

Fastighets AB Stenvalvet (publ)

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Negative

SHORT-TERM RATING

N3

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Sweden-based community service property manager Fastighets AB Stenvalvet reflects the company's strong property portfolio and long-term contracts with highly creditworthy public-sector tenants. About 91% of the company's rental income is generated directly or indirectly by government funding. The rating further reflects a strong average remaining lease term of more than five years and an occupancy rate of 95%. Stenvalvet's stable cash flows and strong debt-servicing abilities also support the rating, as do the company's low-risk shareholders, which we regard as stable, long-term owners. The shareholders have provided SEK 1.8bn in long-term loans, which we regard as equity.

Although, most of Stenvalvet's income comes from government-related anchor tenants, about 9% of tenants are purely commercial entities, and 43% of the company's revenues come from office tenants, which tend to be less loyal than occupants of specialised properties. The company has high tenant concentrations, with the top 10 tenants generating 54% of revenues, albeit with a high level of public funding.

NEGATIVE OUTLOOK

The outlook is negative, reflecting uncertainty about Stenvalvet's ownership structure and shareholder commitments. Stenvalvet's main owner, the Church of Sweden, has indicated in its annual report that it aims to reduce its ownership in Stenvalvet to below 50% in the long run, from 69% since January 2022. We also note that the Swedish FSA opened an investigation into the Church of Sweden's increased investment in Stenvalvet in October 2022, which could accelerate the church's efforts to reduce its ownership.

DRIVERS FOR A STABLE OUTLOOK

- Reduced uncertainty related to ownership and shareholder commitment; and
- NCR-adjusted net loan to value (LTV) levels below 45% and NCR-adjusted EBITDA to net interest above 3.0x over the long term.

POTENTIAL NEGATIVE RATING DRIVERS

- A substantial change in ownership structure.
- Increased leverage over the long term, with NCR-adjusted net LTV above 45% and NCR-adjusted EBITDA to net interest below 3.0x.
- A higher proportion of non-public tenants.

Figure 1. Stenvalvet key credit metrics, 2019–2025e

SEKm	2019	2020	2021	2022	2023e	2024e	2025e
Rental income	888	890	940	935	1,013	1,079	1,113
NCR-adj. EBITDA	586	595	627	607	658	701	723
NCR-adj. EBITDA margin (%)	66.0	66.9	66.7	63.6	65.0	65.0	65.0
NCR-adj. investment property	12,070	13,564	17,955	16,638	15,785	15,479	15,779
NCR-adj. net debt	5,116	6,147	7,477	6,591	6,404	6,406	6,379
Total assets	12,541	13,990	18,834	17,687	17,022	16,713	17,040
NCR-adj. net debt/EBITDA (x)	8.7	10.3	11.9	10.9	9.7	9.1	8.8
NCR-adj. EBITDA/net interest (x)	5.5	5.4	5.5	5.0	3.6	3.1	3.3
NCR-adj. net LTV (%)	42.4	45.3	41.6	39.6	40.6	41.4	40.4
NCR-adj. FFO/net debt (%)	9.0	7.4	6.5	6.7	7.2	7.2	7.7

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

ISSUER PROFILE

Stenvalvet is a Sweden-based property manager focusing on community service properties throughout the country. The company was founded in 2010 when AI Pension, the Alecta Pension foundation, and the Church of Sweden's pension foundation came together with the purpose of purchasing, developing and managing homes for the elderly in the Mälardalen region. Following the acquisition of Roxanne Real Estate Foundation AB in 2014, the ownership structure was broadened to include Kåpan Pensions and the Swedish Foundation for Strategic Research. During 2019, the ownership consolidated when AI and Alecta sold their positions on a pro rata basis to the other three owners. In January 2022, Kåpan Pensions sold its entire stake to the other two owners. Consequently, the company is now 100% owned by the Church of Sweden's pension foundation and the Swedish Foundation for Strategic Research. As of 31 Dec. 2022, the company's property portfolio consisted of 108 properties with a lettable area of 595,000 sqm, valued at SEK 16.5bn.

BUSINESS RISK ASSESSMENT

Business risk assessment 'bbb+'

Our business risk assessment reflects the stable operating environment and Stenvalvet's high level of public-sector funding. It also reflects the company's moderately diverse portfolio and high occupancy ratio. We regard the company's remaining average lease term as supportive, enabling predictable operating margins.

Operating environment 'a-'

Highly creditworthy public tenants create a stable operating environment

Stenvalvet's property portfolio consists mainly of community service properties with rental income paid directly or indirectly by the Swedish government or municipalities. The company's focus is on homes for the elderly, health care institutions, schools, police stations, court houses, and other government and municipal agencies that are important for Sweden's welfare system. Given that 91% of rental revenues comes from government related tenants, we expect rental income to remain stable and have little correlation with the economic cycle.

