

Intea Fastigheter AB (publ)

Full Rating Report

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N3

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RATING RATIONALE

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

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

STABLE OUTLOOK

The stable outlook reflects our expectations that Intea's interest coverage ratio will improve over our forecast period and that property values will remain robust. It also reflects our expectations that Intea will be able to refinance its upcoming debt maturities at longer tenors. We believe the company will maintain its focus on specialised community service properties with long leases and government-backed counterparties. We expect that Intea will complete ongoing projects and now pause its previously communicated target of SEK 30bn in portfolio value by 2026.

POTENTIAL POSITIVE RATING DRIVERS

- Improved credit metrics, with a net loan-to-value (LTV) ratio below 50%, net debt/EBITDA below 10x and net interest coverage above 3.5x over an extended period; and
- improved debt maturity and liquidity profile.

POTENTIAL NEGATIVE RATING DRIVERS

- Failure to improve the financial risk profile in line with our expectations, including net interest coverage below 2.2x on a sustained basis.
- Increased financial risk appetite or change in ownership.

Figure 1. Key credit metrics, 2020–2026e

SEKm	2020	2021	2022	2023	2024e	2025e	2026e
Rental income	549	733	902	1,057	1,180	1,502	1,526
EBITDA	383	545	686	810	928	1,181	1,200
EBITDA margin (%)	69.9	74.3	76.0	76.6	78.6	78.6	78.6
Investment property	10,270	18,024	20,453	21,662	22,521	22,746	22,746
Net debt	5,363	9,960	10,695	12,250	12,924	12,744	12,392
Total assets	10,816	18,539	21,550	22,904	23,344	23,649	23,701
Net debt/EBITDA (x)	14.0	18.3	15.6	15.1	13.9	10.8	10.3
EBITDA/net interest (x)	3.7	4.5	3.9	2.4	2.1	2.5	2.6
Net LTV (%)	52.2	55.3	52.3	56.6	57.4	56.0	54.5
FFO/net debt (%)	5.1	4.2	4.7	3.7	3.5	5.4	5.8

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

ISSUER PROFILE

Intea is a Sweden-based property manager focused on highly specialised, purpose-built community service properties, primarily in urban centres in southern Sweden. About 95% of the company's rental income comes from agencies of the Swedish government and municipalities. As of 31 Mar. 2024, the property portfolio consisted of 37 properties with a total lettable area of 518,000 sqm, valued at SEK 21.7bn. Intea was founded in 2015 with support from pension foundations associated with, among others, Svenska Handelsbanken AB, SAAB AB and AB Volvo. About 28% of votes in the company remain with the founders Henrik Lindekrantz and Christian Haglund, who serve as advisors. Charlotta Wallman Hörlin was appointed as the new CEO at the beginning of 2024, having previously served as Deputy CEO.

BUSINESS RISK ASSESSMENT

Business risk
assessment 'a'

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

Highly creditworthy tenants and strong market fundamentals support operating environment

Operating environment
'a'

Intea operates in the Swedish community service property market, with most of its revenue coming from government-related bodies. The sector has undergone a structural shift in recent years, and about 25% of public-sector tenant properties are now owned by private companies. An increasing number of Swedish municipalities are heavily debt-laden with limited possibilities of increasing tax revenues to meet investment needs, which supports a greater transfer of ownership to private-sector property managers. The appropriateness of private ownership of public infrastructure has been debated, due to surging inflation and lease indexation. We assess the political risk as minor, given our belief that the government and municipalities are not equipped to sufficiently expand social infrastructure themselves to meet demographic challenges and social trends. We expect the operating environment to remain stable.

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

Figure 2. Rental income by location, 31 Mar. 2024

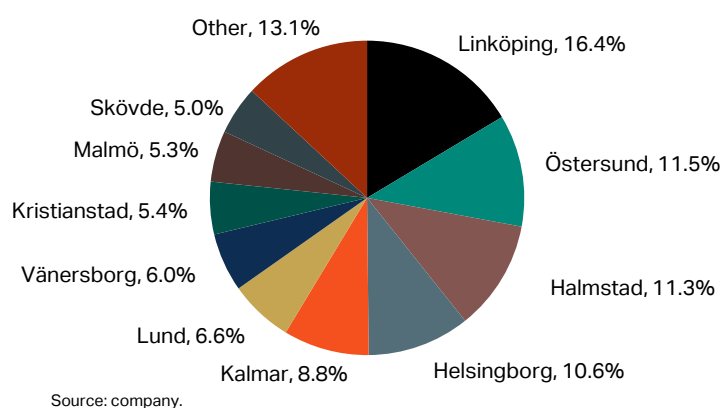
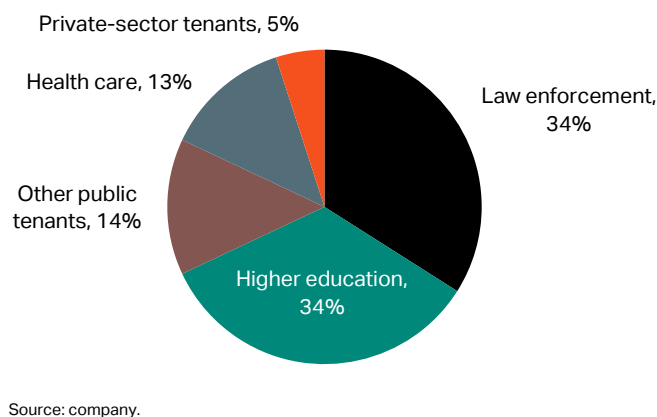


