

Vasakronan

Still waiting for an office market recovery

- Soft operational Q4 performance
- Stable financial performance but postponed dividend proposal
- Limited impact on spreads expected, but credit-negative anyway

Soft operational Q4 performance

Rental income, on a like-for-like basis, declined by 1% in 2025, thus about the same rate in Q4 2025 compared to the previous quarter. Net letting amounted to a significant SEK -161m, albeit primarily driven by three larger, previously announced, terminations. The vacancy rate was up another 20bp to 12.3% and value changes amounted to SEK -1.2bn (-0.7%). Lease renegotiations in 2025 (300,000 sqm) have resulted in a 3% lower outgoing rent on average. The CEO is seeing some small signs of a better 2026 but remains relatively cautious, with a clear focus on increasing lettings.

Stable financial performance but postponed dividend proposal

Reported LTV was unchanged q-o-q at 40% while the ICR decreased slightly to 3.6x – thus inside Moody's requirements for the A3 rating. The fixed interest term of 4.4 years and average debt maturity of 3.6 years were both largely stable q-o-q, and compares favourably with most peers. Slightly surprisingly, however, the Board will come with a proposal for the dividend in conjunction with the notice of the AGM. Typically, this has been made in conjunction with the year-end numbers. Vasakronan has been very restrictive with dividends in recent years (no dividend was paid for 2022 or 2023), which has been a clear credit-positive. Vasakronan is owned by the Swedish Nation Pension Funds AP 2 (25%), AP3 (37.5%) and AP4 (37.5%) following AP1's transfer of funds to AP3 and AP4.

Limited impact on spreads expected, but credit-negative anyway

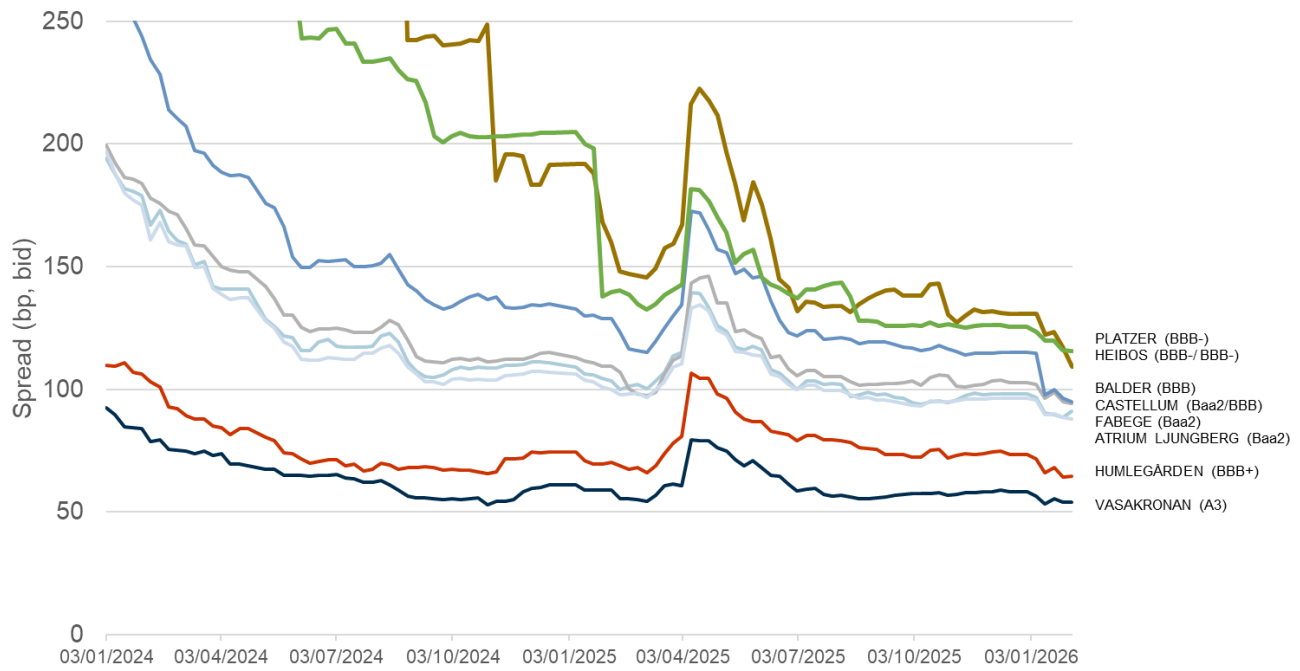
We see the continued weakness in the Stockholm (and Gothenburg) office market as somewhat credit-negative for Vasakronan and its office peers. We do, however, continue to see Vasakronan as one of the strongest issuers in the Nordic real estate sector and expect limited impact on credit spreads in the current strong bond market.

Key figures

SEKm	2021	2022	2023	2024	2025
Rental revenues	7,425	8,167	9,157	9,447	9,503
Op. net (NOIRE)	5,533	5,968	6,862	7,055	7,037
Income fr property mgmt adj	4,391	4,333	4,645	4,849	4,862
Net income adj	16,359	8,465	-10,858	3,823	3,015
Property value	186,732	193,467	180,898	185,737	189,289
Gross debt adj	78,996	82,576	82,589	82,322	82,398
Net debt to prop value adj (%)	40.4	41.1	43.9	42.2	42.5
Total debt to total assets adj (%)	40.3	39.6	42.4	41.4	40.8
FFO/gross debt adj (%)	5	5	6	5	5
Gross debt/EBITDA adj (x)	14.6	14.1	12.2	11.8	11.9
EBITDA/interest expense adj (x)	4.5	4.2	3.3	3.1	3.2
Dividends/FFO adj (%)	56.0	93.6	n.m	n.m	44.6
Vacancy rate (%)	9.0	9.1	9.1	10.9	12.3
Pledged assets to total assets (%)	4.0	5.5	5.9	5.8	n.m
Secured debt to total assets (%)	4.0	5.3	5.7	5.6	6.5
Valuation yield (%)	3.9	4.0	4.5	4.5	4.5

Source: Handelsbanken

Interpolated 3-year SEK spreads (bid)



Sources: Bloomberg and Handelsbanken

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4 Feb 2026: Vasakronan - Handelsbanken's analyst Michael Andersson has no position in Vasakronan or a related instrument.

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On 5 Jan 2024 the recommendation (SEK Senior unsecured) Underperform, which was set on 28 Nov 2022, was changed to the current recommendation Market Perform.

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