DCM Research

Vasakronan

Company Comment	Property	Sweden	05 November 2025

Q3: Operational softness offset by stable financials

Vasakronan's Q3 operational performance remained soft, with still weak like-for-like figures and vacancies up 0.3% q/q. However, net lettings were positive in the quarter, and the CEO noted some early signs of improved rental market activity since the summer. Financially, the company stayed resilient, despite the SEK 2.2bn Solna United acquisition, maintaining steady debt metrics and an unchanged cost of debt. Overall, a credit neutral report, in our view.

Q3: Operation performance remained on the softer side

In Q3, Vasakronan's operational performance remained relatively soft. Rental income and NOI increased by about 2% y/y, supported by acquisitions, completed developments, and CPI-indexation, but this was offset by higher vacancies and rent losses. On a like-for-like basis, rental income and NOI declined 1% and 2%, respectively, over the first nine months. The economic occupancy rate, including ongoing projects, fell slightly to 87.9%, with 1.0% of the vacancy attributed to ongoing developments. The vacancy in the portfolio is largely concentrated among office properties in Stockholm. Net lettings were positive in Q3 at SEK 36m, though YTD and LTM figures remain marginally negative. Moreover, lease terminations from TV4 and the Swedish Economic Crime Authority have not yet occurred but are expected in the coming quarter. Lease renegotiations and extensions totaling SEK 954m were completed in the first nine months, resulting in a net payable rent that is 2.5% lower than previous levels. Of the contracts that have been the subject of renegotiation and extension in the past 12 months, 74% have chosen to remain a tenant. Unrealised value changes were negligible, while the average yield requirement decreased marginally by 1bp q/q to 4.52%, which can be compared with a reported rolling 12-month yield of 3.93% for the investment portfolio. The CEO noted that the office rental market remains challenging, with vacancies expected to persist, although some early signs of improvement have emerged since the summer.

Financial metrics and position stayed firm, despite acquisition of Solna

The company's financial development remains once again steadier, despite completion of the acquisition of Solna United for SEK 2,194m from DWS, a price below initial expectation. In addition, SEK 558m was invested in new developments and the existing portfolio during the quarter. The three ongoing projects had a capitalization rate of 43% at the end of Q3, with SEK 2,115m still to be invested. Sequentially, net debt increased by SEK 1,109m, though the average cost of debt remained stable at 2.5%, and the estimated yield gap stayed slightly above 2%. Twelve-month earnings metrics remained steady, with an EBITDA/net interest ratio of 3.7x (3.5x adjusted) and a net debt/EBITDA of 10.8x (11.6x adjusted). The net LTV increased by 0.1% sequentially to 40.1% per end-Q3 (42.4% adjusted for leasing debt). At the same time, we calculated an effective leverage of 41.2% (35-45% required) and fixed-charge coverage of 3.5x (3.0-4.0x) according to Moody's definitions. In line with previous quarters, Vasakronan continues to maintain adequate rating leeway's and liquidity position.

Credit neutral report: stable financials balancing softer operations

We view the Q3 report as broadly neutral, reflecting stable financial metrics offsetting softer operational performance. Vasakronan remains focused on letting and enhancing its product offering to reduce vacancies in a still-challenging market marked by heightened competition. While some early signs of improvement were noted, the timing and pace of recovery remain uncertain, and it is too soon to determine whether Q3 represents a turning point. Property revaluations have stabilized in 2025, though the gap between prime and secondary locations is widening. We will continue to closely monitor market fundamentals and the operational performance and the company's capital allocation discipline.

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

Deviation table	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25E	Q3/25	Q3 vs SEB
Rental income	2 344	2 399	2 331	2 338	2 368	2 380	1%
NOI	1 728	1 729	1 642	1 723	1 746	1 759	1%
EBITDA	1 700	1 702	1 606	1 686	1 717	1 731	1%
Interest expense	-510	-504	-478	-494	-505	-503	0%
Net interest expense	-468	-463	-450	-448	-474	-469	-1%
Investment properties	177 625	178 183	177 786	179 551	182 484	182 076	0%
Total debt	74 479	74 767	74 044	75 961	76 361	76 092	0%
Net debt	71 676	70 889	70 338	71 818	73 875	72 927	-1%
Total debt / EBITDA (x)	11,1x	11,0x	11,0x	11,2x	11,3x	11,2x	
Net debt / EBITDA (x)	10,6x	10,5x	10,5x	10,6x	10,9x	10,8x	
EBITDA / net interest (x)	3,6x	3,6x	3,6x	3,7x	3,7x	3,7x	
FFO / net debt (%)	6,5%	6,5%	6,1%	6,1%	6,0%	6,0%	
Gross LTV	41,9%	42,0%	41,6%	42,3%	41,8%	41,8%	
Net LTV	40,4%	39,8%	39,6%	40,0%	40,5%	40,1%	

Property	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25E	Q3/25	DEV
Net acquisitions	0	-87	45	0	-2 750	-2 136	
Investments in existing properties	-467	-611	-562	-462	-542	-558	
Property revaluation	788	-140	-914	1 304	-359	-169	
Yield	4,53%	4,52%	4,54%	4,53%	4,54%	4,52%	

Operating costs	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25E	Q3/25	
Central administration	-28	-27	-36	-37	-28	-28	-1%
Running costs	-200	-248	-253	-230	-202	-200	-1%
Repairs and maintenance	-32	-48	-38	-43	-32	-38	18%
Property administration	-119	-110	-124	-125	-120	-114	-5%
Property taxes	-215	-209	-216	-216	-217	-220	1%
Leasehold rents	-50	-55	-58	-1	-51	-49	-3%
Total property costs	-616	-670	-689	-615	-622	-621	0%

Source: Company data, SEB DCM Research estimate

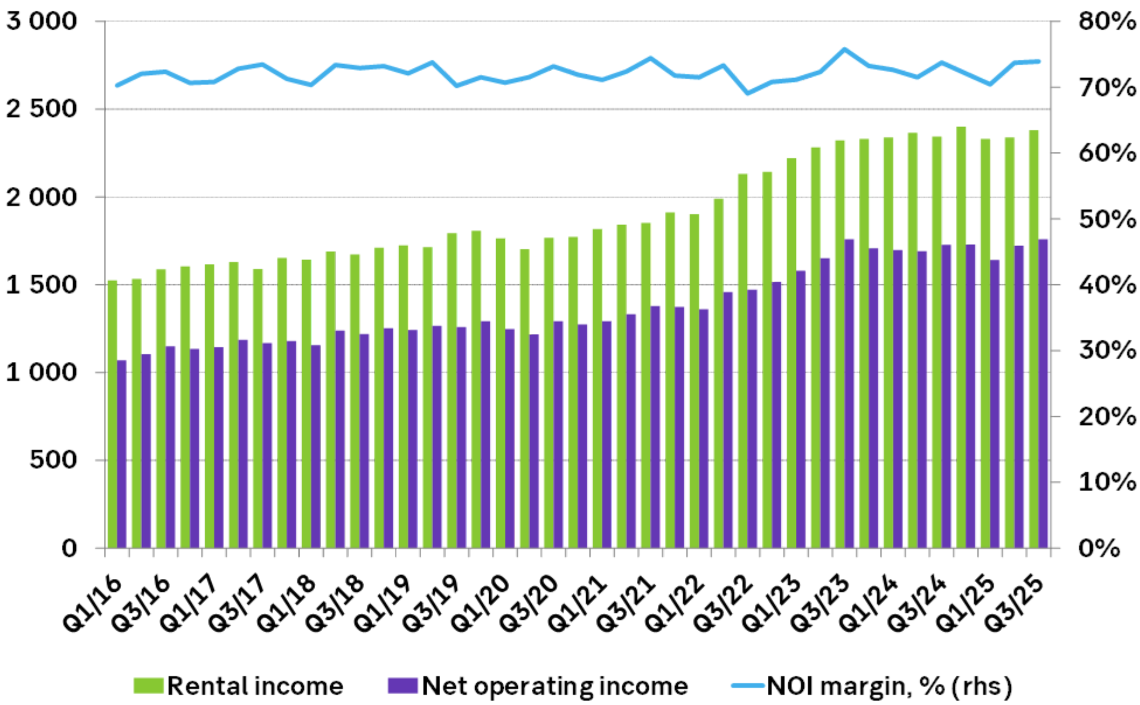
Vasakronan's LTM financial accounts and forecast, SEB DCM Research base case

