

Intea Fastigheter AB (publ)

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N-1+

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Sweden-based community service property manager Intea Fastigheter AB (publ) reflects the company's relatively low-risk portfolio of largely custom-built properties and its generally long contracts with highly creditworthy public-sector authorities in the education, healthcare and law enforcement sectors. The rating also reflects the strong operating environment and Intea's stable cash flows, healthy profitability and debt-servicing capabilities. We view the company's solid and committed owners, and long fixed-interest periods as credit strengths.

These benefits are offset by Intea's overall financial risk profile, as the company's credit metrics are notably weak in comparison with those of its peers. Furthermore, the rating is constrained by the company's relatively modest size, high portfolio concentrations and restricted geographic scope, with concentration risk in certain municipalities. However, the significant proportion of government-backed tenants and multiple contracts across different locations is beneficial for operational diversity.

STABLE OUTLOOK

The stable outlook reflects our expectations of continued substantial shareholder commitment, which supports Intea's overall financial risk profile. We believe the company will maintain its focus on specialised community service properties with long leases with government-backed counterparties. We expect Intea to primarily grow through its project portfolio, in which properties appear to be on schedule for completion, while maintaining its current financial risk profile.

POTENTIAL POSITIVE RATING DRIVERS

- Improved credit metrics, with a net loan-to-value (LTV) ratio below 40%, and net interest coverage above 5x over an extended period.
- Increased portfolio size and diversification, combined with reduced project development.

POTENTIAL NEGATIVE RATING DRIVERS

- Net LTV above 55% and net interest coverage below 3.5x on a sustained basis.
- A withdrawal of shareholder commitments or change in ownership.
- A lower proportion of public-sector tenants.

Figure 1. Intea key credit metrics, 2018–2024e

SEKm	2018	2019	2020	2021	2022e	2023e	2024e
Rental income	372	488	549	733	884	933	1,093
NCR-adj. EBITDA	232	321	383	540	652	691	817
NCR-adj. EBITDA margin (%)	62.5	65.8	69.9	73.7	73.8	74.0	74.8
NCR-adj. investment property	7,004	9,371	10,238	17,955	19,224	20,825	22,440
NCR-adj. net debt	3,815	5,056	5,363	9,760	9,882	11,097	12,236
Total assets	7,226	9,622	10,816	18,539	19,773	21,358	23,033
NCR-adj. net debt/EBITDA (x)	16.4	15.7	14.0	18.1	15.2	16.1	15.0
NCR-adj. EBITDA/net interest (x)	4.1	4.0	3.7	4.4	3.9	3.2	3.0
NCR-adj. net LTV (%)	54.5	53.9	52.4	54.4	51.4	53.3	54.5
NCR-adj. FFO/net debt (%)	4.5	4.7	5.1	4.2	4.9	4.3	4.4

Based on NCR estimates and company data. e—estimate. FFO—funds from operations. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Intea is a Sweden-based property manager focused on highly specialised, purpose-built community service properties, primarily in urban centres in southern Sweden. About 94% of the company's rental income comes from agencies of the Swedish government and municipalities. As of 31 Mar. 2022, the property portfolio consisted of 31 properties with a total lettable area of 450,000 sqm, valued at SEK 18.3bn. Intea was founded in 2015 with support from pension foundations associated with, among others, Svenska Handelsbanken AB, SAAB AB and AB Volvo. About 32% of votes in the company remain with the CEO Henrik Lindekrantz and Deputy CEO Christian Haglund, providing strategic stability.

BUSINESS RISK ASSESSMENT

Business risk
assessment 'a-'

Our business risk assessment reflects Intea's strong position in the specialised community service property market, low-risk property portfolio and strong operating efficiency. It also reflects the company's long-term ownership, high proportion of government-supported tenants, long lease terms and high occupancy rates. The assessment also considers Intea's highly concentrated tenant composition, limited scale and diversity, and the limited scope for alternative use of the company's properties.

Operating environment
'a'

Long-term, highly creditworthy tenants support strong operating environment

Intea operates in the Swedish community service property market, with most of its revenue coming from government-related bodies. The sector has undergone a structural shift in recent years, and about 20% of public-sector tenant properties are now owned by private companies. To meet future obligations while continuing to provide services, Swedish municipalities need to free up capital currently tied up in fixed assets such as real estate. An already high tax burden and increasing public-sector debt at municipal level support a greater transfer of ownership of community service properties to private-sector property managers. We therefore anticipate that the operating environment will remain stable.

Intea caters mainly to providers of essential public services. The company seeks to earn at least 90% of its rental income from public-sector tenants, a figure it has continuously surpassed. The market for highly customised premises deters new entrants, as it is clearly imprudent to build such properties on a speculative basis. Limitations on alternative uses constrain substitution and help underpin Intea's position in its operating areas (see Figure 2).

