Stendörren Fastigheter AB (publ)

Full Rating Report

LONG-TERM RATING

BB-

OUTLOOK

Stable

SHORT-TERM RATING

N-2

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RATING RATIONALE

Our 'BB-' long-term issuer rating on Sweden-based property manager Stendörren Fastigheter AB (publ) (Stendörren) reflects the company's high financial leverage, short debt maturity profile, and low adjusted interest coverage ratio. The rating is also constrained by the company's high single-name tenant concentrations. Further rating constraints include a high vacancy rate and an aging property portfolio. Moreover, the owners' growth ambitions and the company's large project pipeline point to a continued increase in project development over the next few years.

Positively, Stendörren's properties are mostly located in strategic logistics hubs. The company also benefits from a stable operating environment and generally beneficial economic conditions. Stendörren has a moderate average remaining lease term of 3.6 years (as of 30 Sep. 2021), a diverse tenant base, and stable operating margins.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Stendörren will continue to focus on costs, resulting in future improvements in EBITDA. It also reflects the company's proactive management of lease maturities and continued focus on reducing vacancies. We expect Stendörren to maintain its 2021 growth rate via acquisitions and to increase investments in its development pipeline. We further expect the company to keep projects under development at a manageable pace in terms of both resources and finances.

POTENTIAL POSITIVE RATING DRIVERS

- NCR-adjusted loan to value (LTV) below 55% and EBITDA/net interest above 2.2x.
- Finding long-term tenants for its large impending vacancies.
- An increase in the level of cash-generating properties through successful projects and acquisitions.

POTENTIAL NEGATIVE RATING DRIVERS

- NCR-adjusted LTV above 65% and EBITDA/net interest below 1.5x.
- Excessive project risk through engagement in speculative projects.
- Increased leverage leading to tight covenant headroom.

Figure 1. Stendörren key credit metrics, 2017-2023e

SEKm	2017	2018	2019	2020	2021e	2022e	2023e
Rental income	453	537	592	651	644	727	801
NCR-adj. EBITDA	265	304	309	374	402	453	503
NCR-adj. EBITDA margin (%)	58.5	56.6	52.2	57.5	62.5	62.3	62.8
NCR-adj. investment property	6,494	8,486	9,372	9,758	11,505	12,647	13,813
NCR-adj. net debt	3,674	5,125	5,703	5,763	6,538	7,462	8,382
Total assets	6,624	8,735	9,608	10,233	11,865	12,869	13,976
NCR-adj. net debt/EBITDA (x)	13.9	16.9	18.5	15.4	16.3	16.5	16.6
NCR-adj. EBITDA/net interest (x)	2.5	2.3	1.7	1.9	1.9	2.0	2.0
NCR-adj. net LTV (%)	56.6	60.4	60.9	59.1	56.8	59.0	60.7

Based on NCR estimates and company data. e–estimate. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Stendörren is a commercial real estate company focusing on properties near central Stockholm and other urban centres in Sweden's Mälardalen region. The company was created when real estate management company Kvalitena AB's warehouse, logistics and light industry property portfolio was organised as a standalone company in 2014. As of 30 Sep. 2021, Stendörren owned and managed 127 properties totalling 768,000 sqm with a value of SEK 10.8bn. The company has ambitious growth plans. It aims to increase its urban assets and expand into residential property with a significant project in Botkyrka in the next few years. Stendörren has two share classes, A and B, with the latter listed on the Nasdaq Stockholm exchange since 2014. Since November 2018, private equity company EQT AB (publ) (EQT) has indirectly controlled 41% of the shares and 58% of the votes in Stendörren.

BUSINESS RISK ASSESSMENT

Business risk assessment 'bb'

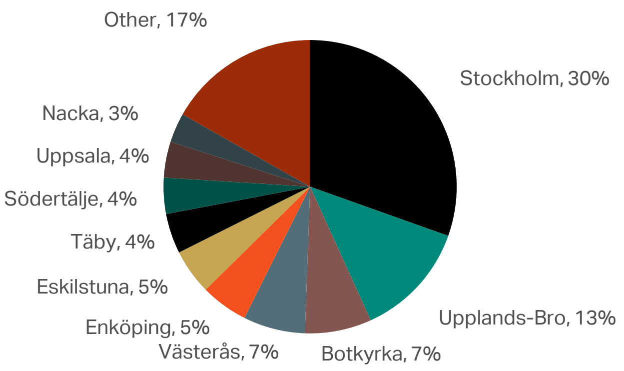
Our business risk assessment reflects Stendörren's strategic operational logistics properties in attractive hubs in Stockholm and the Mälardalen region, modest tenant and high geographic concentrations, and somewhat elevated vacancy rates. Our assessment of the operating environment acknowledges the cyclicality associated with the segment and an expected increase in the company's project pipeline.

