

# Weak operationally but credit metrics stable

## Vasakronan

Quarterly update Q4 2025

**Swedbank Research**  
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Feb 10,  
2026

14:30 CET



# Income broadly in line with expectations, but net lettings was negative

Credit metrics remain solid with no major changes. Cautiously optimistic outlook supported by the economy

SEKm	4Q24	1Q25	2Q25	3Q25	4Q25	4Q25E	Dev %	y/y Δ %
<b>Rental income</b>	<b>2 399</b>	<b>2 331</b>	<b>2 338</b>	<b>2 380</b>	<b>2 454</b>	<b>2 392</b>	<b>3%</b>	<b>2%</b>
% growth, y/y	3%	-0%	-1%	2%	2%	-0%		
Operating expenses	-615	-631	-614	-572	-648	-613		
<b>NOI</b>	<b>1 784</b>	<b>1 700</b>	<b>1 724</b>	<b>1 808</b>	<b>1 806</b>	<b>1 779</b>	<b>2%</b>	<b>1%</b>
SG&A	-27	-36	-37	-28	-28	-28		
<b>Operating income</b>	<b>1 757</b>	<b>1 664</b>	<b>1 687</b>	<b>1 780</b>	<b>1 778</b>	<b>1 751</b>	<b>2%</b>	<b>1%</b>
Result from associates	39	-11	-5	-7	-7	0		
Interest income	41	28	46	34	20	25		
Interest expense	-504	-478	-494	-503	-506	-484		
Other financial items	-55	-58	-1	-49	-55	-49		
<b>Income from prop. mgmt.</b>	<b>1 278</b>	<b>1 145</b>	<b>1 233</b>	<b>1 255</b>	<b>1 230</b>	<b>1 243</b>	<b>-1%</b>	<b>-4%</b>
Revaluation of properties	-141	-914	1 304	-51	-1 189	69		
Other value changes	390	186	-667	236	159	0		
Other non-op. Expenses	-2	-4	-1	-2	-2	0		
<b>Income before tax</b>	<b>1 525</b>	<b>413</b>	<b>1 869</b>	<b>1 438</b>	<b>198</b>	<b>1 311</b>		
Current tax	-44	-125	-131	-106	-164	-7		
Deferred tax	-305	22	-282	-46	-72	-254		
<b>Net income</b>	<b>1 176</b>	<b>310</b>	<b>1 456</b>	<b>1 286</b>	<b>-38</b>	<b>1 050</b>		
<b>MV properties</b>	178 183	177 786	179 551	182 076	181 812	182 830		
<b>MV property development %</b>	-0.1%	-0.5%	0.7%	-0.0%	-0.7%	0.0%		
<b>NOI margin</b>	74.4%	72.9%	73.7%	76.0%	73.6%	74.4%		
<b>FFO</b>	1 076	823	1 123	1 257	1 276	1 236		
<b>NIBD / Total assets</b>	39.4%	39.0%	39.4%	39.7%	39.8%	39.8%		
<b>NIBD / NIBD+Equity</b>	48.7%	48.4%	49.0%	49.0%	49.0%	49.1%		
<b>ICR</b>	3.7x	3.7x	3.7x	3.8x	3.7x	3.8x		
<b>Interest rate %</b>	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%		
<b>Yield requirement</b>	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%		

## Comments

- ▶ Vasakronan's 4Q25 earnings were broadly in line with our estimates, however rental income was 3% ahead our expectation and 2% up y/y at SEK 2,454m. NOI was up 1% y/y at SEK 1,806m and IFPM was down 3% y/y at SEK 1,236m, but both figures were broadly in line with our estimates. For the full year, rental revenue was down 1% in comparable holdings
- ▶ Net lettings were on the weaker side and amounted to SEK -161m in Q4 2025 and ended at SEK -168m for FY 2025. The Q4 negative net letting figure was driven by TV4, Ramboll and the Swedish Economic Crime Authority terminating their leases due to expected redundancies in Q4. Although these were announced ahead, the notable quarterly net lettings decline is still a negative surprise as this places Vasakronan on the third consecutive year of net letting decline (SEK -65m in 2023, SEK -214m in 2024, and SEK -168m in 2025)
- ▶ Property value declined by SEK 1,189m, and is down by 0.7% relative to property market value. For full year 2025, property value declined by SEK 850m driven by unrealised negative value changes. Average yield requirement was unchanged q/q at 4.52%
- ▶ Occupancy rate was 87.7%, slightly down from 87.9% in 3Q25. Occupancy rate has continuously declined since 2023 and reached a low at the end of 2025
- ▶ Credit metrics remained largely unchanged as loan to value ratio (NIBD/total assets) was stable q/q at 40% and RTM ICR declined to 3.6x from 3.7x in 3Q25
- ▶ The management is somewhat optimistic on the office market outlook supported by economic growth and improved willingness by companies to recruit new employees. Vasakronan's clear focus is now on increasing lettings both with new customers and existing customers. At the same time, outlook for office transaction market is cautious, meanwhile housing and logistics segments are seeing signs of recovery on the transaction market driven by foreign investors

