

Vacse AB (publ)

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'A-' long-term issuer rating on Swedish property manager Vacse AB (publ) reflects the company's strong portfolio of modern, tailor-made properties leased on long contracts to highly creditworthy public-sector authorities that are essential to Sweden's public security. It also reflects its high operating efficiency and virtually 100% occupancy rate. The rating is also supported by Vacse's long fixed interest periods and strong owners with a commitment to maintaining a stable financial risk profile.

These strengths are offset by the limited number of Vacse's properties (20) and tenants, with the top 10 tenants generating most of the company's revenues. We believe the concentrations in Vacse's portfolio create some risk at contract expiry, although the risk is low due to negligible lease maturities over the next three years.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Vacse will continue to focus on similar types of properties and tenants, and long lease terms. We expect the company to grow through contracted acquisitions of development projects without deviating from its current low-risk financial profile, even though property values are likely to decrease moderately and interest coverage weaken as market interest rates rise. The outlook also reflects our view that public-sector tenants funded by government budgets provide stability, especially in times of high market uncertainty.

POTENTIAL POSITIVE RATING DRIVERS

- Stronger credit metrics, together with significant portfolio growth and diversification that do not compromise the low-risk business profile.

POTENTIAL NEGATIVE RATING DRIVERS

- Net loan to value (LTV) above 45% or EBITDA/net interest below 3.5x over a protracted period.
- Deviation from a low-risk business profile.
- A withdrawal of shareholder commitments or change in ownership.

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

SEKm	2019	2020	2021	2022	2023e	2024e	2025e
Total revenue*	369	384	459	490	500	542	584
NCR-adj. EBITDA	282	296	350	358	398	413	447
NCR-adj. EBITDA margin (%)	76.5	77.2	76.3	73.1	72.2	72.7	73.0
NCR-adj. investment property	6,525	7,169	8,928	9,348	9,968	9,694	10,514
NCR-adj. net debt	2,657	2,793	3,325	3,494	3,637	3,483	3,782
Total assets	6,702	7,431	9,506	9,886	10,656	10,497	10,979
NCR-adj. net debt/EBITDA (x)	9.4	9.4	9.5	9.8	9.1	8.4	8.5
NCR-adj. EBITDA/net interest (x)	5.1	5.6	5.8	5.5	4.6	4.1	4.1
NCR-adj. net LTV (%)	40.7	39.0	37.2	37.4	36.5	35.9	36.0
NCR-adj. FFO/net debt (%)	8.5	8.7	8.2	8.3	8.5	8.9	8.9

Based on NCR estimates and company data. e—estimate. FFO—funds from operations. All metrics adjusted in line with NCR methodology. *Includes service fees and other rental-related income.

ISSUER PROFILE

Vacse is a Swedish property manager focused on community service properties leased under long-term contracts to agencies of the Swedish government (mainly the police, custody services and courts administration) and municipalities. The company was founded in 2009 by pension foundations associated with Apoteket AB, Atlas Copco AB, Ericsson AB, Sandvik AB, Skanska AB, Stora Enso AB and AB Volvo. On 20 Dec. 2022, Volvo Personvagnars Pensionsstiftelse (VPPS) acquired Atlas Copco Pension's stake in Vacse, resulting in two separate Volvo pension funds holding stakes in the company. As of 30 Jun. 2023, the company's property portfolio consisted of 20 properties valued at a total of SEK 9.3bn.

BUSINESS RISK ASSESSMENT

Business risk assessment 'a'

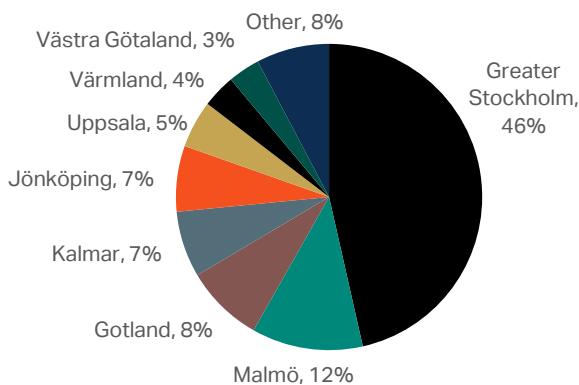
Our business risk assessment reflects Vacse's modern portfolio, high operating efficiency, and mainly government-funded public-sector tenants. It also reflects the company's long remaining lease terms at its virtually 100%-occupied properties. Tenant concentration and overall size offset some of these strengths.