Figure 3. Rental income by property type, 31 Mar. 2024



Favourable demographic trends such as increasing numbers of school children and elderly people, and general population growth are increasing the need for critical social infrastructure, which points to structural growth in the sector. Rising demand for higher education and healthcare services, together with community service properties in need of upgrades, are key drivers in the niche areas

that Intea serves. The number of citizens above the age of 65 is projected to increase by 40% between year-end 2023 and 2045 in the locations where Intea operates, driving an underlying need for healthcare facilities.

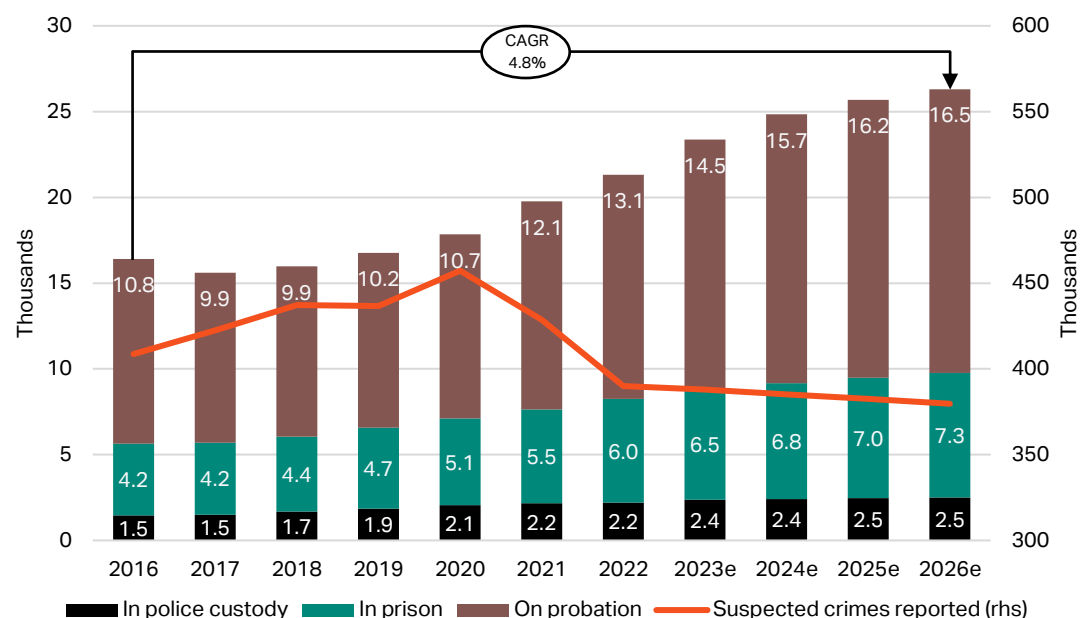
Figure 4. Intea rental value from top 10 municipal exposures, 31 Mar. 2024

Municipality	Share of rental value (%)	Population, 2023	Expected population change among 15–64-year-olds, 2023–2045 (%)	Unemployment, Dec. 2023 (%)
Linköping	16.4	167,404	9.9	5.8
Östersund	11.5	64,881	3.0	4.5
Halmstad	11.3	105,796	11.3	7.0
Helsingborg	10.6	151,306	11.4	10.1
Kalmar	8.8	72,304	7.4	5.9
Lund	6.6	130,288	6.8	6.1
Vänersborg	6.0	40,012	-1.5	7.3
Kristianstad	5.4	86,560	5.2	9.2
Malmö	5.3	362,133	12.6	12.3
Skövde	5.0	57,763	9.0	4.5
Total/Sweden average	86.9	10,551,707	6.7	6.4

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

The need for law enforcement services is also increasing; Swedish prisons are at maximum capacity, while levels of processed crimes and probationary sentences are likely to increase (see Figure 5). The Swedish government, elected in 2022, has intensified its efforts to combat criminality, with proposals for more stringent sentences and increased resources for authorities within law enforcement. The number of places in jails and prisons are estimated to increase threefold from current levels within 10 years.

Figure 5. Swedish crime statistics, 2016–2026e



Source: The Swedish Prison and Probation Service. CAGR—compound annual growth rate.

