

Company Comment	Property	Sweden	05 February 2026
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Q4: Operational headwinds but financials stable

The operational and financial performance in Q4 was broadly in line with previous quarterly trends. The weak office rental market persisted, reflected in lettings, like for like figures and property valuations. Despite these challenges, Vasakronan maintained a stable financial position and solid credit metrics, giving it room to pursue strategic opportunities. The CEO highlighted a continued focus on strengthening lettings, while still ready to act if the right business opportunities arise.

Operational headwinds continued in the fourth quarter, but...

Vasakronan's softer operational trend continued in Q4, reflected in like-for-like performance, negative net lettings, lower renegotiated rents, and continued property value pressure. In Q4, rental income and NOI increased by c. 2%, supported by the Solna United acquisitions, completed developments, and CPI indexation. This was partly offset by higher vacancies and rent losses earlier in the year. On a l-f-l basis, rental income and NOI declined by 1% and 2%, respectively, for FY2025. However, cost controls remain good overall, supported by mostly stable NOI and EBITDA margins.

The economic occupancy rate, including ongoing projects, declined slightly by 0.2% q/q to 87.7%, of which 1.0% relates to properties under development. As previously highlighted, vacancies are predominantly concentrated among the office portfolio in Stockholm. After reporting broadly flat net lettings during the first nine months of the year, net lettings turned more negative in Q4 (SEK -161m), driven by previously disclosed lease terminations from TV4, Ramboll, and the Swedish Economic Crime Authority. Lease renegotiations and extensions totaling SEK 1,460m were completed during 2025, with a tenant retention rate of 70%. The renegotiated contracts resulted in net payable rents that were 3.1% below previous levels.

Unrealised property value changes amounted to c. SEK -1.2bn in Q4, corresponding to a 0.6% decline in portfolio value. The entire portfolio was externally valued during the quarter, with value changes primarily driven by market rent assumptions and long-term vacancies within the Stockholm investment portfolio. The average yield requirement remained unchanged q/q at 4.52%, compared with a reported trailing 12-month yield of 3.93% for the investment portfolio.

... financial position and credit metrics remained largely stable

On the more positive side, the company's financial performance and position remains once again steadier, as expected. Capital allocation wise, Vasakronan reported c. SEK 0.9bn in existing properties and projects while SEK 1.0bn in dividends were distributed (semi-annual payments). Nonetheless, net debt of SEK c. 73bn, average cost of debt of 2.5% and estimated yield gap of c. 2% remained sequentially steady.

Twelve-month earnings metrics remained steady, with an EBITDA/net interest ratio of 3.7x (3.5x adjusted) and a net debt/EBITDA of 10.7x (11.6x adjusted). The net LTV was flat q/q at 40.1% per end-Q4 (42.5% adjusted for leasing debt). At the same time, we calculated an effective leverage of 40.8% (35-45% required) and fixed-charge coverage of 3.5x (3.0-4.0x) according to Moody's definitions.

We continue to forecast adequate leeways to rating requirements going forwards. All else equal, we foresee a stable effective leverage while the fixed-charge coverage to weaken slightly ahead. No decision has been made in terms of dividend distribution for financial year 2025, though the Board will come with a dividend proposal in conjunction with the notice of the AGM.

CEO: Prevailing market conditions present both challenges and opportunities

The CEO noted that the weak labour market in recent years, combined with a heightened cost focus and evolving tenant working patterns, has contributed to higher vacancy rates and softer office demand. At the same time, early signs of a recovery in the Swedish economy are improving conditions for companies to invest and resume hiring. The CEO also highlighted a gradual increase in required office attendance, as organisations increasingly view the office as a strategic tool to support business objectives, collaboration, and corporate culture. Against this backdrop, Vasakronan's priority is to increase lettings and reduce vacancies by attracting new tenants while strengthening relationships with existing customers. Moreover, the CEO emphasised that the company's strong balance sheet and access to capital provide flexibility to pursue attractive business opportunities as they arise.

At year-end 2025, total investment in major ongoing property projects amounted to SEK 3,375m, of which 57% had been capitalised (59% occupancy). After the period, the company renewed and extended Ericsson's lease for more than 19,000 sq.m. in Modemet 1, Kista, for five years. While positive, the rent level was not disclosed, and there is still a risk that Ericsson could shift its hub away from Kista over time. We will continue to monitor rental market conditions, operational trends, and Vasakronan's capital allocation discipline.

Deviation between actual Q4 results and SEB DCM Research estimates (SEKm)

Deviation table	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25E	Q4/25	Q4 vs SEB
Rental income	2 399	2 331	2 338	2 380	2 397	2 454	2%
NOI	1 729	1 642	1 723	1 759	1 700	1 751	3%
EBITDA	1 702	1 606	1 686	1 731	1 677	1 723	3%
Interest expense	-504	-478	-494	-503	-505	-506	0%
Net interest expense	-463	-450	-448	-469	-516	-486	-6%
Investment properties	178 183	177 786	179 551	182 076	182 006	181 812	0%
Total debt	74 767	74 044	75 961	76 092	74 492	74 921	1%
Net debt	70 889	70 338	71 818	72 927	71 523	72 967	2%
Total debt / EBITDA (x)	11,0x	11,0x	11,2x	11,2x	11,0x	11,0x	
Net debt / EBITDA (x)	10,5x	10,5x	10,6x	10,8x	10,6x	10,7x	
EBITDA / net interest (x)	3,6x	3,6x	3,7x	3,7x	3,6x	3,7x	
FFO / net debt (%)	6,5%	6,1%	6,1%	6,0%	6,6%	6,2%	
Gross LTV	42,0%	41,6%	42,3%	41,8%	40,9%	41,2%	
Net LTV	39,8%	39,6%	40,0%	40,1%	39,3%	40,1%	

Property	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25E	Q4/25	DEV
Net acquisitions	-87	45	0	-2 136	-45	0	
Investments in existing properties	-611	-562	-462	-558	-818	-924	
Property revaluation	-140	-914	1 304	-169	-934	-1 188	
Yield	4,52%	4,54%	4,53%	4,52%	4,54%	4,52%	