Highly creditworthy tenants and strong market fundamentals support operating environment

Operating environment 'a'

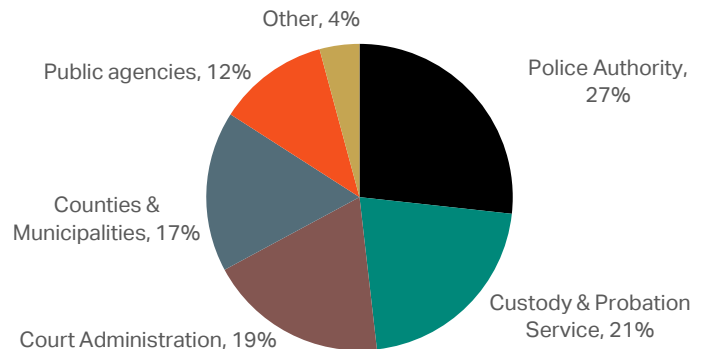
Vacse operates in the Swedish community service property market, with revenues almost exclusively derived from public and government bodies. The sector has undergone a structural shift in recent years and about 20% of public-sector tenant properties are now owned by private companies. An increasing number of Swedish municipalities are heavily debt-laden with limited possibilities to increase tax revenues, which has resulted in large divestments to the private sector in recent years. However, through 2022 and 2023, the appropriateness of private ownership of public infrastructure has been debated due to surging inflation and lease indexation. Geopolitical tensions have also contributed to highlighting the importance of long-term domestic ownership of critical social infrastructure. Shifting dynamics in the market have resulted in some municipalities taking the opportunity to buy back previously leased properties. We expect the operating environment to remain stable as revenues are non-cyclical, and property valuations and yields could be supported if repurchases by municipalities result in a reduced supply of high-quality assets in the market. We believe that private ownership fulfils a function where municipalities or government bodies are unable to meet the demands of changing demographics and the provision of infrastructure for social welfare.

Figure 2. Vacse rental value by area, 30 Jun. 2023



Source: company.

Figure 3. Vacse rental value by tenant type, 30 Jun. 2023

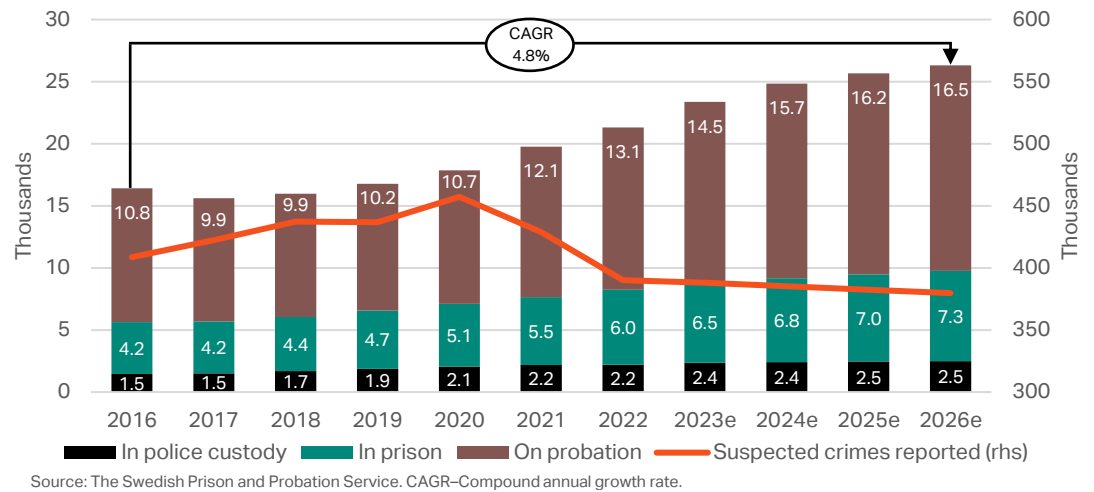


Source: company.

Over the years, Vacse has proven successful in acquiring and developing properties for community services such as custody, court and police authorities. We view most of the company's tenants as essential to Sweden's public security, and our understanding is that most political parties in Sweden are committed to increasing resources for the police and judiciary. The need for law enforcement services is also growing; Swedish prisons are at maximum capacity, while levels of processed crimes and supervised sentences are likely to increase (see Figure 4).

Recent economic changes such as rising inflation, interest rates and energy prices have increased uncertainty in the Swedish real estate market. However, we expect the underlying demand for community service properties to persist, even in tougher market conditions.