SEKm	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Rental income	9 379	9 447	9 440	9 412	9 448	7 040	7 006	7 425	8 167	9 157	9 447	9 433	9 536	9 668
NOI	6 825	6 847	6 791	6 822	6 853	5 060	5 032	5 377	5 808	6 697	6 847	6 861	6 908	7 019
EBITDA	6 736	6 768	6 723	6 753	6 777	5 268	4 961	5 461	5 862	6 636	6 768	6 794	6 847	6 956
FFO	4 678	4 575	4 305	4 373	4 396	3 899	3 608	4 090	4 414	4 706	4 575	4 849	4 820	4 899
Y/Y growth in rental income (%)	5%	3%	2%	1%	1%	5%	0%	6%	10%	12%	3%	0%	1%	1%
NOI margin (%)	73%	72%	72%	72%	73%	72%	72%	72%	71%	73,1%	72,5%	73%	72%	73%
EBITDA margin (%)	72%	72%	71%	72%	72%	75%	71%	74%	72%	72%	72%	72%	72%	72%
Interest expense	-2 055	-2 069	-2 022	-1 986	-1 979	-1 135	-1 127	-1 055	-1 238	-1 884	-2 069	-1 979	-2 037	-2 071
Net interest expense	-1 858	-1 885	-1 867	-1 829	-1 830	-1 131	-1 118	-1 051	-1 208	-1 730	-1 885	-1 882	-1 977	-2 001
Hybrid / preferred interest / dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted interest expense	-2056	-2093	-2080	-1993	-1993	-1278	-1276	-1211	-1368	-2103	-2093	-2047	-2149	-2175
Investment properties	177 625	178 183	177 786	179 551	182 076	156 071	162 420	181 575	188 317	174 569	178 183	181 984	184 266	187 004
Total debt	74 479	74 767	74 044	75 961	76 092	66 638	69 317	73 838	77 425	76 259	74 767	75 611	75 868	75 000
Cash and equivalents	2 803	3 878	3 706	4 143	3 165	3 515	2 558	3 521	2 984	3 225	3 878	3 177	3 896	3 369
Net debt	71 676	70 889	70 338	71 818	72 927	63 123	66 759	70 317	74 441	73 034	70 889	72 434	71 972	71 631
Hybrid / preferred debt / capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted debt	78 205	78 444	77 891	79 299	80 406	68 367	71 923	75 475	79 592	79 364	78 444	79 989	79 527	79 186
Secured debt	11 130	11 138	11 139	13 129	13 130	11 603	10 971	7 866	11 131	11 131	11 138	12 111	11 745	11 255
Equity	81 550	82 701	83 011	82 467	83 752	70 156	70 869	85 290	89 767	78 902	82 701	84 090	85 865	87 856
Adjusted equity	81 550	82 701	83 011	82 467	83 752	70 156	70 869	85 290	89 767	78 902	82 701	84 090	85 865	87 856
Net debt+equity	153 226	153 590	153 349	154 285	156 679	133 279	137 628	155 607	164 208	151 936	153 590	156 524	157 837	159 487

Credit metrics	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Total debt / EBITDA (x)	11,1x	11,0x	11,0x	11,2x	11,2x	12,6x	14,0x	13,5x	13,2x	11,5x	11,0x	11,1x	11,1x	10,8x
Net debt / EBITDA (x)	10,6x	10,5x	10,5x	10,6x	10,8x	12,0x	13,5x	12,9x	12,7x	11,0x	10,5x	10,7x	10,5x	10,3x
Adjusted debt / EBITDA (x)	11,3x	11,2x	11,2x	11,5x	11,6x	12,6x	14,1x	13,4x	13,2x	11,3x	11,2x	11,5x	11,3x	11,1x
EBITDA / interest (x)	3,3x	3,3x	3,3x	3,4x	3,4x	4,6x	4,4x	5,2x	4,7x	3,5x	3,3x	3,4x	3,4x	3,4x
EBITDA / net interest (x)	3,6x	3,6x	3,6x	3,7x	3,7x	4,7x	4,4x	5,2x	4,9x	3,8x	3,6x	3,6x	3,5x	3,5x
EBITDA / adjusted interest (x)	3,4x	3,3x	3,3x	3,5x	3,5x	4,2x	4,0x	4,6x	4,4x	3,3x	3,3x	3,4x	3,3x	3,3x
Fixed charge coverage (x)	0,4x	0,4x	0,5x	0,5x	0,5x	0,4x	0,3x	0,4x	0,5x	0,5x	0,4x	3,6x	3,5x	3,5x
FFO / total debt (%)	6,3%	6,1%	5,8%	5,8%	5,8%	5,9%	5,2%	5,5%	5,7%	6,2%	6,1%	6,4%	6,4%	6,5%
FFO / net debt (%)	6,5%	6,5%	6,1%	6,1%	6,0%	6,2%	5,4%	5,8%	5,9%	6,4%	6,5%	6,7%	6,7%	6,8%
FFO / adjusted debt (%)	6,2%	6,1%	5,8%	5,7%	5,7%	5,9%	5,2%	5,6%	5,7%	6,4%	6,1%	6,3%	6,3%	6,4%
Gross LTV	41,9%	42,0%	41,6%	42,3%	41,8%	42,7%	42,7%	40,7%	41,1%	43,7%	42,0%	41,5%	41,2%	40,1%
Net LTV	40,4%	39,8%	39,6%	40,0%	40,1%	40,4%	41,1%	38,7%	39,5%	41,8%	39,8%	39,8%	39,1%	38,3%
Adjusted LTV	42,5%	42,2%	42,0%	42,4%	42,4%	42,4%	42,9%	40,4%	41,1%	43,9%	42,2%	42,2%	41,5%	40,7%
Net debt / debt+equity	46,8%	46,2%	45,9%	46,5%	46,5%	47,4%	48,5%	45,2%	45,3%	48,1%	46,2%	46,3%	45,6%	44,9%
Adjusted debt / debt + equity	51,0%	51,1%	50,8%	51,4%	51,3%	51,3%	52,3%	48,5%	48,5%	52,2%	51,1%	51,1%	50,4%	49,7%
Secured LTV	6,3%	6,3%	6,3%	7,3%	7,2%	7,4%	6,8%	4,3%	5,9%	6,4%	6,3%	6,7%	6,4%	6,0%
Equity ratio	41,5%	41,6%	41,5%	41,0%	41,3%	41,2%	40,2%	43,5%	43,0%	40,5%	41,6%	41,6%	41,9%	42,4%