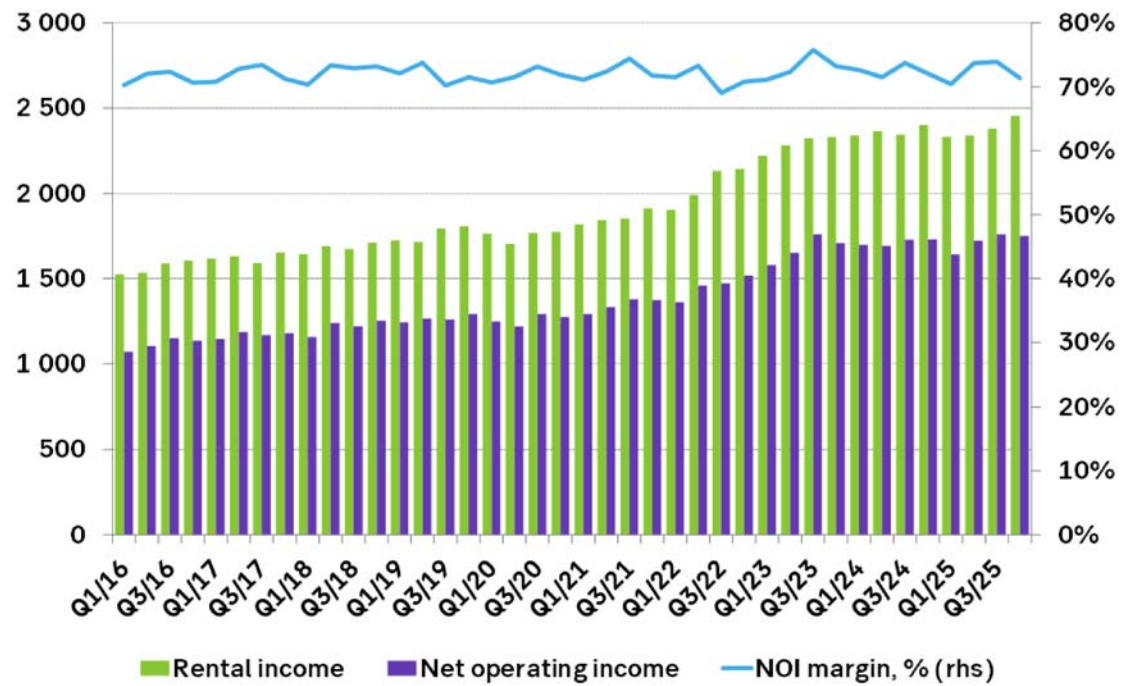
Operating costs	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25E	Q4/25	
Central administration	-27	-36	-37	-28	-24	-28	18%
Running costs	-248	-253	-230	-200	-262	-269	3%
Repairs and maintenance	-48	-38	-43	-38	-60	-54	-11%
Property administration	-110	-124	-125	-114	-119	-128	8%
Property taxes	-209	-216	-216	-220	-198	-197	-1%
Leasehold rents	-55	-58	-1	-49	-57	-55	-4%
Total property costs	-670	-689	-615	-621	-696	-703	1%

Source: Company data, SEB DCM Research estimate

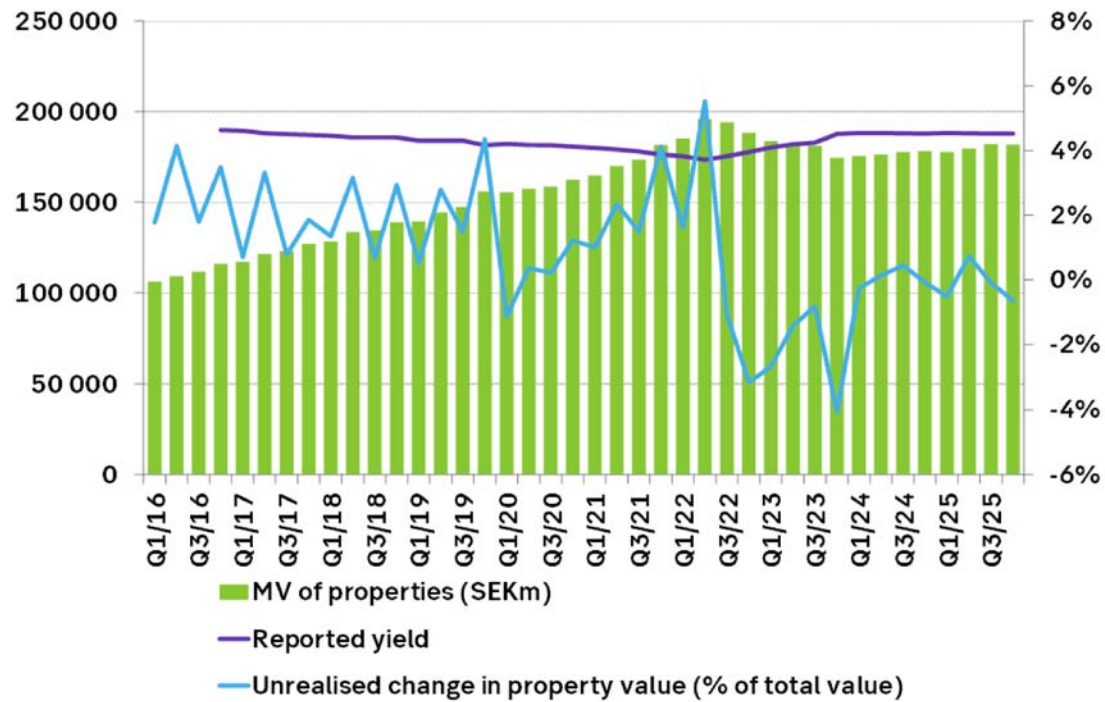
Vasakronan's LTM financial accounts and forecast, SEB DCM Research base case