Figure 4. Swedish crime statistics, 2016–2026e



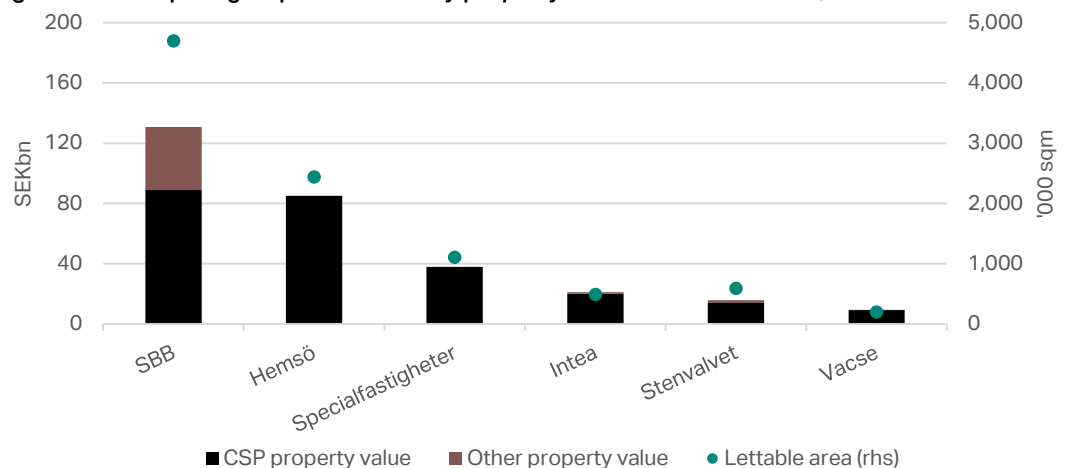
Niche market position strong despite limited size and high portfolio concentrations

As of 30 Jun. 2023, Vacse's property portfolio consisted of 20 buildings totalling 197,000 sqm with a market value of SEK 9.3bn. Most of the properties are located in the Greater Stockholm region (48%), with the municipality of Sollentuna just north of the capital representing the largest single exposure and accounting for about 35% of rental income. The locational cluster is the result of three adjacent properties providing complementary community services, including custody and probation services and the national courts administrator. The 10 largest properties account for about 74% of rental income, while the largest property, Tabellen 4, represents about 20% of annual rental income.

Vacse's property portfolio is limited in size. However, the company has gained a strong foothold in a niche market. The focus on specialised properties with relatively low substitutions risk supports the company's market position. Some tenants occupy multiple buildings in several locations, and the company's long-term focus and stable ownership profile of Swedish pension funds supports long-term contracts with demanding, socially important tenants.

Vacse is small in comparison with its peers (see Figure 5). The largest are Samhällsbyggnadsbolaget i Norden AB and Hemsö Fastighets AB which, owing to their size, have greater tenant diversity. Intea Fastigheter AB and Fastighets AB Stenvalvet have greater tenant diversity and less concentrated property portfolios, although the latter has a lower proportion of public-sector tenants relative to Vacse and Intea.

Figure 5. Vacse peer group breakdown by property value and lettable area, 30 Jun. 2023



Market position, size and diversification 'bb-'

Vacse's top 10 tenants generate about 91% of the company's revenues. While the tenant concentration is significant, the quality of the tenants reduces this risk, in our view. We regard virtually all of the company's tenants as highly creditworthy, as 99% of revenues are funded through regional or national government budgets.

Figure 6. Vacse tenant concentration, 30 Jun. 2023

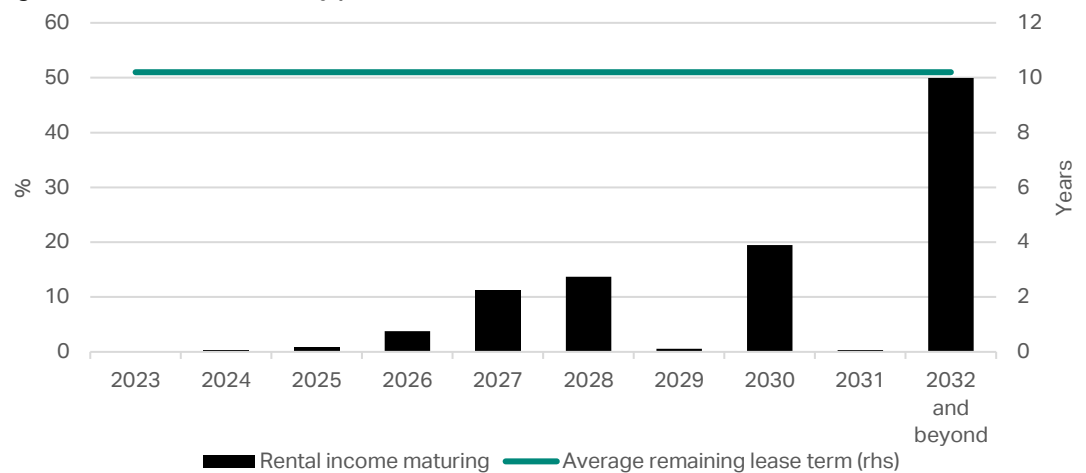
Tenant	Type of tenant	Share of rental income
The Swedish Police Authority	Public	27%
The Swedish Custody and Probation Service	Public	21%
The Swedish National Courts Administration	Public	19%
The Swedish Board of Agriculture & Swedish Forest Agency	Public	5%
Gotland County	Public	5%
The Swedish Civil Contingencies Agency	Public	4%
Linköping Municipality	Public	3%
Västra Götaland County	Public	3%
The Royal Library	Public	2%
Öckerö Municipality	Public	2%
Top 10 tenants	-	91%

Source: company.