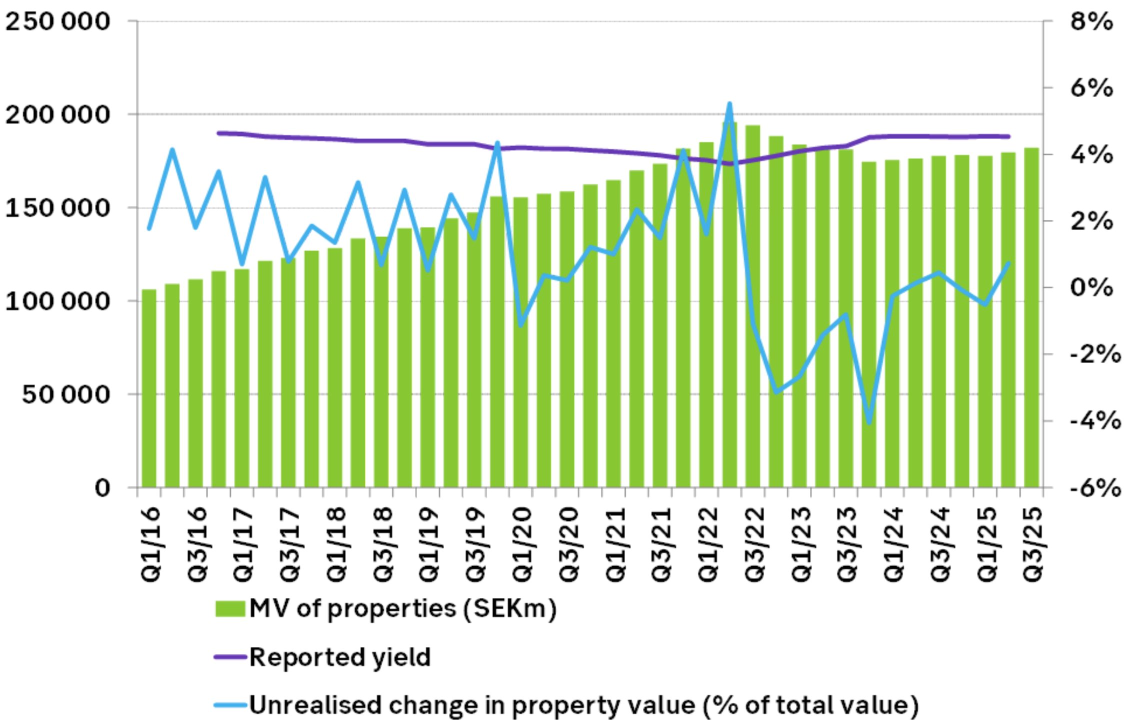
Source: Company data, SEB DCM Research estimate

Quarterly rental income and NOI (SEKm)



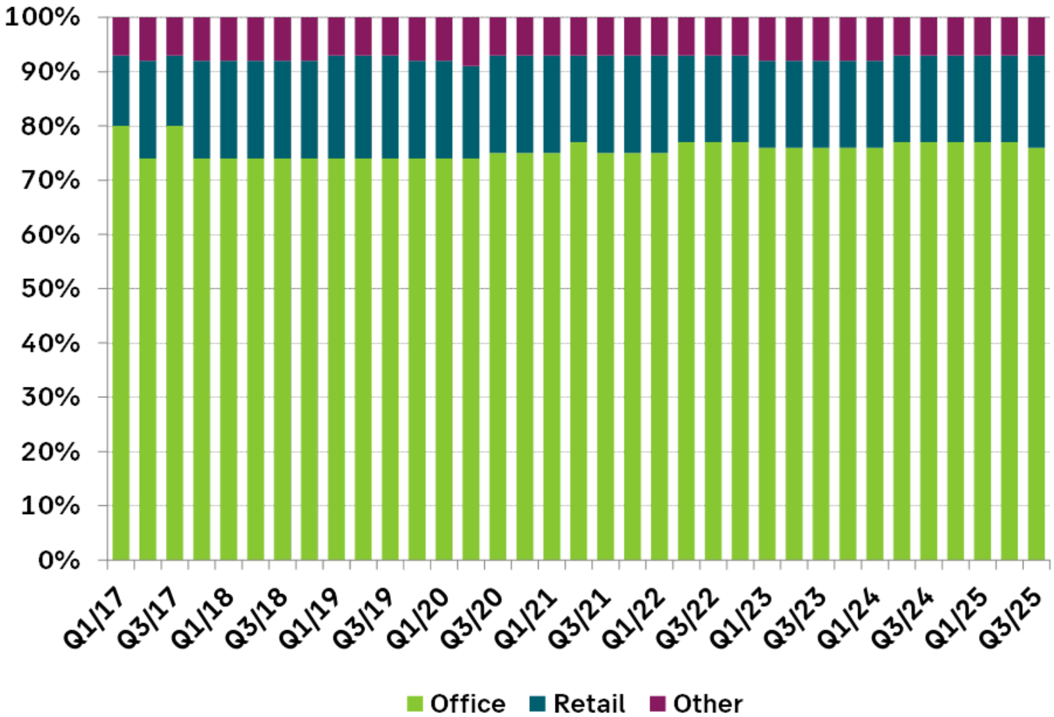
Source: Company reports, SEB

Property portfolio statistics (SEKm)



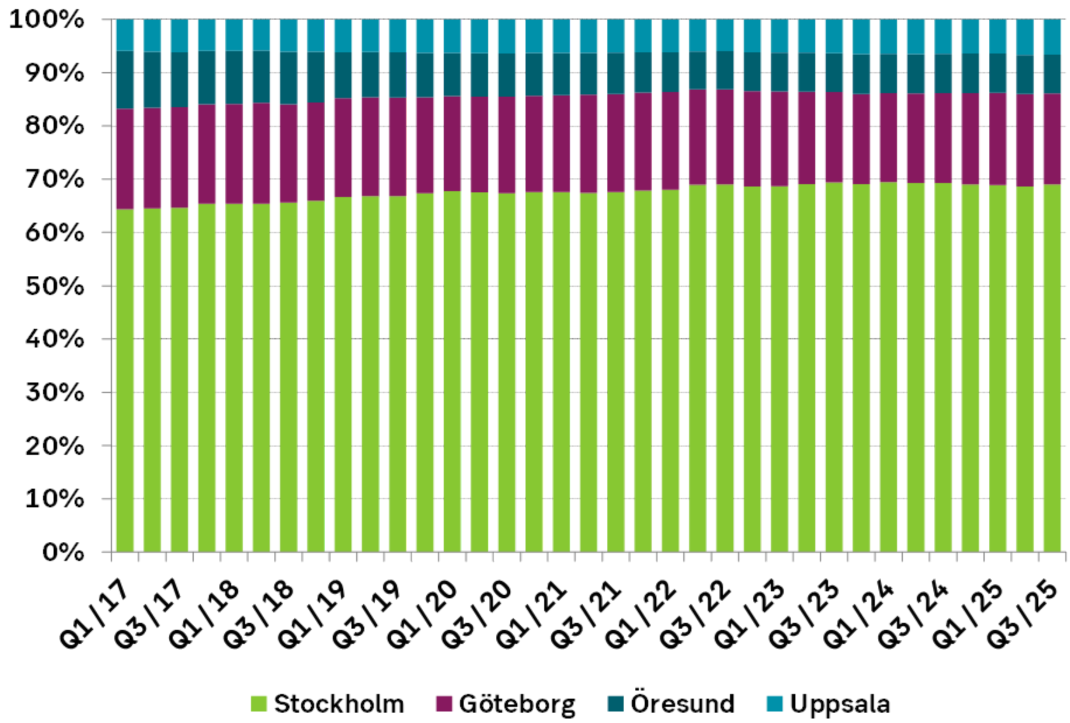
Source: Company reports, SEB

Property portfolio composition by property type (%)



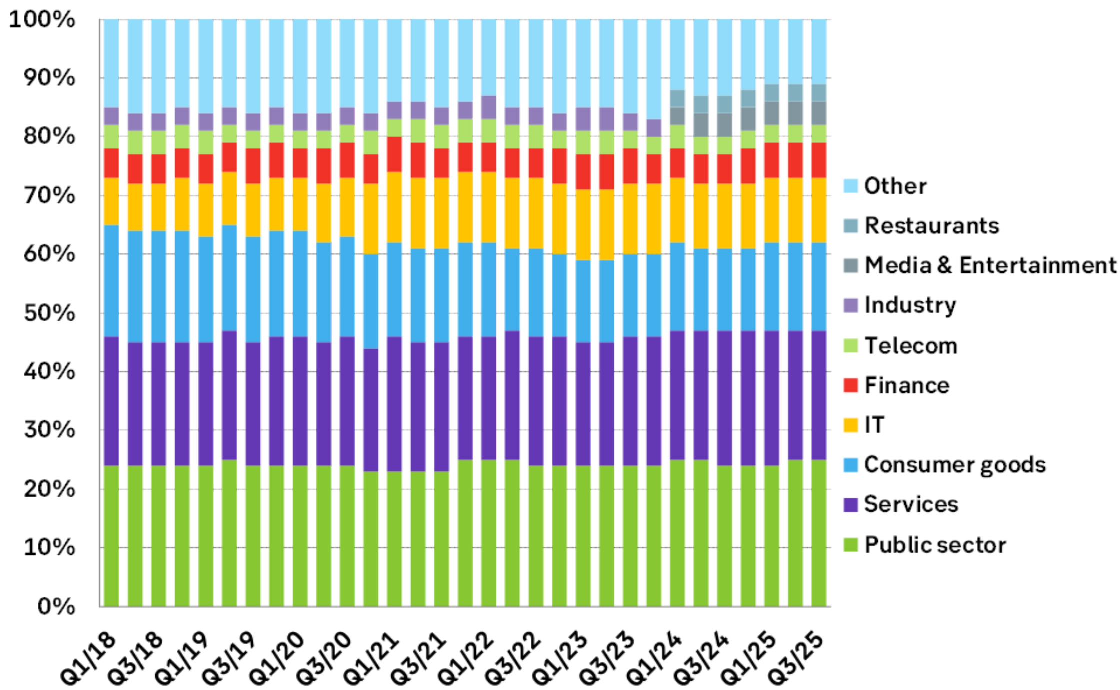
Source: Company reports

Property portfolio composition by region (%)