Strong market position constrained by high concentrations

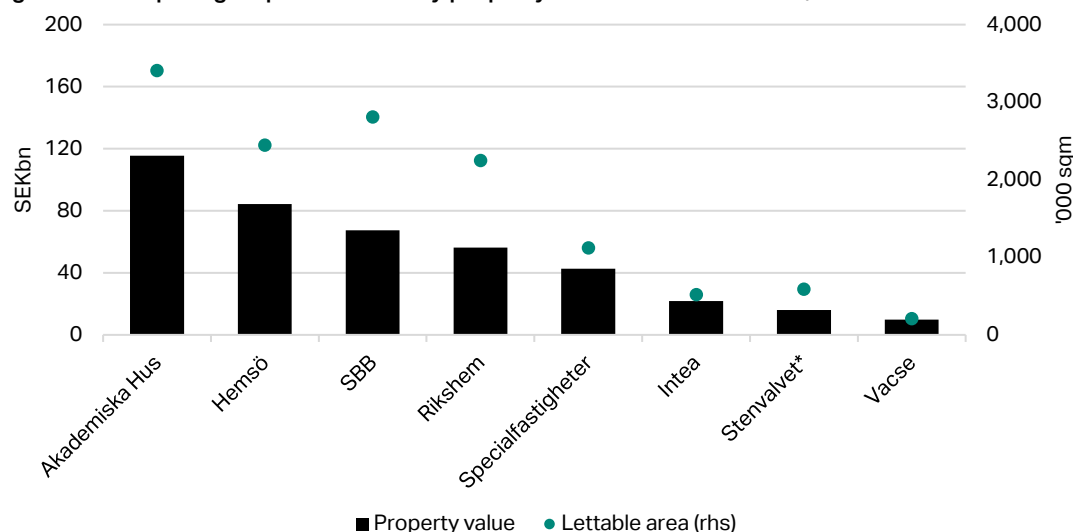
As of 31 Mar. 2024, Intea's property portfolio covered 16 municipalities and comprised 37 properties valued at SEK 21.7bn, with a combined lettable area of 518,000 sqm. While the property portfolio is small, the company is one of only 10 companies in Sweden that solely manage community service

Market position, size
and diversification 'bb+'

properties. The focus on highly specialised properties with relatively low substitution risk results in a favourable market position.

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

Figure 6. Intea peer group breakdown by property value and lettable area, 31 Mar. 2024



Source: companies. *Full-year 2022 figures.

Because most of Intea's properties are custom-built for specific tenants, we expect greater-than-average customer loyalty, with contracts likely to be extended on expiry. However, should contracts be terminated, we would expect Intea to incur significant adaption costs for accommodating new tenants. The high degree of specialisation has resulted in a concentrated revenue stream, with the 10 largest tenants and 10 largest properties representing 72% and 75% of rental income, respectively, as of 31 Mar. 2024. Despite the high concentration, we consider that multiple leases in a variety of locations with strong government-backed counterparties offset some concentration risk. We believe the vital social functions provided by tenants and favourable societal trends contribute to low relocation risk.

Figure 7. Tenant concentration, 31 Mar. 2024

Tenant	Type of tenant	Share of rental income (%)
The Swedish Police Authority	Law enforcement	18.7
The Swedish Prison and Probation Service Authority	Law enforcement	9.8
Linnaeus University	Higher education	8.5
Halmstad University	Higher education	7.8
Skåne county	County council	6.6
Malmö University	Higher education	5.3
Mid Sweden University	Higher education	5.0
Kristianstad University	Higher education	4.6
University of Skövde	Higher education	3.1
The Swedish Courts Authority	Law enforcement	3.0
Top 10 tenants	Public	72.4

Source: company.

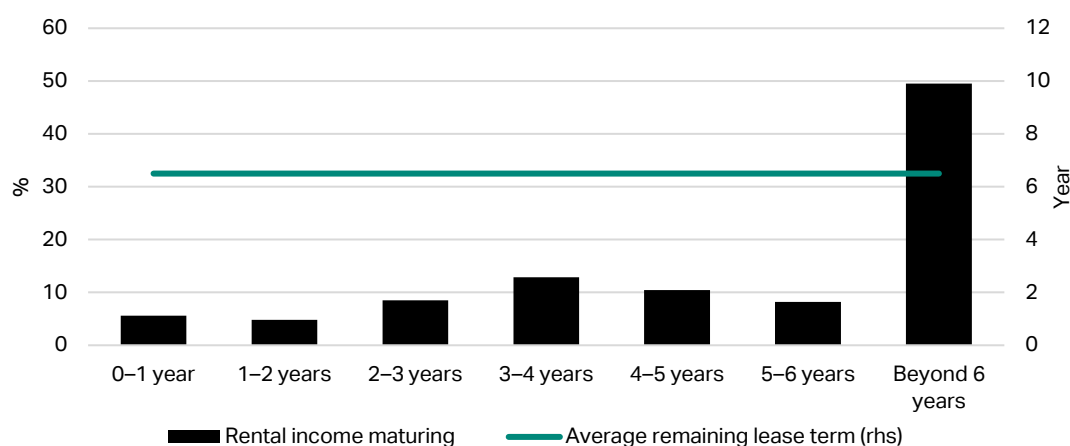
Large share of projects offsets attractive portfolio with long remaining lease terms

Intea's property portfolio is mostly custom-built for specialist, long-term single tenants, which reduces churn. The properties are mostly located in attractive urban centres in southern Sweden. The company's average property size is much larger than its closest peers such as Vacse and Stenvalvet. This is mainly due to the company's large university properties. Its largest single property is Intea

Garnisonen in Linköping, a former military facility converted into multiple-use civilian buildings with a combined area of 86,000 sqm.