Figure 2. Intea rental income by location, 31 Mar. 2022

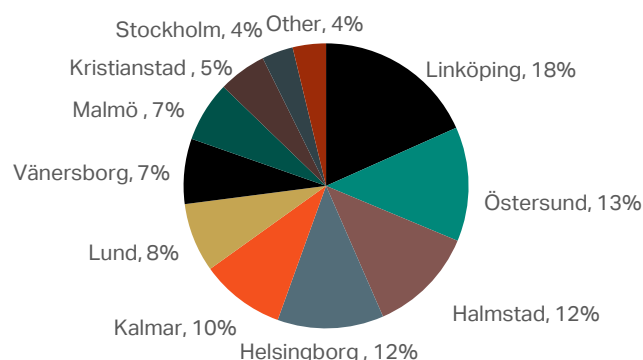
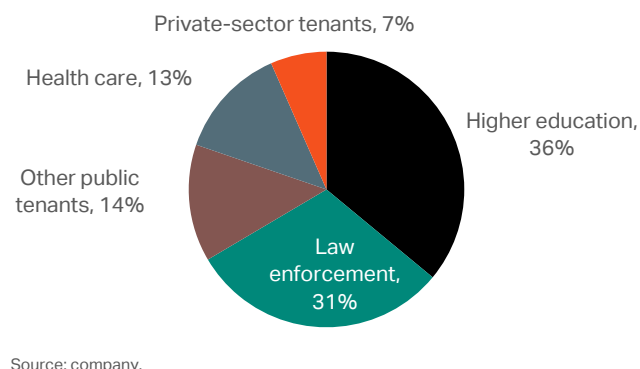


Figure 3. Intea rental income by property type, 31 Mar. 2022



Favourable demographic trends such as increasing numbers of school children and elderly people, and general population growth are increasing the need for critical social infrastructure, which points to structural growth in the sector. Growing demand for higher education and healthcare services, together with aging community service properties, are key drivers in the niche areas that Intea serves. The number of citizens above the age of 65 is projected to increase by 38.5% between year-end 2021 and 2040 in the locations where Intea operates, driving an underlying need for healthcare facilities.

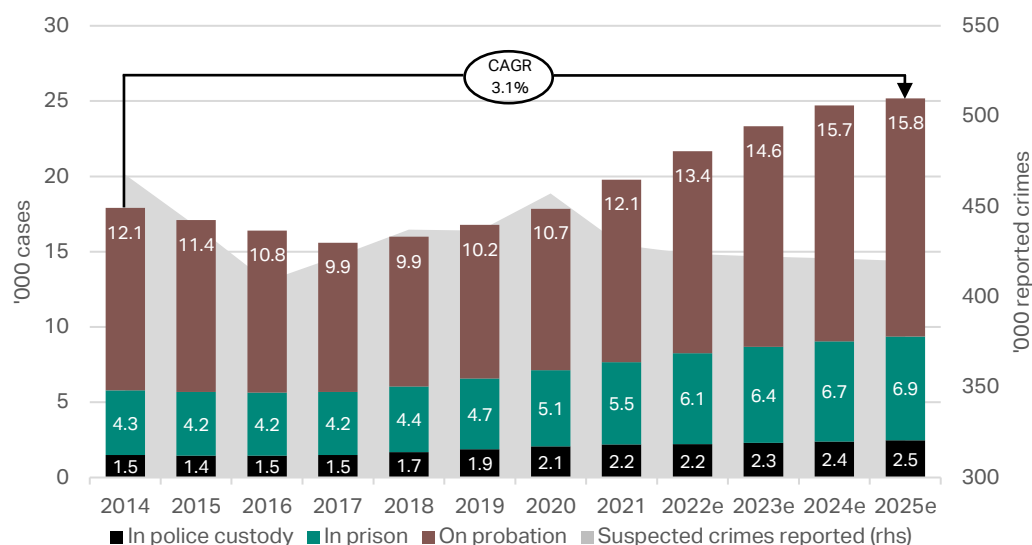
Figure 4. Intea rental value from top 10 municipal exposures, 31 Mar. 2022

Municipality	Share of rental value	Population, 2021	Expected population change among 15–64-year-olds, 2021–2040	Unemployment, 2021
Linköping	18.3%	165,500	10.2%	6.2%
Östersund	13.0%	64,300	1.7%	5.5%
Halmstad	12.2%	104,600	9.7%	7.8%
Helsingborg	12.1%	150,100	11.6%	10.8%
Kalmar	9.6%	71,300	4.8%	6.5%
Lund	7.8%	127,400	8.9%	6.4%
Vänersborg	7.4%	39,600	-2.5%	9.0%
Malmö	6.9%	351,700	14.2%	13.3%
Kristianstad	5.5%	86,600	4.2%	10.1%
Stockholm	3.5%	978,800	10.7%	6.6%
Total/Sweden average	96.2%	-	6.3%	7.2%

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

The need for law enforcement services is also increasing; Swedish prisons are at maximum capacity, while levels of processed crimes and probationary sentences are likely to increase (see Figure 5).

Figure 5. Swedish crime statistics, 2014–2025e



Source: the Swedish Prison and Probation Service. CAGR=Compound annual growth rate.