Stable operating environment dependent on the health of the wider economy

Operating environment scores 'bb'

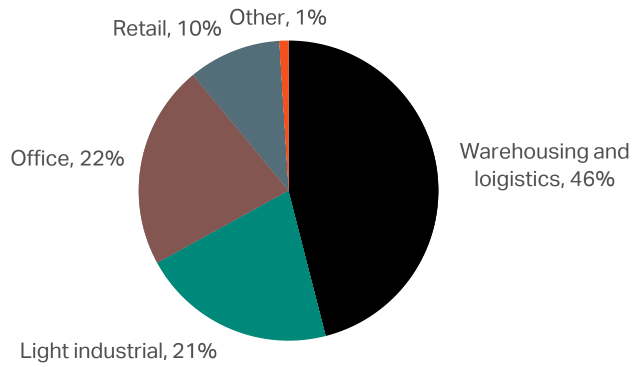
Stendörren operates mainly in Stockholm and the Mälardalen region, focusing on warehouse and industrial properties, complemented by office space and retail. We consider the operating environment to be dependent on the general economy, unemployment, and productivity. However, in our view, the logistics industry is generally more cyclical than the residential, community, and office property segments. Warehouse and logistics properties have benefited from a sharp rise in e-commerce in the course of the COVID-19 pandemic. However, we note that tenants in this segment could fail to honour their commitments if the negative impact of the pandemic is protracted, inflation rises sharply, or supply channel disturbances increase.

Figure 2. Stendörren rental value by location, 30 Sep. 2021



Source: company.

Figure 3. Stendörren property area by type, 30 Sep. 2021



Source: company.

Stendörren operates in a fragmented market, which we expect to continue growing over the next few years. Increasing demand for shorter delivery times is likely to increase the attractiveness of properties close to city centres. We expect these factors to support property values, while reducing acquisition-driven growth opportunities for companies with small balance sheets. A lack of available land near urban centres in Stendörren's primary markets constrains property development, and this situation is compounded by conversion of logistics and warehouse premises to residential and office space, and heavy traffic conditions in the Stockholm area. The Stockholm region accounts for 17% of existing warehouse properties in Sweden by area and saw strong growth of new warehousing in 2021. Although most new developments are pre-let, a substantial rise in storage volumes increases the possibility that older properties could become less attractive to tenants, resulting in increased capital spending needs for property managers or increased vacancy rates.

In the office space segment, lower demand due to increased working from home due to COVID-19 could reduce property managers' bargaining power with a negative effect on maturities and vacancy rates.

Figure 4. Stendörren rental value from top 10 municipal exposures, 30 Sep. 2021

Municipality	Share of rental value	Population, Sep. 2021	Expected population change among 16–64-year-olds, 2021–2040	Unemployment, Sep. 2021
Stockholm	30.4%	975,819	15.0%	7,1%
Upplands-Bro	12.8%	30,671	22.5%	8,3%
Botkyrka	7.4%	95,017	12.8%	12,5%
Västerås	6.8%	156,279	12.5%	9,7%
Enköping	5.2%	46,759	16.9%	7,4%
Eskilstuna	5.0%	107,285	6.9%	12,8%
Täby	4.4%	73,307	14.6%	3,9%
Södertälje	4.0%	100,764	16.8%	12,5%
Uppsala	4.0%	234,254	17.4%	7,2%
Nacka	3.3%	107,590	19.3%	4,9%
Total/Sweden average		**10,327,600**	**8.9%**	**7.5%**

Source: company, Statistics Sweden, Swedish Public Employment Service.

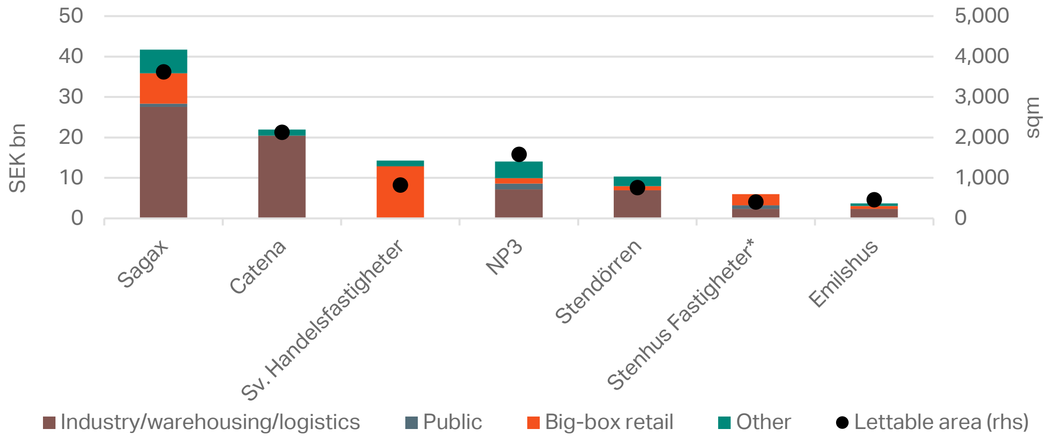
Focus on attractive logistics hubs offsets limited geographic diversity

Market position, size and diversification scores 'bb'

Stendörren's SEK 10.8bn property portfolio is mostly located close to Stockholm, but last-mile deliveries around the capital reach around 25% of Sweden's population, mitigating concentration risk. The completion of pipeline projects will increase geographic diversity, while geographic concentration is likely to remain greater than in the wider peer group.

