

CA Fastigheter AB

Full Rating Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N4

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RATING RATIONALE

Our 'BBB-' long-term issuer rating on Sweden-based property manager and developer CA Fastigheter AB reflects the company's relatively low financial gearing, high occupancy, diversification benefits from its share of residential properties and low tenant concentrations in its commercial portfolio. It also reflects our expectations that the residential rental market will remain strong and that CA Fastigheter will continue to increase rental income from its commercial portfolio and completed projects.

These strengths are offset by the company's active project and development activities and associated capital expenditure, which create volatility in cash flows and have a higher risk than pure property management. We also view CA Fastigheter's intra-group lending and short debt maturity profile with large single-year maturities as credit weaknesses in our standalone assessment. We consider CA Fastigheter's market position to be modest, given the relatively small portfolio in most of its core geographic locations.

STABLE OUTLOOK

The stable outlook reflects our expectation that CA Fastigheter's credit metrics will continue to weaken but remain above our rating drivers over the forecast period. We expect that occupancy will remain strong and that the company will continue to generate stable cash flows. The company has postponed many projects in its pipeline to support capital metrics and we believe that this demonstrates its long-term investment horizon. We expect CA Fastigheter to complete the sale of current tenant-owned property projects and maintain the flexibility to postpone projects further.

POTENTIAL POSITIVE RATING DRIVERS

- Improved credit metrics, with EBITDA/net interest sustainably over 3.5x and net loan to value (LTV) sustainably below 35%.
- Reduced risk appetite and extended debt maturity profile.

POTENTIAL NEGATIVE RATING DRIVERS

- Net LTV at levels sustainably over 50% or EBITDA/net interest below 2.2x over a protracted period.
- Deteriorating market fundamentals, affecting occupancy and/or profitability.
- Increased lending exposure to, or deteriorating credit quality of, its owner CA Group.

Figure 1. Key credit metrics, 2020–2026e

SEKm	2020	2021	2022	2023	2024e	2025e	2026e
Rental income	664	704	770	858	910	953	972
Total income	786	1,553	1,180	1,171	1,304	953	1,136
EBITDA	364	482	505	533	579	515	576
EBITDA margin (%)	46.3	31.1	42.8	45.6	44.4	54.0	50.7
Investment property	13,704	14,985	15,245	14,808	15,408	15,908	16,408
Net debt	5,488	5,613	5,864	6,210	6,517	6,788	7,033
Total assets	15,331	17,694	18,209	17,803	18,362	18,911	19,470
Net debt/EBITDA (x)	15.1	11.6	11.6	11.6	11.3	13.2	12.2
EBITDA/net interest (x)	3.2	4.2	3.9	3.0	2.5	2.2	2.4
Net LTV (%)	40.0	37.5	38.5	41.9	42.3	42.7	42.9
FFO/net debt (%)	4.4	6.2	6.1	8.7	4.9	3.6	4.3

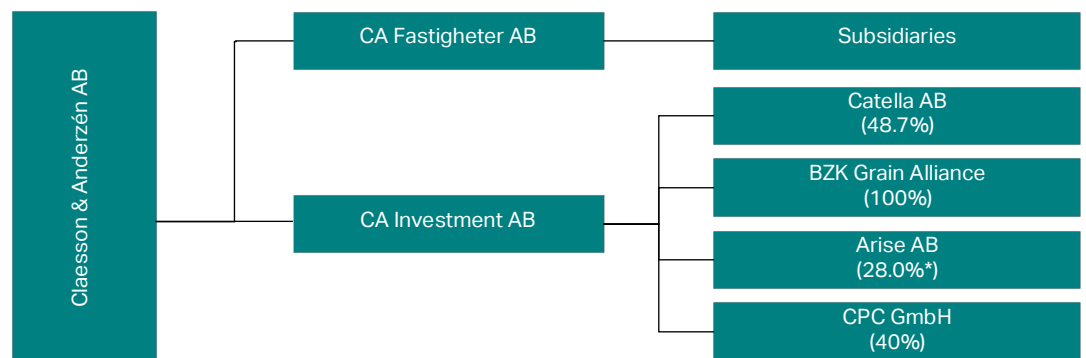
Source: company and NCR estimates. e—estimate. FFO—funds from operations. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

CA Fastigheter is a Sweden-based property manager, with a mixed portfolio of residential and commercial properties in Sweden, Germany and Estonia. The Swedish portfolio is mostly concentrated on the regional cities of Borås, Jönköping, Kalmar, Malmö, Stockholm and Växjö, while the German portfolio is focused on Berlin, where CA Fastigheter has been active since the 1990s. As of 31 Dec. 2023, CA Fastigheter's portfolio comprised 176 properties, totalling 688,000sqm, valued at SEK 14.3bn.

CA Fastigheter was started in 1912 and is 100% owned by Claesson & Anderzén AB (CA Group). The company was founded by Claes Johansson, grandfather of the company's current principal owners, brothers Johan and Magnus Claesson. CA Fastigheter remains the primary revenue generator for CA Group. CA Group, via CA Investment, owns 48.7% of the shares in Swedish property services company Catella AB, 100% in Ukrainian agriculture business BZK Grain Alliance AB (see Ownership Analysis), as well as major stakes in Swedish wind power company Arise AB and German property developer CPC GmbH.