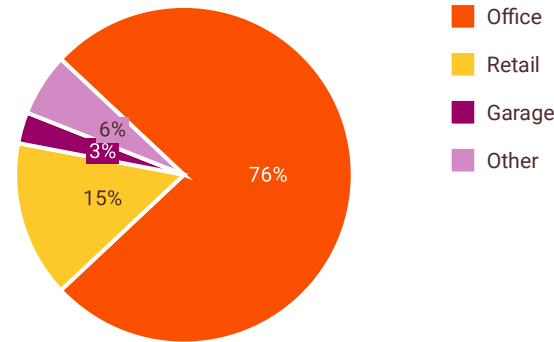


# Stable credit profile with strong liquidity position

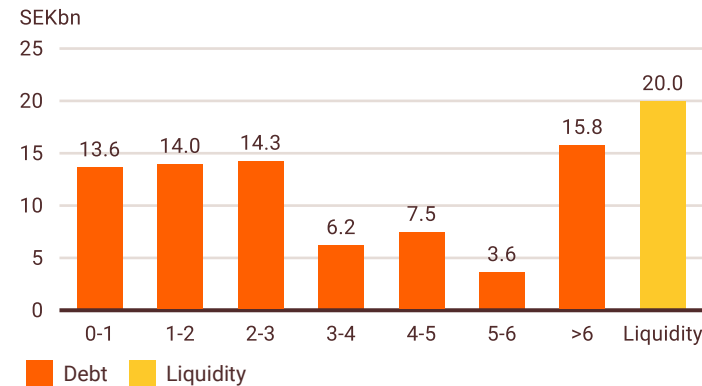
## Financial metrics in line with the current credit rating

SEKm	2023	2024	2025	2026E	2027E	2028E
Rental Income	9 157	9 447	9 503	9 908	10 149	10 444
Revenue growth	12.1 %	3.2 %	0.6 %	4.3 %	2.4 %	2.9 %
EBITDA	6 751	6 943	6 909	7 225	7 401	7 616
EBITDA margin	74%	73%	73%	73%	73%	73%
Market value, Properties	174 569	178 183	181 812	184 637	187 741	190 491
IBD	82 589	82 322	82 398	82 098	81 816	81 566
NIBD	79 364	78 444	80 444	80 160	80 095	79 582
Cash	3 225	3 878	1 954	1 938	1 721	1 983
Equity	78 902	82 701	83 703	86 119	88 586	91 133
FFO	4 589	4 453	5 715	4 833	4 911	5 037
Capex	-2 802	-2 414	-3 191	-3 000	-2 821	-2 500
FOCF	1 733	2 381	2 136	1 833	2 090	2 536
Change in cash	241	653	-966	-16	-217	262
LTV	47%	46%	45%	44%	44%	43%
Net LTV	45%	44%	44%	43%	43%	42%
IBD / Total Assets	42%	41%	41%	40%	39%	39%
NIBD / NIBD+Equity	50%	49%	49%	48%	47%	47%
NIBD / EBITDA	11.8x	11.3x	11.6x	11.1x	10.8x	10.4x
FFO/NIBD	6%	6%	7%	6%	6%	6%
Equity ratio	40%	42%	41%	42%	43%	43%
EBITDA / net interest	3.9x	3.7x	3.7x	4.0x	3.9x	3.9x
Interest rate %	2.7y	2.6%	2.5%	2.6%	2.7%	2.8%
Yield requirement	4.5y	4.5%	4.5%	4.5%	4.5%	4.5%
Vacancy rate	9.1%	10.9%	12.3%	12.3%	12.3%	12.3%
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%	0.2%	0.2%	0.1%