Although Stendörren's total property value is lower than that of its nearest peers the company has a higher level of warehousing, logistics and light industry properties, reflecting a solid market position in its niche segment, and supporting brand recognition.

Figure 5. Stendörren market value peer comparison, 30 Sep. 2021



Source: companies. *including MaxFastigheter.

As of 30 Sep. 2021, Stendörren's top 10 tenants accounted for 24% of the company's annual revenues. Of these, the three largest generated 15%. The largest single tenant, Coop Logistik AB, plans to vacate its current premises in Upplands-Bro, probably in 2025. We expect Stendörren to find a new long-term tenant for the property but note that vacancy levels and rental values will be significantly affected if none is found in a reasonable time. Besides its top tenant, Stendörren has 800 other diverse tenants, Some 18% of the company's rental income comes from properties with a single tenant, while 36% comes from properties with 2-5 tenants.

Figure 6. Stendörren tenant concentration, 30 Sep. 2021

Tenant	Share of rental income
Coop Logistik AB	11%
Alfa Laval Tumba AB	2%
Åtta.45 Tryckeri AB	2%
Unilever Europe BV	2%
Stockholm Vatten AB	2%
Bactiguard AB	1%
Fuchs Lubricants Sweden AB	1%
InfoCare Service AB	1%
Nacka vatten och avfall AB	1%
LeasePlan Sverige AB	1%
Top 10 tenants	**24%**

Source: company.

Portfolio properties well positioned; projects increase short-term risk

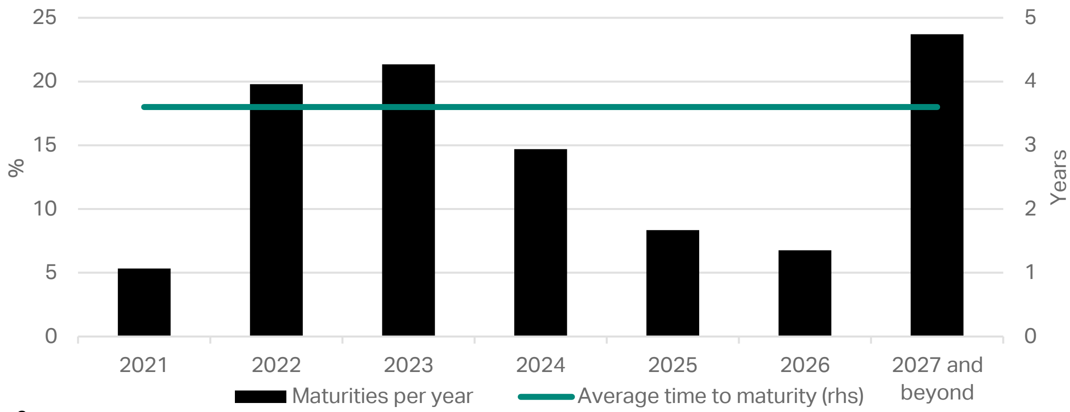
Portfolio assessment scores 'bb+'

Stendörren's properties are primarily located in the Stockholm region, one of Sweden's main logistics hubs. Its locations are mostly close to major highways and in some cases major rail routes. During 2021, Stendörren increased its geographic reach to include Norway and Denmark, albeit with low volumes. We expect continued geographic diversification in all three countries.

Stendörren has a seasoned portfolio; the average date at which properties entered the portfolio or were last refurbished is 2000. This could reduce the attractiveness of the properties as the segment modernises and customer demands change. As of 30 Sep. 2021, 20% of the area under management had obtained BREEAM In-Use environmental certification. Stendörren aims to obtain certification for most of its properties. We note that the company has obtained a sustainability-linked loan, which requires 70% of the area under management to carry certification by 2025.

Stendörren's property portfolio had an average remaining lease-term of 3.6 years as of 30 Sep. 2021. This was somewhat lower than that of its closest peers. The properties are mostly generic, but some have specialised facilities such as cold storage. Logistics tenants tend to remain in place longer than tenants from other sectors. However, we note that the proximity of most of the properties to urban centres gives the company flexibility for alternative usage should vacancy rates increase.

Figure 7. Stendörren's lease maturity profile by rental income, 30 Sep. 2021



Source: company.