Under the company's business strategy, at least 20% of rental revenue should come from facilities providing residential care for the elderly and disabled, properties which tend to have relatively high specialisation needs and long rental contracts. As of 31 Dec. 2022, this segment generated 26% of revenues. Schools are another focus area for Stenvalvet, generating 21% of revenues. Population growth and a shortage of schools in Sweden makes this a growing segment. We expect demand for both schools and residential care properties to increase further due to projected demographic changes.

Close to 24% of the company's revenues come from the judicial sector, which is currently under strain as the country's prisons are at maximum capacity and the number of processed crimes and supervised sentences is likely to increase according to the Swedish Prison and Probation Service.

Figure 2. Stenvalvet rental value by area, 31 Dec. 2022

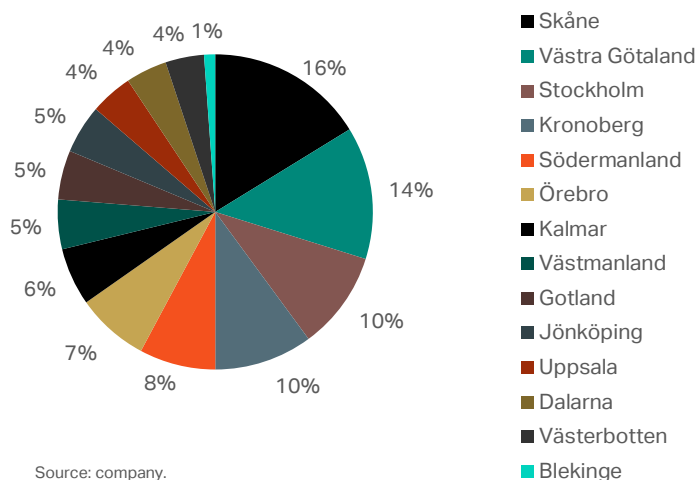


Figure 3. Stenvalvet rental value by property type, 31 Dec. 2022

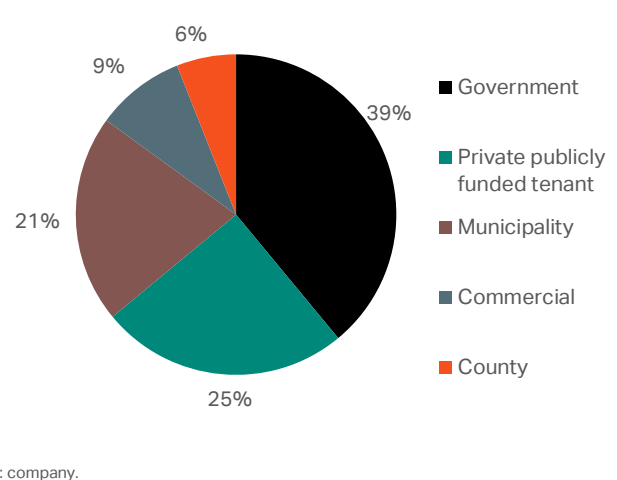


Figure 4. Stenvalvet rental value from top 10 municipal exposures, 31 Dec. 2022

Municipality	Share of rental value	Population, 2022	Expected population change among 15–64-year-olds, 2022–2040	Unemployment, 2022
Växjö	10.1%	97,137	7.8%	7.1%
Eskilstuna	7.8%	107,918	1.8%	11.4%
Örebro	7.5%	158,057	9.4%	7.7%
Kalmar	5.9%	72,018	6.7%	6.0%
Gotland	5.0%	61,173	2.2%	4.7%
Stockholm	5.0%	984,748	12.4%	6.2%
Jönköping	5.0%	145,114	8.9%	5.1%
Västerås	4.9%	158,653	7.7%	8.4%
Kristianstad	4.6%	86,738	4.0%	9.5%
Uppsala	4.4%	242,140	13.6%	6.3%
Total/Sweden average	60.2%	10,521,556	5.5%	6.6%

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

Many municipalities in Sweden face financial constraints, with capital tied up in fixed assets and already heavy tax burdens limiting the possibility of revenue increases. Increasing demand for social services is likely to increase municipal costs. In response, the sector is undergoing a transformation as municipal owners seek to sell community service properties to reduce growing debt burdens. This could represent a growth opportunity for private community service property providers as most public-tenant properties are still owned by public entities.