Custom-built portfolio fosters tenant loyalty

Most of Vacse's properties (85%) are custom-built and highly specialised, encouraging tenant loyalty. The portfolio consists of high-quality, modern properties, with a long average remaining lease term of 10.2 years as of 30 Jun. 2023. Lease maturities are generally diversified, with only 16% of contracts maturing over the next five years. The company's 10 largest contracts have about the same average lease duration as the overall portfolio and generate about 68% of rental income. We view the likelihood of tenant churn as low, due to high operational inertia among tenants and their demand for specialised facilities, making them less likely to relocate. We see the company's lease maturity profile as positive for stability.

Figure 7. Vacse lease maturity profile, 30 Jun. 2023



Source: company.

As most of Vacse's tenants are publicly funded, and the Swedish government is committed to the Paris Agreement, we expect the company's tenants to become more demanding in terms of sustainability. As of year-end 2022, 100% of Vacse's properties were certified within the BREEAM, Leed or Miljöbyggnad frameworks, and the company aims to obtain similar certifications for all new developments and acquisitions. There is a risk that new tenants might not be forthcoming if current contracts are not extended, and alternative use of specialised properties could result in increased capital spending to adapt properties for new tenants should contracts be terminated. However, we see the company's proactive stance on certification and sustainability as a positive factor in extending contract maturities.

Portfolio assessment 'a+'

Vacse currently has three ongoing development projects; a district court in Norrköping, an agency headquarters in Karlskrona, and a district court in Borås. It also has two contracted projects in its development pipeline, conditional on approval by government bodies. For most projects, the company uses forward funding arrangements, acquiring the properties upon completion at a fixed price, which reduces development risk. The total project development portfolio accounts for about 13% of the total portfolio by area (including committed acquisitions). We expect development risk to remain low, as new projects are generally pre-let before acquisition or construction.

Figure 8. Vacse major projects in progress, 30 Jun. 2023

Project	Location	Lettable area (sqm)	Estimated total investment (SEKm)	Estimated completion
District court	Norrköping	4,200	250	Q2 2024
Boverket	Karlskrona	4,200	250	Q2 2025
District court	Borås	5,100	320	Q2 2025
Municipal hall	Enköping	3,900	250	Q2 2025
District court	Växjö	10,500	500	2026
Total	-	27,900	1,570	-

Source: company.

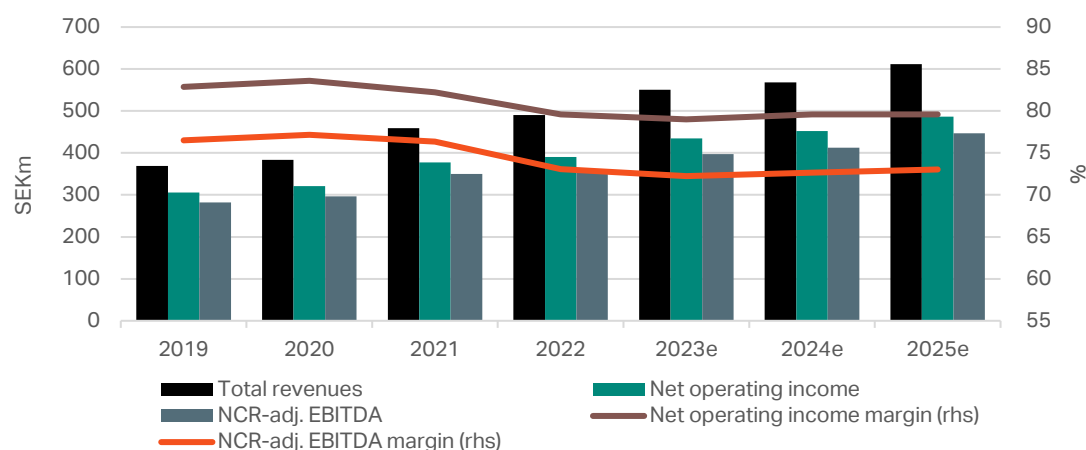
Cost inflation eats into operating margins

Operating efficiency 'aa-'

Vacse's operating efficiency is characterised by the company's long inflation-linked leases, with some ancillary costs passed onto tenants, in its virtually 100%-occupied property portfolio (including development projects). The long average remaining lease maturity of 10.2 years and strong government-related counterparties provide high revenue transparency with negligible downside risks. The company's long contracts guarantee long-term relationships, and tenants are sufficiently strong to absorb any increases in rental payments. We expect Vacse to continue to operate with high occupancy rates of close to 100%.

The company has historically operated with a net operating income margin of over 80%. However, a sharp increase in energy prices in 2022 put some pressure on the company's margins, as not all costs are fully passed through, pushing the margin below 80%. We expect energy prices to remain elevated but below 2022 levels, resulting in a net operating income margin of about 79–80% and an EBITDA margin of about 72–73% over our forecast period.