Figure 2. CA Group organisational structure



Source: CA Group. *Johan Claesson and companies.

BUSINESS RISK ASSESSMENT

Business risk
assessment 'bbb-'

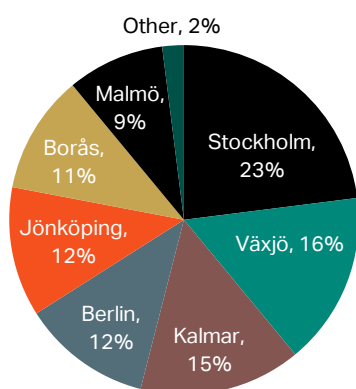
Our business risk assessment reflects CA Fastigheter's diverse residential and commercial portfolio across Sweden and Berlin, stable and high occupancy rates, and low tenant concentrations across the portfolio. These factors are partly offset by the relatively large project portfolio, a modest market position and relatively low operational efficiency.

Residential portfolio stability supports risks in project and commercial portfolio

Operating environment
'bbb'

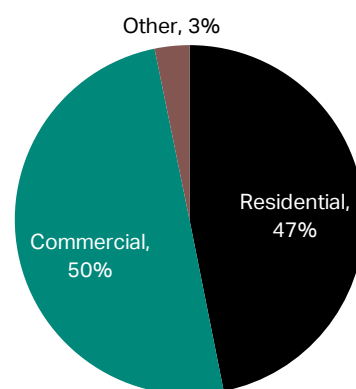
Our view of CA Fastigheter's operating environment reflects the mix of properties in its investment portfolio, as well as the volatility created by its portfolio of residential apartments, which it develops for sale. The company operates primarily in its seven core regions, all of which are expected to continue to have increasing populations and growing economies for the foreseeable future, supporting demand for CA Fastigheter's properties.

Figure 3. Rental value by area, 31 Dec. 2023



Source: company.

Figure 4. Rental value by property type, 31 Dec. 2023



Source: company.

The company earns about one-third of its rental value from its residential rental properties in Sweden. However, it does not have any residential properties in Stockholm due to high land prices and less attractive returns on rental properties. CA Fastigheter has maintained low vacancies in its residential portfolio, with most residential vacancies associated with property renovations of aging buildings. While rental revenues are predictable, rental controls in Sweden's cities prohibit material increases in rent levels unless accompanied by renovations to increase a property's standard.

Figure 5. Core markets, 31 Dec. 2023

Municipality	Population, 2023	Expected population change among 15–64-year-olds, 2023–2045	Unemployment, Dec. 2023
Stockholm	988,943	14.5%	6.3%
Växjö	97,574	8.7%	7.1%
Kalmar	72,304	7.4%	5.9%
Jönköping	146,161	9.6%	4.9%
Borås	114,592	9.0%	6.6%
Malmö	362,133	12.6%	12.3%
Total/Sweden average	10,551,707	6.7%	6.4%

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

About 11% of rental revenues and a quarter of the residential portfolio are associated with rental apartments in central Berlin. The commercial portfolio is diversified across the core markets, as well as by property type. Around 40% of CA Fastigheter's commercial properties are associated with low-cyclical retail tenants. The company's office, logistics and community service properties have performed well, with limited impact on occupancy rates, despite challenging market conditions. In addition to core markets, CA Fastigheter has a small commercial portfolio in Estonia.

In addition to managing its existing properties, the company is an active developer of tenant-owned properties in Sweden, with its largest current projects in Kalmar and Lomma (Malmö). The risk associated with speculative residential apartment projects negatively affects our view of the company's operating environment, given the higher volatility and increased project risk compared with property management. However, we note that the company has made material reductions in its project pipeline due to increased macroeconomic uncertainty and reduced its overall development exposure.

Diversified tenants and segments, despite modest portfolio size and market position

As of 31 Dec. 2023, CA Fastigheter's investment portfolio comprised 176 properties, totalling 688,000sqm, valued at SEK 14.3bn. In addition, the company has a substantial project portfolio, including projects for sale, and investments in and renovations of its own portfolio. In early 2023, CA

Market position, size and diversification 'bbb'

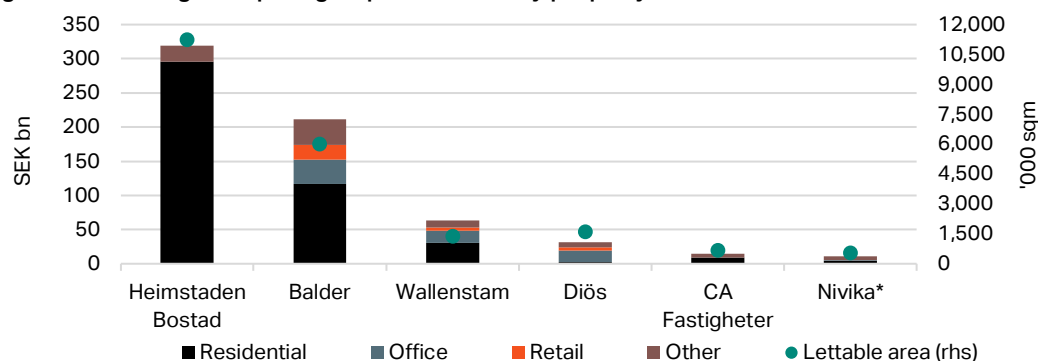
Fastigheter became established in Norrköping through the acquisition of five commercial properties. We view this as positive in terms of geographic diversification.