Favourable local market position but high tenant concentrations

Stenvalvet's property portfolio is worth about SEK 16.5bn and generates annual revenues of about SEK 950m, making the company a mid-sized community service property manager by domestic standards. Stenvalvet maintains its diversity by stipulating that a maximum 25% of the portfolio's market value can be held in any one municipality, and a maximum 10% of its market value can reside in a single property. In our view, the company remains well positioned and relatively diverse within Sweden's main areas of population growth.

Stenvalvet has some concentration among its largest tenants (see Figure 5) but most have direct or indirect government financing, which mitigates counterparty credit risk. In our view, the relative concentration of private care companies, which are financed by municipalities, represents the main concentration risk. However, we believe that this is offset by the social responsibility of the respective municipality to provide housing and care for the elderly and disabled. We note that the rental contracts for specialised care and school facilities have the longest average length in Stenvalvet's portfolio.

Market position, size and diversification 'bb+'

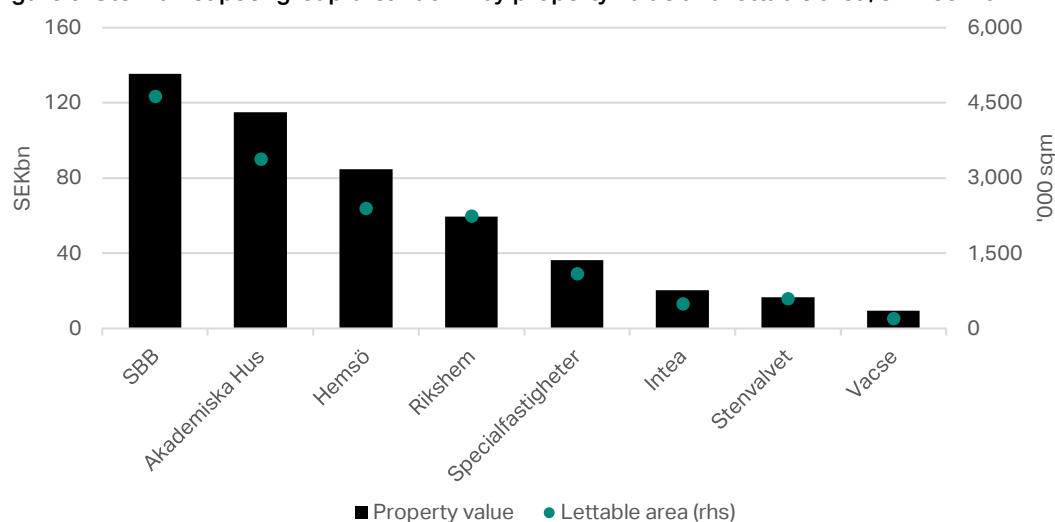
Figure 5. Stenvalvet tenant concentration, 31 Dec. 2022

Tenant	Type of tenant	Share of rental income
Swedish Police Authority	Public	12%
International English School in Sweden	Private school	7%
Swedish National Courts Administration	Public	7%
Örebro municipality	Public	6%
Attendo Sverige AB	Private health care	4%
Swedish Prison and Probation Service	Public	4%
Swedish Tax Agency	Public	4%
Skåne County	Public	4%
Umeå municipality	Public	3%
Swedish Social Insurance Agency	Public	3%
Top 10 tenants	-	54%

Source: company.

Stenvalvet's largest peers are considerably more diverse, though with somewhat weaker financial risk profiles. Vacse AB and Intea Fastigheter AB have more concentrated portfolios, but higher levels of specialised properties, providing strong risk-adjusted returns with direct government revenues on long-term contracts. In addition, the growth opportunities and relatively low risk of the community service market have increased the competition from diverse real estate managers and international funds, which have strategic positions in less specialised community service property markets alongside more traditional commercial real estate assets.

Figure 6. Stenvalvet peer group breakdown by property value and lettable area, 31 Dec. 2022



Source: companies.

Diverse lease maturity profile and prudent project portfolio

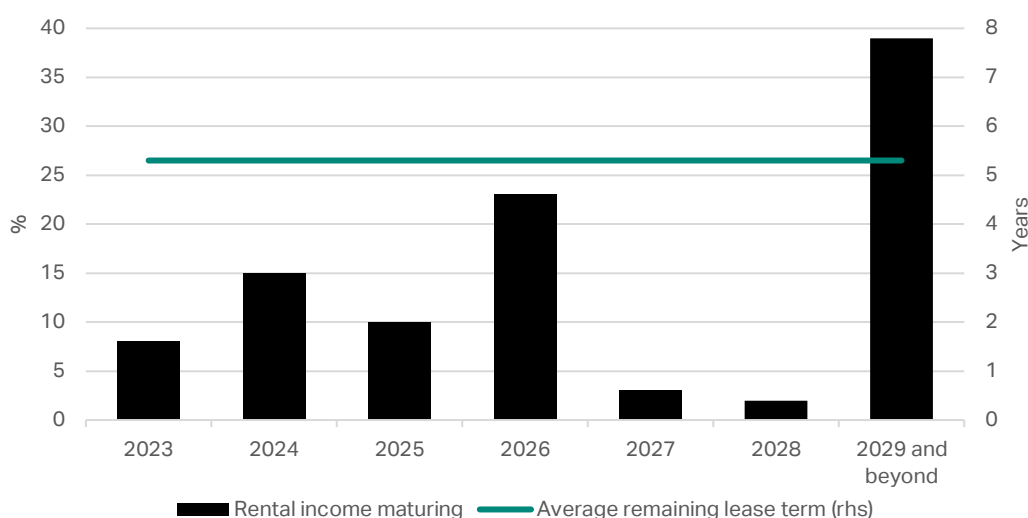
Portfolio assessment 'a-'