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



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

FINANCIAL RISK ASSESSMENT

Financial risk assessment 'bbb+'

Our financial risk assessment reflects Vacse's relatively modest and stable leverage and strong net interest coverage. We view the company's overall financial policies and risk appetite as relatively prudent and supported by long-term, risk-averse owners.

Ratio analysis 'bbb+'

Strong cash flow generation and interest-fixing offset impact of higher market rates

Over the past few years, Vacse has maintained a strong financial position with NCR-adjusted net LTV of 37–41% and net debt/EBITDA of 9.4–9.8x. We expect the company to maintain a controlled growth strategy, mainly using its operating cash flows and available shareholder commitments to finance acquisitions. Although we expect rising interest rates to weaken net interest coverage and put downward pressure on property values, we expect the net effect to be partly offset by higher rental income from a large proportion of inflation-linked rental contracts. In addition, Vacse's comparatively strong interest fixing should support the forecast metrics.

Our base case forecast of Vacse's future performance assumes:

- revenue growth of 12% in 2023, 3% in 2024 and 8% in 2025;
- an EBITDA margin of about 72–74% through 2025;
- rising market interest rates, resulting in an average interest rate on external debt of 2.4% in 2023, 2.8% in 2024 and 3.1% in 2025;
- net acquisitions and capital spending of SEK 850m in 2023, SEK 57m in 2024 and SEK 820m in 2025;
- property value declines of 1% in 2023 and 3.3% in 2024, with no change in 2025; and
- an equity injection of SEK 500m on 25 Aug. 2023, as announced.

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

- NCR-adjusted net LTV between 35% and 37%;
- NCR-adjusted EBITDA/net interest of 4.1–4.6x; and
- NCR-adjusted net debt/EBITDA of 8.4–9.1x.

The company has significant shareholder commitments, which we believe it would use to restore credit metrics to NCR-adjusted net LTV below 40% and EBITDA/net interest above 4.0x should the outcome become worse than indicated by our base case forecast.

Figure 10. NCR's adjustments to Vacse's credit metrics, 2019–2025e

SEKm	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	282	296	350	358	398	413	447
NCR-adj. EBITDA	282	296	350	358	398	413	447
Net interest	-55	-53	-61	-66	-86	-101	-110
NCR-adj. net interest	-55	-53	-61	-66	-86	-101	-110
NCR-adj. EBITDA	282	296	350	358	398	413	447
NCR-adj. net interest	-55	-53	-61	-66	-86	-101	-110
Current tax	-0	-1	-17	-3	-1	-1	-2
NCR-adj. FFO	226	242	273	290	310	311	335
Investment property	6,522	7,167	8,923	9,345	9,964	9,691	10,511
Non-current right-of-use assets	3	2	5	3	3	3	3
NCR-adj. investment property	6,525	7,169	8,928	9,348	9,968	9,694	10,514
Cash and cash equivalents	120	210	479	176	324	439	101
NCR-adj. cash and equivalents	120	210	479	176	324	439	101
Gross interest-bearing debt	2,774	3,001	3,799	3,668	3,959	3,921	3,882
Long-term lease liabilities	1	0	3	2	2	2	2
NCR-adj. cash and equivalents	-120	-210	-479	-176	-324	-439	-101
NCR-adj. net debt	2,657	2,793	3,325	3,494	3,637	3,483	3,782

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

Figure 11. Vacse NCR-adj. investment properties, net debt, and net LTV, 2019–2025e

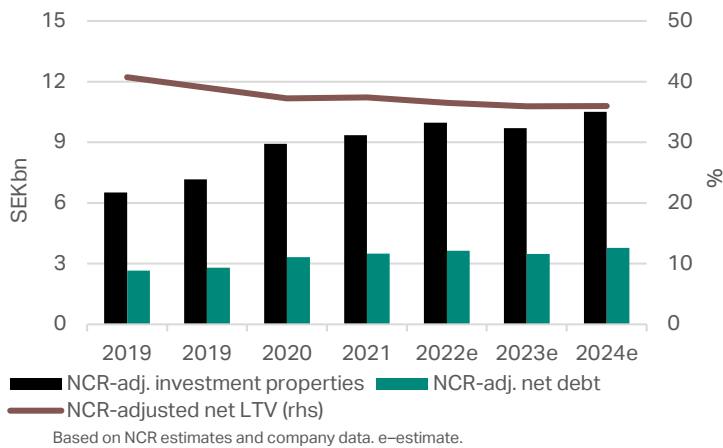
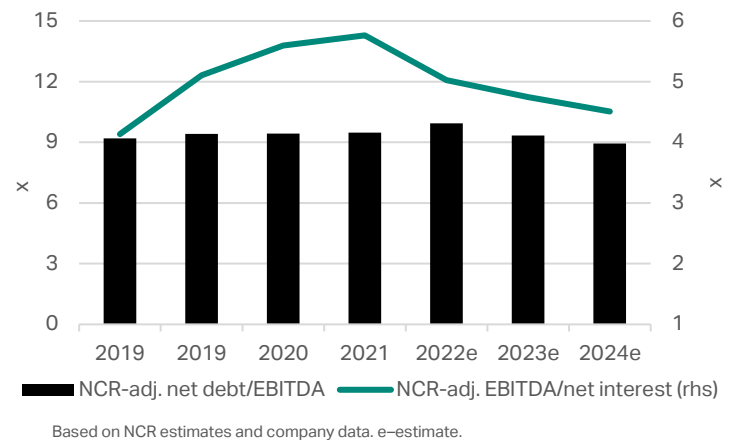