SEKm	Q1/25	Q2/25	Q3/25	Q4/25	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Rental income	9 440	9 412	9 448	9 503	7 040	7 006	7 425	8 167	9 157	9 447	9 503	9 545	9 610
NOI	6 791	6 822	6 853	6 875	5 060	5 032	5 377	5 808	6 697	6 847	6 875	6 884	6 956
EBITDA	6 723	6 753	6 777	6 798	5 268	4 961	5 461	5 862	6 636	6 768	6 798	6 812	6 880
FFO	4 305	4 373	4 396	4 533	3 899	3 608	4 090	4 414	4 706	4 575	4 533	4 619	4 584
Y/Y growth in rental income (%)	2%	1%	1%	1%	5%	0%	6%	10%	12%	3%	1%	0%	1%
NOI margin (%)	72%	72%	73%	72%	72%	72%	72%	71%	73.1%	72.5%	72%	72%	72%
EBITDA margin (%)	71%	72%	72%	72%	75%	71%	74%	72%	72%	72%	72%	71%	72%
Interest expense	-2 022	-1 986	-1 979	-1 981	-1 135	-1 127	-1 055	-1 238	-1 884	-2 069	-1 981	-2 039	-2 076
Net interest expense	-1 867	-1 829	-1 830	-1 853	-1 131	-1 118	-1 051	-1 208	-1 730	-1 885	-1 853	-2 002	-2 019
Hybrid / preferred interest/dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted interest expense	-2 080	-1 993	-1 993	-2 016	-1 278	-1 276	-1 211	-1 368	-2 103	-2 093	-2 016	-2 174	-2 192
Investment properties	177 786	179 551	182 076	181 812	156 071	162 420	181 575	188 317	174 569	178 183	181 812	183 403	186 632
Total debt	74 044	75 961	76 092	74 921	66 638	69 317	73 838	77 425	76 259	74 767	74 921	76 111	75 777
Cash and equivalents	3 706	4 143	3 165	1 954	3 515	2 558	3 521	2 984	3 225	3 878	1 954	3 203	2 443
Net debt	70 338	71 818	72 927	72 967	63 123	66 759	70 317	74 441	73 034	70 889	72 967	72 908	73 334
Hybrid / preferred debt / capital	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted debt	77 891	79 299	80 406	80 444	68 367	71 923	75 475	79 592	79 364	78 444	80 444	80 385	80 811
Secured debt	11 139	13 129	13 130	13 131	11 603	10 971	7 866	11 131	11 131	11 138	13 131	13 000	13 000
Equity	83 011	82 467	83 752	83 703	70 156	70 869	85 290	89 767	78 902	82 701	83 703	84 756	86 701
Adjusted equity	83 011	82 467	83 752	83 703	70 156	70 869	85 290	89 767	78 902	82 701	83 703	84 756	86 701
Net debt + equity	153 349	154 285	156 679	156 670	133 279	137 628	155 607	164 208	151 936	155 590	156 670	157 664	160 035
Credit metrics	Q1/25	Q2/25	Q3/25	Q4/25	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Total debt / EBITDA (x)	11.0x	11.2x	11.2x	11.0x	12.6x	14.0x	13.5x	13.2x	11.5x	11.0x	11.0x	11.2x	11.0x
Net debt / EBITDA (x)	10.5x	10.6x	10.8x	10.7x	12.0x	13.5x	12.9x	12.7x	11.0x	10.5x	10.7x	10.7x	10.7x
Adjusted debt / EBITDA (x)	11.2x	11.5x	11.6x	11.6x	12.6x	14.1x	13.4x	13.2x	11.3x	11.2x	11.6x	11.5x	11.5x
EBITDA / interest (x)	3.3x	3.4x	3.4x	3.4x	4.6x	4.4x	5.2x	4.7x	3.5x	3.3x	3.4x	3.3x	3.3x
EBITDA / net interest (x)	3.6x	3.7x	3.7x	3.7x	4.7x	4.4x	5.2x	4.9x	3.8x	3.6x	3.7x	3.4x	3.4x
EBITDA / adjusted interest (x)	3.3x	3.5x	3.5x	3.5x	4.2x	4.0x	4.6x	4.4x	3.3x	3.3x	3.5x	3.2x	3.2x
Fixed charge coverage (x)	0.5x	0.5x	0.5x	0.4x	0.4x	0.3x	0.4x	0.5x	0.5x	0.4x	0.4x	0.4x	0.4x
FFO / total debt (%)	5.8%	5.8%	5.8%	6.1%	5.9%	5.2%	5.5%	5.7%	6.2%	6.1%	6.1%	6.1%	6.0%
FFO / net debt (%)	6.1%	6.1%	6.0%	6.2%	6.2%	5.4%	5.8%	5.9%	6.4%	6.5%	6.2%	6.3%	6.3%
FFO / adjusted debt (%)	5.8%	5.7%	5.7%	5.8%	5.9%	5.2%	5.6%	5.7%	6.4%	6.1%	5.8%	6.0%	5.9%
Gross LTV	41.6%	42.3%	41.8%	41.2%	42.7%	42.7%	40.7%	41.1%	43.7%	42.0%	41.2%	41.5%	40.6%
Net LTV	39.6%	40.0%	40.1%	40.1%	40.4%	41.1%	38.7%	39.5%	41.8%	39.8%	40.1%	39.8%	39.3%
Adjusted LTV	42.0%	42.4%	42.4%	42.5%	42.4%	42.9%	40.4%	41.1%	43.9%	42.2%	42.5%	42.1%	41.6%
Net debt / debt + equity	45.9%	46.5%	46.5%	46.6%	47.4%	48.5%	45.2%	45.3%	48.1%	46.2%	46.6%	46.2%	45.8%
Adjusted debt / debt + equity	50.8%	51.4%	51.3%	51.3%	51.3%	52.3%	48.5%	48.5%	52.2%	51.1%	51.3%	51.0%	50.5%
Secured LTV	6.3%	7.3%	7.2%	7.2%	7.4%	6.8%	4.3%	5.9%	6.4%	6.3%	7.2%	7.1%	7.0%
Equity ratio	41.5%	41.0%	41.3%	41.4%	41.2%	40.2%	43.5%	43.0%	40.5%	41.6%	41.4%	41.4%	41.8%

Source: Company data, SEB DCM Research estimate

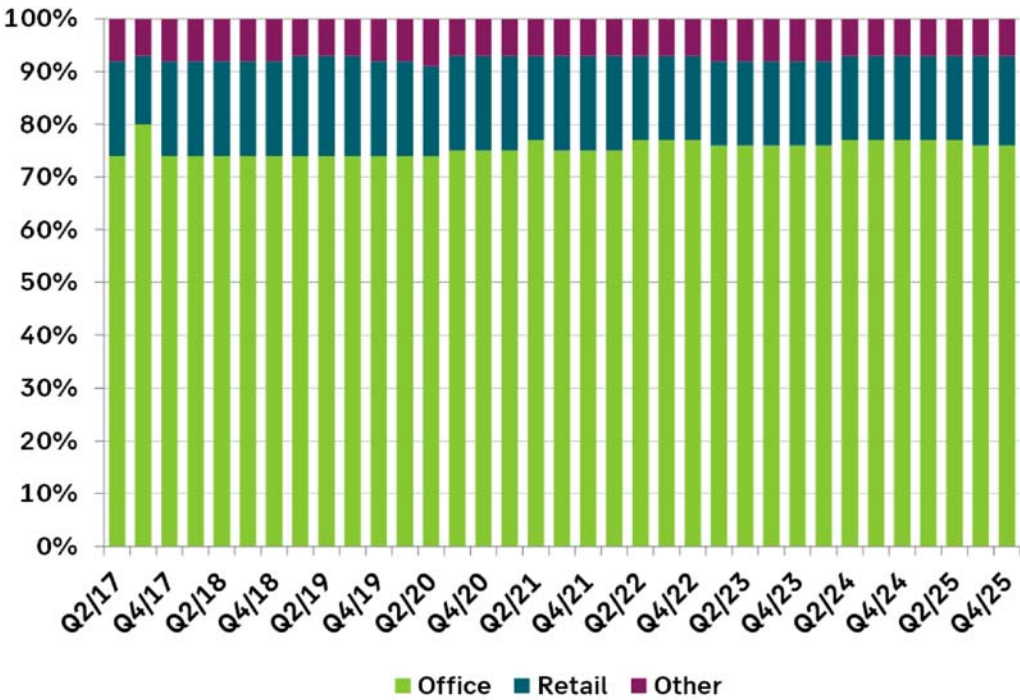
Quarterly rental income and NOI (SEKm)

Source: Company reports, SEB

Property portfolio statistics (SEKm)