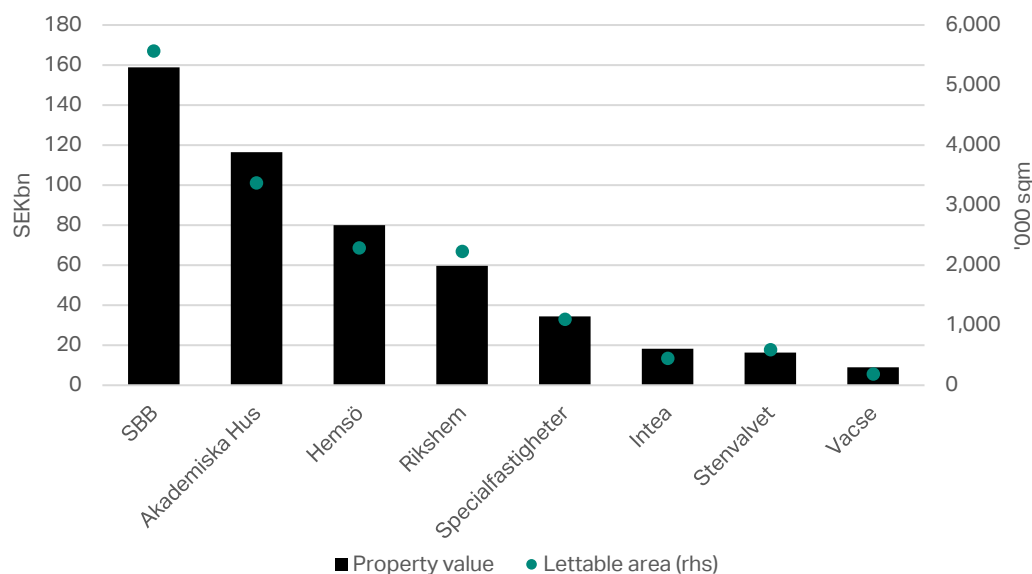
Strong market position constrained by high tenant concentration

Market position, size and diversification 'bb+'

As of 31 Mar. 2022, Intea's property portfolio covered 12 municipalities and comprised 31 properties valued at SEK 18.3bn, with a combined lettable area of 450,000 sqm. While the property portfolio is small, the company is one of only 10 companies in Sweden that solely manage community service properties. The focus on highly specialised properties with relatively low substitution risk results in a favourable market position.

Favourable demographic trends, along with high demand for newer facilities from government-backed entities, have resulted in the strong development of Intea's project portfolio, which is the company's main source of growth. We expect the company to benefit from its niche position as the preferred partner for new-build properties.

Figure 6. Intea peer group breakdown by property value and lettable area, 31 Mar. 2022



Source: companies.

Because most of Intea's properties are custom-built for specific tenants, we expect greater than average customer loyalty, with contracts likely to be extended on expiry. However, should contracts be terminated, we would expect Intea to incur significant adaption costs for accommodating new tenants. The high degree of specialisation has resulted in a concentrated revenue stream, with the 10 largest tenants and 10 largest properties representing 75% and 84% of rental value, respectively, as of 31 Mar. 2022. Despite the high concentration, we consider that multiple leases in a variety of locations with strong government-backed counterparties offset some concentration risk. We believe the vital social functions provided by tenants and favourable societal trends contribute to low relocation risk.

Figure 7. Intea tenant concentration, 31 Mar. 2022

Tenant	Type of tenant	Share of rental income
The Swedish Police Authority	Public	17.8%
Linnaeus University	Public	9.2%
Halmstad University	Public	8.9%
Skåne county	Public	7.8%
Malmö University	Public	6.9%
The Swedish Prison and Probation Service	Public	6.8%
Mid Sweden University	Public	5.7%
Kristianstad University	Public	5.3%
The Swedish Courts Authority	Public	3.4%
Vänersborg Municipality	Public	2.9%
Top 10 tenants	-	74.7%

Source: company.

Attractive portfolio with long remaining lease terms

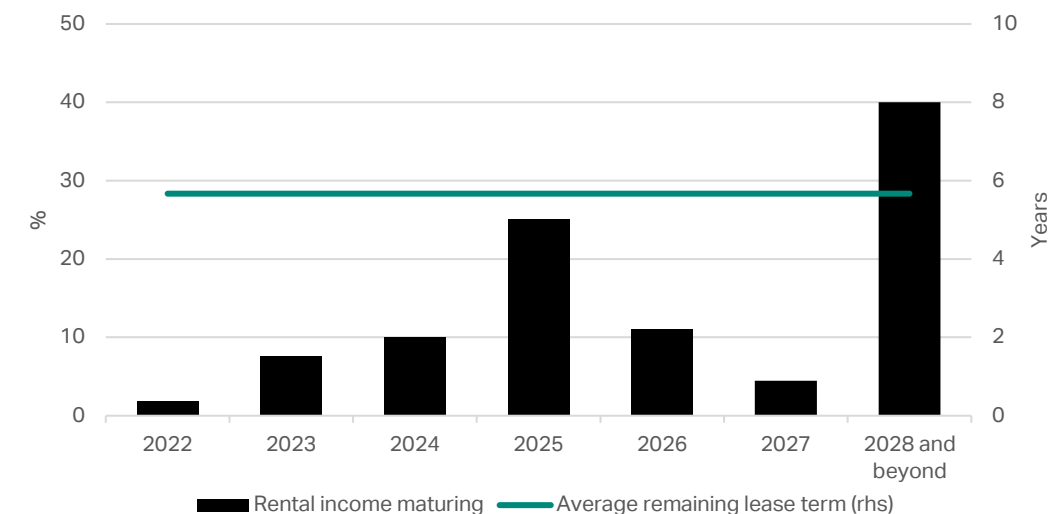
Intea's property portfolio is mostly custom-built for specialist, long-term single tenants, which reduces churn. The properties are mostly located in attractive urban centres in southern Sweden. The average property size is 14,500 sqm, much larger than the average of peers such as Vacse and Stenvalvet (9,900 sqm and 5,400 sqm, respectively). This is mainly due to the company's large university properties. Its largest single property is Intea Garnisonen in Linköping, a former military facility converted into multiple-use civilian buildings with a combined area of 86,000 sqm.