Figure 12. Vacse NCR-adj. net debt/EBITDA and EBITDA/net interest, 2019–2025e



Low risk appetite supported by shareholder commitments and prudent capital structure

Risk appetite 'a-'

We assess Vacse's financial risk appetite as conservative. This view is mainly supported by the company's strong ownership structure and shareholder commitments. Vacse was created to provide its owners with long-term low risk returns. Following relatively rapid growth between 2011 and 2015, management has been prudent in its approach to growth and financing, in our view. We expect Vacse to maintain a controlled growth strategy and stable financial risk, in line with what we believe to be the owners' objectives. In addition, the company's high proportion of revenues from government-related tenants supports our risk appetite assessment.

Figure 13. Vacse funding profile, 30 Jun. 2023

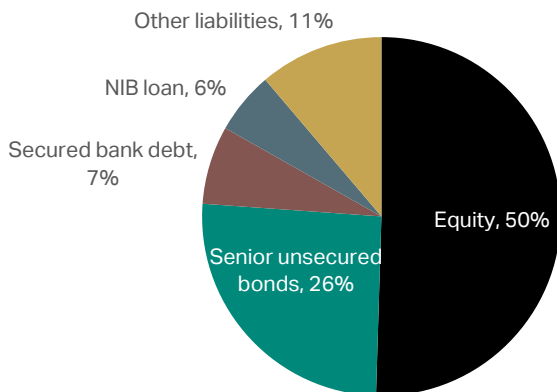
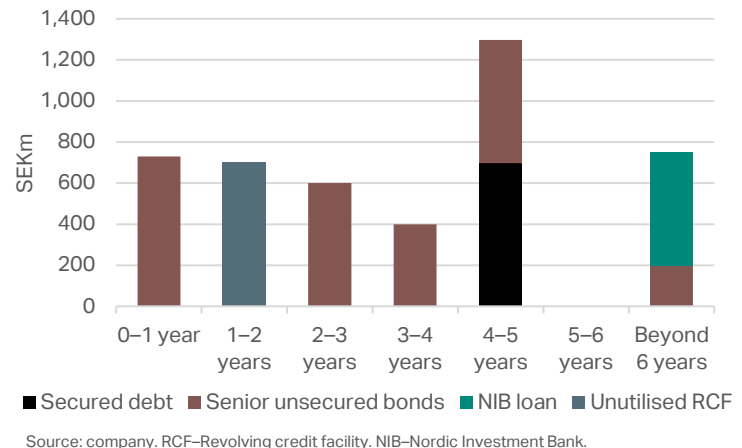


Figure 14. Vacse debt maturity profile, 30 Jun. 2023



Vacse finances its operations through equity, secured bank debt, secured loans from the Nordic Investment Bank, and senior unsecured bonds (see Figure 13). All external financing is via green bonds and loans. The company uses interest rate swaps to limit its exposure to interest rate risk. As of 30 Jun. 2023, the average interest fixing period was 3.7 years, which we consider to be prudent and supportive of the company's financial risk appetite. We expect Vacse to be less affected by higher interest rates than its peers, primarily due to satisfactory cash flow generation and interest rate fixing, but also because the spreads on the company's capital market financing have not widened as dramatically as for less creditworthy peers.

Vacse has significant exposure to the bond market, but faces limited maturities over the next two years; its average debt maturity profile of 4.5 years reduces refinancing risk. Some of the maturities in Figure 14. have already been refinanced through new equity from the company's owners. We expect the company to refinance most of its debt maturities in the capital markets at slightly higher rates than bank financing.

Since 2021, Vacse has made annual dividend payments of SEK 100m. The company remains well within the stipulations of its financial policies, and we expect it to continue to pay annual dividends of this amount.

Figure 15. Vacse financial covenants, policies and reported metrics

Metric	Common loan covenants	Financial policy/targets	Reported 30 Jun. 2023
Secured debt/total assets (%)	n.a.	<20%	12.7%
Net LTV (%)	≤60%	<50%	38.5%
Interest coverage ratio	≥1.5x	>2x	4.6*
Average debt maturity	n.a.	>2 years	4.2**
Average interest rate maturity	n.a.	>2 years	3.7

Source: company. *Year to date. **Excluding RCF, 4.5 years including RCF. n.a.–Not applicable.