CA Fastigheter's investment portfolio balances low-risk residential rental and community service properties with office, retail and logistics facilities. The Swedish portfolio, with about SEK 11bn in domestic assets, is relatively small for a Swedish real-estate company. We view CA Fastigheter's market position as modest at a national level and above average in its smaller core markets due to its niche position.

Few Nordic real-estate companies have both material commercial and residential exposures, with most focusing instead on specific segments. Fastighets AB Balder has around half of its portfolio outside Sweden and is significantly larger in size. Wallenstam is another company with 50% residential exposure and a material focus on project development. Other property managers with a mix of commercial and residential management include Nivika Fastigheter (SEK 11bn in property assets), which has about one-third of its portfolio in residential properties in southern Sweden.

CA Fastigheter has about SEK 3bn in property value, 23 properties and over 1,100 apartments in Berlin. This positions CA Fastigheter as a marginal residential property owner in Berlin, given the size and volumes of companies like Vonovia SE (SEK 0.9tn in property value and over 143,000 apartments in the state of Berlin at year-end 2023) and Adler Group SA (SEK 49bn, over 17,000 apartments in Berlin).

Figure 6. CA Fastigheter peer group breakdown by property value and lettable area, 31 Dec. 2023



Source: companies. If office property values are not available, these are based on the property type's share of rental value or lettable area.
*Nivika as of Nov. 2023.

Given the high share of residential properties, tenant diversification is strong, despite the company's modest size. The 10 largest tenants together account for 41% of commercial rental income and 21% of total rental income, given the large residential portfolio. Most of CA Fastigheter's major commercial tenants are on longer-than-average contracts.

Figure 7. Tenant concentration, 31 Dec. 2023

Tenant	Type of tenant	Share of rental income
Bauhaus (Sicklaallén Fastighets AB)	Building materials retailer	-
Berghs School of Communication AB	Private educational institution	-
Akademikliniken HJ AB	Private healthcare	-
Sandvik Machining Solutions AB	Industrial tools manufacturer	-
Dagab Inköp & Logistik	Grocery retailer	-
Kalmar Kommun	Municipality	-
Coop Syd AB	Grocery retailer	-
Beijer Byggmaterial AB	Building materials retailer	-
Matvärlden Veddesta AB	Grocery retailer	-
Modig Machine Tool AB	Industrial	-
Top 10 tenants	-	20.6%

Source: company.

Portfolio assessment
'bbb-'

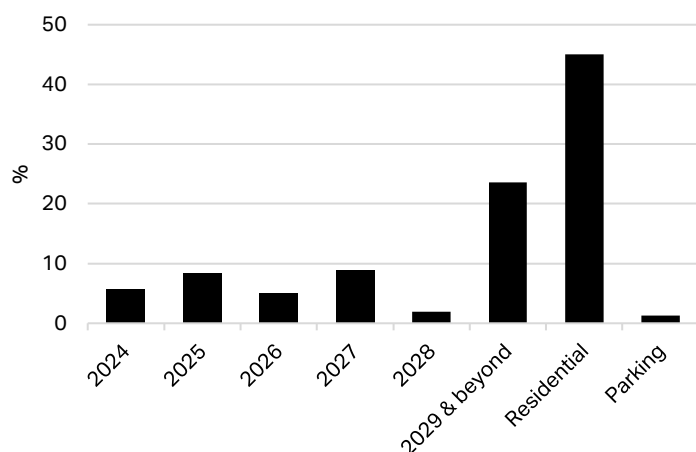
Consistent residential occupancy, though some speculative project risk

CA Fastigheter's property portfolio is primarily located in its seven core markets. Our view of the portfolio is supported by the high share of residential properties in the portfolio, which are likely to remain attractive given population growth in its markets. In addition, the customer base is diverse, with many relatively small commercial contracts and a large share of residential tenants, which reduces concentrations in lease maturities.

Historically, turnover in the residential portfolio has remained manageable, as evidenced by the low vacancy rates in the segments in Sweden and Berlin. The residential properties in Sweden are a mix of facilities built before 1970 that have been renovated or are undergoing refurbishment and newly constructed buildings. We view the overall residential portfolio as being centrally located and attractive enough to maintain low vacancies.

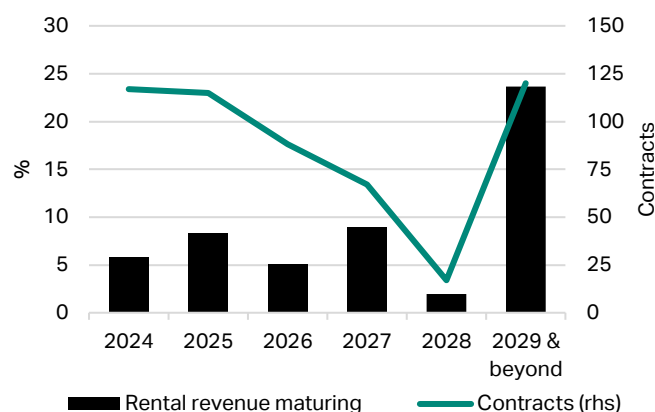
As of 31 Dec. 2023, commercial properties accounted for 50% of rental revenue and the weighted average remaining lease term in CA Fastigheter's commercial portfolio was 5.3 years, reflecting the length of its largest contracts. Nearly half of the commercial portfolio is located in Stockholm, with the remaining portfolio split evenly across its other Swedish core markets and 5% in Germany and Estonia.