Stendörren's portfolio is valued at SEK 10.8bn, of which SEK 1.6bn reflects the value of the development pipeline. The company has six development projects (see Figure 8). All projects are in the early phase of development. In all cases, building permits have only recently been awarded and all are currently vacant. Stendörren seeks to pre-let projects prior to commencement to reduce development risk.

We expect the largest current development project, consisting of 800 rental apartments in Botkyrka, to remain in the company's management portfolio and meet pent up demand for rental housing in Stockholm. The introduction of residential property to the portfolio is positive in terms of diversification and reducing cyclicality, but is not without risk, especially during the development phase. We also note that Stendörren has no previous experience of managing residential properties, which could add administrative costs.

The company's largest pipeline project is GreenHub Bro, entailing building rights on about 400,000 sqm at a 1.4m sqm site. Stendörren aims to build several properties at the site, each driven by tenant demand and pre-let on the basis of yield on cost with the aim of offsetting significant project risk. The timeline for the project is uncertain due to significant infrastructure requirements.

Figure 8. Stendörren's larger projects in progress, 30 Sep. 2021

Project	Property type	Lettable area (sqm)	Total investment (SEKm)	Estimated completion
Almnäs 5:23	Logistics	11,200	166	Q4 2022
Hjulsmeden 1	Industrial	2,600	42	Q4 2022
Libroback 21:3	Industrial	2,100	36	Q4 2022
Viby 19:66	Logistics	5,900	100	Q4 2022
Almnäs 5:24	Industrial	2,100	39	Q1 2023
Tegelbruket 1	Residential	16,000	640*	Q2 2024
GreenHub Bro	Logistics	400,000	-	Early pipeline
Total	**-**	**439,900**	**1,023**	**-**

Source: company. *NCR estimate based on average building cost of SEK 40,000 per sqm.

Stable operating efficiency, but high vacancy rates

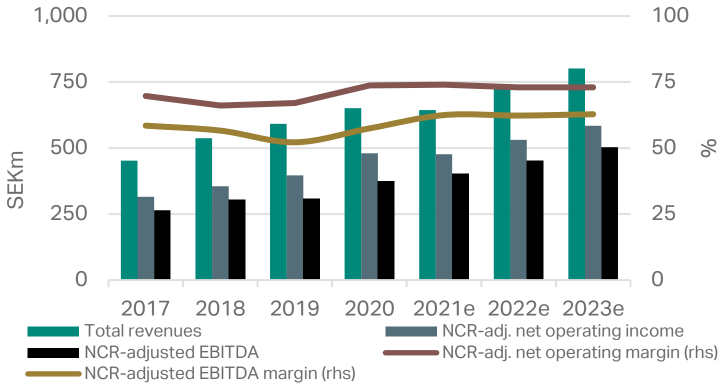
Operating efficiency scores 'bbb-'

As of 30 Sep. 2021, Stendörren's reported economic occupancy ratio was 88%. The company's occupancy ratio has historically been between 87% and 91%. We expect occupancy levels to improve over the next few years from the lower end of that range to the higher end as the company finds new tenants for its second-largest rental property following the 2021 bankruptcy of the previous tenant. A significant proportion of Stendörren's tenants depend on continued purchasing power in the consumer segment and occupancy could be negatively affected by a protracted economic downturn.

Stendörren's 3.6-year remaining lease term enables some earnings transparency. The company has a low level of triple net contracts, and a significantly lower EBITDA margin than its closest peers, in part due to the age of its portfolio. We expect Stendörren to continue to upgrade aging properties and successfully renegotiate rental contracts upon maturity, supporting occupancy ratios and rental values.

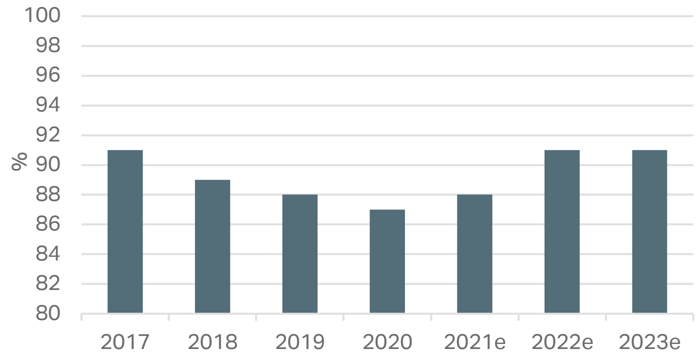
A large proportion of Stendörren's contracts are fully linked to the Swedish consumer price index. This supports the EBITDA margin and offsets most cost inflation. Stendörren keeps property management activities in house, with the aim of increasing tenant retention. We note that the company has demonstrated improved cost control over the past two years, with a notable positive impact on margins. Accordingly, we expect the EBITDA margin to continue to improve over our forecast period through 2023.