As of 31 Mar. 2022, Intea had a long average remaining lease term of 5.7 years. Maturities are generally well diversified, with only one year in the next five (2025) scheduled to see maturities exceeding 15% of rental income (see Figure 7). The company's 10 largest contracts generate about 47% of total rental income. Among these contracts, the average lease maturity is 7.5 years, which reduces vacancy risk. We view the likelihood of tenant churn as low, as most of Intea's properties are purpose-built and

Portfolio assessment 'a'

highly specialised, in line with tenant demand, while operational inertia is high among most tenants, making them less likely to relocate. Overall, we assess Intea's lease maturity profile to be positive.

Figure 8. Intea lease maturity profile, 31 Mar. 2021



In our view, Intea's project property portfolio carries lower than average development risk, due to the company only engaging in fully pre-let projects, often with development carried out in collaboration with tenants. The project portfolio is an integral component for Intea in reaching its target property value of SEK 30bn by 2026. Because of this growth ambition, the company's project portfolio, whether under construction or planned, is large, and would expand Intea's total lettable area by about 28% upon completion. Project risk is limited and mostly borne by the contractor, resulting in relatively low risk in the development portfolio. Nevertheless, we regard the relatively large scale of the development portfolio as negative in our overall portfolio assessment, as it subjects the company to additional risk.

Figure 9. Intea's larger projects in progress, 31 Mar. 2021

Location	Tenant(s)	Main use	Lettable area (sqm)	Estimated completion
Örebro	The Swedish Police Authority and Emergency Services	Command centre	12,262	Q4 2023
Ånge	The Swedish Police Authority	Prison	14,272	Q4 2023
Kristianstad	The Swedish Prison and Probation Service Authority	Custody centre	16,398	Q2 2024
Kristianstad	The Swedish Police Authority and Prosecutor's Office	Police station	19,395	Q3 2024
Gothenburg	Västra Götaland County, Gothenburg University and others*	Health care	49,880	Q1 2027
Kristianstad	Kristianstad University	Education	30,000	Q3 2027
Total	-	-	142,207	-

Source: company. *Intended tenants.

High occupancy rates; margins to increase as more operations brought in-house

Operating efficiency 'a+'

Intea's operating efficiency is characterised by the company's long inflation-linked leases, with some ancillary costs passed onto tenants, close to 100% occupancy rate and good cost control. In the second quarter of 2021, the company terminated its contract with Intea AB and moved administrative operations in-house. This resulted in a reduction in central administrative expenses in 2021 and will continue to have a positive impact on EBITDA margins compared with historical figures.

The company's net operating income and EBITDA margins have improved steadily since 2017 as the company has increased in scale and acquired properties with high margins on attractive contract terms. Our forecast of Intea's financial ratios assumes a sustainable net operating income margin of 80% and an EBITDA margin of about 74% over the forecast period through 2024 (see Figure 10).

In our view, Intea's rental income streams carry limited downside risk, due to low correlation with the economic cycle. The customised property portfolio with long-term, inflation-linked leases contributes to negligible tenant turnover and high, stable occupancy rates. We expect Intea's occupancy rate to remain at around 99% over our forecast period.