As of 31 Dec. 2022, Stenvalvet's property portfolio consisted of 108 properties totalling 595,000 sqm of lettable area. The average remaining lease term was 5.3 years and maturities were well spread; the largest single-year maturity date is 2026, when contracts representing 23% of current revenues mature. Although the company's rental contracts vary in length, they are typically extended at maturity. We view Stenvalvet's portfolio assets as relatively strong given the social role of many of the properties as well as the importance of stability and specialised properties for schools and care facilities, law enforcement, and the judicial system.

Stenvalvet's properties are located throughout Sweden with a significant proportion near Stockholm and Malmö. Most of the properties are located in or near city centres, supporting potential for alternative usage. The average property size is 5,500 sqm, which is smaller than the averages of peers

Intea and Vacse, while the number of properties is significantly higher, increasing diversity and reducing specific property risk.

Figure 7. Stenvalvet lease maturity profile, 31 Dec. 2022



Source: company.

As of 31 Dec. 2022, Stenvalvet had one large project under development. This represents less than 1% of the total portfolio by area and is scheduled for completion by end-2023 (see Figure 8). Typically, development and refurbishment projects are carried out at the request of providers of care for the elderly and local authorities and generate long contracts that limit risk. Such improvements generally result in full occupation.

Figure 8. Stenvalvet's single large project in progress, 31 Dec. 2022

Project	Location	Property type	Lettable area (sqm)	Invested (SEKm)	Total investment (SEKm)	Estimated completion
Forskaren 2	Eskilstuna	Public school	3,949	8	72	Q4 2023
Total	-	-	3,949	8	72	-

Source: company.

Strong and stable operating margins supported by high occupancy rates

Stenvalvet's recent operating performance has been strong with high occupancy rates of around 95% over the past few years. The company's net operating income margin has remained relatively stable at 70-73% in recent years and we expect that trend to continue over our forecast period through 2025 (see Figure 9). This is mainly due to the nature of the company's contracts and tenants, as well as an increased focus on retaining long-term tenants and improving cost efficiency. Operating margins were slightly lower in 2022 due to temporarily higher maintenance and central administrative costs, partly as a result of external consulting fees. We project Stenvalvet's EBITDA margins will remain at around 65%. The company's revenue prospects carry limited risk due to the high proportion of contracts linked to the Swedish consumer price index and the long-term nature of most lease agreements.

Operating efficiency 'a'

Figure 9. Stenvalvet revenues, net operating income, EBITDA, and margins, 2019–2025e

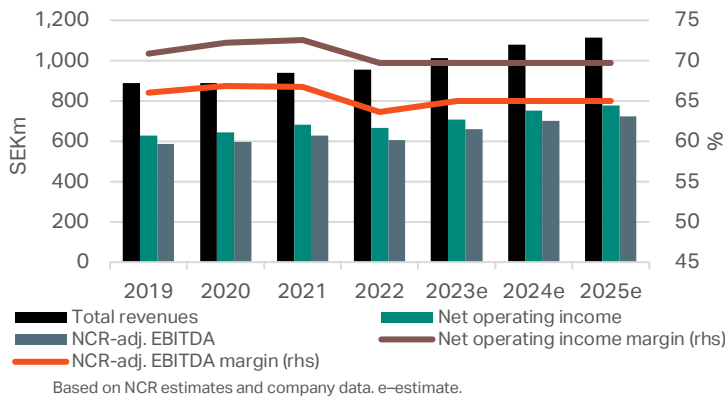
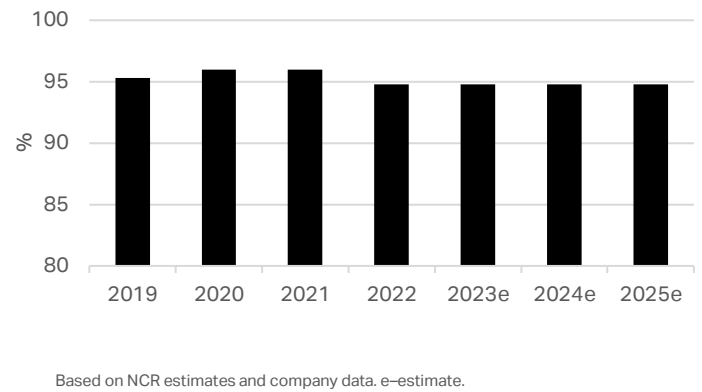