Figure 8. Lease maturity profile for all properties, 31 Dec. 2023



Source: company.

Figure 9. Lease maturity profile for commercial properties, 31 Dec. 2023



Source: company.

Our assessment of the company's property portfolio considers the risks in CA Fastigheter's projects. The company has several ongoing projects; both development of projects for sale and projects developed for own management. Ongoing development of sales properties are related to new-build tenant-owned apartments in Kalmar and Malmö, with a combined investment requirement of about SEK 245m through 2026. The company also has a number of development and refurbishment projects, totalling over SEK 138m through 2024. In addition, the company is expected to make nearly SEK 3bn in investments in its Gasverket project as part of Stockholm's revitalisation of Norra Djurgården through 2029. The project is still in the planning phase and is dependent on formal regulatory approvals. We believe that it is likely to be postponed and regard it as a long-term development project that could add investment needs in the future. We have therefore not included these larger investment needs in our base case financial forecast.

However, the overall project risk in CA Fastigheter's development portfolio weighs on our assessment of the portfolio. While the investment in Gasverket is for the long term, there are also speculative elements to such a long-term commercial property project. In addition, the company's investments in sales properties are, by nature, speculative, given that projects are around 60% sold when they start. In contrast, projects for the company's own portfolio are typically started once a signed rental agreement is in place. Given the uncertain economic environment, the company has postponed many projects in its development pipeline to preserve strong credit metrics and demonstrate its long-term investment horizon. We believe the company has the support of ownership to continue postponing projects in its sales portfolio if markets deteriorate further.

Figure 10. Large projects in progress, 31 Dec. 2023

Project	Location	Property type	Lettable area (sqm)	Total investment (SEKm)	Estimated completion
Bojen, Tampen, phase 3	Kalmar	Tenant-owned	3,401	128	Q4 2023
Gasverket	Stockholm	Commercial	640	54	Q1 2024
Araby, phase 4	Växjö	Residential, refurbishment	6,745	89	Q2 2024
Ritterstrasse	Berlin	Residential, refurbishment	20,822	74	Q2 2024
Gullvivan	Borås	Residential	6,717	51	Q4 2024
Hermosdal 8	Malmö	Residential, refurbishment	7,837	129	Q4 2024
Kvirkelhusen, phase 1	Lomma	Tenant-owned	3,882	190	Q4 2024
Kvirkelhusen, phase 2	Lomma	Tenant-owned	3,948	114	Q2 2026
Total	-	-	53,992	829	-

Source: company.

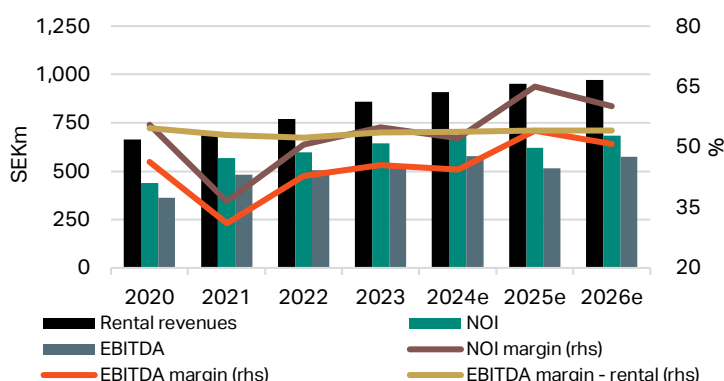
Stable occupancy offsets sales revenue volatility

Operating efficiency
'bbb-'

The company has a decentralised organisation, allowing local management to make decisions affecting their own portfolio, and outsources the management of its German and Estonian properties. Most of CA Fastigheter's contracts with commercial tenants are double-net leases, under which maintenance costs are paid by the company and typically linked to the consumer price index, reducing the impact of inflation on earnings.

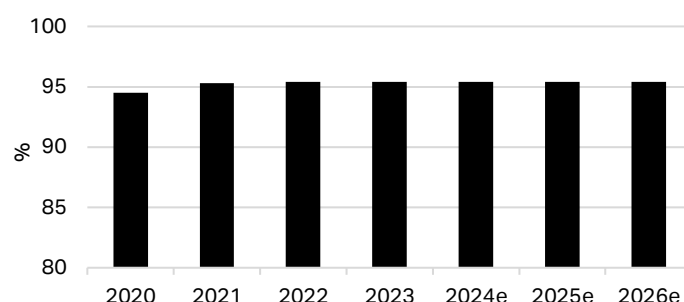
Given a preference for being hands-on and local, CA Fastigheter's EBITDA margins from its rental portfolio are in line with those of many Swedish residential real-estate peers, rather than in line with commercial property managers. Solely in terms of rental revenues and related costs, we expect the company's margins to be around 54% over our forecast period. Including the company's project and other revenues adds volatility and reduces the average projected margin in our forecast to 44–54%, demonstrating a meaningful impact from property sales. Over the past few years, the occupancy rate of CA Fastigheter's portfolio has improved towards 95%, which is the occupancy rate as of 31 Dec. 2023. We expect the occupancy rate to remain around 95% over our forecast period.