Figure 10. Intea revenues, net operating income, EBITDA, and margins, 2018–2024e

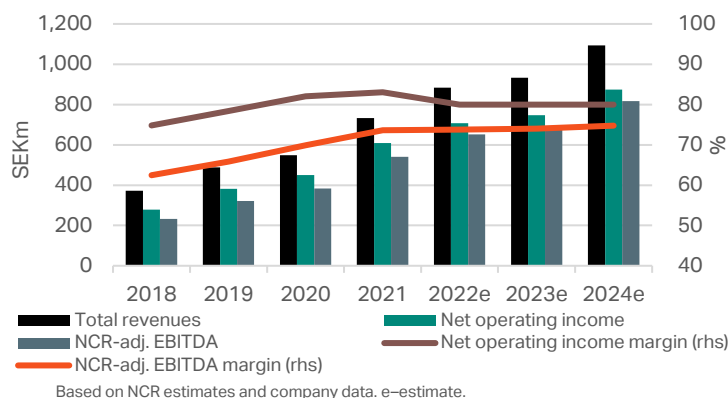
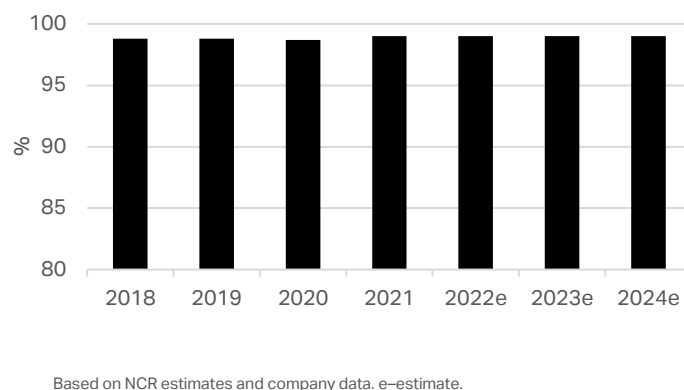


Figure 11. Intea occupancy rate, 2018–2024e



FINANCIAL RISK ASSESSMENT

Financial risk
assessment 'bbb-'

Our financial risk assessment reflects Intea's relatively strong interest coverage and stable net LTV, although it is constrained by the company's relatively weak debt/EBITDA. We assess Intea's risk appetite as more prudent than might be expected from its financial ratios, due to its ownership structure with shareholder commitments and relatively long fixed-interest arrangements, which will dampen the impact of higher interest rates. In addition, we regard Intea's debt maturity profile and diverse funding sources as positive for the company's financial position.

Pressure expected on interest coverage following increased market rates

Ratio analysis 'bb+'

We expect Intea to mainly grow through project development and to refrain from acquisitions until economic uncertainty recedes. Our forecast sees the company's net LTV temporarily decreasing following equity injections from owners, but then rebounding to historical levels by year-end 2024. We expect interest coverage to materially weaken from previous strong levels as a result of higher interest rates and the expiry of swap contracts. We have adjusted Intea's historical financial ratios by treating the shareholder loans that Intea converted into class D shares in the second quarter of 2021 as 100% equity, excluding them from net debt. Accordingly, we exclude interest paid on the loans from net interest. Our SEK 172m adjustment to 2021 EBITDA reflects the cost of terminating the agreement with Intea AB and expenses for the preparation of a planned initial public offering (IPO), which has been postponed due to unfavourable market conditions.

Our base-case forecast of Intea's future performance assumes:

- rental income growth of 21% in 2022, 6% in 2023, and 17% in 2024;
- an EBITDA margin of 74% in 2022 and 2023, and 75% in 2024;
- the acquisition of investment properties amounting to SEK 155m in the first quarter of 2022, but no acquisitions thereafter;
- capital spending of SEK 1.0bn in 2022, SEK 1.5bn in 2023 and 2024;
- increased market interest rates, resulting in an average interest rate of 1.7% in 2022, 2.0% in 2023 and 2.3% in 2024;
- a capital injection from shareholders amounting to SEK 750m in 2022;
- dividends paid amounting to 69% of the previous year's income from property management, excluding shareholder loans, in 2022, 40% in 2023 and 2024;
- a valuation change of 5% of total estimated investment upon completion of projects; and
- no other valuation changes in investment properties.

On the basis of these assumptions, we estimate the following metrics for 2022–2024:

- NCR-adjusted net LTV of 51–55%;

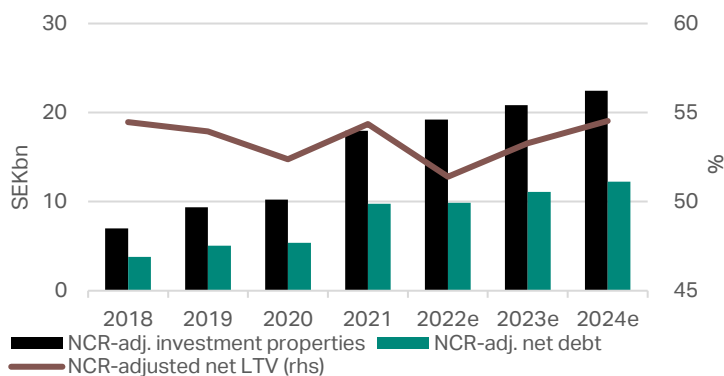
- NCR-adjusted EBITDA/net interest decreasing to 3.0x by 2024; and
- NCR-adjusted net debt/EBITDA of around 15x.