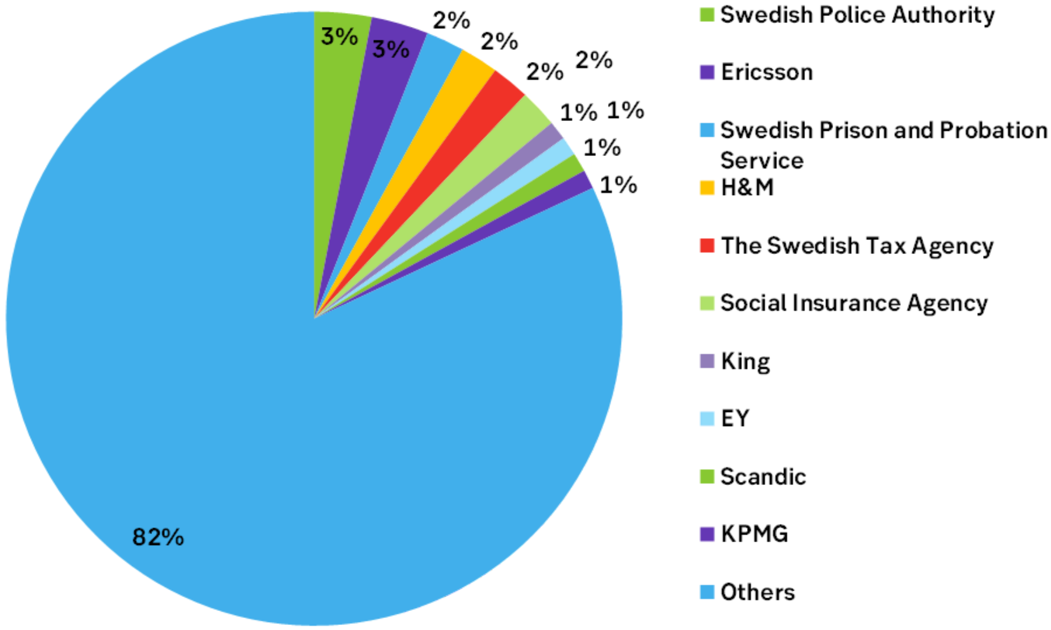
Source: Company reports

Breakdown of tenant by sector, % of contracted rent



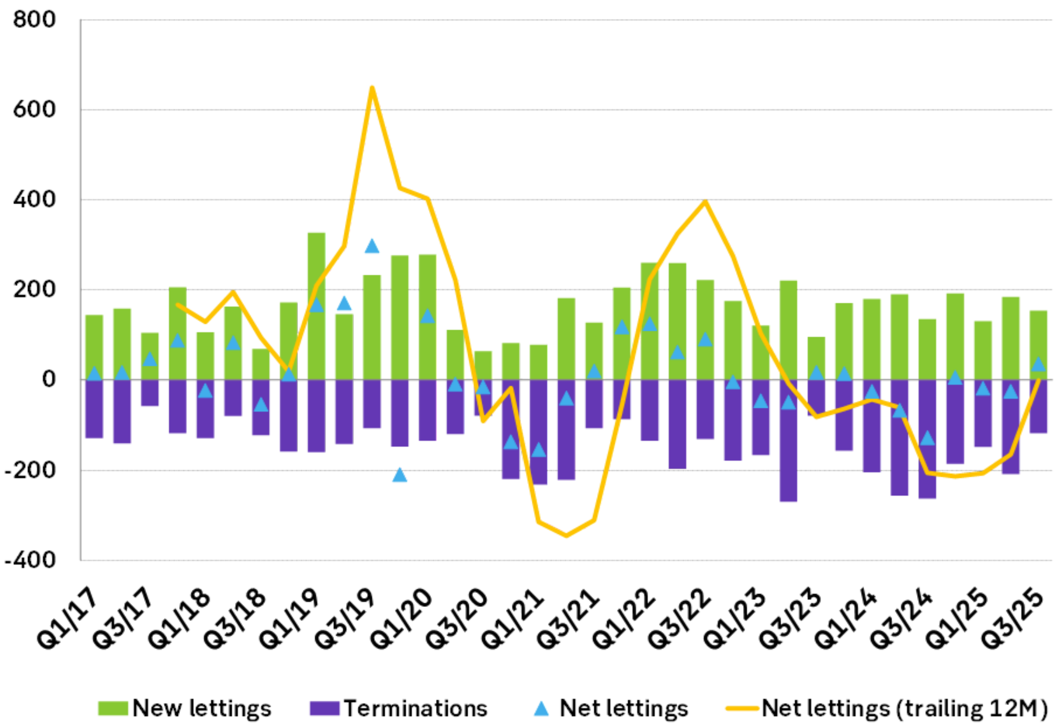
Source: Company reports

Tenant composition per end-Q3/25 (%)



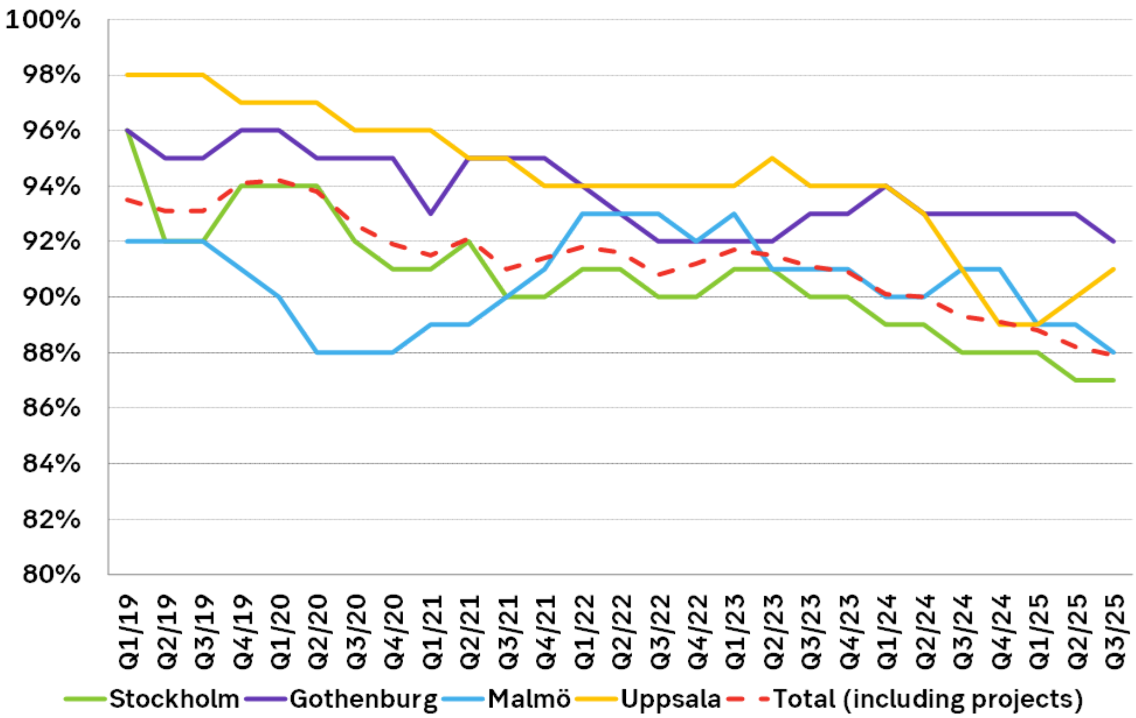
Source: Company report

Historical evolution of net leasing per quarter (SEKm)