Figure 11. Revenues, NOI, EBITDA, and margins, 2020–2026e



Source: company and NCR estimates. e-estimate.

Figure 12. Occupancy rate, 2020–2026e



Source: company and NCR estimates. e-estimate.

FINANCIAL RISK ASSESSMENT

Financial risk
assessment 'bb+'

Our financial risk assessment reflects our expectation that CA Fastigheter's credit metrics will weaken moderately over our forecast period due to rising interest rates and falling property values as a result of higher property yields. Furthermore, it reflects a financial risk appetite that, in our view, is constrained by the company's short debt maturity profile and intra-group loans to its parent and investment holding sister companies.

Ratio analysis 'bbb-'

Higher financing costs and expected property value decline weaken projected credit metrics

CA Fastigheter's leverage has been relatively stable in recent years, with net LTV below 40% and interest coverage above 3x. However, net LTV increased to 42% and interest coverage dropped to 3x at year-end 2023 because of higher debt, revaluations in the property portfolio and increased financing costs. We project a continued increase in leverage and a further reduction in interest coverage, despite average interest rates likely peaking in 2024, due to sustained high capital investment in projects. The company has a large project pipeline, and we expect the company to be more cautious about starting new projects until market conditions improve.

We expect revenues to grow steadily as the company delivers on its development project pipeline. However, the one-off nature of tenant-owned property sales adds some volatility to our EBITDA forecast, depending on the full revenue and cost accounting upon the sale of properties.

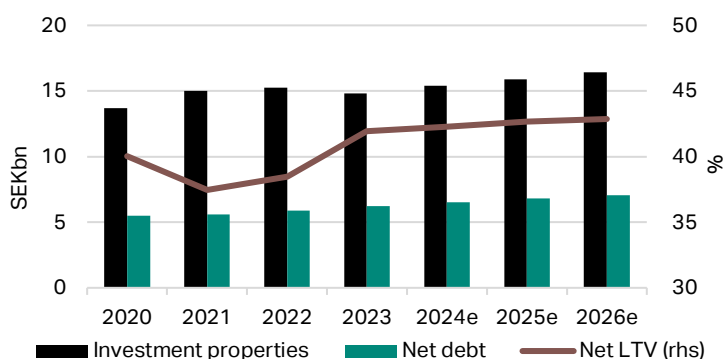
Figure 13. Base case forecast key assumptions and credit metrics, 2024–2026e

SEKm	2024e	2025e	2026e
Rental growth (%)	6.0	4.8	1.9
EBITDA margin (%), rental	53.8	54.0	54.0
Average interest rate (%)	4.1	4.0	3.8
Capital expenditure (SEKm)	600	500	500
Dividend payment (SEKm)	50	50	50
Net debt/EBITDA (x)	11.3	13.2	12.2
EBITDA/net interest (x)	2.5	2.2	2.4
Net LTV (%)	42.3	42.7	42.9
FFO/net debt (%)	4.9	3.6	4.3

Source: company and NCR estimates. e–estimate. FFO–funds from operations. All metrics adjusted in line with NCR methodology.

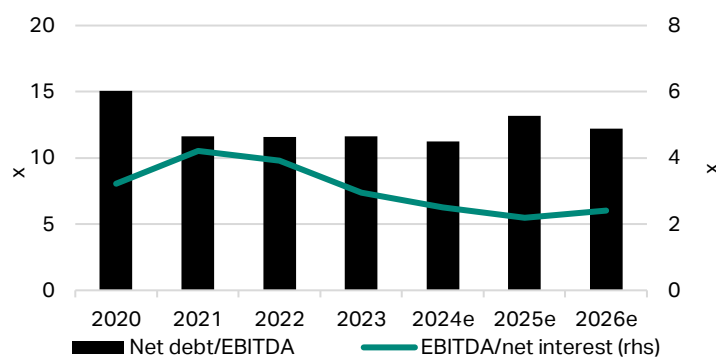
In assessing CA Fastigheter's financial risk profile, our EBITDA forecast for the sales portfolio uses sales revenue estimates based on CA Fastigheter's expected pricing for apartments under construction. We have adjusted the company's expected sales revenues for pipeline projects by 5% in our ratios to reflect the potential need to adjust future pricing. In addition, our calculation of net debt includes an SEK 33m earn-out commitment associated with Gasverket. Net debt is reduced by cash and equivalents and 50% of the company's short-term holdings. We view the short-term holdings as liquid, but we do not consider the company's long-term investment holdings to be liquid.

Figure 14. Investment properties and net LTV, 2020–2026e



Source: company and NCR estimates. e–estimate.

Figure 15. Net debt/EBITDA and EBITDA/net interest, 2020–2026e



Source: company and NCR estimates. e–estimate.