As of 31 Mar. 2024, Intea had a long average remaining lease term of 6.5 years. Lease maturities are generally well diversified, with only two of the next six years scheduled to see lease maturities exceed 10% of rental income (see Figure 8). The company's 10 largest contracts generate about 42% of total rental income. Among these contracts, the average lease maturity is 7.9 years, which reduces vacancy risk, given the strong counterparties. We view the likelihood of tenant churn as low, as most of Intea's properties are purpose-built and highly specialised, in line with tenant demand, while operational inertia is high among most tenants, making them less likely to relocate. The contracts have long notice periods if a tenant wishes to relocate, providing Intea with considerable flexibility in finding a new tenant if the need arises. Overall, we assess Intea's lease maturity profile as positive for stability.

Figure 8. Lease maturity profile, 31 Mar. 2024



Source: company.

In our view, Intea's project property portfolio carries lower than average development risk, due to the company only engaging in fully pre-let projects with a large proportion of yield-based contracts, often with development carried out in collaboration with tenants. The project portfolio is an integral component of Intea's business. Intea has earlier guided to reaching a property portfolio value of SEK 30bn by 2026. In 2023, Västra Götaland County exercised the option to purchase the company's largest project, Sahlgrenska Life. Given the remaining project pipeline, we do not expect that the company will be able to achieve its property portfolio target through project development.

Project risk is limited and mostly borne by the contractor, resulting in relatively low risk in the development portfolio. Nevertheless, we regard the relatively large scale of the development portfolio as negative, as it subjects the company to additional risk.

Figure 9. Projects in progress, 31 Mar. 2024

Location	Tenant(s)	Main use	Lettable area (sqm)	Estimated completion
Kristianstad	The Swedish Prison and Probation Service Authority	Custody centre	16,398	Q3 2024
Kristianstad	The Swedish Police Authority and Prosecutor's Office	Police station	19,438	Q4 2024
Ånge	The Swedish Prison and Probation Service Authority	Prison	14,272	Q1 2025
Falköping	Västra Götaland County (Västtrafik)	Train depot	5,362	Q1 2025
Linköping	Östergötaland County	Optometry and audiology clinic	6,606	Q2 2025
Total	-	-	69,943	-

Source: company. *Intended tenants.

Operating efficiency 'aa'

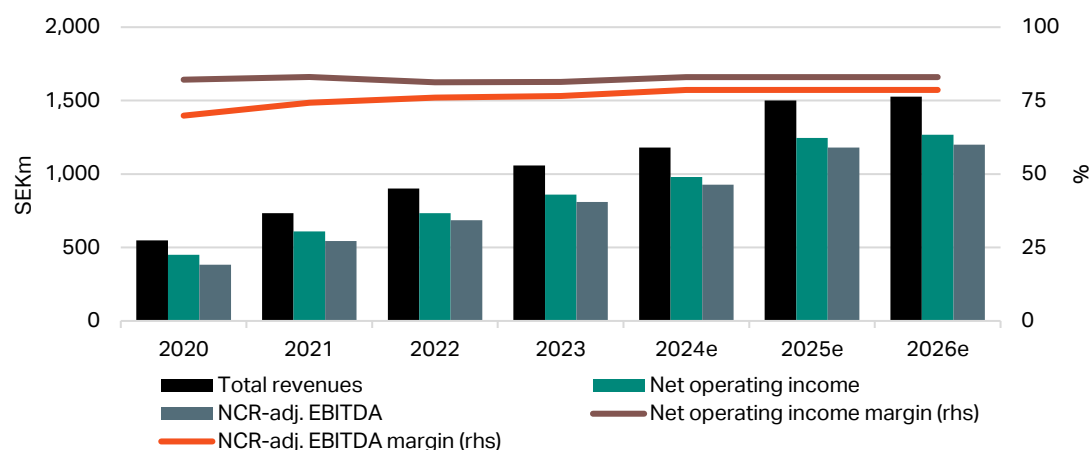
Slimmer in-house organisation and hydropower assets set to improve margins

Intea's operating efficiency is characterised by the company's long inflation-linked leases, with some ancillary costs passed onto tenants, close to a 100% occupancy rate and good cost control. In the second quarter of 2021, the company terminated its management contract with Intea AB (its founders) and moved administrative operations in-house. This resulted in a reduction in central administrative expenses in 2021 and will continue to have a positive impact on EBITDA margins compared with historical figures. We assess Intea to be less exposed to energy prices than its peers, due to the company becoming a net producer of electricity in the first quarter of 2023, as it acquired a portfolio of hydropower assets.

The company's net operating income and EBITDA margins have improved steadily since 2017, as the company has increased in scale and acquired properties with high margins on attractive contract terms. Our forecast of Intea's financial ratios assumes a sustainable net operating income margin of 83% and an EBITDA margin of about 78% over the forecast period through 2026.

In our view, Intea's rental income streams carry limited downside risk, due to low correlation with the economic cycle. The customised property portfolio with long-term leases contributes to negligible tenant turnover and high, stable occupancy rates. We expect occupancy rates to remain above 98% through our forecast period.