Figure 10. Stenvalvet occupancy rate, 2019–2025e



FINANCIAL RISK ASSESSMENT

Financial risk assessment 'bbb'

Our financial risk assessment reflects Stenvalvet's stable credit metrics and modest risk appetite, as well as the owners' long-term low-risk approach. We assess the shareholder loans provided by the owners as equity due to their subordination and the long remaining time to maturity. Our assessment is supported by the company's debt maturity profile and interest fixing.

Strong metrics despite slightly lower interest coverage

Ratio analysis 'bbb'

In recent years, Stenvalvet's leverage has been relatively stable, with net LTV averaging 42% and interest coverage above 5.0x. Over our forecast period, we expect interest coverage to decrease towards 3.1x due to generally higher market interest rates. We also expect net LTV to remain at around 40-41%, as the company is scheduled to finish its current project by end-2023 and no other large projects are scheduled to enter the construction phase within the next few years, indicating low capital spending. Because of uncertain market conditions, we also expect Stenvalvet to avoid acquisitions to support its credit metrics.

In addition to providing equity, the shareholders fund the company through SEK 1.8bn in shareholder loans with a 9% annual interest rate. Although the rate is relatively high, we expect the board to continue balancing shareholder returns against the company's growth ambitions and funding needs, and so retain credit metrics at current levels.

We classify these loans as equity in our credit metric calculations. This is because:

- we view the owners as strategic and long-term;
- the loans mature well beyond all other debt;
- they are subordinate to all other debt; and
- interest payments can be deferred.

In our base-case forecast of Stenvalvet's future performance, we assume:

- revenue growth of 8% in 2023, 6% in 2024 and 3% in 2025;
- an NCR-adjusted EBITDA margin of around 65%;
- annual capital spending of SEK 300m;
- rising market interest rates, resulting in an average interest rate on external debt of 2.7% in 2023, 3.3% in 2024 and 3.1% in 2025; and
- changes in property values of minus 5.8% in 2023, minus 3.9% in 2023 and 0% in 2024.

On the basis of these assumptions, we estimate the following metrics for 2023-2025:

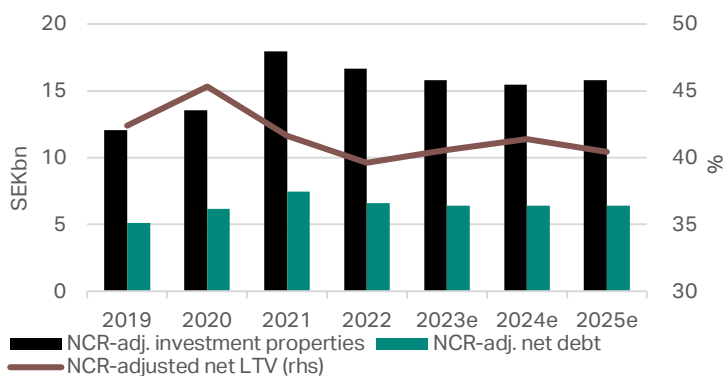
- NCR-adjusted net LTV of 40%-41%;
- NCR-adjusted EBITDA/net interest of 3.1-3.6x; and
- NCR-adjusted net debt/EBITDA of between 8.8x and 9.7x.

Figure 11. NCR's adjustments to Stenvalvet's credit metrics, 2019–2025e

SEKm	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	586	595	627	607	658	701	723
NCR-adj. EBITDA	586	595	627	607	658	701	723
Net financial items incl. financial costs from leasing	-360	-366	-369	-330	-349	-393	-382
Interest expenses, shareholder loans	254	256	256	209	164	164	164
NCR-adj. net interest	-106	-110	-113	-121	-184	-228	-218
NCR-adj. EBITDA	586	595	627	607	658	701	723
NCR-adj. net interest	-106	-110	-113	-121	-184	-228	-218
Current tax	-19	-28	-26	-42	-16	-11	-13
NCR-adj. FFO	461	457	488	444	458	462	492
Investment property	12,025	13,464	17,853	16,538	15,685	15,379	15,679
Non-current right-of-use assets	45	100	102	100	100	100	100
NCR-adj. investment property	12,070	13,564	17,955	16,638	15,785	15,479	15,779
Cash and cash equivalents	349	300	749	444	631	629	656
NCR-adj. cash and equivalents	349	300	749	444	631	629	656
Gross interest-bearing debt	5,420	6,348	8,125	6,936	6,936	6,936	6,936
Leasing liabilities	45	99	101	99	99	99	99
NCR-adj. cash and equivalents	349	300	749	444	631	629	656
NCR-adj. net debt	5,116	6,147	7,477	6,591	6,404	6,406	6,379