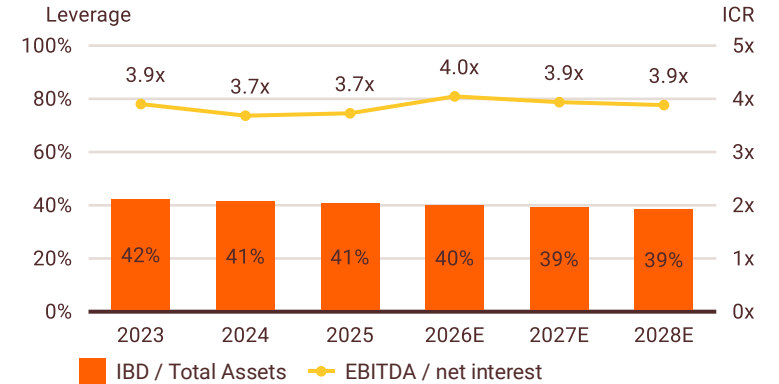
Portfolio split – segments



Maturity schedule



Leverage development



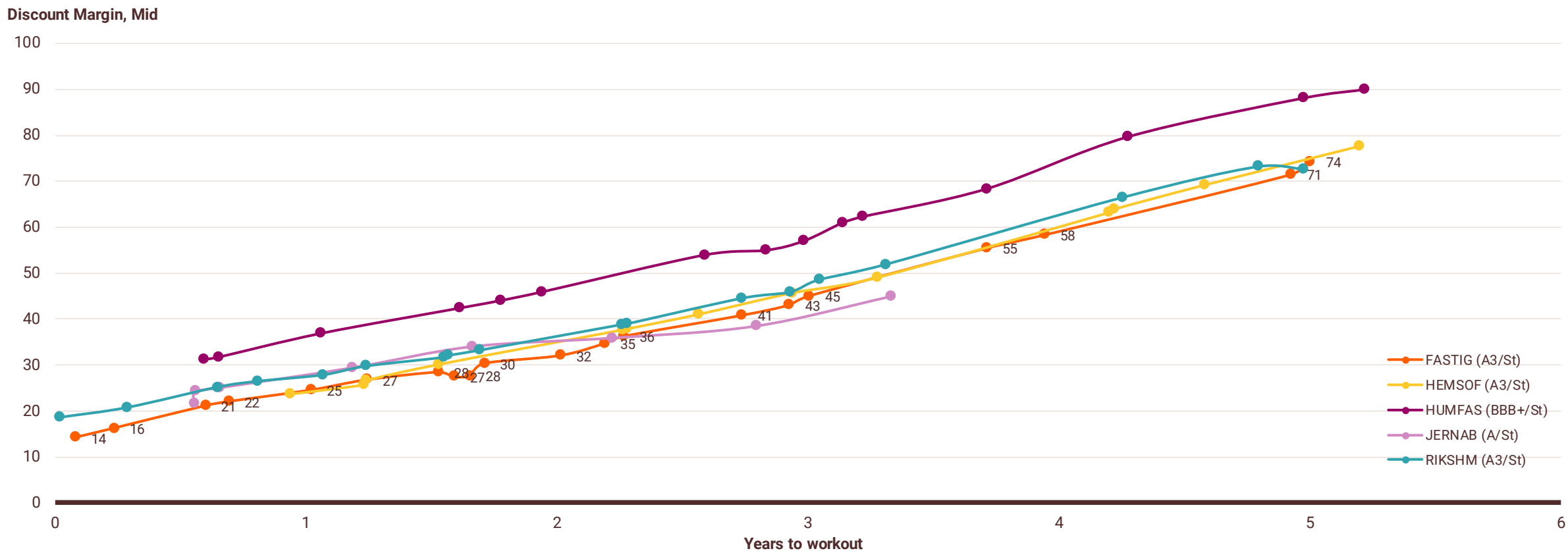
Recommendation

- Although operational metrics were on the weaker side with further negative net lettings and occupancy rate at the lowest since 2023, we believe the bottom has been reached. Outlook is turning cautiously optimistic, and occupancy rate can improve rather rapidly when the economy recovers. We are pleased to see continued stable financial performance as credit metrics were largely stable, and liquidity remains adequate at SEK 20bn
- Vasakronan is currently priced in line with Hemsö, but marginally tighter compared to Rikshem which we believe is fair. We therefore reiterate our **marketweight recommendation**

# Vasakronan's bonds are priced in line with A rated real estate peers

We recommend marketweight

## Higher rated SEK floaters



# A strong Credit Research team with a Nordic scope

## Credit Research team



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