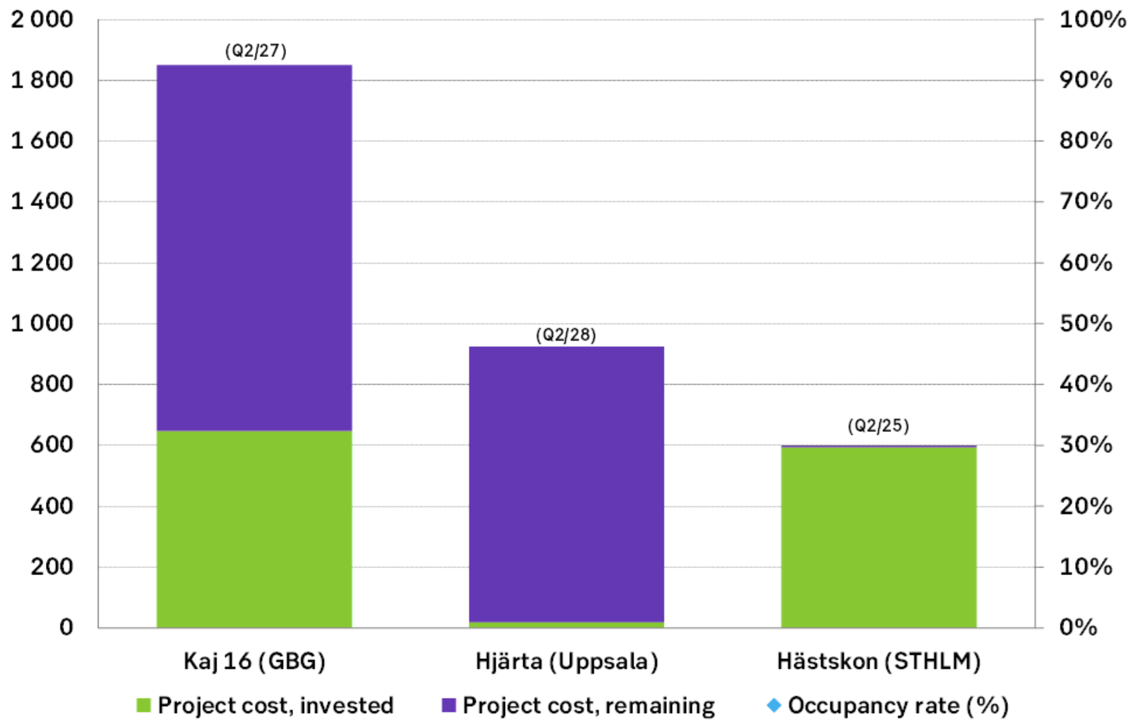
Source: Company reports, SEB

Occupancy rate development per region (%)



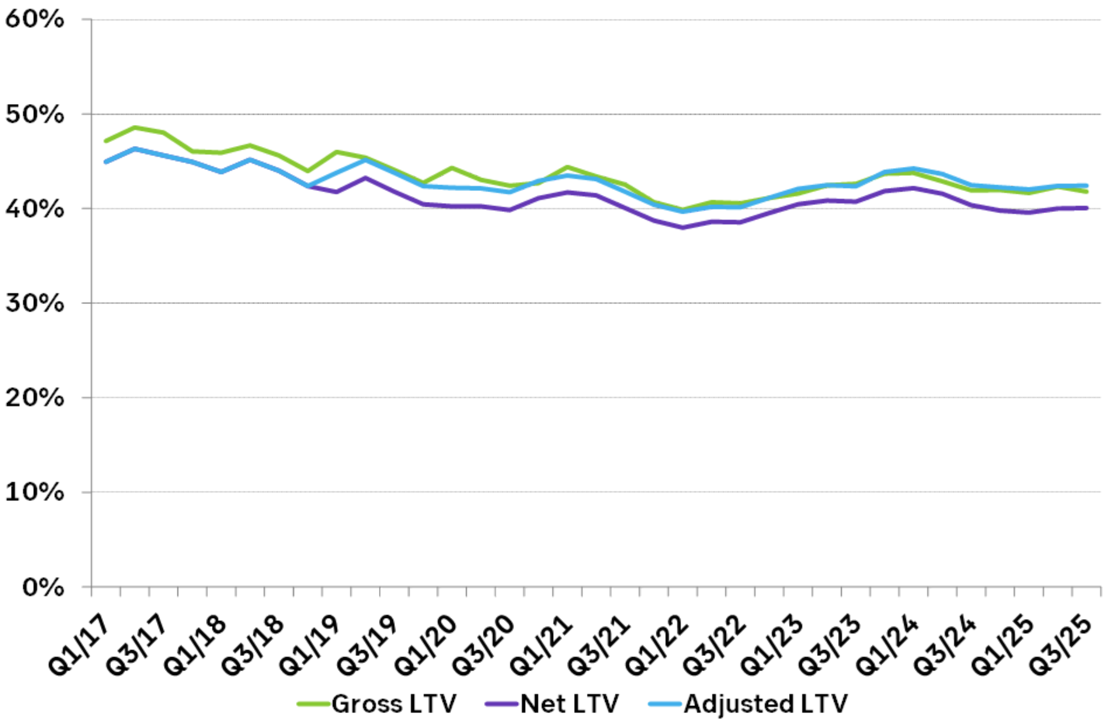
Source: Company reports

Overview of Vasakronan's major projects ongoing per end-Q3/25 (SEKm)



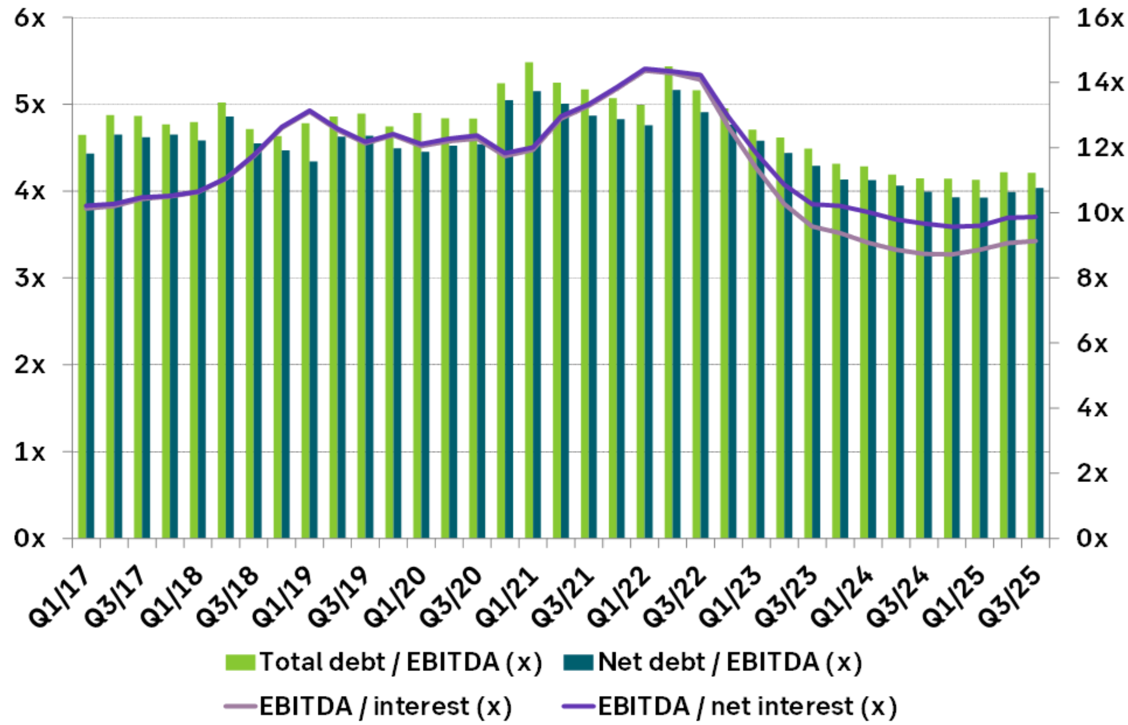
Source: Company reports, SEB

LTV (%)