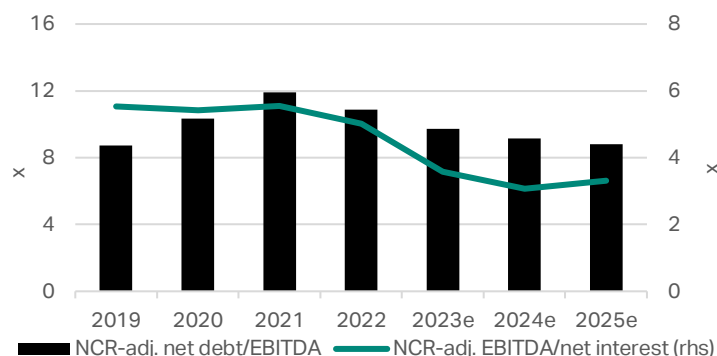
Based on NCR estimates and company data. e–estimate.

Figure 12. Stenvalvet NCR-adj. investment properties, net debt, and net LTV, 2019–2025e



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

Figure 13. Stenvalvet NCR-adj. net debt/EBITDA and EBITDA/net interest, 2019–2025e



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

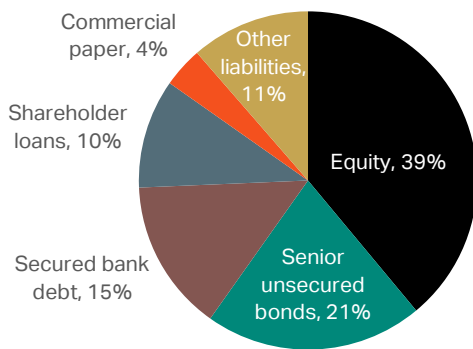
Financially strong long-term owners and diverse funding

Risk appetite 'bbb+'

We assess Stenvalvet's risk appetite as more prudent than might be expected from its financial ratios. We consider the owners to be financially strong and note that their long-term investment focus is supportive of the company's financial risk profile. In our opinion, the company has a controlled growth strategy, and we expect its currently prudent approach to acquisitions and development to continue. Because of uncertain market conditions, we expect Stenvalvet to avoid acquisitions over the next few years. In our view, Stenvalvet's strong liquidity position and relatively long fixed interest-rate periods support the current level of risk appetite.

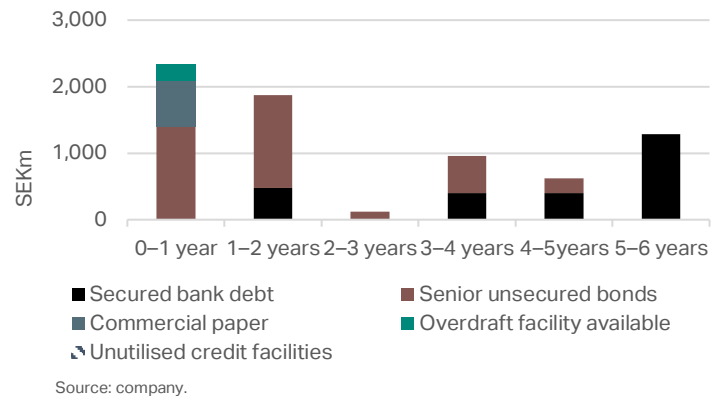
Since 2020, Stenvalvet has been actively reducing its dependence on secured bank debt, while increasing its use of unsecured bonds and commercial paper. As of 31 Dec. 2022, the company had about SEK 6.3bn in external debt, excluding shareholder loans of SEK 1.8bn. Some SEK 680m was commercial paper, with back-up facilities of SEK 1.7bn consisting of revolving credit facilities and unutilised credit. The secured bank debt is spread between three large Nordic financial institutions and the company has internal limits on single lenders to ensure diversity of funding. We assess the diversity of Stenvalvet's funding sources as supportive of the company's risk appetite. The company has never paid dividends but pays significant interest on its shareholder loans.

Figure 14. Stenvalvet funding profile, 31 Dec. 2022



Source: company.

Figure 15. Stenvalvet debt maturity profile, 31 Dec. 2022



Source: company.