Internal loans and short debt maturity increase financial risk

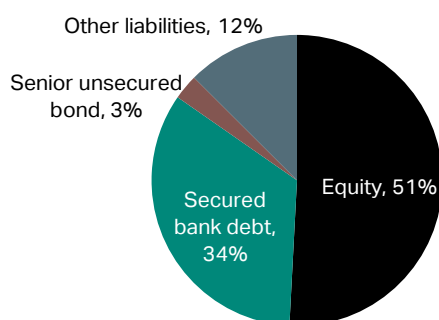
CA Fastigheter's financial risk appetite is constrained by the company's short debt maturity profile and significant near-term maturities, despite the company's history of strong banking relationships. In addition, the company's intra-group lending adds complexity.

We view CA Fastigheter's short debt maturity profile of 2.0 years (as of 31 Dec. 2023) as indicative of a somewhat higher overall financial risk profile. CA Fastigheter reported around 74% of its debt as maturing in the next two years as of 31 Dec. 2023, reflecting the company's expectations and track

Risk appetite 'bb'

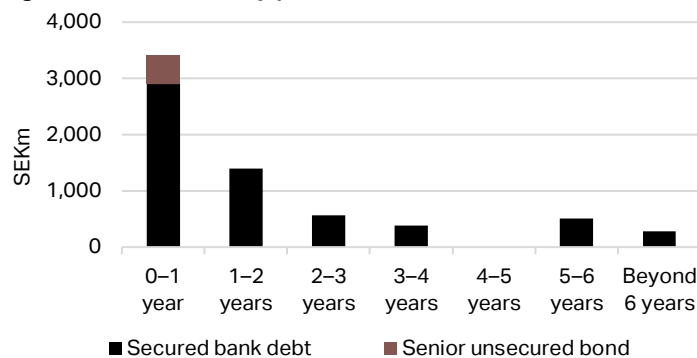
record of refinancing its bank loans within months of maturity. In March 2024, the company made a voluntary early redemption of the existing SEK 500m senior unsecured bond maturing in July 2024 upon the successful new issuance of a new senior unsecured bond of the same amount with a tenor of three years. We also note that the company has refinanced an additional SEK 600m in short-term bank debt, and we take a positive view on the company's efforts to reduce its refinancing risk. CA Fastigheter is prudent in its management of interest rate risk, with average interest fixing of 3.4 years, which has helped maintain average interest rates on the company's loans at 3.6% as of 31 Dec. 2023. The company has a SEK 200m revolving credit facility, which was unutilised as of year-end 2023.

Figure 16. Funding profile, 31 Dec. 2023



Source: company.

Figure 17. Debt maturity profile, 31 Dec. 2023



Source: company.

CA Fastigheter's dividend policy is dependent on the performance of the investment portfolio of CA Investment. CA Group paid an SEK 50m dividend in 2023 and there is no external interest-bearing debt in CA Group outside of CA Fastigheter. However, CA Group uses CA Fastigheter's balance sheet to provide financing for other parts of the company. In our view, this adds complexity and financial risk to CA Fastigheter when evaluated on a standalone basis, given the potential for losses or investment needs in CA Group's investment companies. CA Fastigheter has internal loans to its parent and sister investment companies, which are consolidated in CA Group reporting. We note that these internal loans have increased in recent years, from SEK 850m at year-end 2020 to SEK 1.4bn at year-end 2023, and could increase further at short notice to address financing needs within the group. We also note that CA Fastigheter reports additional claims totalling some SEK 70m due from non-consolidated investment companies and other related parties that are not consolidated in CA Group reporting.

CA Fastigheter's financial policy provides the company with additional headroom for higher leverage. Our forecasts anticipate that the company will increase its LTV, but we do not expect the company to take full advantage of its internal 50% net LTV limit.

Figure 18. Financial covenants, policies and reported metrics

Metric	Common loan covenants	Financial policy/targets	Reported 2023
Equity ratio	≥30%	N.A.	50.8%
Interest coverage ratio	≥1.5x	≥2.0x	2.2x
Interest fixing	N.A.	≥3 years	3.4 years
Net LTV	≤60%	≤50%	38%

Source: company. N.A.—not applicable.

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 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 calculate a SEK 1.5bn shortfall for the 12 months ending 31 Dec. 2024, mainly driven by SEK 3.4bn in short-term debt maturities. However, the company is in ongoing discussions with banks and investors, and successfully issued a SEK 500m bond in March 2024 and has refinanced a significant portion of the upcoming maturities. The company has demonstrated a long track record of accessing bank financing from many leading Nordic and German banks, which mitigates refinancing concerns about CA Fastigheter's maturing debt. We assess CA Fastigheter's liquidity position as adequate.

Figure 19. Liquidity analysis (stressed scenario) 31 Dec. 2023–31 Dec. 2024

Liquidity, next 12 months	Amount (SEKm)
Cash and cash equivalents (100%)	457
Current financial assets (50% of short-term investments)	224
Proceeds from borrowings since year-end 2023	1,101
Adjusted FFO (75% of FFO 2024e)	238
Unutilised credit facilities	200
Total sources	2,220
Repayment of borrowings	-3,398
Committed capital expenditure	-313
Total uses	-3,711
Sources/uses (x)	0.6
Sources - uses (SEKm)	-1,491

Source: company and NCR estimates. FFO—funds from operations.