Figure 12. NCR's adjustments to Intea's credit metrics, 2018–2024e

SEKmn	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	232	321	383	368	652	691	817
Non-recurring EBITDA adjustment	0	0	0	172	0	0	0
NCR-adj. EBITDA	232	321	383	540	652	691	817
Net interest, excluding shareholder loans	-56	-80	-104	-121	-164	-212	-265
Financial costs from leases	0	0	0	-1	-4	-4	-4
NCR-adj. net interest	-56	-80	-104	-122	-167	-216	-268
NCR-adj. EBITDA	232	321	383	540	652	691	817
NCR-adj. net interest	-56	-80	-104	-122	-167	-216	-268
Current tax	-3	-2	-5	-5	-2	-2	-6
NCR-adj. FFO	173	239	274	413	483	473	543
Investment property	7,004	9,371	10,238	17,797	19,081	20,682	22,296
Non-current right-of-use assets	0	0	0	158	144	144	144
NCR-adj. investment property	7,004	9,371	10,238	17,955	19,224	20,825	22,440
Cash and cash equivalents	134	144	395	198	143	128	188
NCR-adj. cash and equivalents	134	144	395	198	143	128	188
Gross interest-bearing debt	3,948	5,199	5,758	9,814	9,893	11,093	12,293
Long-term lease liabilities	0	0	0	143	131	131	131
NCR-adj. cash and equivalents	-134	-144	-395	-198	-143	-128	-188
NCR-adj. net debt	3,815	5,056	5,363	9,760	9,882	11,097	12,236

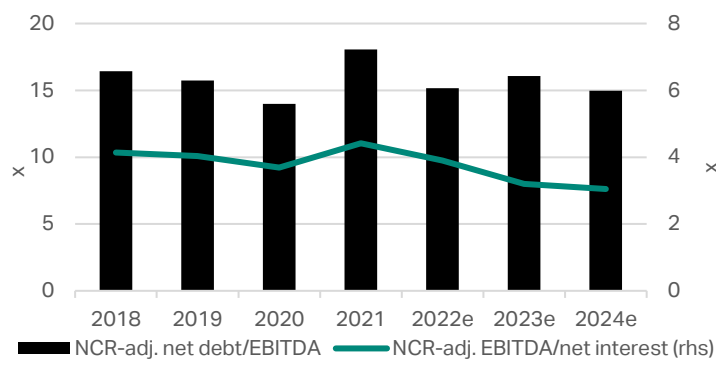
Based on NCR estimates and company data. e–estimate. FFO–funds from operations.

Figure 13. Intea NCR-adj. investment properties, net debt, and net LTV, 2018–2024e



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

Figure 14. Intea NCR-adj. net debt/EBITDA and EBITDA/net interest, 2018–2024e



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

Risk appetite supported by current ownership structure

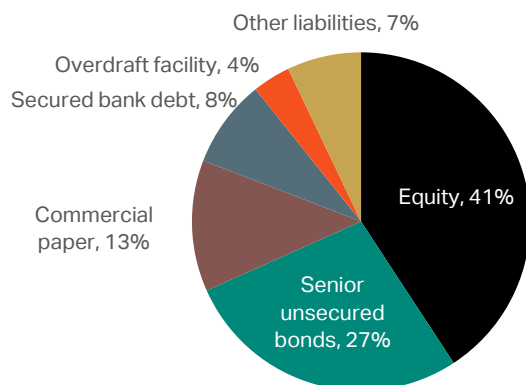
Risk appetite 'bbb+'

We assess Intea's financial risk appetite as better than reflected by the financial ratio analysis, which is largely because we believe the company's ownership structure involving shareholder commitments keeps risk appetite conservative. Intea has postponed its planned IPO due to unfavourable equity market conditions for real-estate companies as a result of turbulent financial markets and increased uncertainty. We note that a public listing of Intea's shares would likely entail the termination of shareholder commitments, which would be likely to have a negative impact on our overall assessment of financial risk. Our overall financial risk assessment is supported by Intea's low income volatility, relatively long fixed-interest arrangements and debt maturity profile as well as its good standing in the capital markets.

Intea finances its operations through a mix of common equity, secured bank debt, senior unsecured bonds and commercial paper. As of the 31 Mar. 2022, the company reported outstanding debt of SEK 10.0bn, including secured bank debt of SEK 1.6bn, a fully drawn overdraft facility of SEK 700m, senior unsecured bonds amounting to SEK 5.3bn and commercial paper amounting to SEK 2.4bn. Intea

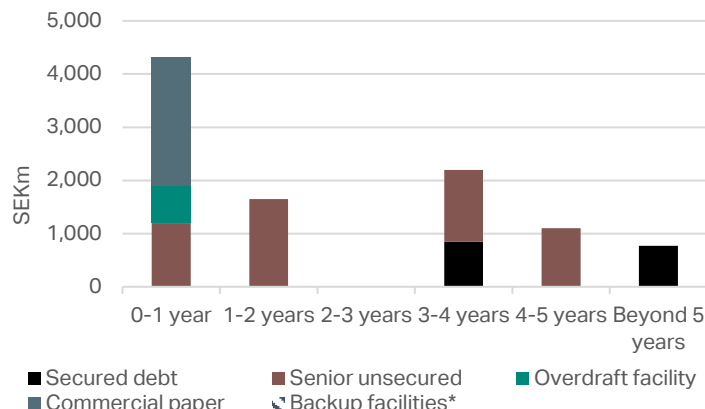
revised its dividend policy in 2021 following the conversion of shareholder loans into class D shares and now aims to pay shareholders 40% of income from property management.