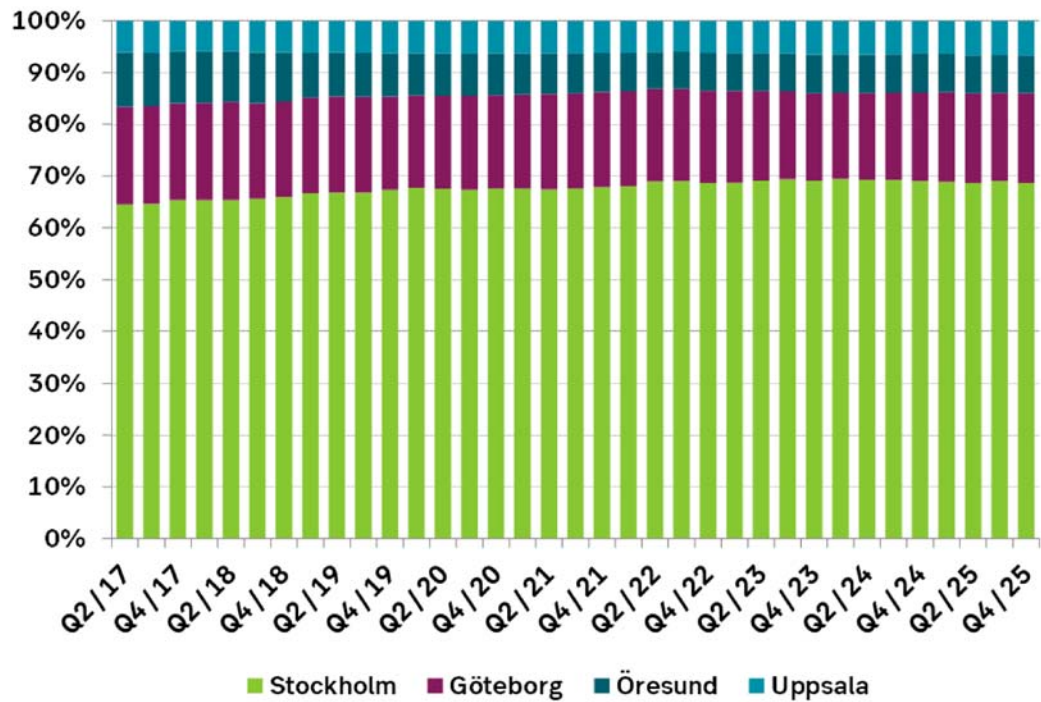
Source: Company reports, SEB

Property portfolio composition by property type (%)

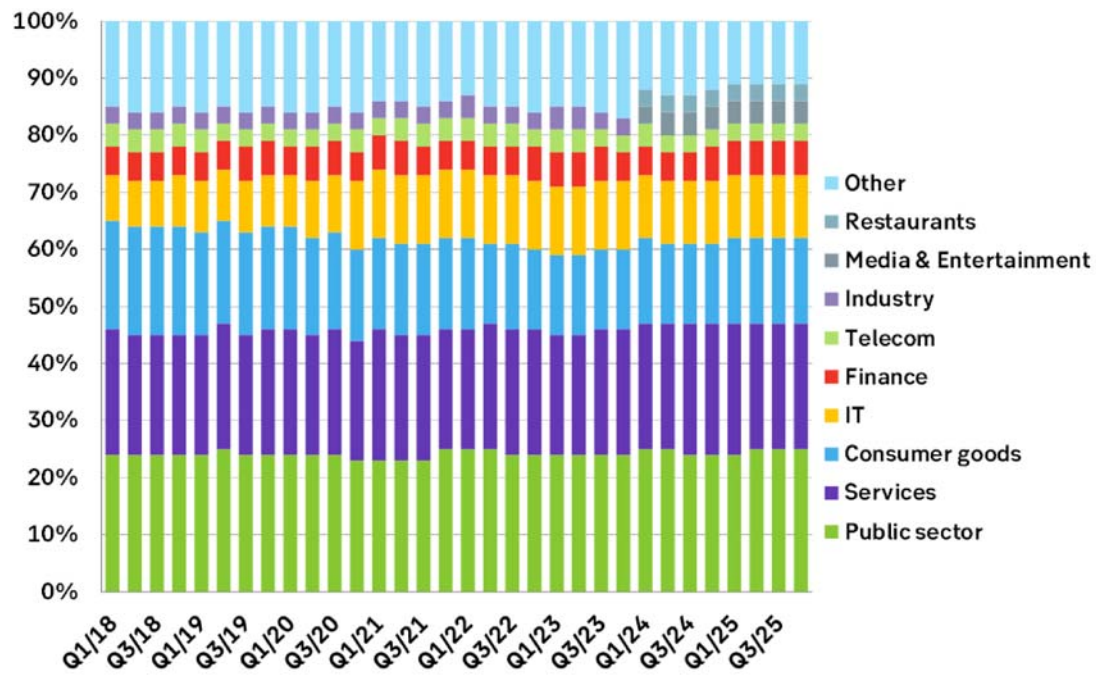


Source: Company reports

Property portfolio composition by region (%)

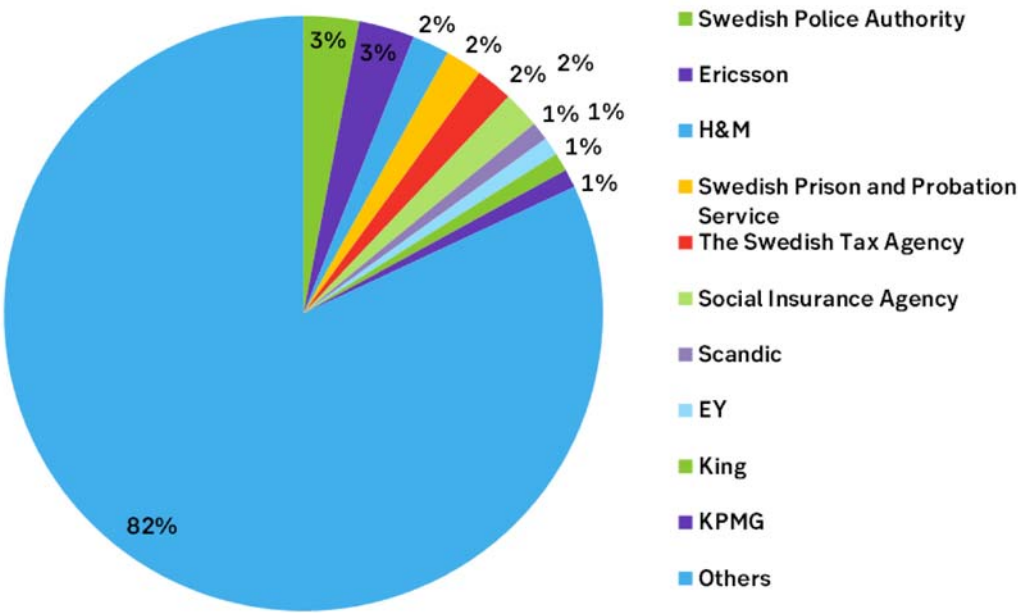


Source: Company reports

Breakdown of tenant by sector, % of contracted rent

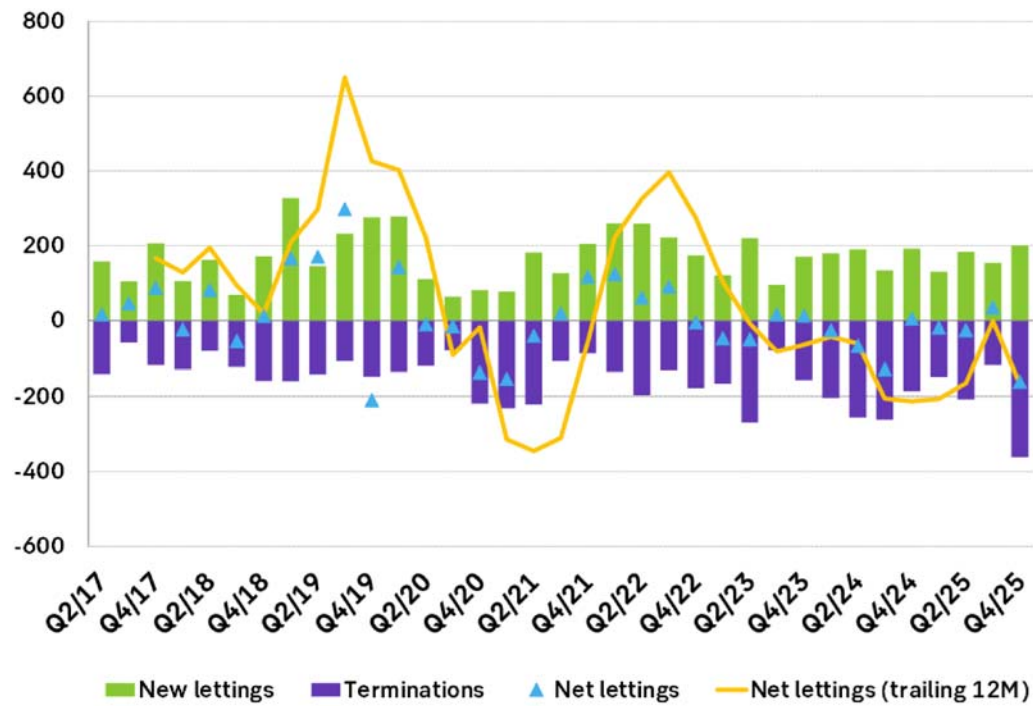
Source: Company reports

Tenant composition per end-Q4/25 (%)