Stenvalvet has a relatively front-loaded debt maturity profile, with the largest maturities, mostly senior unsecured bonds, falling in two years' time (see Figure 15). As of 31 Dec. 2022, the company's average debt maturity was 2.8 years, which we consider satisfactory, while its average fixed-interest period of 3.3 years should dampen the impact of higher interest rates.

Historically, Stenvalvet has remained in compliance with its targets for net LTV, interest fixing, debt maturities, and liquidity. In our view, the company's financial targets, debt maturity profile, and growth ambitions are commensurate with our risk appetite assessment.

Figure 16. Stenvalvet financial covenants, policies and reported metrics

Metric	Financial policy	Reported 31 Dec. 2022
Net LTV	<50%	39.3%
Interest coverage ratio	>3x	4.9x
Debt maturities in the next 12 months	max 40%	30%

Source: company.

We view Stenvalvet's specific business focus as prudent given the company's size and the synergies it generates from managing properties in select mid-sized growth markets. We view its internal limits on revenues from individual municipalities and properties as a strong management tool to avoid portfolio concentrations.

ADJUSTMENT FACTORS

Adjustment factors neutral

Adjustment factors are assessed as neutral and have no effect on the rating.

Liquidity

Liquidity 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 typically expect an investment grade company to cover all liquidity needs over the coming 12 months.

We assess Stenvalvet's liquidity position as adequate and expect the company's current cash position and back-up facilities to cover upcoming debt maturities and financial commitments.

We estimate the following primary funding sources for the 12 months ending 31 Dec. 2024, totalling SEK 3.5 bn:

- SEK 444m in cash and equivalents, 100% of reported value;
- SEK 343m in expected FFO, equalling 75% of estimated adjusted FFO over the period;
- SEK 975m in net proceeds from long-term borrowings since end-2022;
- SEK 226m in net proceeds from committed divestments; and
- SEK 1.5bn in committed back-up facilities maturing in more than 12 months.

We estimate the following uses of funds for the 12 months ending 31 Dec. 2024, totalling SEK 2.2 bn:

- SEK 2.0bn in maturing debt;
- SEK 32m in committed acquisitions; and
- SEK 165m in planned capital spending and investments.

Environmental, social and governance factors

ESG factors adequate

Stenvalvet's environmental efforts are focused on reducing energy and water consumption at its buildings. The company prioritises sustainable material selection in the production and refurbishment of its buildings and aims to achieve net-zero emissions by 2030. During 2022, Stenvalvet obtained external environmental building certification from Sweden's Miljöbyggnad for two additional properties and has a goal of certifying 30% of all investment properties by 2025. Environmental certification is increasingly important for community service properties, as public-sector tenants often need to comply with Swedish government ESG objectives. The company published a green bond framework in 2021 that has been classified "medium green" in a second opinion from CICERO.

The main ESG issues that could affect our credit rating on Stenvalvet are factors that could contribute to loss of revenue, increased operational costs, increased need for capital spending on current and new properties, and reduced access to funding (see Figure 17).

Figure 17. Stenvalvet 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, 2 and 3 emissions decreased by 6% in 2022. Total energy use decreased by 23% from 2018 to 2022.
Impact of climate change on operations	Loss of revenues or increased capital spending	Environmental certification of properties, appropriate insurance, and evaluation of the possible impact on each property.	Evaluation has concluded that none of the company's properties are likely to be directly affected by e.g. rising water levels or landslides.
Increased environmental focus on financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower CO ₂ dependence	Efforts to increase energy efficiency and reduce CO ₂ emissions. Published green finance framework in 2021.	Leading ESG reporting standards, possibly creating a competitive advantage. Issued a green bond in 2021.

Source: company. See [ESG factors in corporate ratings](#).

OWNERSHIP ANALYSIS

Ownership neutral

We view Stenvalvet's ownership structure as supportive of the rating as we believe the owners have a long-term focus on their investments. In January 2022, Kåpan Pensions sold its entire stake in Stenvalvet to the other two owners. Consequently, the company is now 100% owned by the Church of Sweden's pension foundation and the Swedish Foundation for Strategic Research. Both owners are financially strong, have a long-term view of the company, and have clearly stated sustainability objectives in their investment guidelines. Accordingly, we believe they have sufficient economic strength to support Stenvalvet, if needed. However, we note that the Church of Sweden has stated its intention to reduce its ownership share to under 50%, which adds uncertainty to the future ownership profile of the company. We also note that Swedish FSA opened an ongoing investigation into the Church of Sweden's increased investment in Stenvalvet in October 2022, which could accelerate the church's efforts to reduce its ownership share.

