ODIN Eiendom (ODIN Fastighet) 31/12/2025

The fund features the unit classes in SEK, NOK and EUR: A, B, C, D

MANAGER COMMENT – Annual commentary 2025

The year just behind us has been characterised by considerable volatility in the global financial markets, with geopolitical unrest (including Russia's war of aggression in Ukraine, the conflict in the Middle East, and political decisions in the United States) affecting risk appetite and creating uncertainty among investors. Despite this, central banks worldwide have begun to lower key interest rates as inflation is seen to be coming down, and in several countries is considered under control. Sweden and the Eurozone have seen significant rate cuts, whereas Norway has been more cautious since inflation there has not decreased in the same way. These rate cuts are positive news for the property sector, which operates with a high level of debt.

The transaction market for commercial real estate has shown signs of improvement, with increased volumes compared to the previous year, although levels remain somewhat below the average of the past decade. There is a clear trend of downward pressure on yield requirements in several segments, and it is evident that financing conditions have improved significantly. This has, overall, increased investor interest in the sector.

Fund Performance

The ODIN Eiendom fund has had a negative year with mixed results. Certain months have been weak, while others have shown strength compared to the benchmark index. The positive development has primarily been driven by lower market interest rates, strong company reports and proactive share issues to finance growth and acquisitions.

The logistics segment has continued to stand out with low vacancies and strong growth, largely thanks to acquisitions and project development. The residential segment has also shown positive development, especially through index-linked rental agreements and low vacancies. These segments have become increasingly important for the fund's stability and growth.

The office segment has faced tougher conditions, especially in major cities such as Stockholm and Oslo, where vacancy rates have increased and demand has been weaker. Construction costs have risen sharply, which has limited new construction and project starts. Several companies have been forced into restructurings and sales to strengthen their balance sheets.

Other companies have carried out proactive share issues to finance acquisitions and projects, which has given them the flexibility to grow and strengthen their financial positions. At the same time, lower interest rates and credit spreads have improved the conditions for expansion and dividends. The bond market has improved significantly over the year and is now wide open for property companies. In addition, companies are receiving very favourable terms, not just in the bond market but also from banks when taking on secured debt.

Despite all these positive data points regarding underlying operations and financing, they have not been reflected in share prices. The property sector still trades at a significant discount to net asset value compared with historical levels, despite strong fundamental developments in many companies, and the companies generally have solid financial positions with relatively low net debt relative to operating profit. More companies are launching share buyback programmes, especially those trading at significant discounts. We would like to see more such buyback programmes.

Top Contributors

The three best-performing shares in the fund last year were **Intea, Emilshus** and **Sveafastigheter**. All rose by more than 20 per cent. The three worst-performing shares were **ALM Equity, K2A** and **Corem**. These fell by 30 per cent or more. Looking at the contribution from each individual company, our best contributors were **Emilshus, SLP** and **Pandox**. The three weakest were **Nyfosa, ALM Equity** and **Corem**.

Portfolio Manager:

Nils Hast

Why invest in the fund?

By investing in ODIN Fastighet, you can take part of the value creation in the listed Nordic real estate market. The goal is to achieve a competitive return in relation to the risk i the companies we invest in. General fluctuations on the stock market affect the pricing of the portfolio. As we perceive it, these fluctuations are often significantly greater than the fluctuations in property values. In such situations, we try to take advantage of the fluctuations to create balance in the portfolio.

How is the fund positioned?

The fund primarily invests in commercial properties on the Nordic market. All investments are made in listed companies that own various types of real estate such as offices, hotels, shopping centers and warehouses. The fund has the most square meters in offices. Warehouse and logistics form a significant part and together these segments make up over half of the portfolio. Trade, housing, hotels, etc. are also represented in the fund.

Geographically, around 80 percent are invested in Sweden and around 20 percent in Norway and Finland. We are looking for companies that have shown good growth and return on capital over time in combination with low financial risk, good prospects and also preferably a low share price in relation to earnings and cash flow.

Portfolio Changes
Over the course of the year, the fund has made several changes to the portfolio. We have added three new companies and exited three companies. We participated in the stock market listing of Cityvarasto, which is a Finnish property company in the mini-storage and self-storage segment. We also added **Logistea** and **Cibus Nordic Real Estate**, both with strong growth profiles in logistics, warehousing, light industry and grocery retail, respectively.

We sold out of **Fabege** and **Entra** due to structural challenges and increasing vacancy in the office segment, especially in metropolitan areas. In addition, the higher interest rate level in Norway puts pressure on the important yield gap. We also exited Neobo because we wanted to reduce exposure to residential somewhat, while seeing vacancy risk in several of the geographical markets in which the company operates.

Among other changes, it is worth noting that we have increased our holdings in companies such as **Intea**, while we have reduced our holdings in **Castellum** and **Nyfosa**.

Outlook
We are positive about the outlook for the property sector in 2026, based on continued strong operational development in several segments and support from lower interest rates. Financing conditions are highly favourable, both in the bond market and through bank financing, enabling strategic investments and expansion. Several companies are expected to continue with share buyback programmes, especially when valuations are significantly below the historical average. This creates an attractive basis for potential increases in share prices going forward. At the same time, there remains global uncertainty that could affect the sector – even though the property sector is largely a domestic sector.

We would like to take this opportunity to thank our unit holders for being with us through a challenging 2025.