Figure 10. Revenues, net operating income, EBITDA, and margins, 2020–2026e



Source: company and NCR estimates. e-estimate.

FINANCIAL RISK ASSESSMENT

Financial risk assessment 'bb+'

Our financial risk assessment reflects Intea's moderately strong interest coverage and moderately high net LTV. The assessment is further constrained by the company's relatively weak debt/EBITDA. We assess Intea's risk appetite to be commensurate with its financial ratios. In our opinion, the company's ownership structure and relatively long fixed-interest arrangement offset the heightened refinancing risk stemming from the company's front-loaded debt maturity profile.

Interest coverage ratio set to rebound due to improved cash flows and lower financing costs

Ratio analysis 'bb+'

We expect that Intea will grow through its committed project development pipeline, with larger projects scheduled for finalisation in 2025. Our forecast sees the company's net LTV declining towards its long-term policy target of 50–55% due to improved cash flows and lower project development than has historically been the case. The company recorded a 4% decline in property values in the fourth quarter of 2023 due to higher yield requirements. We believe that yields are unlikely to increase further, due to the healthy yield gap of the company's operating assets and large valuation headroom in the project portfolio. Our expectation of robust property values also reflects the company's modern, high-quality portfolio and long lease contracts.

Given the company's financial policy targets and changed fundamentals for growth, we consider it unlikely that the company will achieve its target SEK 30bn property portfolio value by 2026. In the second quarter of 2023, Västra Götaland County exercised its option to purchase the 50,000sqm

healthcare project, Sahlgrenska Life in Gothenburg, from Intea, for which we expect the cash settlement to be completed in 2024. Given the size of the project, it was fundamental to achieving the target portfolio value. We believe that the pursuit of the target would require acquisitions, which would likely be conditional on obtaining additional equity financing to comply with the company's financial policies.

We expect that Intea's financing costs are approaching their peak and long-term sustainable levels due to a large proportion of fixed-interest arrangements at lower than current market rates and lower spreads on the company's capital market financing. These factors, together with an improved cash flow profile, will likely improve the company's interest coverage ratio in 2025.

We have adjusted Intea's historical financial ratios by eliminating non-recurring expenses related to the planned initial public offering in 2022. The company's shareholder loans, which were partly converted into D-shares in 2022, are treated as 100% equity (see Figure 20 for further information about financial adjustments).

Figure 11. Base case forecast key assumptions and credit metrics, 2024–2026e

SEKm	2024e	2025e	2026e
Revenue growth (%)	11.6	27.3	1.6
EBITDA margin (%)	78.6	78.6	78.6
Average interest rate (%)	3.5	3.7	3.7
Capital expenditure (SEKm)	859	225	0
Dividend payment (SEKm)	250	276	354
Net debt/EBITDA (x)	13.9	10.8	10.3
EBITDA/net interest (x)	2.1	2.5	2.6
Net LTV (%)	57.4	56.0	54.5
FFO/net debt (%)	3.5	5.4	5.8

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

Figure 12. Investment properties, net debt and net LTV, 2020–2026e

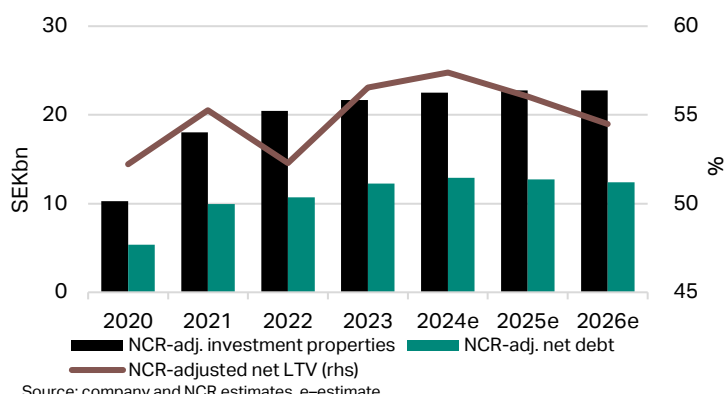
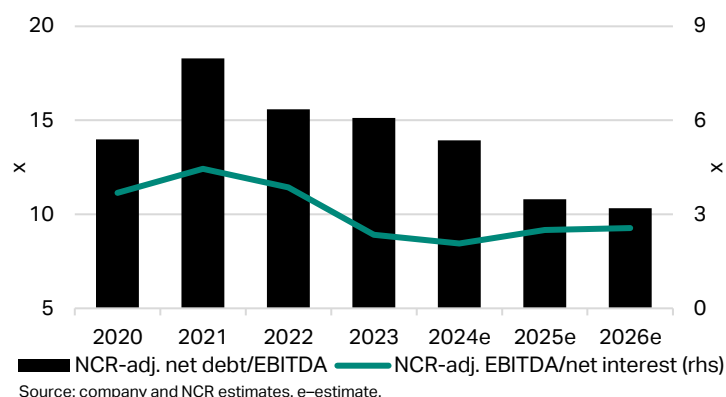


Figure 13. Net debt/EBITDA and EBITDA/net interest, 2020–2026e



Risk appetite supported by current ownership structure

We assess Intea's financial risk appetite as commensurate with its financial ratios, which is largely attributable to the company's ownership structure keeping its risk appetite conservative. However, the company has resumed its IPO plans, which could alter the ownership structure. We expect to get increased clarity about the plan during the process. Our overall financial risk assessment is supported by Intea's low income volatility and moderately long fixed-interest arrangements.