Environmental, social and governance factors

ESG factors adequate

CA Fastigheter published a green bond framework in 2021 that has been classified as Light Green in a second opinion from Norway-based climate research agency CICERO. Within this framework, the company issued a senior unsecured green bond of SEK 500m. In March 2024, the company made an early redemption of the existing bond and issued a new three-year senior unsecured green bond of the same amount. CA Fastigheter publishes a sustainability report annually that is based on the GRI (Global Reporting Initiative) definition of core reporting requirements.

The company is a member of the Sweden Green Building Council, a non-profit organisation aiming to reduce the environmental impact of the real-estate sector. The company began certifying its properties to Miljöbyggnad standards in 2020, with the aim of certifying the majority of its properties to at least Miljöbyggnad Silver standard and building new projects to at least that standard. The company aims to have 30% of its property portfolio environmentally certified by the end of 2024.

The table below highlights the main environmental, social and governance (ESG) issues that we believe could affect our overall assessment of CA Fastigheter and factors that could contribute to the loss of revenues, increased costs, higher capital spending or a deterioration in financing possibilities.

Figure 20. 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, target to reach 30% certified properties by end of 2024. Target to reduce energy consumption by 1.5% per year (like-for-like portfolio). Target to use 75% renewable energy by 2025.	Detailed ESG reporting on energy usage, CO ₂ emissions, water usage and environmental certification of properties. Reported 3.4% reduction in energy consumption in 2023 compared with 2022. As of 31 Dec. 2023, 16.9% of all properties had been certified.
Political risk	Political action affecting residential rental revenues and reducing property values. Cross-border ownership risks.	Diversification of the investment portfolio. Cost management of affected properties.	The company received a positive ruling in Germany in 2021 but the potential for alternative political solutions remains.
Impact of climate change on operations	Loss of revenues or increased capital spending	Environmental certification of properties, appropriate insurance and evaluation of impact on each property.	The company concludes that no properties in the investment portfolio are likely to be directly affected by, e.g., rising water levels or landslides. Residential properties for sale along coastal areas follow guidelines for minimum height above sea level.
Increased environmental focus on financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower CO ₂ dependence	Published green bond framework in 2021. Increased sustainability focus and underwent second-opinion review.	Access to green financing; issued a green bond in 2021 with a 'Light Green' rating by CICERO.

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

OWNERSHIP ANALYSIS

Ownership neutral

CA Fastigheter is 100% owned by Claesson & Anderzén AB (which we define as a holding company) and was established by Claes Johansson, grandfather of the company's current primary owners, brothers Johan and Magnus Claesson (via Wellsford S.A.). Johan Claesson also owns 100% of Fastighets AB Bremia, which holds the remaining shares and votes in CA Group.

CA Group has two business areas: real estate, via CA Fastigheter; and investments, via CA Investment AB. The real-estate business remains the cornerstone of the group, accounting for the majority of the company's revenues. CA Fastigheter has about SEK 1.4bn in internal loans to group parent and sister companies. These loans demonstrate the group's aim to use proceeds from CA Fastigheter to diversify the investments of the family-owned company. While the intra-group loans demonstrate the importance of CA Fastigheter in the future development and strategy of CA Group, they also limit our view of further support available to CA Fastigheter from its owner. In our view, CA Fastigheter could be supported by sales of investment assets in CA Investment, but the positions held by the investment operations are of a higher-risk nature than CA Fastigheter's real-estate operations.

Figure 21. Claesson & Anderzén AB ownership structure, 31 Dec. 2023

Owner	Share of capital and votes
Fastighets AB Bremia (100% owned by Johan Claesson and family)	55.27%
Wellsford S.A. (100% owned by Magnus Claesson)	44.73%

Source: company.

ISSUE RATINGS

We do not assign issue ratings to CA Fastigheter's outstanding debt. In line with our methodology, we typically anticipate a higher loss for holders of senior unsecured instruments in the event of default where there is a high proportion of secured debt. As of 31 Dec. 2023, the company's gross secured LTV stood at 41%, and 92% of the company's interest-bearing debt was secured, reducing recovery prospects for senior unsecured bondholders.

SHORT-TERM RATING

The 'N4' short-term rating reflects the company's liquidity profile relative to the 'BBB-' long-term issuer rating. The company's committed sources to uses stood at 0.6x according to our liquidity analysis, which we see as indicative of a weak liquidity profile for the long-term issuer rating.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

- (i) [Real-estate quarterly snapshot \(Q4 2023\): Strong performance despite highest Swedish corporate defaults](#), 11 Mar. 2024.
- (ii) [Swedish real estate sector adapts to tougher financing climate](#), 18 Jan. 2024.
- (iii) [Real estate quarterly snapshot \(Q3 2023\) - is it a sigh of relief?](#), 28 Nov. 2023.
- (iv) [The Swedish real estate sector– waiting for sunshine after the rain](#), 27 Sep. 2023.
- (v) [Decoding Swedish real estate in an uncertain market environment](#), 29 Aug. 2023

