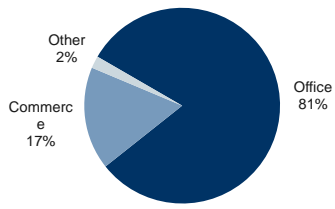
Source: Bloomberg and Nordea Markets

Rental revenue split by geography



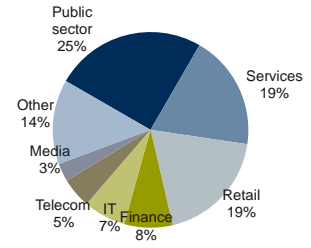
Source: Company data and Nordea Markets

Rental revenue split by property type



Source: Company data and Nordea Markets

Rental revenue split by sector



Source: Company data and Nordea Markets

Reported numbers and forecasts

Income statement										
SEKm	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Total revenue	5,865	5,508	6,048	5,969	6,032	5,899	6,009	6,279	6,468	6,662
- growth	49.0%	-6.1%	9.8%	-1.3%	1.1%	-2.2%	1.9%	4.5%	3.0%	3.0%
NOI	3,579	3,706	4,211	4,272	4,279	4,172	4,274	4,458	4,592	4,730
- margin	61.0%	67.3%	69.6%	71.6%	70.9%	70.7%	71.1%	71.0%	71.0%	71.0%
EBITDA	3,807	3,706	4,211	4,272	4,141	4,058	4,115	4,318	4,452	4,590
- margin	64.9%	67.3%	69.6%	71.6%	68.7%	68.8%	68.5%	68.8%	68.8%	68.9%
EBITA	3,329	3,587	4,093	4,129	4,141	4,058	4,115	4,318	4,452	4,590
- margin	56.8%	65.1%	67.7%	69.2%	68.7%	68.8%	68.5%	68.8%	68.8%	68.9%
EBIT	3,341	3,589	4,090	4,128	4,141	4,058	4,115	4,318	4,452	4,590
- margin	57.0%	65.2%	67.6%	69.2%	68.7%	68.8%	68.5%	68.8%	68.8%	68.9%
Value changes	-4,528	4,029	3,773	1,254	1,952	3,519	10,212	0	0	0
Pre-tax profit	-2,444	6,447	5,283	3,252	5,741	3,329	13,803	2,818	2,892	2,990
Taxes	672	-1,647	-1,345	671	-923	-642	-2,859	-705	-723	-747
Net profit, continuing operations	-1,772	4,800	3,938	3,923	4,818	2,687	10,944	2,114	2,169	2,242
Discontinued operations	422	502	0	0	0	0	0	0	0	0
Net profit to equity	-1,354	5,302	3,938	3,923	4,818	2,687	10,944	2,114	2,169	2,242
EBITDA (credit adj)	3,807	3,706	4,211	4,272	4,141	4,058	4,115	4,318	4,452	4,590
EBIT (credit adj)	3,341	3,589	4,090	4,128	4,141	4,058	4,115	4,318	4,452	4,590
Interest expense (credit adj)	-1,342	-1,281	-1,657	-1,577	-1,503	-1,256	-1,121	-1,500	-1,560	-1,600

Source: Company data and Nordea Markets

Balance Sheet										
SEKm	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangibles	0	0	0	0	0	0	21	21	21	21
Tangible assets	71,784	77,633	82,370	84,074	87,145	91,889	103,894	101,779	103,779	105,779
Shares associates	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0
Other non-interest bearing non-current assets	0	0	0	0	0	0	0	0	0	0
Other non-current assets	3,467	3,145	2,950	2,878	2,827	2,839	2,775	2,827	2,827	2,827
Non-current assets	75,251	80,778	85,320	86,952	89,972	94,728	106,690	104,627	106,627	108,627
Inventory	0	0	0	0	0	0	0	0	0	0
Accounts receivable	1,119	943	846	751	700	699	795	754	776	799
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	290	2,445	2,480	1,616	2,570	1,757	2,301	2,134	1,005	-24
Current assets	1,409	3,388	3,326	2,367	3,270	2,456	3,096	2,887	1,781	776
Assets held for sale	0	0	0	0	0	0	0	0	0	0
Total assets	76,660	84,166	88,646	89,319	93,242	97,184	109,786	107,514	108,408	109,403
Shareholders equity	24,763	26,697	29,716	32,660	36,357	35,094	41,245	37,359	38,028	38,770
Minority interest	0	0	0	0	0	0	0	0	0	0
Deferred tax	6,177	6,657	7,993	6,942	7,859	8,532	11,356	12,011	12,634	13,281
Convertible debt	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	31,625	31,992	31,786	31,599	31,534	34,640	34,984	38,484	37,984	37,484
Non-current liabilities	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	1,161	552	1,127	1,612	440	0	0	440	440	440
Other long-term liabilities	9	52	79	62	64	3,610	3,067	64	64	64
Non-current liabilities	38,972	39,253	40,985	40,215	39,897	46,782	49,407	50,999	51,122	51,269
Short-term provisions	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	0	0
Other current liabilities	4,111	3,718	3,437	3,210	3,248	3,109	3,368	3,391	3,493	3,597
Short term interest bearing debt	8,814	14,498	14,508	13,234	13,740	12,199	15,766	15,766	15,766	15,766
Current liabilities	12,925	18,216	17,945	16,444	16,988	15,308	19,134	19,157	19,259	19,363
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	76,660	84,166	88,646	89,319	93,242	97,184	109,786	107,514	108,408	109,403
Cash and cash eq (credit adj)	73	611	620	404	643	439	575	533	251	-24
Total assets (credit adj)	76,443	82,332	86,786	88,107	91,315	95,866	108,060	105,914	107,654	109,403
Shareholders equity (credit adj)	24,763	26,697	29,716	32,660	36,357	35,094	41,245	37,359	38,028	38,770
Debt (credit adj)	40,222	44,656	44,434	43,621	43,347	45,521	49,024	52,650	52,996	53,250