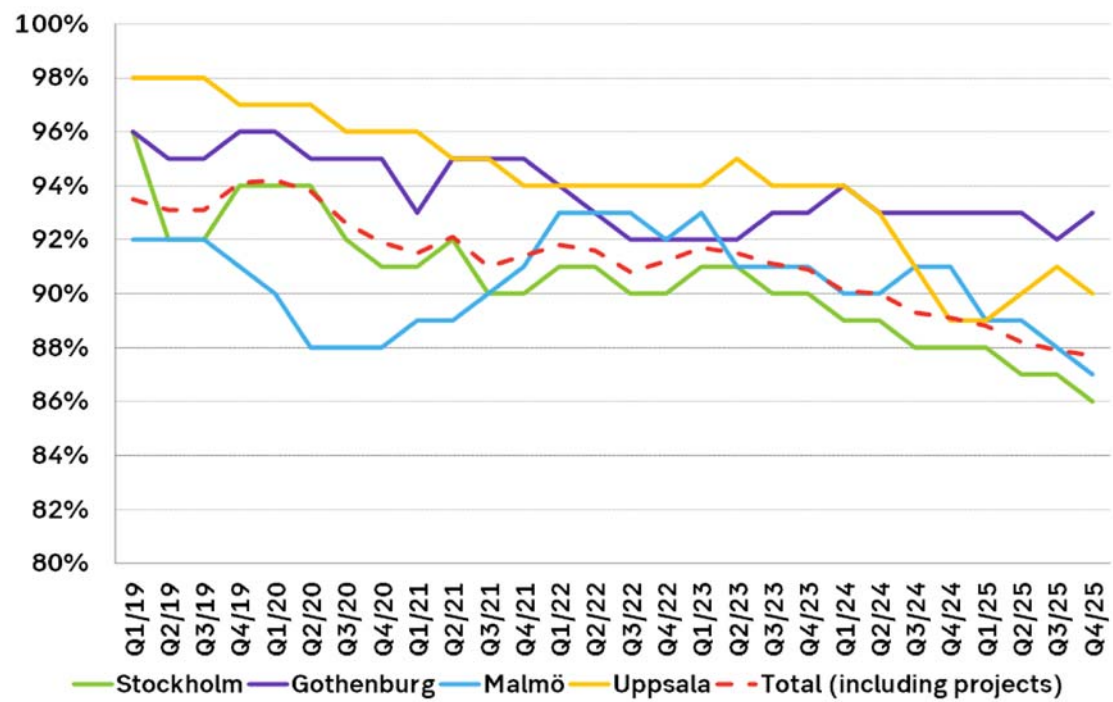


Source: Company report

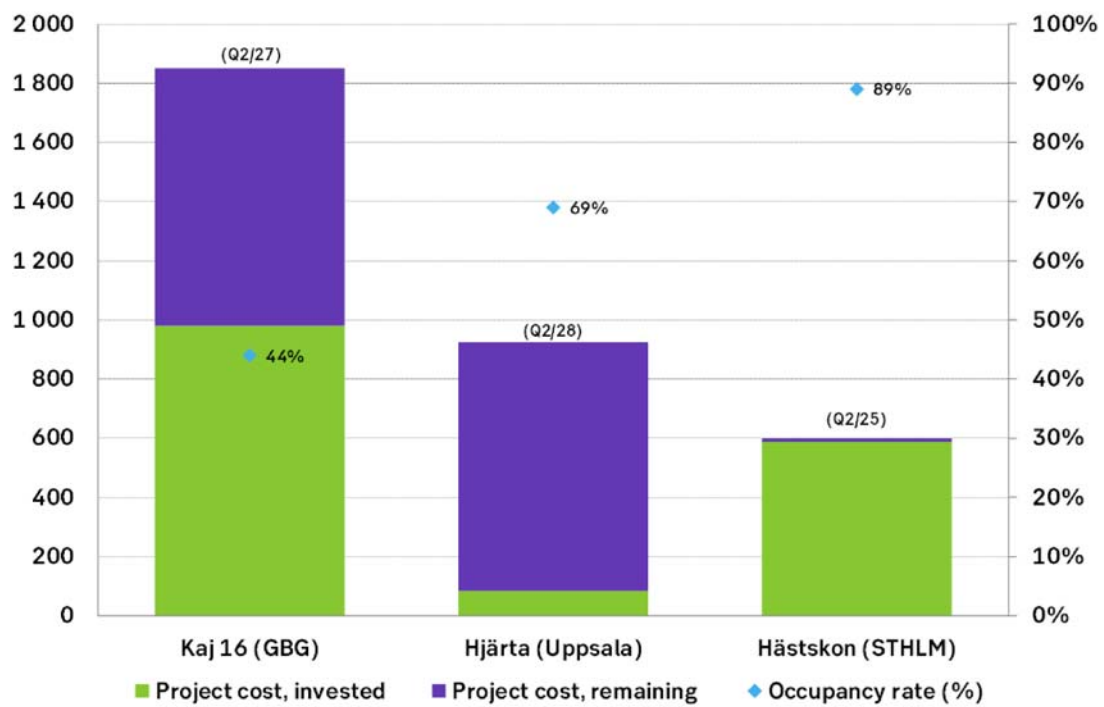
Historical evolution of net leasing per quarter (SEKm)