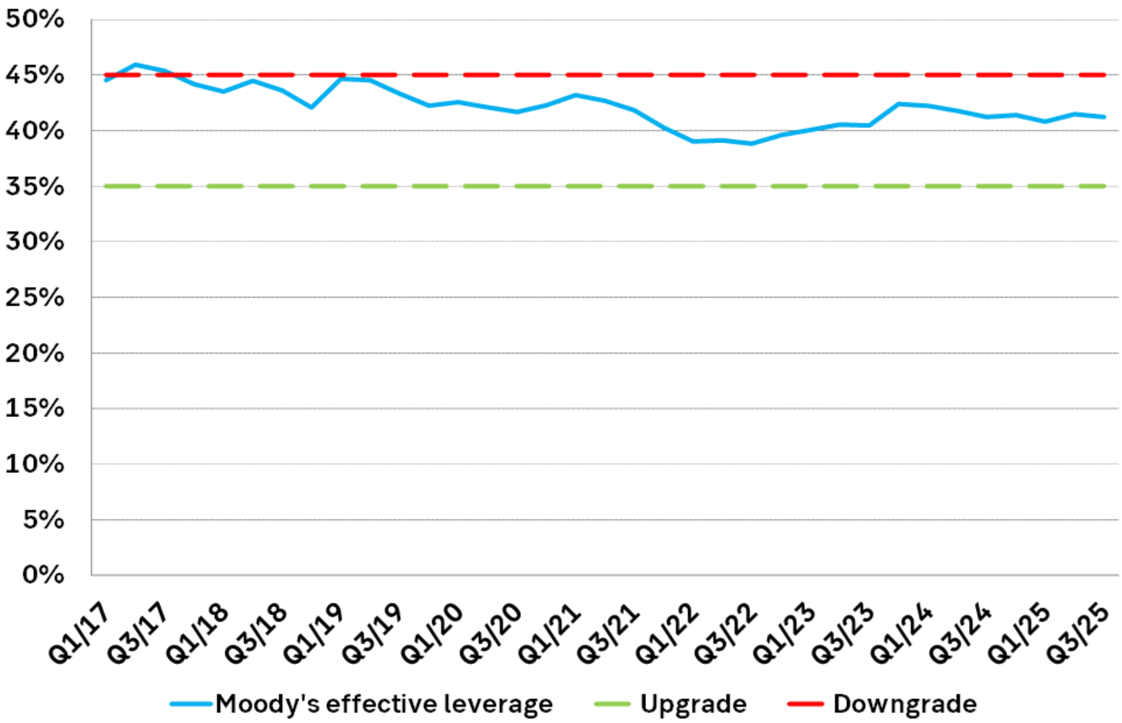
Source: Company reports, SEB

LTM leverage and interest coverage (x)



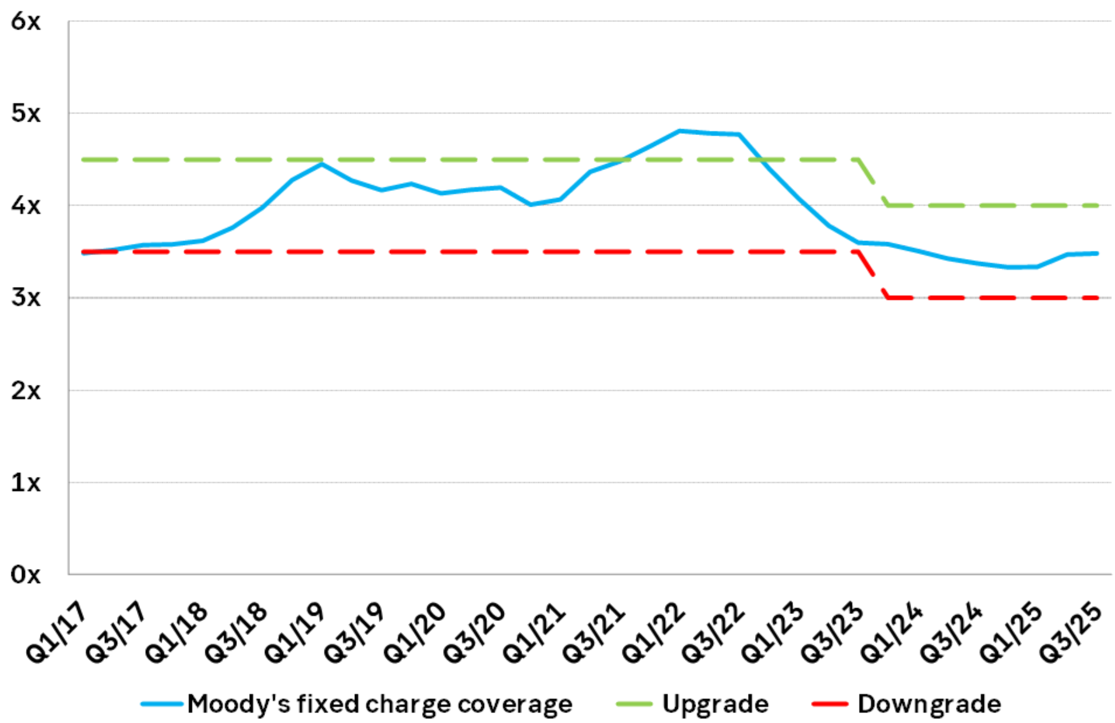
Source: Company reports, SEB

Moody's effective leverage and rating triggers



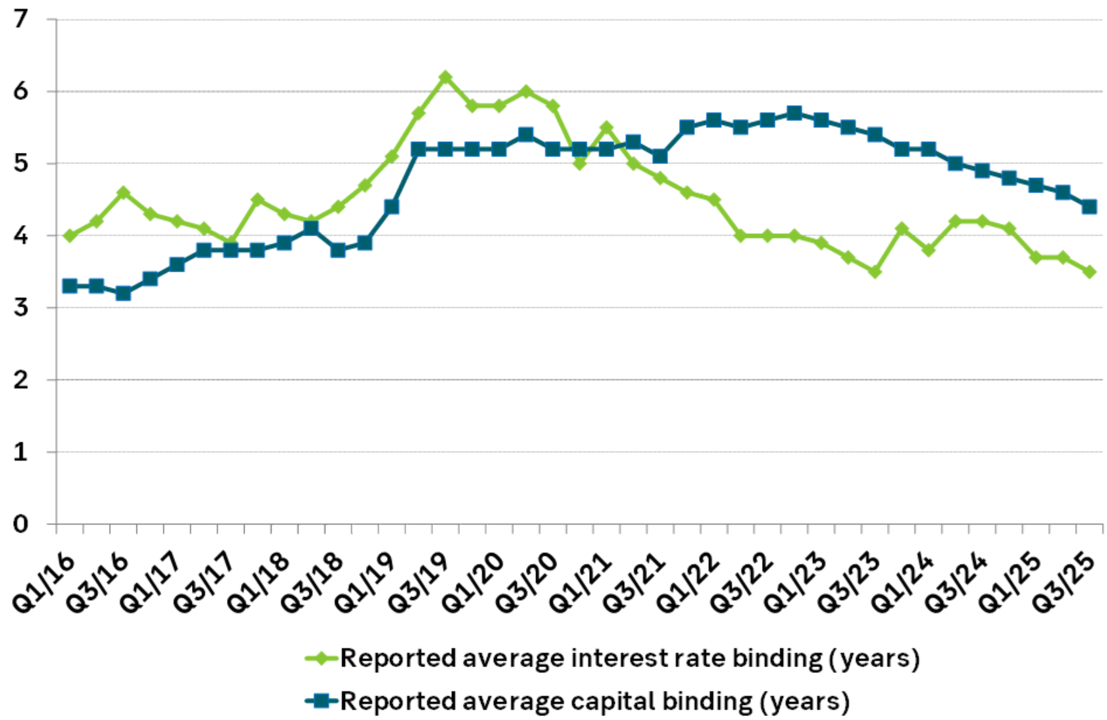
Source: SEB, Moody's

Moody's fixed charge coverage and current rating triggers



Source: SEB, Moody's

Capital and interest binding (years)