Figure 9. Stendörren revenues, net operating income, EBITDA, and margins, 2017–2023e



Based on company and NCR data. e–NCR estimates.

Figure 10. Stendörren occupancy rate, 2017–2023e



Based on company and NCR data. e–NCR estimates.

FINANCIAL RISK ASSESSMENT

Financial risk assessment 'b+'

Our financial risk assessment reflects Stendörren's high leverage, somewhat short debt maturity profile, and modest interest coverage. In our assessment, we consider a SEK 800m hybrid bond as 100% debt to reflect the instrument's step-up and call features, which increase the likelihood of redemption within the next five years.

Credit metrics weak due to debt-funded growth

Ratio analysis scores 'b+'

We expect Stendörren to continue to grow in large part due to its significant development pipeline. The company has a 12% return on equity target involving the withholding of dividends and internal reinvestment. We further expect Stendörren to finance its project pipeline and acquisitions through 60% debt funding, with the possibility of refinancing completed properties to increase debt levels. We also expect the company to invest in modernising its portfolio, thereby increasing rental revenues. We treat the hybrid bond and corresponding interest costs as 100% debt because its step-up date falls at the same time as the first call date, increasing the incentive to redeem at the first call date.

In our base case, we assume:

- a 13% increase in rental income in 2022 followed by a 10.2% increase in 2023, reflecting new properties entering the portfolio and renegotiation of 10% of the portfolio each year;
- a stable occupancy ratio of 89-91% through our forecast period;
- an EBITDA margin of around 62% through our forecast period; and
- investments in properties and acquisitions of around SEK 1.1bn per year.

On the basis of these assumptions, we estimate the following metrics for the period through 2023:

- NCR-adjusted net LTV of 57-60%;
- NCR-adjusted EBITDA/net interest of 1.9-2.0x; and
- NCR-adjusted net debt/EBITDA of 16-17x.

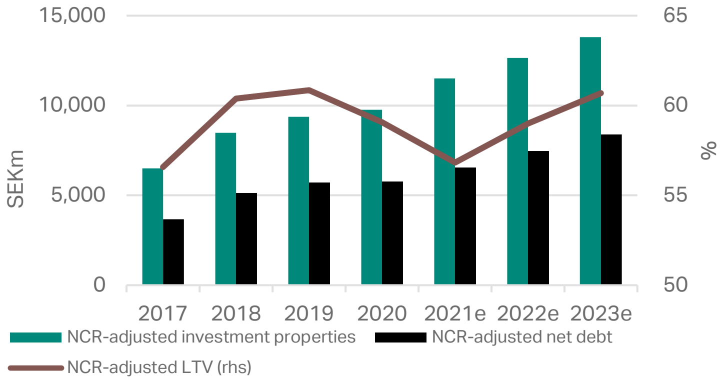
Figure 11. NCR's adjustments to Stendörren's credit metrics, 2018–2023e

SEKm	2018	2019	2020	2021e	2022e	2023e
EBITDA	304	309	394	402	453	503
Other EBITDA adjustments	0	0	-20	0	0	0
NCR-adjusted EBITDA	304	309	374	402	453	503
Cash and cash equivalents	163	138	361	276	138	80
NCR-adjusted cash and equivalents	163	138	361	276	138	80
Gross interest-bearing debt	5,288	4,816	5,099	5,790	6,575	7,437
Hybrid (100% debt treatment)	0	800	800	800	800	800
Long-term leasing liabilities	225	225	225	225	225	225
NCR-adjusted cash and equivalents	-163	-138	-361	-276	-138	-80

NCR-adjusted net debt	5,125	5,703	5,763	6,538	7,462	8,382
Net financial items	-130	-174	-141	-154	-174	-196
Dividends paid on hybrid (100% debt treatment)	0	-13	-54	-53	-53	-13
NCR-adjusted net interest	-130	-187	-195	-207	-227	-249
Investment property	8,476	9,147	9,533	11,280	12,422	13,588
Non-current right-of-use assets	10	225	225	225	225	225
NCR-adjusted investment property	8,486	9,372	9,758	11,505	12,647	13,813

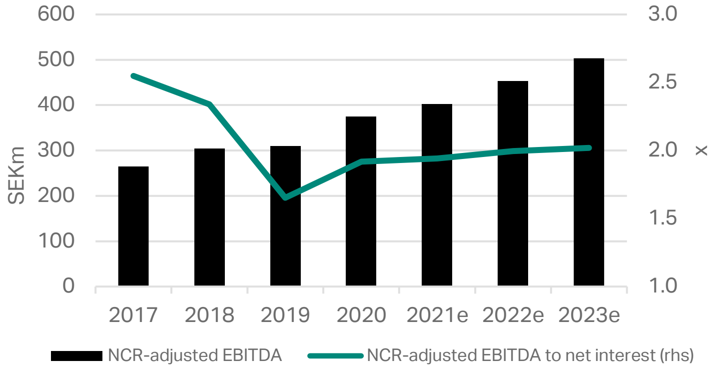
Based on NCR estimates and company data. e–estimate.