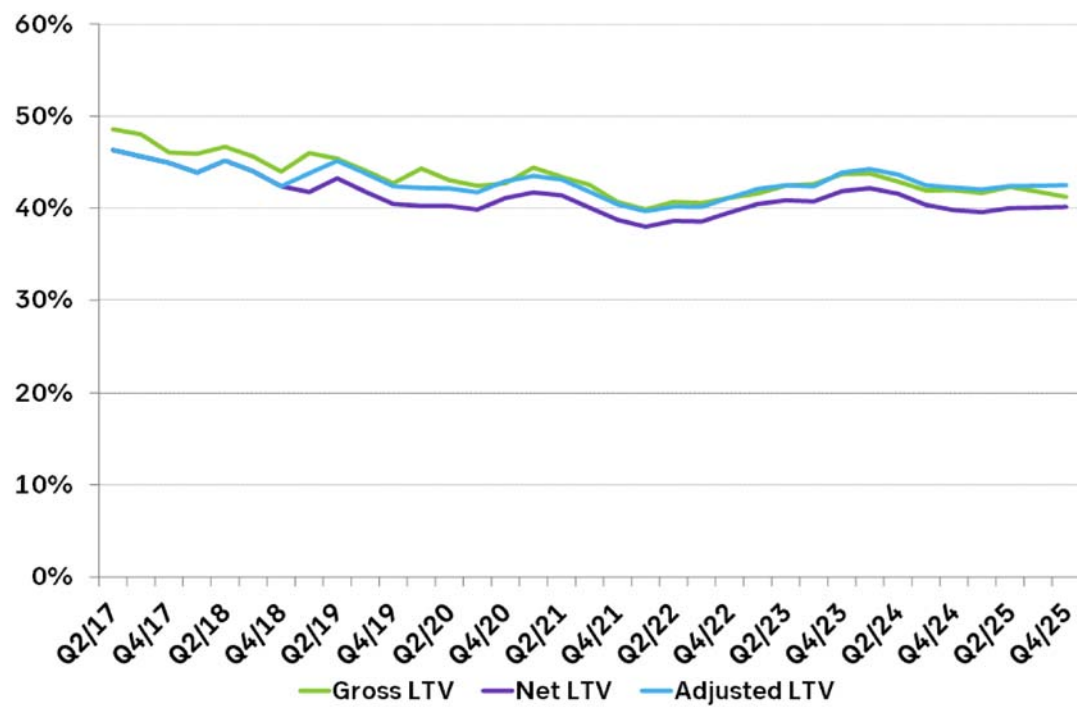
Source: Company reports, SEB

Occupancy rate development per region (%)

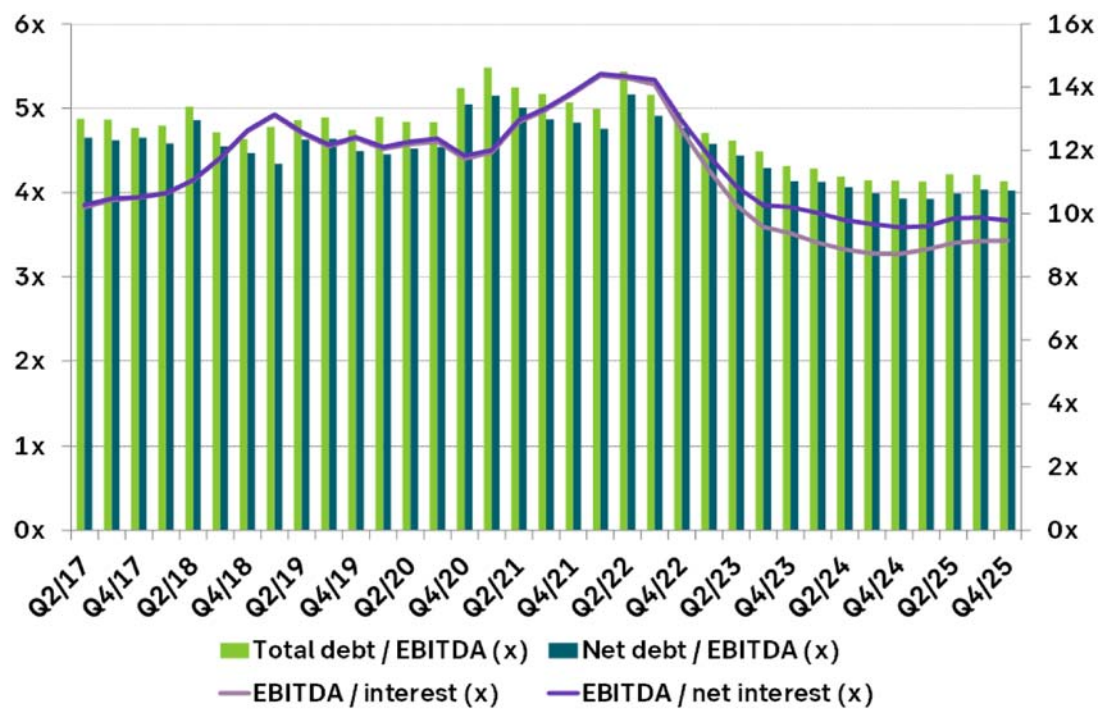
Source: Company reports, SEB

Overview of major projects ongoing per end-Q4/25 (SEKm)

Source: Company reports, SEB

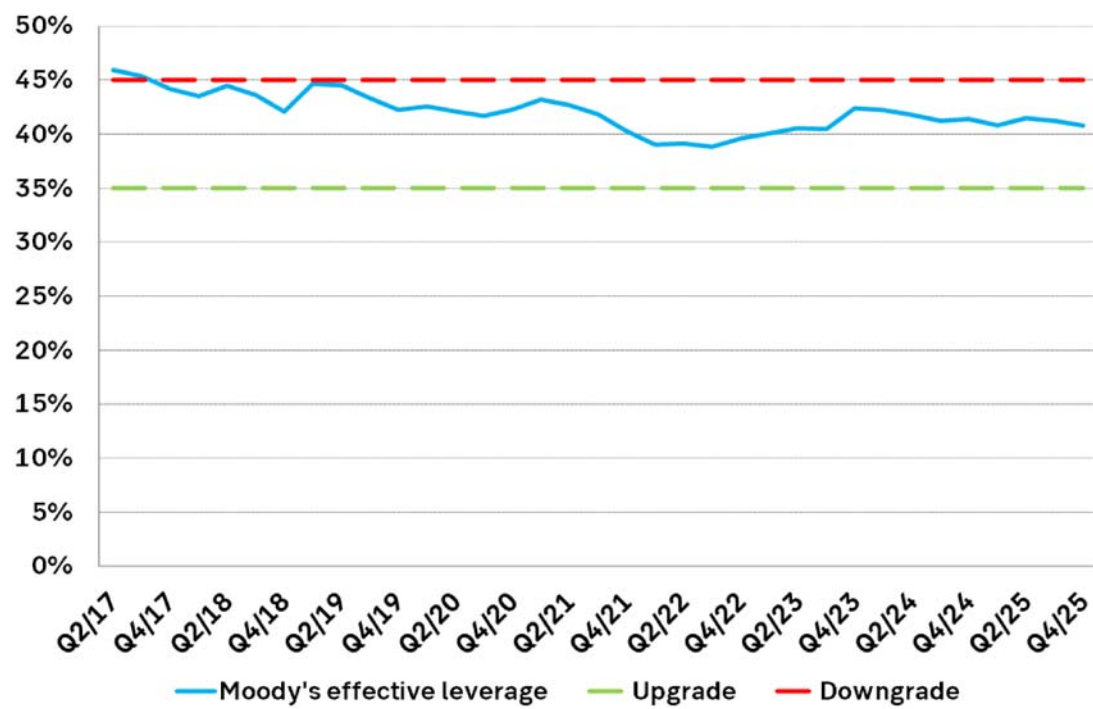
LTV (%)