Figure 18. Stenvalvet ownership structure, 31 Dec. 2022

Owner	Share of capital and votes
Church of Sweden	69%
Swedish Foundation for Strategic Research	31%
Total	100%

Source: company.

ISSUE RATINGS

Stenvalvet is financed primarily by secured bank loans and senior unsecured obligations. Following a series of issuance of senior unsecured bonds, the company has reduced its dependence on secured bank loans. As of 31 Dec. 2022, Stenvalvet's gross secured LTV was 15.5% and we expect this metric to remain below our threshold of 40%. We therefore expect meaningful recovery for unsecured lenders in an event of financial distress and we rate the company's long-term senior unsecured obligations in line with the 'BBB+' issuer rating.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 24 May 2022.
- (iii) [Group and Government Support Rating Methodology](#), 18 Feb. 2022.

RELEVANT RESEARCH

- (i) [NCR-rated Swedish property managers \(Q4 2022\)](#), 1 Mar. 2023.
- (ii) [Sweden's real-estate sector faces growing challenges](#), 13 Dec. 2022.

Figure 19. Stenvalvet key financial data, 2018–2022

SEKm	FY	FY	FY	FY	FY
Period-end	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022
INCOME STATEMENT					
Rental income	801	888	890	940	935
Other income	11	–	–	–	19
Total costs from operations	-234	-259	-247	-258	-289
Net operating income	578	629	643	682	665
Administrative expenses	-37	-43	-48	-55	-58
Administrative expenses, project portfolio	–	–	–	–	–
EBITDA	541	586	595	627	607
Share of profit in associated companies and joint ventures	–	–	–	–	–
Interest expenses	-96	-115	-117	-113	-121
Interest income	1	9	7	–	–
Interest expenses, shareholder loans	-226	-254	-256	-256	-209
Financial costs from leasing	–	–	–	–	–
Other financial costs	–	–	–	–	–
Changes in investment property	319	475	185	2,796	346
Gain (loss) on financial assets held at fair value	141	-41	-39	–	–
Disposals of investment properties	–	84	3	–	51
Gain (loss) on derivatives	–	–	–	112	427
Depreciation and amortisation	–	–	–	–	–
Restructuring activities	–	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–	–
Pre-tax profit	680	744	378	3,166	1,101
Current taxes	-4	-19	-28	-26	-42
Deferred taxes	-92	-166	-95	-690	1
Net profit	584	559	255	2,450	1,060
BALANCE SHEET					
Investment property	11,105	12,025	13,464	17,853	16,538
Other non-current assets	15	63	118	181	606
Total non-current assets	11,120	12,088	13,582	18,034	17,144
Cash and cash equivalents	315	349	300	749	444
Other current assets	49	104	108	51	99
Total current assets	364	453	408	800	543
Total assets	11,484	12,541	13,990	18,834	17,687
Total equity	2,566	3,125	3,380	5,829	6,890
Non-current borrowings	4,124	2,708	4,943	6,220	4,843
Non-current borrowings, shareholder loans	2,558	2,848	2,845	2,845	1,845
Deferred tax liabilities	522	641	729	1,421	1,419
Other non-current liabilities	24	116	184	100	94
Total non-current liabilities	7,228	6,313	8,701	10,586	8,201
Total current liabilities	1,690	3,103	1,909	2,419	2,596
Total equity and liabilities	11,484	12,541	13,990	18,834	17,687
CASH FLOW STATEMENT					
Pre-tax profit	680	744	378	3,166	1,101
... of which changes in investment property	319	475	185	2,796	346
Depreciation and amortisation	–	–	–	–	–
Tax paid	–	-2	-2	-48	-43
Adjustment for items not in cash flow	-344	-515	-171	-2,925	-818
Cash flow from operating activities before changes in working capital	336	227	205	193	240
Changes in working capital	13	16	95	76	-52
Cash flow from operating activities	349	243	300	269	188
Cash flow from investment activities	-849	-448	-1,266	-1,593	1,701
Cash flow from financing activities	480	239	917	1,773	-2,194
Cash and cash equivalents at beginning of period	335	315	349	300	749
Cash flow for period	-20	34	-49	449	-305
Cash and cash equivalents at end of period	315	349	300	749	444

Source: company. FY–full year.

Figure 20. Stenvalvet 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%	bbb+
Ratio analysis		bbb
Risk appetite		bbb+
Financial risk assessment	50.0%	bbb
Indicative credit assessment		bbb+
Liquidity		Adequate
ESG		Adequate
Peer calibration		Neutral
Stand-alone credit assessment		bbb+
Support analysis		Neutral
Issuer rating		BBB+
Outlook		Negative
Short-term rating		N3

Figure 21. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+

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