Figure 15. Intea funding profile, 31 Mar. 2022



Source: company.

Figure 16. Intea debt maturity profile, 31 Mar. 2022



Source: company. *Unutilised credit facilities related to outstanding commercial paper.

As of 31 Mar. 2022, the company's average debt maturity was 3.0 years, with 43% of debt due to mature within the next 12 months (see Figure 16). However, we see refinancing risk as relatively low, as Intea's commercial paper is fully backed by unutilised credit facilities, which have an average maturity of 3.1 years. However, we see significant reliance on short-term financing of long-term assets as increasing interest rate sensitivity and funding mismatches. As of 31 Mar. 2022, Intea's average interest rate was 1.5%, with nominal floating-rate hedges of SEK 6bn and an average fixed-interest period of 4.0 years, which we see as important for stability, given inflationary pressures and potential interest rate hikes. Intea has delivered consistent earnings and has historically complied with its financial ratio policy.

Figure 17. Intea financial covenants, policies and reported metrics

Metric	Financial policy/targets	Reported 31 Mar. 2022
Interest coverage ratio	≥2.0x	3.3x**
Secured debt/total assets	≤30%*	12.0%
Net LTV	≤60%	53.9%
Debt maturity	≥2.0 years	3.0 years
Avg. fixed-interest period	≥2.0 years	4.0 years

Source: company. *Covenant stipulating maximum secured debt/total assets of 40%. **Last 12 months.

ADJUSTMENT FACTORS

Adjustment factors
neutral

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

Liquidity

Liquidity adequate

We view Intea's liquidity profile as neutral, despite uses marginally exceeding funding sources over the 12 months ending 31 Mar. 2023. This is because we expect Intea to refinance its existing debt maturities successfully, owing to its satisfactory access to the capital markets and good banking relationships. We expect the company to seek additional funding for its committed project development portfolio. Our liquidity analysis does not include future acquisitions or uncommitted development projects.

We estimate the following primary funding sources for the 12 months ending 31 Mar. 2023, totalling SEK 4.9bn:

- SEK 199m in cash and cash equivalents, as of 31 Mar. 2022;
- SEK 360m from funds from operations, equalling 75% of the estimated NCR-adjusted funds from operations over the period;
- SEK 1.1bn in borrowings since 31 Mar. 2022;
- SEK 2.5bn in unutilised backup credit facilities; and
- SEK 750m in unutilised shareholder commitments as of 31. Mar 2022.

We estimate the following uses of funds for the 12 months ending 31 Mar. 2023, totalling SEK 5.0bn:

- SEK 3.6bn in maturing debt and scheduled amortisation;
- SEK 1.3bn in committed capital spending.

Environmental, social and governance factors

ESG factors adequate

Intea's environmental, social and governance (ESG) policies support our view of the company's overall business risk and competitive position. The company is implicitly bound by Swedish government ESG practices, carries out annual internal materiality assessments and engages in dialogue with stakeholders to understand their needs. Intea's closest peers have progressed further in establishing green frameworks and transparency reporting, and we expect Intea to intensify its sustainability efforts to catch up with peers.

Intea intends to increase its environmental objectives and obtain environmental certification for all of its newly constructed properties, with six ongoing certifications covering 63,600sqm as of 31 Dec. 2021. At the same date, 42% of its existing lettable area was certified, which we regard as a stepping stone for obtaining green financing. In our view, certification increases a property's attractiveness, facilitating renegotiations of contracts and enabling more cost-efficient property management.

The main ESG issues that could impact our overall assessment are factors that could contribute to revenue losses, cost increases, higher capital spending or deteriorating financing terms (see Figure 18).

Figure 18. Intea ESG considerations

Issue	Risk	Mitigating efforts	Result
CO ₂ emissions	Increased costs due to regulatory and/or taxation changes.	Efforts to increase energy efficiency and reduce CO ₂ emissions. Environmental certification of properties.	Scope 1 and 2 emissions down by 30% in 2021 from 2019. The company does not report Scope 3 emissions, which generally represent the largest proportion of emissions for real-estate companies. These emissions are often difficult to estimate and reduce.
Impact of climate change on operations	Loss of revenue or increased capital spending.	Environmental certification of properties, materiality evaluations, technical solutions, tenant dialogue, and compliance with stakeholders' demands for project properties.	A materiality evaluation has concluded that properties in Kristianstad are exposed to rising water levels.
Increased environmental focus in financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transition to lower carbon dependence.	Efforts to increase energy efficiency and reduce CO ₂ emissions. Overall sustainability focus throughout operations.	Improved ESG reporting, more comprehensive mapping of emissions and property certifications.

Source: company.

OWNERSHIP ANALYSIS

Ownership neutral

We view Intea's broad and diverse ownership structure (see Figure 19) as supportive of the company's overall stability and long-term development. The pension fund owners have strong links with well-known Swedish corporations and banks. The shareholder commitments of Intea's owners amount to some SEK 750m. We believe that the concentration of votes with CEO Henrik Lindekrantz and deputy CEO Christian Haglund results in strategic stability. The strong ownership and shareholder capital commitments are positive for our view of the company's financial risk appetite. A withdrawal of commitments or a change in ownership structure could affect our view of the company's creditworthiness.