Source: Company reports, SEB

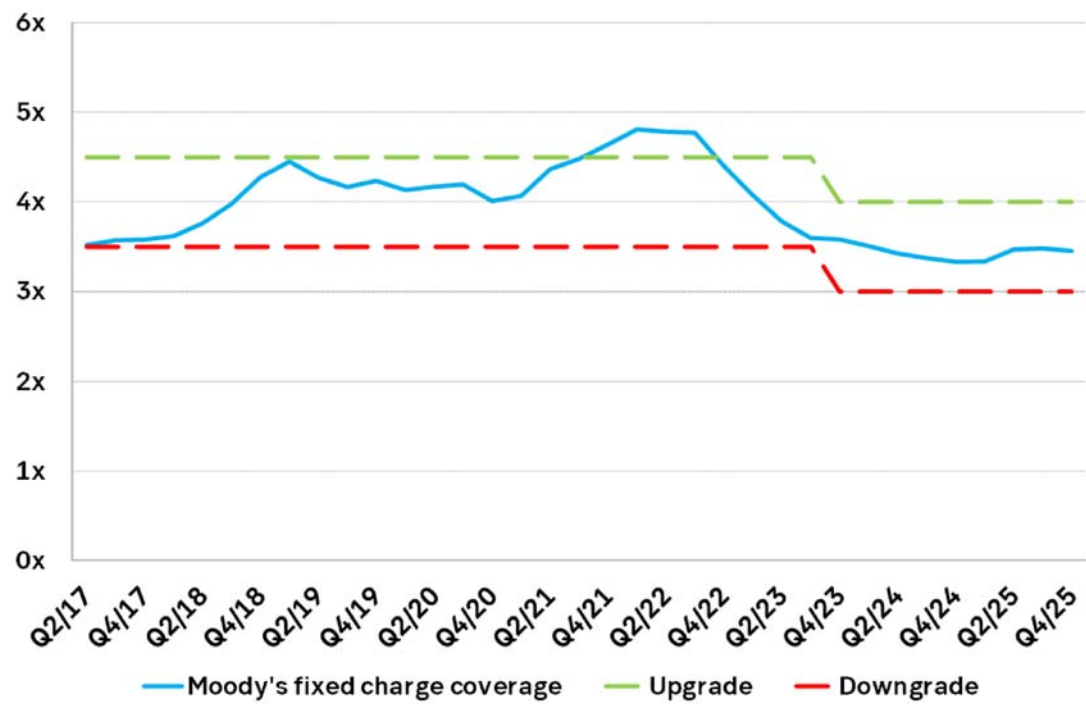
LTM leverage and interest coverage (x)

Source: Company reports, SEB

Moody's effective leverage and rating triggers

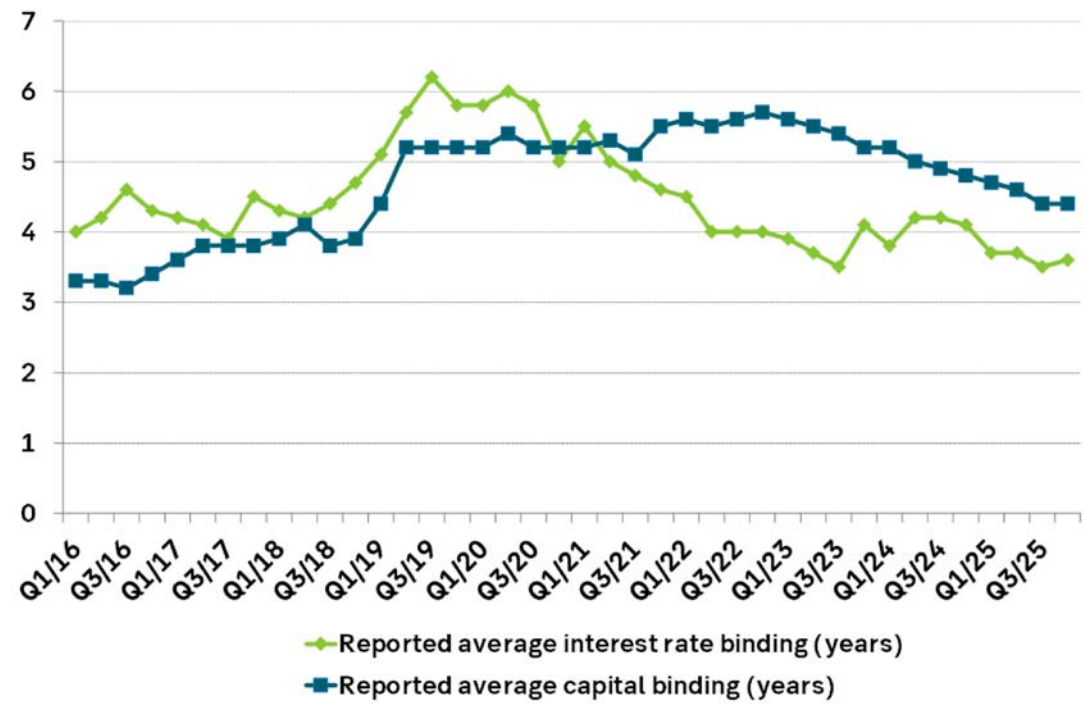


Source: SEB, Moody's

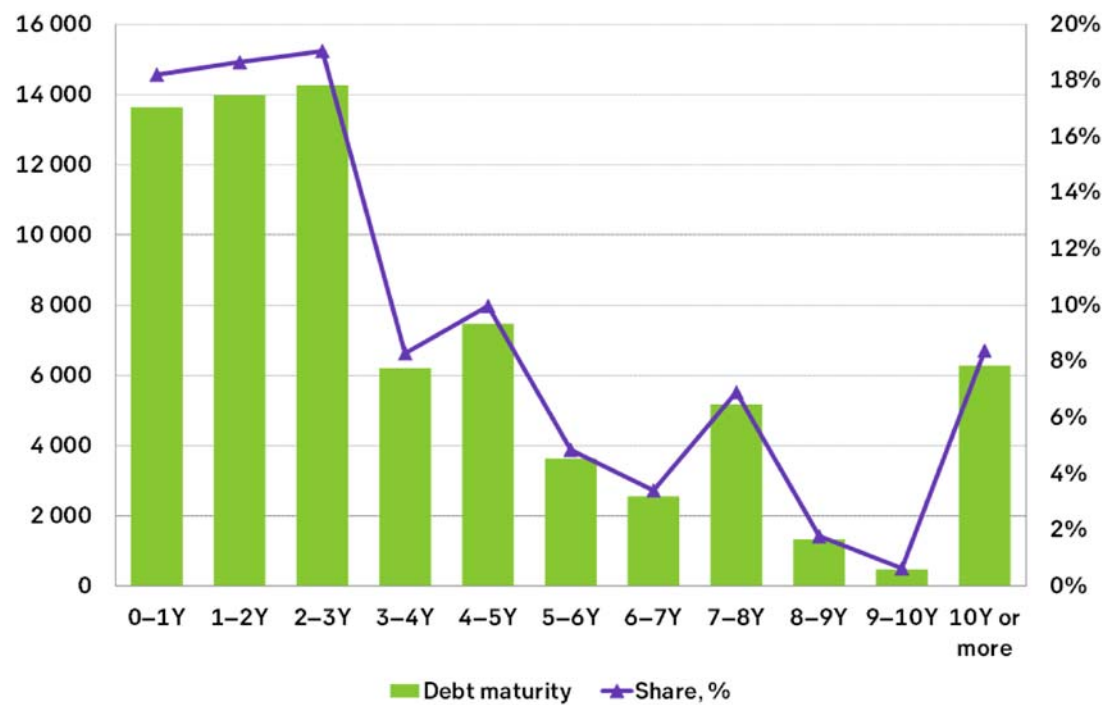
Moody's fixed charge coverage and current rating triggers

Source: SEB, Moody's

Capital and interest binding (years)