ADJUSTMENT FACTORS

Adjustment factors
neutral

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

Liquidity

Liquidity adequate

Our 12-month liquidity analysis is based on a stressed scenario under 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 a company with an investment grade rating ('BBB-' and above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess Vacse's liquidity position as adequate, supported by net sources/uses of SEK 139m for the 12 months from 30 Jun. 2023. The company has a diverse funding profile and good relationships with major Swedish banks, along with strong owners that have provided funding for the company when needed. Furthermore, the company has significant shareholder commitments, which are not included in the sources below but which we believe could be made available to ensure sufficient liquidity, if necessary. We expect Vacse to continue to operate with surplus sources/uses over a prolonged period.

We estimate the following primary funding sources for the 12 months ending 30 Jun. 2024, totalling SEK 1.7bn:

- SEK 201m in cash and equivalents as of 30 Jun. 2023;
- SEK 233m, reflecting 75% of NCR-adjusted FFO since 30 Jun. 2023;
- SEK 700m in committed unutilised credit facilities maturing in 2025; and
- SEK 500m in proceeds from equity issued on 25 Aug. 2023.

We estimate the following uses of funds for the 12 months ending 30 Jun. 2024, totalling SEK 1.5bn:

- SEK 769m in maturing debt and amortisation of secured debt; and
- SEK 762m in committed capital spending and acquisitions.

Environmental, social and governance factors

ESG factors adequate

Vacse's environmental, social and governance (ESG) policies support our view of the company's overall business risk and competitive position. The company has demonstrated a commitment to environmental issues through certification targets, which we view as increasingly important for its government-related tenants.

During 2021, Vacse adopted a new sustainability strategy with a focus on responsible business, sustainable properties, and social benefits. The company aims to achieve climate neutrality through its entire value chain by 2045 and has made a commitment to the Science Based Targets initiative (SBTi), which increases transparency. The focus on certification provides further debt diversification opportunities and increases the likelihood that its properties will retain their asset values over time, facilitating renegotiation of contracts at maturity. We see this as a positive factor in the portfolio assessment. In addition, Vacse conducts random checks to identify irregularities in its supply chain.

The main ESG issues that could affect our overall assessment of Vacse's creditworthiness are factors that might contribute to loss of revenues, increased costs, higher capital spending, or reduced

financing possibilities (see Figure 16). Vacse has demonstrated its commitment to resolving various ESG issues and, in our view, is unlikely to face major ESG problems in the near term.

Figure 16. Vacse ESG considerations

Issue	Risk	Mitigating efforts	Result
CO ₂ emissions	Increased costs due to regulatory and/or taxation changes.	Efforts to reduce CO ₂ emissions through commitment to the SBTi and environmental certification of all properties.	Started to report Scope 3 emissions in 2021. Scope 1 and 2 CO ₂ emissions per square meter are down by 12% since 2019. Because of a change in data sources and the scope of measurement, it is too early to draw a conclusion from Scope 3 emissions.
Impact of climate change on operations	Loss of revenues or increased capital spending.	Environmental certification of properties. Climate risk assessment of all properties conducted in early 2022.	As of 31 Dec. 2022, 100% of all properties had been certified. No significant immediate physical or transition risks identified during climate risk assessment.
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. Green bond framework aligned with the UN's sustainable development goals, assigned 'Medium Green' by Norway-based climate research agency CICERO.	Detailed ESG reporting on energy usage, CO ₂ emissions, water usage and environmental certification of properties. Energy usage down by 22% per square meter since 2019. As of 30 Jun. 2023, 100% of debt was green.

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

OWNERSHIP ANALYSIS

Ownership neutral

We view Vacse's ownership structure (see Figure 17) as supportive of the company's low-risk strategy and solid financial position, which we factor into our assessment via the financial risk profile and overall rating. The owners are pension foundations associated with a number of well-known Swedish blue-chip companies. Supporting factors include:

- financially strong and committed owners;
- an integral role in the owners' long-term investment policy;
- a change-of-control clause that stipulates that the company's bonds must be repaid in full if the current group of owners' collective stake falls below 50%;
- committed equity capital of SEK 2.8bn, of which SEK 2.3bn is unutilised; and
- a history of ownership funding injections.

Figure 17. Vacse ownership structure, 30 Jun. 2023

Owner	Share of capital/votes
Ericsson Pensionsstiftelse	21.4%
Skanska Trean Allmän Pensionsstiftelse	21.4%
Apoteket AB:s Pensionsstiftelse	14.3%
AB Volvo Pensionsstiftelse	14.3%
Volvo Personvagnars Pensionsstiftelse (VPPS)	10.7%
Stora Enso Svenska Gemensamma Pensionsstiftelse	10.7%
Sandvik Pensionsstiftelse i Sverige	7.1%

Source: company.