Figure 19. Intea ownership structure, 31 Mar. 2022

Owner	Share of capital	Share of votes
Henrik Lindekrantz	5.9%	16.2%
Christian Haglund	5.9%	16.2%
Svenska Handelsbanken Pension Fund	15.7%	12.1%
Saab Pension Fund	11.8%	9.0%
Volvo Pension Fund	10.3%	7.9%
Federation of Swedish Farmers	9.8%	7.5%
Pensionskassan Svenska Handelsbanken	7.9%	6.0%
The Foundation for Baltic and East European Studies	7.5%	5.7%
PRI Pensionsgaranti	6.9%	5.3%
Riksbankens Jubileumsfond	5.9%	4.5%
Top 10 owners	87.6%	90.4%
Other	12.4%	9.6%

Source: company.

ISSUE RATINGS

As of 31 Mar. 2022, Intea's secured debt as a proportion of total debt was 23%. Due to the low degree of subordination of unsecured obligations, we expect meaningful recovery for unsecured lenders in an event of financial distress. Accordingly, the rating on Intea's senior unsecured obligations is commensurate with the 'BBB+' issuer rating.

Figure 20. Intea key financial data, 2018–Q1 2022

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Mar. 2022
INCOME STATEMENT					
Rental income	372	488	549	733	799
Other income	–	–	–	–	–
Total costs from operations	-94	-105	-98	-124	-141
Net operating income	278	382	450	609	658
Administrative expenses	-46	-61	-67	-241	-236
Administrative expenses, project portfolio	–	–	–	–	–
EBITDA	232	321	383	368	423
Share of profit in associated companies and joint ventures	–	0	–	–	–
Interest expenses	-56	-80	-106	-123	-130
Interest income	0	0	2	1	3
Interest expenses, shareholder loans	-90	-123	-134	-79	-42
Financial costs from leasing	–	–	–	-1	-2
Other financial costs	–	–	–	–	–
Changes in investment property	206	446	452	2,207	2,026
Gain (loss) on financial assets held at fair value	-16	–	–	–	–
Disposals of investment properties	–	–	–	–	–
Gain (loss) on derivatives	–	-33	-43	127	379
Depreciation and amortisation	–	–	–	–	–
Restructuring activities	–	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–	–
Pre-tax profit	276	532	555	2,501	2,656
Current taxes	-3	-2	-5	-5	–
Deferred taxes	-49	-131	-138	-527	-582
Net profit	224	399	412	1,969	2,074
BALANCE SHEET					
Investment property	7,004	9,371	10,238	17,797	18,260
Other non-current assets	2	2	34	373	606
Total non-current assets	7,006	9,373	10,271	18,170	18,866
Cash and cash equivalents	134	144	395	198	199
Other current assets	87	105	149	171	191
Total current assets	220	249	545	369	390
Total assets	7,226	9,622	10,816	18,539	19,256
Total equity	1,066	1,588	1,945	7,206	7,582
Non-current borrowings	2,568	3,499	3,778	5,424	5,720
Non-current borrowings, shareholder loans	1,763	2,235	2,235	–	–
Deferred tax liabilities	170	295	439	971	1,083
Other non-current liabilities	2	63	99	152	138
Total non-current liabilities	4,504	6,093	6,551	6,547	6,941
Total current liabilities	1,656	1,941	2,320	4,786	4,734
Total equity and liabilities	7,226	9,622	10,816	18,539	19,256
CASH FLOW STATEMENT					
Pre-tax profit	276	532	555	2,501	2,656
... of which changes in investment property	206	446	452	2,207	2,026
Depreciation and amortisation	2	1	1	6	8
Tax paid	-7	8	19	-7	-13
Adjustment for items not in cash flow	-189	-412	-410	-2,169	-2,239
Cash flow from operating activities before changes in working capital	81	129	165	330	412
Changes in working capital	66	-13	12	-57	88
Cash flow from operating activities	147	116	176	273	500
Cash flow from investment activities	-1,468	-1,944	-434	-5,412	-3,365
Cash flow from financing activities	1,330	1,839	509	4,941	2,919
Cash and cash equivalents at beginning of period	124	134	144	395	146
Cash flow for period	9	10	252	-198	53
Cash and cash equivalents at end of period	134	144	395	198	199

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

Figure 21. Intea rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	a
Market position, size and diversification	12.5%	bb+
Portfolio assessment	12.5%	a-
Operating efficiency	5.0%	a+
Business risk assessment	50.0%	a-
Ratio analysis		bb+
Risk appetite		bbb+
Financial risk assessment	50.0%	bbb-
Indicative credit assessment		bbb+
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
Stand-alone credit assessment		bbb+
Support analysis		Neutral
Issuer rating		BBB+
Outlook		Stable
Short-term rating		N-1+

Figure 22. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+

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