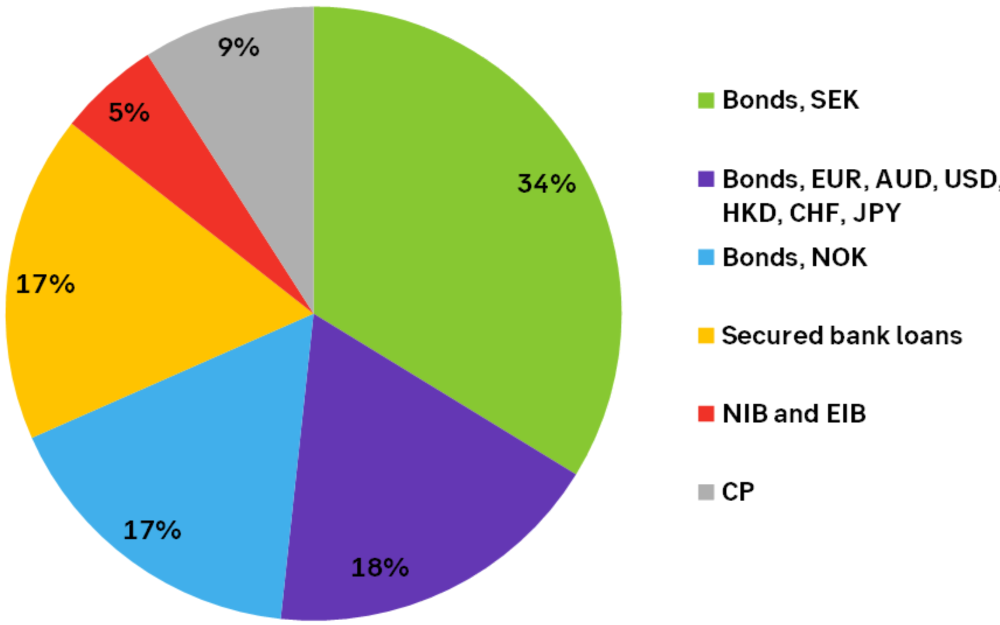


Source: Company reports

Debt maturity profile per end-Q3/25 (SEKm)

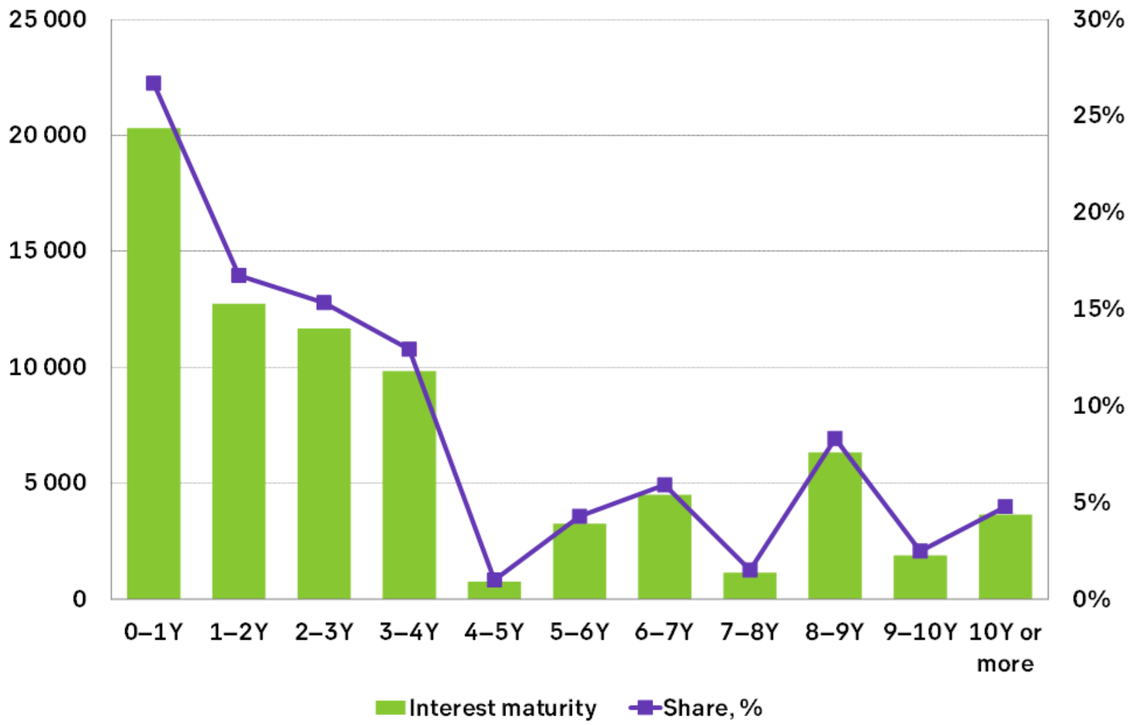
Source: Company report

Distribution of funding sources per end-Q3/25 (%)



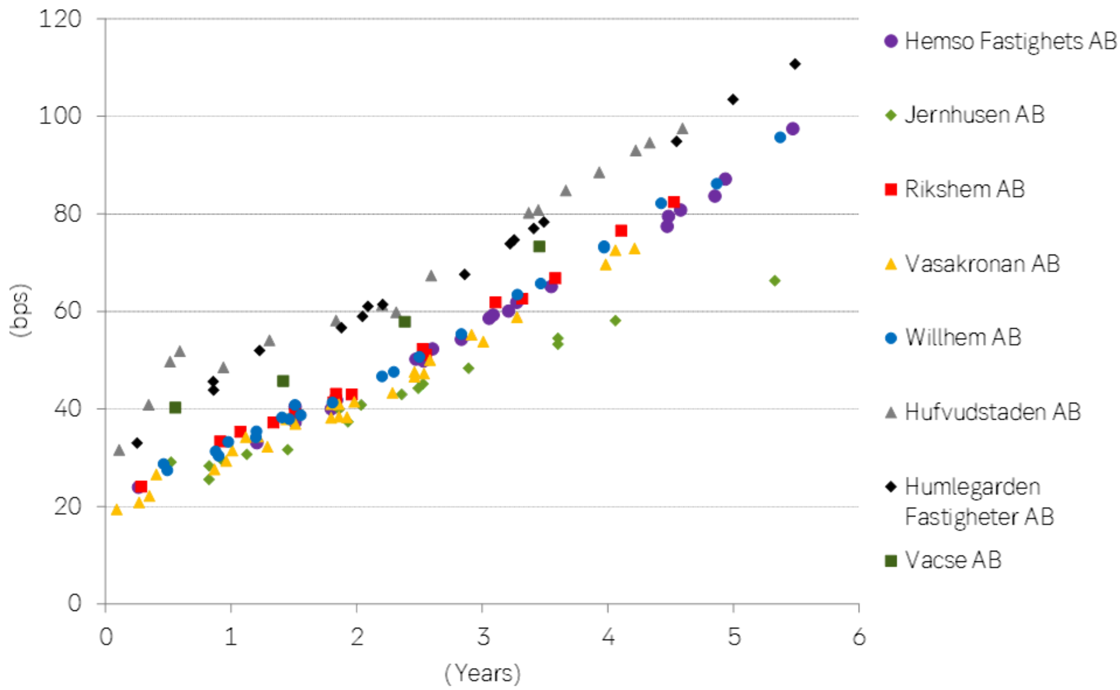
Source: Company report

Interest maturity profile per end-Q3/25 (SEKm)



Source: Company report

Relative value, selective SEK bonds



Source: Bloomberg, SEB

Spread development, selective SEK bonds

Source: Bloomberg, SEB

Gustav Johannesson
gustav.johannesson@seb.se
(46) 8 763 85 75

US Investors must contact SEB Securities, Inc. at SEBSIFixedIncome@sebny.com with any questions.