Intea finances its operations through a mix of common equity, secured bank debt, senior unsecured bonds and commercial paper. As of 31 Mar. 2024, the company reported outstanding debt of SEK 13.2bn, including unsecured bonds of SEK 4.3bn, a drawn overdraft facility of SEK 3.4bn, secured debt amounting to SEK 2.9bn and commercial paper of SEK 2.7bn. The company aims to pay dividends amounting to 50% of income from property management.

Risk appetite 'bb+'

Figure 14. Funding profile, 31 Mar. 2024

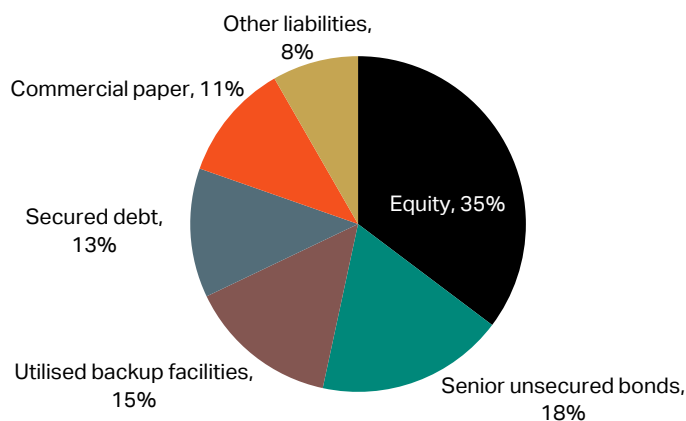
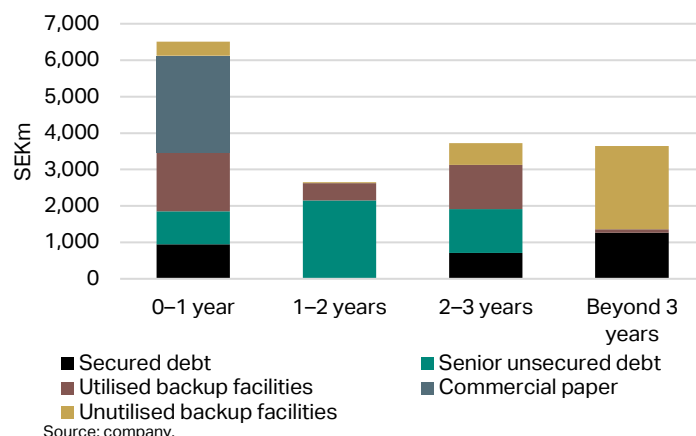


Figure 15. Debt maturity profile, 31 Mar. 2024



As of 31 Mar. 2024, the company's average debt maturity was 2.5 years, with 46% of debt due to mature within the next 12 months (see Figure 15). We expect the company's debt maturity profile to become less front-loaded as financing costs at longer maturities have become more attractive relative to 2022 and 2023. We see refinancing risk as limited, as Intea is proactive in refinancing its upcoming maturities and has already refinanced some of the debt maturing within one year since the end of the first quarter of 2024. The commercial paper programme, which is a large contributor to the short debt maturity profile, is fully backed by unutilised credit facilities at different maturities. We regard the reliance on short-term financing of long-term assets as increasing interest rate sensitivity and funding mismatches. As of 31 Mar. 2024, Intea's average interest rate was 3.3%, with nominal floating-rate hedges of SEK 9.3bn and an average fixed-interest period of 2.7 years, which we regard as important for stability and limiting sensitivity to changes in market rates. We believe that the company faces limited downside risk to financial ratios due to its strong counterparties and projects typically being carried out on yield-based contracts.

Figure 16. Financial covenants, policies and reported metrics

Metric	Common loan covenants	Financial policy/targets	Reported 31 Mar. 2024
Interest coverage ratio	n.a.	≥2.0x	2.5x*
Secured debt/total assets	≤40%	≤30%	27.0%
Net LTV	n.a.	≤60%	57.9%
Debt maturity	n.a.	≥2.0 years	2.5 years
Avg. fixed-interest period	n.a.	≥2.0 years	2.7 years

Source: company. *Last 12 month basis. 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

We view Intea's liquidity profile as neutral, despite uses exceeding funding sources over the 12 months ending 31 Mar. 2025. This is because we expect Intea to refinance its debt maturities successfully, owing to its satisfactory access to the capital markets and good banking relationships. The company has already successfully refinanced some of its debt maturities in the capital markets and refinanced a bank loan during the second quarter of 2024. We expect the company to seek additional funding for its committed project development portfolio. Our liquidity analysis does not include future acquisitions or uncommitted development projects.