Source: Company data and Nordea Markets

Cash flow statement										
SEKm	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
EBITDA	3,807	3,706	4,211	4,272	4,141	4,058	4,115	4,318	4,452	4,590
Adj due to change in group structure	0	0	0	0	0	0	0	0	0	0
Change in Provisions	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	103	-27	-13	0	0	8	0	0	0
Net financials	-1,503	-1,347	-1,687	-1,728	-1,577	-1,309	-1,323	-1,500	-1,560	-1,600
Dividends received	0	0	0	0	0	0	0	0	0	0
Paid taxes	-125	-16	-17	-17	-13	20	-15	-50	-100	-100
Other	0	0	0	0	0	20	99	0	0	0
Operating cash flow before NWC	2,179	2,446	2,480	2,514	2,551	2,789	2,884	2,768	2,792	2,890
Change in NWC	-99	203	288	-91	202	113	355	64	79	81
Operating cash flow	2,080	2,649	2,768	2,423	2,753	2,902	3,239	2,833	2,871	2,971
CAPEX	0	0	0	0	0	0	0	0	0	0
Free Operating cash flow	2,080	2,649	2,768	2,423	2,753	2,902	3,239	2,833	2,871	2,971
Dividends paid	-1,073	-4,156	-1,465	-1,273	-1,177	-4,000	-4,924	-6,000	-1,500	-1,500
Share issues / buybacks	0	0	0	0	0	0	0	0	0	0
Discretionary cash flow	1,007	-1,507	1,303	1,150	1,576	-1,098	-1,685	-3,167	1,371	1,471
Other investments / divestments	-3,711	-7,656	-2,036	-5,190	-4,107	-2,817	449	-500	-2,000	-2,000
Other	0	0	0	0	-6	-30	-29	0	0	0
Proceeds from sale of assets	2,284	5,391	1,058	4,370	2,988	1,574	-2,224	0	0	0
Net change to group borrowing/repayments	-1,457	6,051	-196	-1,469	475	1,558	4,033	3,500	-500	-500
Other	0	0	0	0	0	0	0	0	0	0
Change in cash	-2,355	2,160	11	-1,282	926	-813	544	-167	-1,129	-1,029
Adjusted metrics										
Funds from operations (FFO) (adj)	3,137	778	1,209	3,366	1,715	2,160	135	2,114	2,169	2,242
Operating cash flow (OCF) (adj)	1,602	2,530	2,650	2,280	2,753	2,902	3,239	2,833	2,871	2,971
Free operating cash flow (FOCF) (adj)	1,602	2,530	2,650	2,280	2,753	2,902	3,239	2,833	2,871	2,971
Discretionary cash flow (DCF) (adj)	529	-1,626	1,185	1,007	1,576	-1,098	-1,685	-3,167	1,371	1,471

Source: Company data and Nordea Markets

Key ratios										
Profitability	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
ROC	4.6%	4.8%	5.1%	5.0%	4.8%	4.6%	4.3%	4.2%	4.3%	4.4%
ROIC after tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROE after tax	-5.2%	20.6%	14.0%	12.6%	14.0%	7.5%	28.7%	5.4%	5.8%	5.8%
Debt & Interest coverage	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
FFO/Debt	7.8%	1.7%	2.7%	7.7%	4.0%	4.7%	0.3%	4.0%	4.1%	4.2%
FOCF/Debt	4.0%	5.7%	6.0%	5.2%	6.4%	6.4%	6.6%	5.4%	5.4%	5.6%
DCF/Debt	1.3%	-3.6%	2.7%	2.3%	3.6%	-2.4%	-3.4%	-6.0%	2.6%	2.8%
EBITDA interest coverage	2.8	2.9	2.5	2.7	2.8	3.2	3.7	2.9	2.9	2.9
Fixed-charge coverage	5,149.0	4,987.0	5,868.0	5,849.0	5,644.0	5,314.0	5,236.0	5,818.4	6,012.1	6,189.9
Leverage	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Loan-to-value	56.3%	59.9%	56.2%	53.3%	52.0%	51.0%	48.8%	53.3%	51.8%	50.3%
Equity ratio	32.3%	31.7%	33.5%	36.6%	39.0%	36.1%	37.6%	34.7%	35.1%	35.4%
Debt/(Debt+Equity)	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.6	0.6	0.6
Capital expenditure	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
CAPEX/Depreciation and amortisation	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
CAPEX/Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Working capital ratios	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Inventory turnover (days)	0	0	0	0	0	0	0	0	0	0
Receivables turnover (days)	70	62	51	46	42	43	48	44	44	44
Days sales outstanding (days)	0	0	0	0	0	0	0	0	0	0
Per share data	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
EPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS (adj.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity valuation and yield	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/BV	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company data and Nordea Markets