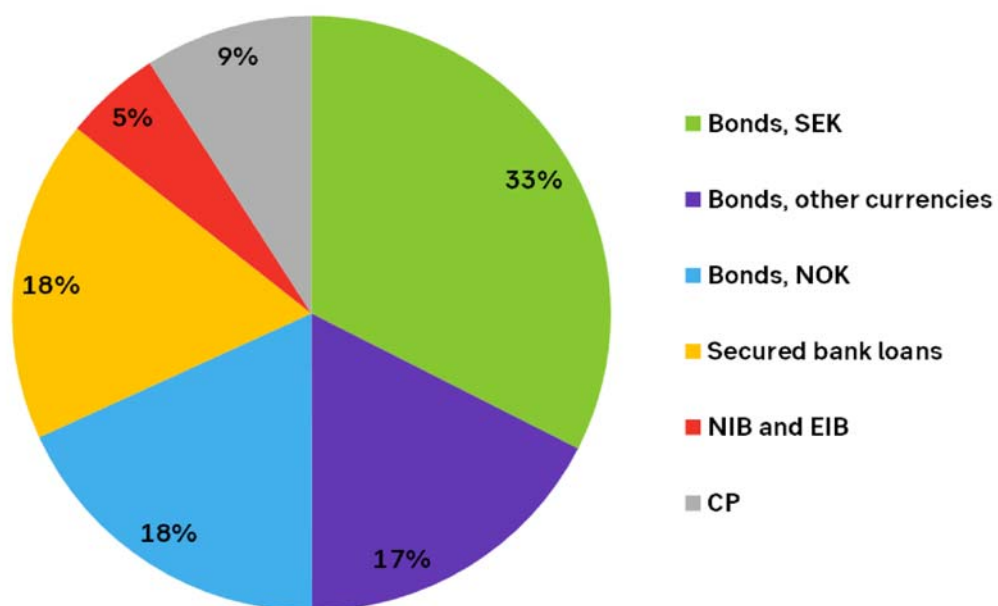


Source: Company reports

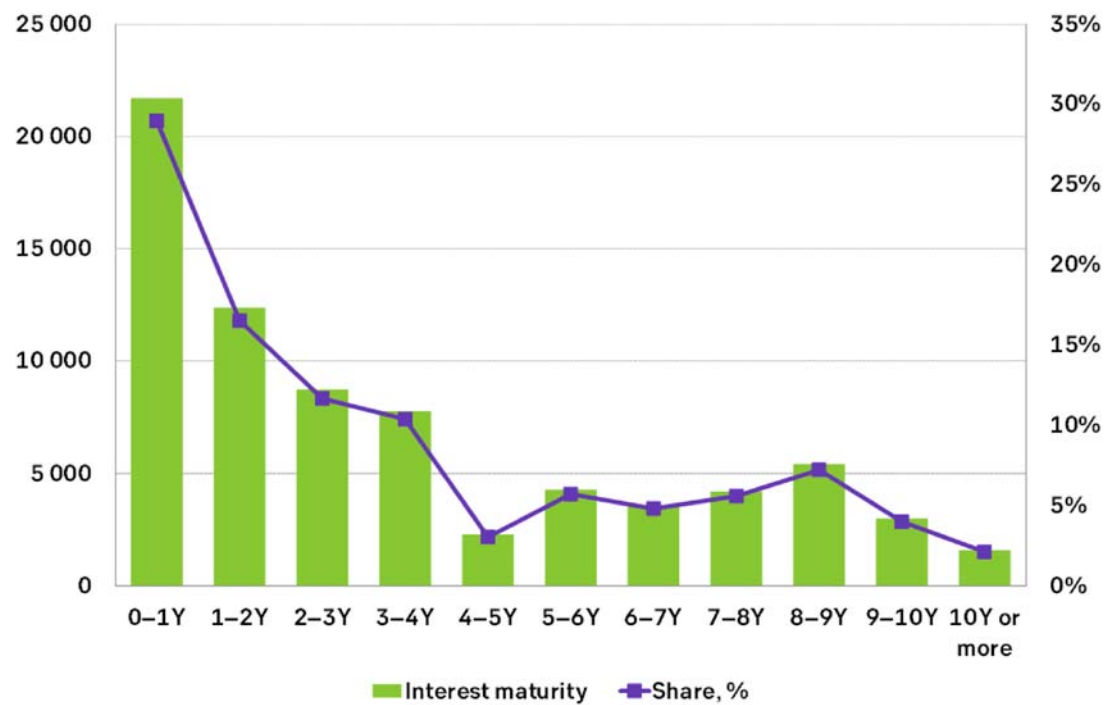
Debt maturity profile per end-Q4/25 (SEKm)

Source: Company report

Distribution of funding sources per end-Q4/25 (%)

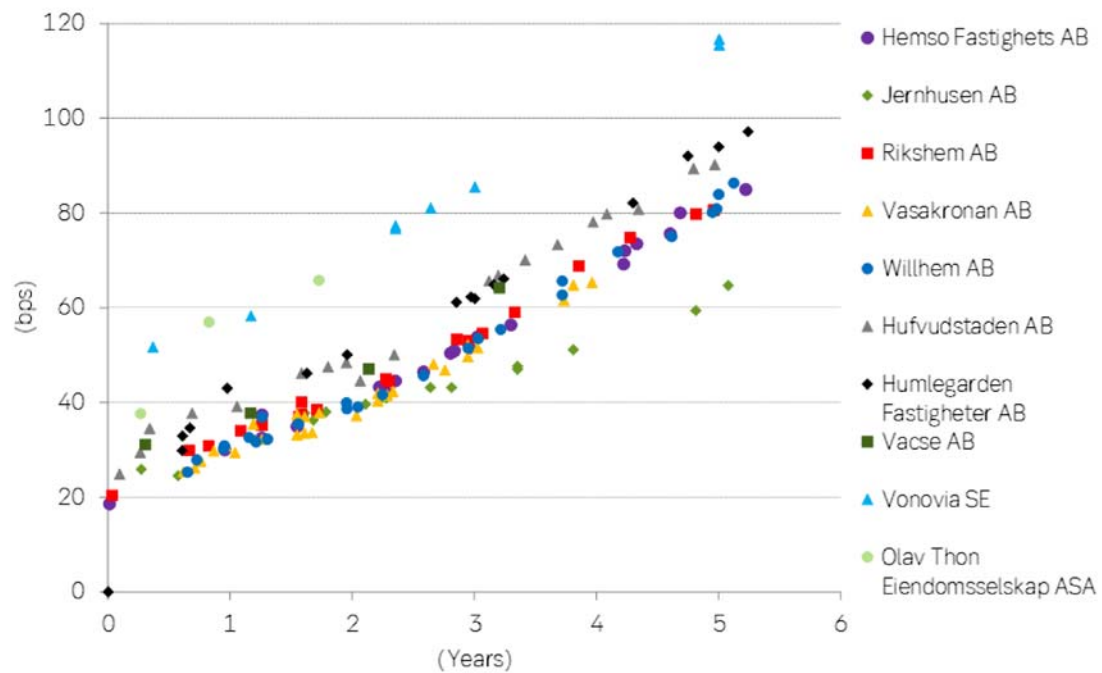


Source: Company report

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

Source: Company report

Relative value, selective SEK bonds



Source: Bloomberg, SEB

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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.

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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 its 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.