Figure 17. Liquidity analysis (stressed scenario), 1 Apr. 2024–31 Mar. 2025

Liquidity, next 12 months	Amount (SEKm)
Cash and cash equivalents (100%)	306
Proceeds from borrowings and refinanced facilities	3,035
Unutilised credit facilities	2,905
Adjusted funds from operations (75%)	381
Total sources	6,627
Repayment of borrowings	-7,010
Committed capital expenditure	-835
Dividends paid on D-shares	-116
Total uses	-7,961
Sources/uses (x)	0.8
Sources - uses (SEKm)	-1,335

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

Environmental, social and governance factors

ESG factors adequate

Intea's environmental, social and governance (ESG) policies support our view of the company's overall business risk and competitive position. The company is implicitly bound by Swedish government ESG practices, carries out annual internal materiality assessments and engages in dialogue with stakeholders to understand their needs. Intea has a green financing framework and is working on double materiality analysis in preparation for the introduction of the Corporate Sustainability Reporting Directive. The directive will first affect Intea's annual report for 2025.

Intea has a pronounced focus on reducing its CO₂ emissions through improving energy efficiency and becoming a self-sufficient producer of electricity. The company has a portfolio of hydropower assets and other energy-related assets with total generation of 16 GWh, and was 80% self-sufficient in energy as of year-end 2023. We expect Intea to grow its renewable electricity production to match the consumption in its property portfolio, acting as a natural hedge against electricity prices, which we see as beneficial for its market position and cost control.

Intea intends to obtain environmental certification for all of its newly constructed properties and has intensified its sustainability efforts, which we believe could increase the company's share of green funding. On 20 Mar. 2023, the company obtained a green loan from the Nordic Investment Bank (NIB) to build a timber-construction command centre in Örebro. The company aims to achieve BREEAM Excellent environmental certification for the project. In our view, certifications increase a property's attractiveness, facilitating renegotiations of contracts and enabling more cost-efficient property management.

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

Figure 18. Intea ESG considerations

Issue	Risk	Mitigating efforts	Result
CO ₂ emissions	Increased costs due to regulatory and/or taxation changes	Efforts to increase energy efficiency and reduce CO ₂ emissions. Environmental certification of properties.	Scope 1 and 2 emissions down by 60% in 2023 from 2019 per sqm (CO ₂ equivalents of 2.7 vs 6.6 per sqm). We expect Intea to include more upstream and downstream Scope 3 emissions as data quality and measuring improves.
Impact of climate change on operations	Loss of revenues or increased capital spending	Environmental certification of properties, materiality evaluations, technical solutions, tenant dialogue, and compliance with stakeholders' demands for project properties.	A materiality assessment has concluded that properties in Kristianstad are exposed to rising water levels. The company is also performing a double materiality analysis and is reviewing its sustainability targets.
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. Overall sustainability focus throughout operations.	Improved ESG reporting, more comprehensive mapping of emissions and property certifications. Obtained green financing from NIB for one of its projects. Preparation for CSRD reporting.

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

OWNERSHIP ANALYSIS

Ownership neutral

We view Intea's broad and diverse ownership structure (see Figure 19) as supportive of the company's overall stability and long-term development. The pension fund owners have strong links with well-known Swedish corporations and banks. We believe that the concentration of votes with CEO Henrik Lindekrantz and advisor (previously deputy CEO) Christian Haglund results in strategic stability. The company has historically operated with substantial shareholder commitments from its pension fund owners, but has operated without formal commitments since June 2022. We regard the exhaustion of the previous commitments as negatively impacting the company's financial risk appetite and believe that the owners will be less likely to provide the company with significant guarantees as the company has resumed its IPO plans. We note that a change in ownership structure could further impact our view of the company's creditworthiness.

Figure 19. Intea ownership structure, 31 Mar. 2024

Owner	Share of capital (%)	Share of votes (%)
Henrik Lindekrantz	4.0	14.0
Christian Haglund	4.0	14.0
Svenska Handelsbanken Pension Fund	16.4	12.8
Saab Pension Fund	12.4	9.7
Volvo Pension Fund	10.8	8.5
Federation of Swedish Farmers	10.4	8.1
Pensionskassan Svenska Handelsbanken	8.2	6.4
The Foundation for Baltic and East European Studies	7.7	6.0
PRI Pensionsgaranti	7.3	5.7
Riksbankens Jubileumsfond	6.2	4.9
Top 10 owners	87.4	90.1
Other	12.6	9.9

Source: company.

ISSUE RATINGS

As of 31 Mar. 2024, Intea's gross secured LTV was 28%. We expect Intea to keep its gross secured LTV below 40% on a sustained basis, as the company primarily finances itself using unsecured debt and has restrictions on the issuance of secured debt in its bond documentation (negative pledge). Because of the low degree of prior ranking debt to unsecured debtholders, we expect meaningful recovery for unsecured lenders in the event of financial distress. Accordingly, the rating on Intea's senior unsecured obligations is commensurate with the 'BBB' issuer rating.