Disclaimer and legal disclosures

Disclaimer

Origin of the publication or report

This publication or report originates from: Nordea Bank AB (publ), including its branches Nordea Danmark, filial af Nordea Bank AB (publ), Sverige, Nordea Bank AB (publ), filial i Finland and Nordea Bank AB (publ), filial i Norge (together "Nordea") acting through their unit Nordea Markets.

Nordea Bank AB (publ) is supervised by the Swedish Financial Supervisory Authority and the branches are supervised by the Swedish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of the publication or report

This publication or report has been prepared solely by Nordea Markets.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from recommendations or opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

Investment opinions, ratings, recommendations and target prices are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts, ratings, recommendations, target prices and projections in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the publication or report, provided that the relevant company/issuer is treated anew in such later versions of the publication or report.

Validity of the publication or report

All opinions and estimates in this publication or report are, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report and are subject to change without notice.

No individual investment or tax advice

The publication or report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This publication or report has been prepared by Nordea Markets as general information for private use of investors to whom the publication or report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this publication or report, it is recommendable to consult one's financial advisor.

The information contained in this publication or report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources

This publication or report may be based on or contain information, such as opinions, recommendations, estimates, price targets and valuations which emanate from: Nordea Markets' analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets ("External Information"), Nordea Markets has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

The perception of opinions or recommendations such as Buy or Sell or similar expressions may vary and the definition is therefore shown in the research material or on the website of each named source.

Limitation of liability

Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this publication or report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages resulting from the information in this publication or report.

Risk information

The risk of investing in certain financial instruments, including those mentioned in this document, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea Markets that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Important disclosures of interests regarding this research material are available at: <http://www.nordea.com/equitydisclosure>

Distribution restriction

The securities referred to in this publication or report may not be eligible for sale in some jurisdictions. This research report is not intended for, and must not be distributed to private customers in the UK or the US.

This research report is intended only for, and may be distributed only to, accredited investors, expert investors or institutional investors in Singapore who may contact Nordea Bank, Singapore Branch of 3 Anson Road, #22-01, Springleaf Tower, Singapore 079909.

This publication or report may be distributed by Nordea Bank Luxembourg S.A., 562 rue de Neudorf, L-2015 Luxembourg which is subject to the supervision of the Commission de Surveillance du Secteur Financier.

This publication or report may be distributed by Nordea Bank, Singapore Branch, which is subject to the supervision of the Monetary Authority of Singapore.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank AB, London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is authorised by Finansinspektionen (Financial Supervisory Authority) in Sweden and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

This publication or report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

Analyst Shareholding

Nordea Markets analysts do not hold shares in the companies that they cover.

No holdings or other affiliations by analysts or associates.

Recommendation definitions**Outperform**

Over the next three months we expect the performance of this fixed income instrument to exceed the performance of the relevant index, sector or benchmark

Market perform

Over the next three months we expect the performance of this fixed income instrument to be in line with the performance of the relevant index, sector or benchmark

Underperform

Over the next three months we expect the performance of this fixed income instrument to fall short of the performance of the relevant index, sector or benchmark

The relevant benchmark is set at the individual bond level, and determined by factors such as the currency, time to maturity and the credit quality of the bond. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Distribution of recommendations

Recommendation	Count	% Distribution
Outperform	120	29%
Market perform	256	62%
Underperform	39	9%
Total	415	100%

As of 1 October 2016

Market-making obligations and other significant financial interest

Nordea Markets has no market-making obligations in Vasakronan.

Investment banking transactions

Nordea has been lead or co-lead manager in a public disclosed offer of financial instruments issued by Vasakronan over the previous 12 months.

Distribution of recommendations (transactions)*

Recommendation	Count	% Distribution
Outperform	37	23%
Market perform	106	67%
Underperform	16	10%
Total	159	100%

As of 1 October 2016

* Companies under coverage with which Nordea has ongoing or completed public investment banking transactions.

Completion Date

04 Jan 2017, 15:47 CET

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Nordea Bank AB (publ)	Nordea Danmark, filial af Nordea Bank AB (publ) Sverige	Nordea Bank AB (publ), filial i Finland	Nordea Bank AB (publ), filial i Norge
Nordea Markets Division, Equities Visiting address: Smålandsgatan 15 SE-105 71 Stockholm Sweden	Nordea Markets Division, Equities Visiting address: Strandgade 3 (PO Box 850) DK-0900 Copenhagen C Denmark	Nordea Markets Division, Equities Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	Nordea Markets Division, Equities Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 516406-0120 Smålandsgatan 17 Stockholm			