ISSUE RATINGS

As of 30 Jun. 2023, Vacse's gross secured LTV was 13%. We expect Vacse to keep its gross secured LTV below 40% on a sustained basis, as the company primarily finances itself using senior unsecured debt and equity. Furthermore, the company's target capital structure allows for a maximum gross secured debt to total assets of 20%, supporting our view of the company's capital structure over a prolonged period. Because of our expectations of a low degree of prior ranking debt to senior unsecured debtholders, we expect meaningful recovery for unsecured lenders in the event of financial distress. Accordingly, our rating on Vacse's senior unsecured obligations is commensurate with the 'A-' 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) [The Swedish real estate sector- waiting for sunshine after the rain](#), 28 Sep. 2023
- (ii) [Decoding Swedish real estate in an uncertain market environment](#), 29 Aug. 2023
- (iii) [NCR-rated Swedish property managers \(Q1 2023\)](#), 26 May 2023
- (iv) [NCR-rated Swedish property managers \(Q4 2022\)](#), 28 Feb. 2023
- (v) [Sweden's real-estate sector faces growing challenges](#), 13 Dec. 2022

Figure 18. Vacse key financial data, 2019–Q2 2023

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	30 Jun. 2023
INCOME STATEMENT					
Rental income	369	384	459	490	522
Other income	-	-	-	-	-
Total costs from operations	-63	-63	-81	-100	-112
Net operating income	306	321	377	390	410
Administrative expenses	-24	-25	-27	-32	-34
Administrative expenses, project portfolio	-	-	-	-	-
EBITDA	282	296	350	358	376
Share of profit in associated companies and joint ventures	-	-	-	-	-
Interest expenses	-55	-53	-61	-66	-78
Interest income	0	0	-	-	1
Interest expenses, shareholder loans	-	-	-	-	-
Financial costs from leasing	-	-	-	-	-
Other financial costs	-	-	-	-	-
Changes in investment property	179	318	1,054	6	-300
Gain (loss) on financial assets held at fair value	-	-	-	-	-
Disposals of investment properties	-	-	-	-	-
Gain (loss) on derivatives	-11	-26	74	258	9
Depreciation and amortisation	-	-	-	-	-
Restructuring activities	-	-	-	-	-
Income (expense) on discontinued operations	-	-	-	-	-
Pre-tax profit	395	535	1,417	556	8
Current taxes	-0	-1	-17	-3	-
Deferred taxes	-92	-110	-263	-102	12
Net profit	303	423	1,138	452	20
BALANCE SHEET					
Investment property	6,522	7,167	8,923	9,345	9,297
Other non-current assets	7	5	68	323	304
Total non-current assets	6,529	7,172	8,991	9,668	9,601
Cash and cash equivalents	120	210	479	176	201
Other current assets	54	49	37	42	63
Total current assets	173	259	515	218	264
Total assets	6,702	7,431	9,506	9,886	9,865
Total equity	3,330	3,683	4,721	5,073	4,980
Non-current borrowings	2,416	2,974	2,568	2,930	3,010
Non-current borrowings, shareholder loans	-	-	-	-	-
Deferred tax liabilities	406	517	779	880	870
Other non-current liabilities	23	48	5	3	1
Total non-current liabilities	2,845	3,539	3,352	3,812	3,881
Total current liabilities	527	210	1,433	1,001	1,003
Total equity and liabilities	6,702	7,431	9,506	9,886	9,865
CASH FLOW STATEMENT					
Pre-tax profit	395	535	1,417	556	8
... of which changes in investment property	179	318	1,054	6	-300
Depreciation and amortisation	2	2	2	2	-0
Tax paid	-1	2	-12	-6	-4
Adjustment for items not in cash flow	-169	-292	-1,132	-263	293
Cash flow from operating activities before changes in working capital	228	247	275	289	297
Changes in working capital	1	6	26	54	-9
Cash flow from operating activities	229	253	301	343	288
Cash flow from investment activities	-395	-320	-698	-415	-441
Cash flow from financing activities	98	157	666	-231	-10
Cash and cash equivalents at beginning of period	188	120	210	479	364
Cash flow for period	-68	90	269	-303	-163
Cash and cash equivalents at end of period	120	210	479	176	201

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

Figure 19. Vacse 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%	aa-
Business risk assessment	50.0%	a-
Ratio analysis		bbb+
Risk appetite		a-
Financial risk assessment	50.0%	bbb+
Indicative credit assessment		a-
Liquidity		Adequate
ESG		Adequate
Peer calibration		Neutral
Stand-alone credit assessment		a-
Support analysis		Neutral
Issuer rating		A-
Outlook		Stable
Short-term rating		N2

Figure 20. Capital structure ratings

Seniority	Rating
Senior unsecured	A-

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