SHORT-TERM RATING

The 'N3' short-term rating reflects the company's liquidity profile relative to the 'BBB' 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 20. NCR's adjustments to Intea's credit metrics, 2020–2026e

SEKm	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	383	373	669	813	928	1,181	1,200
Non-recurring EBITDA adjustments		172	17	-3			
NCR-adj. EBITDA	383	545	686	810	928	1,181	1,200
Net interest, excluding shareholder loans	-104	-121	-174	-341	-445	-469	-465
Financial costs from leases		-1	-4	-4	-4	-4	-4
NCR-adj. net interest	-104	-122	-178	-345	-448	-473	-469
NCR-adj. EBITDA	383	545	686	810	928	1,181	1,200
NCR-adj. net interest	-104	-122	-178	-345	-448	-473	-469
Current tax	-5	-5	-11	-6	-32	-20	-18
NCR-adj. FFO	274	417	497	459	447	688	713
Investment property (incl. Sahlgrenska Life)	10,270	17,866	20,316	21,096	22,265	22,489	22,489
Non-current right-of-use assets		158	137	122	122	122	122
Fair value of hydropower assets				134	134	134	134
NCR-adj. investment property	10,270	18,024	20,453	21,662	22,521	22,746	22,746
Cash and cash equivalents	395	198	215	225	251	331	383
Cash settlement of Sahlgrenska Life				444*			
NCR-adj. cash and equivalents	395	198	215	669	251	331	383
Gross interest-bearing debt	5,758	9,814	10,573	12,796	13,046	12,946	12,646
Lease liabilities		143	137	124	129	129	129
Financial guarantees to Sahlgrenska Life		200	200				
NCR-adj. cash and equivalents	-395	-198	-215	-669	-251	-331	-383
NCR-adj. net debt	5,363	9,960	10,695	12,250	12,924	12,744	12,392

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

Figure 21. Intea key financial data, 2020–Q1 2024

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Mar. 2024
INCOME STATEMENT					
Rental income	549	733	902	1,057	1,092
Other income	–	–	–	–	–
Total costs from operations	-98	-124	-180	-197	-201
Net operating income	450	609	723	861	891
Administrative expenses	-67	-236	-54	-48	-62
Administrative expenses, project portfolio	–	–	–	–	–
EBITDA	383	373	669	813	829
Share of profit in associated companies and joint ventures	–	–	–	–	–
Interest expenses	-106	-123	-178	-315	-349
Interest income	2	1	5	21	22
Interest expenses, shareholder loans	-134	-79	–	–	–
Financial costs from leasing	–	-1	-4	-4	-4
Other financial costs	–	–	–	–	–
Changes in investment property	453	2,207	143	-893	-956
Gain (loss) on financial assets held at fair value	–	–	–	–	–
Disposals of investment properties	–	–	–	–	–
Gain (loss) on derivatives	-43	127	639	-355	-155
Depreciation and amortisation	–	-5	-9	-10	–
Restructuring activities	–	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–	–
Pre-tax profit	555	2,501	1,280	-741	-614
Current taxes	-5	-5	-11	-6	–
Deferred taxes	-138	-527	-364	108	110
Net profit	412	1,969	906	-640	-504
BALANCE SHEET					
Investment property	10,238	17,797	20,158	21,406	21,748
Other non-current assets	34	373	988	591	697
Total non-current assets	10,271	18,170	21,146	21,997	22,445
Cash and cash equivalents	395	198	215	225	306
Other current assets	149	171	190	682	719
Total current assets	545	369	404	907	1,025
Total assets	10,816	18,539	21,550	22,904	23,470
Total equity	1,945	7,207	8,990	8,098	8,278
Non-current borrowings	3,778	5,424	7,858	7,882	7,118
Non-current borrowings, shareholder loans	2,235	–	–	–	–
Deferred tax liabilities	439	971	1,335	1,229	1,247
Other non-current liabilities	99	152	128	121	120
Total non-current liabilities	6,551	6,547	9,321	9,232	8,485
Total current liabilities	2,320	4,786	3,239	5,574	6,707
Total equity and liabilities	10,816	18,539	21,550	22,904	23,470
CASH FLOW STATEMENT					
Pre-tax profit	555	2,501	1,280	-741	-614
... of which changes in investment property	453	2,207	143	-893	-956
Depreciation and amortisation	1	6	10	12	7
Tax paid	19	-7	-7	-6	-6
Adjustment for items not in cash flow	-410	-2,169	-783	1,247	1,115
Cash flow from operating activities before changes in working capital	165	330	501	512	501
Changes in working capital	12	-57	89	86	-49
Cash flow from operating activities	176	273	590	598	452
Cash flow from investment activities	-434	-5,412	-1,803	-2,550	-2,072
Cash flow from financing activities	509	4,941	1,230	1,962	1,747
Cash and cash equivalents at beginning of period	144	395	198	215	179
Cash flow for period	252	-198	17	11	127
Cash and cash equivalents at end of period	395	198	215	225	306

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

Figure 22. Intea rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	a
Market position, size and diversification	12.5%	bb+
Portfolio assessment	12.5%	a-
Operating efficiency	5.0%	aa-
Business risk assessment	50.0%	a-
Ratio analysis		bb+
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		N3

Figure 23. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB

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