Figure 12. Stendörren's NCR-adjusted investment properties, net debt and LTV, 2017-2023e



Based on NCR estimates and company data. e – NCR estimate.

Figure 13. Stendörren's NCR-adjusted EBITDA and EBITDA to adjusted net interest, 2017-2023e



Based on NCR estimates and company data. e –NCR estimate.

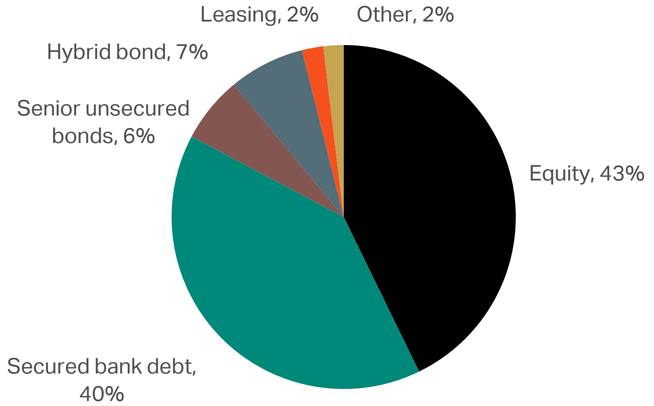
Risk appetite reflected in financial metrics

Risk appetite scores 'b+'

Our assessment of Stendörren's risk appetite reflects the company's ownership, its somewhat short debt maturity profile of 2.4 years, and ambitious growth plans. We expect cash on hand to be used for growth rather than early repayment of debt. Since EQT took indirect control in 2018, Stendörren has paid no dividends, opting instead to reinvest in portfolio growth. The company has SEK 5.2bn in reported debt, of which most is secured bank debt. It also has two outstanding senior unsecured bonds of SEK 700m maturing in 2024 and SEK 600m maturing in 2025.

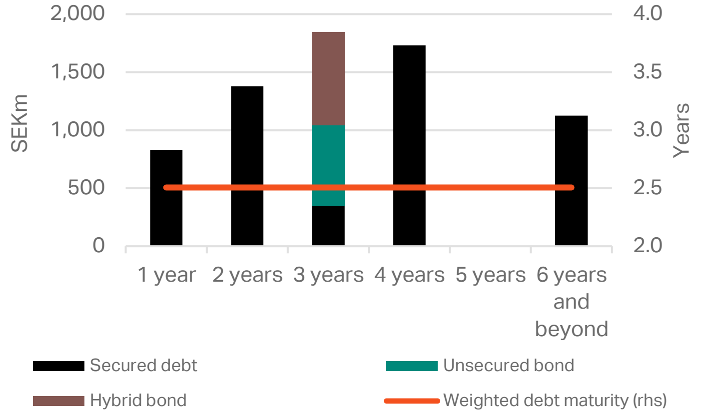
Since 30 Sep. 2021, Stendörren has obtained a sustainability-linked debt facility of SEK 1.7bn, effectively reducing refinancing risk and diversifying funding. The company has partly utilised revolving credit facilities of SEK 300m with final maturity in 2022. Some SEK 180m remains unused. We assess Stendörren's access to funding through five banks as supportive but note that more than half of all external debt is attributable to a single bank.

Figure 14. Stendörren's balance sheet structure, 30 Sep. 2021



Source: company.

Figure 15. Stendörren's debt maturity profile as of 30 Sep. 2020



Source: company.

Stendörren utilises a mix of interest rate caps and swaps to mitigate interest rate fluctuations. As of 30 Sep. 2021, some 74% of the outstanding debt was covered by interest rate hedges. The company reported an average interest rate of 2.1% as of 30 Sep. 2021. The average interest rate maturity period is 2.5 years, which is broadly in line with the debt maturity profile. This supports the company's risk appetite but increases interest-rate sensitivity at expiry.

Stendörren's debt is governed by covenants based on its own calculations of debt, equity and interest. We note that the company does not have a specific LTV target, focusing instead on its equity ratio and treating the SEK 800m hybrid bond as equity. Stendörren's financial policy and targets are stricter than its covenants, creating significant covenant headroom.

Figure 16. Stendörren financial covenants, policies and reported values

Metric	Bond covenants	Financial policy/targets	Reported 30 Sep. 2021
Equity ratio	> 25%	>35% and never below 20%	44%
Net LTV	< 70%	n.a.	46%
Interest coverage ratio	> 1.75x	>2.0x	3.0x

Source: company.

ADJUSTMENT FACTORS

Adjustment factors neutral

Adjustment factors are assessed as neutral and have no effect on our standalone credit assessment.