Figure 22. NCR's adjustments to CA Fastigheter's credit metrics, 2020–2026e

SEKm	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA (property management)	363	373	403	460	489	515	525
EBITDA (projects and other activities)	1	110	102	74	90	0	51
NCR-adj. EBITDA	364	482	505	533	579	515	576
Net interest	-111	-111	-125	-177	-227	-231	-235
Financial costs from leases	-3	-3	-4	-4	-4	-4	-4
NCR-adj. net interest	-113	-115	-129	-180	-230	-235	-238
NCR-adj. EBITDA	364	482	505	533	579	515	576
NCR-adj. net interest	-113	-115	-129	-180	-230	-235	-238
Current taxes	-11	-18	-20	186	-31	-34	-33
NCR-adj. FFO	240	350	356	538	317	246	305
Investment property	12,729	14,460	14,884	14,338	14,938	15,438	15,938
Properties for sale	968	519	356	463	463	463	463
Non-current right-of-use assets	7	6	5	7	7	7	7
NCR-adj. investment property	13,704	14,985	15,245	14,808	15,408	15,908	16,408
Cash and cash equivalents	94	559	400	457	449	495	550
Liquid assets	255	381	450	448	450	450	450
Less 50% liquid asset adjustment	-128	-190	-225	-224	-225	-225	-225
NCR-adj. cash and equivalents	222	749	625	681	674	720	775
Gross interest-bearing debt	5,385	6,026	6,129	6,524	6,854	7,204	7,504
Lease liabilities	261	273	297	303	303	303	303
Committed earn-out	63	63	63	63	33	0	0
NCR-adj. cash and equivalents	-222	-749	-625	-681	-674	-720	-775
NCR-adj. net debt	5,488	5,613	5,864	6,210	6,517	6,788	7,033

Source: company and NCR estimates. e–estimate. FFO–funds from operations.

Figure 23. CA Fastigheter key financial data, 2020–2023

SEKm	FY	FY	FY	FY
Period-end	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023
INCOME STATEMENT				
Rental income	664	704	770	858
Other income	123	849	410	313
Total costs from operations	-349	-986	-583	-528
Net operating income	437	567	598	643
Administrative expenses	-73	-85	-93	-109
Administrative expenses, project portfolio	–	–	–	–
EBITDA	364	482	505	533
Share of profit in associated companies and joint ventures	2	3	3	4
Interest expenses	-133	-138	-150	-224
Interest income	22	26	25	48
Interest expenses, shareholder loans	–	–	–	–
Financial costs from leasing	-3	-3	-4	-4
Other financial costs	-9	53	33	9
Changes in investment property	420	1,107	-345	-1,027
Gain (loss) on financial assets held at fair value	5	43	-68	-29
Disposals of investment properties	-14	6	2	–
Gain (loss) on derivatives	-5	122	363	-190
Depreciation and amortisation	–	–	–	–
Restructuring activities	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–
Pre-tax profit	648	1,701	364	-880
Current taxes	-11	-18	-20	186
Deferred taxes	-26	-311	-31	–
Net profit	611	1,372	314	-694
BALANCE SHEET				
Investment property	12,729	14,460	14,884	14,338
Other non-current assets	724	787	676	580
Total non-current assets	13,453	15,248	15,560	14,919
Cash and cash equivalents	94	559	400	457
Other current assets	1,784	1,887	2,249	2,427
Total current assets	1,878	2,446	2,649	2,884
Total assets	15,331	17,694	18,209	17,803
Total equity	7,835	9,237	9,739	9,050
Non-current borrowings	5,329	5,964	6,049	2,997
Non-current borrowings, shareholder loans	–	–	–	–
Deferred tax liabilities	1,217	1,527	1,598	1,399
Other non-current liabilities	541	460	361	424
Total non-current liabilities	7,087	7,951	8,009	4,820
Total current liabilities	409	506	461	3,933
Total equity and liabilities	15,331	17,694	18,209	17,803
CASH FLOW STATEMENT				
Pre-tax profit	648	1,701	364	-880
... of which changes in investment property	420	1,107	-345	-1,027
Depreciation and amortisation	–	–	–	–
Tax paid	-5	-19	-25	-32
Adjustment for items not in cash flow	-393	-1,278	38	1,273
Cash flow from operating activities before changes in working capital	250	404	377	360
Changes in working capital	-163	32	-14	-107
Cash flow from operating activities	87	436	363	253
Cash flow from investment activities	-190	-585	-535	-508
Cash flow from financing activities	121	613	10	428
Cash and cash equivalents at beginning of period	78	94	559	400
Cash flow for period	16	465	-159	174
Cash and cash equivalents at end of period	94	559	400	457

Source: company. FY–full year.

Figure 24. CA Fastigheter rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bbb
Market position, size and diversification	12.5%	bbb-
Portfolio assessment	12.5%	bbb-
Operating efficiency	5.0%	bbb-
Business risk assessment	50.0%	bbb-
Ratio analysis		bbb-
Risk appetite		bb
Financial risk assessment	50.0%	bb+
Indicative credit assessment		bbb-
Liquidity		Adequate
ESG		Adequate
Peer calibration		Neutral
Stand-alone credit assessment		bbb-
Support analysis		Neutral
Issuer rating		BBB-
Outlook		Stable
Short-term rating		N4

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