Authors' statement of Objectivity (Analyst Certification)

We, the authors of this report, hereby confirm that notwithstanding the existence of any potential conflicts of interest referred to herein, the views expressed in this report accurately reflect our personal views about the companies and securities covered. We further confirm that we have not been, nor are or will be, receiving direct or indirect compensation in exchange for expressing any of the views or the specific recommendation contained in the report. We are not registered or qualified as research analysts, representatives or associated persons under the rules of any US exchange, regulatory organization or State.

This statement affects your rights

This report is confidential and may not be reproduced, redistributed or republished by any recipient for any purpose or to any person.

Recipients

This marketing communication is approved and issued by Skandinaviska Enskilda Banken AB (publ) (“SEB”), a bank organized under the laws of the Kingdom of Sweden, on behalf of itself and its affiliates for institutional investors. SEB is not a registered Broker-Dealer under the US Securities and Exchange Act of 1934.

This marketing communication is produced for the private information of recipients - if you are not a client of ours, you are not entitled to this research report, and should destroy it. The document is not, and should not be construed as, an offer to sell or solicitation of an offer to buy any securities. Opinions contained in the report represent the author's present opinion only and may be subject to change. In the event that the author's opinion should change or a new analyst with a different opinion becomes responsible for our coverage of any company mentioned, we shall endeavour (but do not undertake) to disseminate any such change, within the constraints of any regulations, applicable laws, internal procedures within SEB, or other circumstances. If you are in doubt as to the meaning of the recommendation system used by SEB in this communication, please refer to the explanation below.

Good faith and limitations

All information, including statements of fact, contained in this marketing communication have been obtained and compiled in good faith from sources believed to be reliable. However, no representation or warranty, express or implied, is made by SEB with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative and should not be taken in substitution for the exercise of reasoned, independent judgement by you. Recipients are urged to base their investment decisions upon such investigations as they deem necessary. To the extent permitted by applicable law, no liability whatsoever is accepted by SEB for any direct or consequential loss arising from the use of this document or its contents.

Distribution

This marketing communication has been prepared by SEB or its affiliates and is being distributed by SEB offices in Stockholm, Copenhagen, Oslo, Helsinki, Frankfurt, London, Tallinn, Vilnius, Singapore and Hong Kong. This communication may only be distributed in the US by SEB Securities Inc. to recipients which are deemed ‘Qualified Institutional Buyers’ under Rule 144A of the Securities Act of 1933, and the communication is provided to these recipients as Institutional Debt Research under the exemptions in FINRA Rule 2242(j). The Communications are prepared and distributed in Lithuania by AB SEB bankas and in Estonia by AS SEB Pank in accordance with the requirements of the local laws and Financial Supervision Authority's conduct of business rules. Addresses and Phone numbers for each office can be found at the end of the report.

The SEB Group: members, memberships and regulators

SEB is a member of, inter alia, Nasdaq OMX Nordic, Oslo Stock Exchange, the London Stock Exchange, NYSE Euronext, Frankfurt Stock Exchange, Tallinn Stock Exchange as well as certain European MTF's such as BATS-Chi-X, Turquoise, Burgundy, XUBS, POSIT and Sigma-X. SEB is regulated by Finansinspektionen in Sweden and, for the conduct of investment services business, in (i) Denmark by Finanstilsynet, (ii) Norway by Finanstilsynet, (iii) Finland by Finanssivalvonta, (iv) Germany by Bundesanstalt für Finanzdienstleistungsaufsicht, (v) the UK authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request, (vi) Estonia by the Estonian Financial Supervision Authority, (vii) Lithuania by the Bank of Lithuania, (viii) by the Monetary Authority of Singapore and (ix) Hong Kong by Securities and Futures Commission. SEBSI is a U.S. broker-dealer, registered with the Financial Industry Regulatory Authority (FINRA). SEBSI is a subsidiary of SEB. SEBSI is authorized to engage in the underwriting of securities but does not make markets or otherwise engage in any proprietary trading in any securities.

Prevention and avoidance of conflicts of interest

All marketing communications produced by SEB are produced with due care, skill and integrity. While DCM Research and Equities sales and trading are part of the same organisational unit as its investment banking activities, care is taken to manage any conflict of interest. Our DCM Research communications are thus based solely on publicly available information. Following standard practice, recommendations and target share prices are removed from analytical comments on companies which are the subject of public offers on which SEB is advising. The remuneration of staff within DCM Research is determined by senior management of the Corporate & Investment Banking division and may include discretionary awards based on the firm's total earnings, including investment banking and markets (sales and trading businesses) income; however, no such staff receive remuneration based upon specific investment banking or markets transactions. SEB's Compliance department monitors the production of research and the observance of the group's procedures designed to prevent any potential conflicts of interest from affecting the content of research; the latter are described in greater detail in the "Statement of Policies for dealing with potential conflicts of interest surrounding our Research activities" which is available on our Research website.

Your attention is also drawn to the fact that

Unless explicitly stated otherwise in this report, SEB expects (but does not undertake) to issue updates to this report following the publication of new figures or forecasts by the company subject to comment, or upon the occurrence of other events which could potentially have a material effect on it.

The securities discussed in this report may not be eligible for sale in all countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this report and its distribution, may be made only in countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. For US recipients which are 'Qualified Institutional Buyers' under Rule 144A of the Securities Act of 1933, any resulting transactions as a consequence of this communication may only be affected through SEB Securities Inc.

Additional recommendation history for the issuer is available at https://research.sebgroup.com/

Specific disclosures for institutional investors

The analysis and valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties; different assumptions could result in materially different results. The inclusion of any such valuations, projections and forecasts in this report should not be regarded as a representation or warranty by or on behalf of the SEB Group or any person or entity within the SEB Group that such valuations, projections and forecasts or their underlying assumptions and estimates will be met or realized. Past performance is not a reliable indicator of future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report.

Company specific disclosures and potential conflicts of interest

A member of, or an entity associated with, SEB or its affiliates, officers, directors, employees or shareholders of such members (a) is not, and has never been, represented on the board of directors or similar supervisory entity of Vasakronan, (b) has from time to time bought or sold the securities issued by the company or options relating to the company, and (c) SEB does not hold any short / long position exceeding 0.5% of the total issued share capital of Vasakronan as of 31 Oct 2025.

SEB is, or has within the last 12 months been or expects in the next 3 months to be, party to an agreement relating to the provision of investment banking services to Vasakronan or an affiliate, or has received from it fees or the promise of fees in respect of such services.

Within the past 12 months SEB has been involved in a public offering and/or underwriting of Vasakronan.

The analyst(s) responsible for this research (jointly with their closely related persons) hold(s) 0 shares in Vasakronan and do(es) not have holdings in other instruments related to the company.

Explanation of DCM Research recommendations

SEB derives its Recommendations from its appraisal of the credit quality of the issuer and issue in combination with the market price. The analyst may express a recommendation in various ways, depending on the complexity of the issuer's debt structure or the complexity of the analysed instrument, including:

1) Formal terminology

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

Marketweight over the next six months we expect a position in this instrument to perform in line with the relevant index, sector or benchmark.

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

2) An expression of relative value compared with instruments or debt classes issued by peers or comparable entities.

3) A list of so called "Top Picks" from a group of issuers, instruments or debt classes.

DCM Research recommendations are valid during the day of publication only and are therefore not necessarily updated or adjusted even if credit quality and market pricing have changed materially.

Methodology

SEB's DCM Research makes it assessment of the creditworthiness of an issuer based on the assessment of an issuer's business risk profile as well as its financial risk profile. The business risk profile includes country risk, industry risk, competitive position, and profitability. The financial risk profile includes financial policies, accounting, cash flow adequacy, capital structure and liquidity. The outcome of the assessment of the two risk profiles is weighed together for a final overall assessment.

In addition to SEB's credit assessment of creditworthiness, other factors considered in a particular issuer include the credit ratings assigned to a specific issuer by independent agencies, the value and market price of its securities, macroeconomic factors such as interest rates, promised coupon or yield of the specific instruments, and historical spread developments.