Liquidity

Liquidity assessed as adequate

Our 12-month liquidity analysis is based on a stressed scenario in which the company cannot access the capital markets or extend bank loans, and therefore has to rely on internal or committed external funding sources to cover its liquidity needs.

We assess Stendörren's liquidity profile as adequate in view of its recent bond issue and new loan facilities totalling SEK 2.3bn. Some SEK 465m of the new loan facilities have maturities shorter than 12 months and we excluded them from our assessment of liquidity sources. We do not include uncommitted acquisitions or development projects in our liquidity analysis. NCR incorporates 100% of the dividend payments on the hybrid bond in its calculation of adjusted funds from operations.

We estimate the following primary funding sources for the 12 months ending 30 Sep. 2022, totalling SEK 1.6bn:

- SEK 120m in cash and equivalents, reflecting 100% of cash and equivalents as of 30 Sep. 2021;
- SEK 160m from funds from operations, equating to 75% of estimated adjusted funds from operations over the 12 months ending 30 Sep. 2022;
- a SEK 600m bond issued in November 2021;

- SEK 500m in refinanced borrowing through the new sustainability-linked loan facility; and
- SEK 210m in unused credit facilities.

We estimate the following uses of funds for the 12 months ending 30 Sep. 2022, totalling SEK 1.6bn:

- SEK 830m in maturing debt and amortisation;
- SEK 430m in committed acquisitions; and
- SEK 380m in committed capital spending.

Environmental, social and governance factors

ESG factors assessed as neutral

Stendörren's environmental, social and governance (ESG) policies support our overall business risk assessment, even though the company is relatively new to ESG reporting. Increasing automation and electrification in the sector require more energy use, which affects the attractiveness of properties in terms of grid, energy type, and availability. In our opinion, a proactive focus on renewable energy and alternative modes of transport is necessary to ensure the attractiveness of industrial properties. The need for compliance with the Paris Agreement and government clean air policies could sharpen Stendörren's focus on energy use, in our view.

Stendörren reports that 95% of all energy used at its properties was renewable as of 30 Sep. 2021. We note that the company is less energy intensive than its closest peers, and because this is measured by building area, the height of the average building could be a distorting factor when measuring energy use. The company has developed ethical policies for subcontractors and includes them in its contracts. It has embedded whistle-blower policies and appointed a safety representative. We expect Stendörren to develop its social policies as the company expands its ESG processes.

We expect megatrends in energy use and technology as well as automation and use of artificial intelligence to impact the warehousing and logistics segment. Increased technological requirements and taller buildings increase energy demands, and we expect energy costs to become an increasing focus for property owners and tenants alike.

Figure 17. Stendörren ESG considerations

Issue	Risk	Mitigating efforts	Result
CO_2 emissions	Increased costs due to regulatory and/or taxation changes. Increased interest costs on sustainability-linked loans	Targets a 20% reduction in energy use from 2020 levels by 2030. Aims for 70% environmental certification (by area) by 2025	53% reduction in CO_2 equivalents from 2017 to 2020
Impact of climate change on operations	Loss of revenues or increased capital spending	Environmental certification of properties, appropriate insurance	20% of properties (by area) had obtained certification as of Q3 2021. No impact on operations at this point
Increased environmental focus in financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower CO_2 dependence	Increasing usage of sustainability-linked funding	33% of external funding linked to sustainability targets
Delayed zoning plans/ building rights	Reduced efficiency and increased pressure from owners if development pipeline and growth targets are significantly delayed	Withholding financial commitments until zoning plans are finalised	Increased acquisition pace. 621,000 sqm in early phase development pipeline

Source: company.

OWNERSHIP ANALYSIS

Ownership assessed as neutral

Stendörren has two share classes, A and B, with the B shares listed on the Nasdaq Stockholm exchange. The A shares confer 10 votes and the B shares one. Both share classes confer equal rights to dividends.

Stendörren's majority owner is Stendörren Real Estate AB, which is owned 100% by EQT Real Estate II, a fund held by EQT. Stendörren Real Estate AB owns 40.7% of the shares and controls 58.1% of the votes in Stendörren.

EQT has successfully developed companies prior to divestment and says it was attracted to Stendörren by its development pipeline and growth opportunities. We note that EQT has historically owned companies for an average of 5.2 years before divestment. We see a risk of an increasing focus on growth beyond our current expectations as private equity firms typically seek to increase values with a view to divesting their investments with high returns on equity. Any acceleration of projects or shift to speculative development could negatively affect our business risk assessment. However, EQT has a record of injecting capital into previous investments, when needed, mitigating the associated risk in our view. Overall, our ownership analysis is neutral.

Figure 18. Stendörren ownership structure, 6 Jan. 2022

Owner	Share of capital	Share of votes
Stendörren Real Estate AB	40.6	58.0
Altira AB	10.7	14.8
Länsförsäkringar Fondförvaltning AB	17.3	9.6
SEB Investment Management	9.4	5.3
Verdipapirfondet Odin Eiendom	3.7	2.1
Tredje AP-fonder	2.6	1.5
Carnegie fonder	1.6	0.9
Alfred Berg	1.2	0.6
Warmland, Bodil	0.9	0.5
SEB AB, Luxembourg branch, W8IMY	0.9	0.5
Top 10 owners	88.9	93.8
Other	11.1	6.2

Source: company.

ISSUE RATINGS

We do not assign issue ratings to Stendörren's outstanding debt issues. In line with our methodology, we typically anticipate a higher loss in the event of default for senior unsecured instruments when there is a high proportion of secured debt. As of 30 Sep. 2021, 86% of the company's interest-bearing debt was secured, reducing recovery prospects for senior unsecured bondholders and hybrid bondholders.

Figure 19. Stendörren key financial data, 2017–Q3 2021

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	30 Sep. 2021
INCOME STATEMENT					
Rental income	453	537	592	631	646
Other income	–	–	–	20	10
Total costs from operations	-137	-182	-195	-171	-172
Net operating income	**316**	**355**	**397**	**480**	**484**
Administrative expenses	-51	-51	-88	-86	-73
Administrative expenses, project portfolio	–	–	–	–	–
EBITDA	**265**	**304**	**309**	**394**	**411**
Share of profit in associated companies and joint ventures	–	–	–	–	–
Interest expenses	-105	-131	-166	-134	-142
Interest income	1	1	1	2	–
Interest expenses, shareholder loans	–	–	–	–	–
Financial costs from leasing	–	–	-9	-9	-9
Other financial costs	–	–	–	–	–
Changes in investment property	353	326	237	98	845
Gain (loss) on financial assets held at fair value	9	-12	16	-10	9
Depreciation and amortisation	–	–	–	–	–
Restructuring activities	–	–	–	–	–
Pre-tax profit	**523**	**488**	**388**	**341**	**1,114**
Current taxes	-4	-1	2	-1	-1
Deferred taxes	-123	-68	-100	-84	-240
Net profit	**396**	**419**	**290**	**256**	**873**
BALANCE SHEET					
Investment property	6,494	8,476	9,147	9,533	10,803
Other non-current assets	16	13	256	244	251
Total non-current assets	**6,510**	**8,489**	**9,403**	**9,777**	**11,054**
Cash and cash equivalents	38	163	138	361	117
Other current assets	76	83	67	95	65
Total current assets	**114**	**246**	**205**	**456**	**182**
Total assets	**6,624**	**8,735**	**9,608**	**10,233**	**11,236**
Total equity	**2,399**	**2,780**	**3,840**	**4,053**	**4,807**
Non-current borrowings	2,721	4,251	3,535	4,081	4,256
Non-current borrowings, shareholder loans	–	–	–	–	–
Deferred tax liabilities	323	419	519	613	815
Other non-current liabilities	8	15	243	241	249
Total non-current liabilities	**3,052**	**4,685**	**4,297**	**4,935**	**5,320**
Total current liabilities	**1,172**	**1,270**	**1,471**	**1,245**	**1,108**
Total equity and liabilities	**6,623**	**8,735**	**9,608**	**10,233**	**11,235**
CASH FLOW STATEMENT					
Pre-tax profit	523	488	388	341	1,114
... of which changes in investment property	353	326	237	98	845
Depreciation and amortisation	–	–	–	–	–
Tax paid	2	-15	-2	-2	-2
Adjustment for items not in cash flow	-352	-298	-263	-85	-715
Cash flow from operating activities before changes in working capital	**173**	**175**	**123**	**254**	**397**
Changes in working capital	42	-32	20	19	23
Cash flow from operating activities	**215**	**143**	**143**	**273**	**420**
Cash flow from investment activities	**-519**	**-1,575**	**-427**	**-289**	**-606**
Cash flow from financing activities	**289**	**1,557**	**259**	**238**	**17**
Cash and cash equivalents at beginning of period	51	38	163	138	408
Cash flow for period	-15	125	-25	222	-169
Cash and cash equivalents at end of period	**38**	**163**	**138**	**361**	**117**

Source: company. FY–full year. LTM–last 12 months.

Figure 20. Stendörren rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bb
Market position, size and diversification	12.5%	bb
Portfolio assessment	12.5%	bb+
Operating efficiency	5.0%	bbb-
Business risk assessment	50.0%	bb
Ratio analysis		b+
Risk appetite		b+
Financial risk assessment	50.0%	b+
Indicative credit assessment		**bb-**
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
Stand-alone credit assessment		**bb-**
Support analysis		Neutral
Issuer rating		**BB-**
Outlook		Stable
Short-term rating		**N-2**

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