

## Stenus Fastigheter i Norden AB (publ)

Full Rating Report

## LONG-TERM RATING

BB

## OUTLOOK

Stable

## SHORT-TERM RATING

N4

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## RATING RATIONALE

Our 'BB' long-term issuer rating on Sweden-based commercial property manager Stenus Fastigheter i Norden AB (publ) reflects the company's brief operating history, high growth rates and limited covenant headroom. The rating also incorporates the company's high-yielding property portfolio, often in non-central locations, and our expectation that interest coverage will improve slightly while remaining somewhat weak over our forecast period.

The weaknesses are partly offset by Stenus Fastigheter's long lease terms, strong profitability and high occupancy. The company's primary geographic focus, the Mälardalen region including Stockholm, has strong economic fundamentals, which we view as a credit strength. We take a positive view of Stenus Fastigheter's 21% exposure to public-sector tenants, which provides stability, while the high-yielding assets in the portfolio generate relatively strong cash flow. Furthermore, Stenus Fastigheter's recent portfolio growth has increased revenue diversity, which we regard positively.

## STABLE OUTLOOK

The stable outlook reflects our expectation that Stenus Fastigheter's net interest coverage will improve over our forecast period through 2026. The outlook also factors in our view that the company will remain cautious regarding capital expenditures and continue its deleveraging plans. We also expect the company will maintain adequate liquidity, take a proactive stance in refinancing and continue to focus on its currently targeted property subsectors and regions.

## POTENTIAL POSITIVE RATING DRIVERS

- More conservative financial strategy, extended debt maturity and interest profile; and
- A net loan to value (LTV) ratio below 50% and net interest coverage above 3.5x over a prolonged period.

## POTENTIAL NEGATIVE RATING DRIVERS

- Diminishing covenant headroom.
- A deterioration in credit metrics, with net LTV approaching 60% over a protracted period.
- Worsening market fundamentals, adversely affecting profitability.

Figure 1. Key credit metrics, 2020–2026e

SEKm	2020	2021	2022	2023	2024e	2025e	2026e
Rental income	21	284	712	1,019	1,010	1,030	1,051
EBITDA	14	194	479	730	719	738	753
EBITDA margin (%)	65.7	68.6	67.3	71.6	71.2	71.6	71.6
Investment property	1,646	7,303	14,446	14,056	13,649	13,999	14,349
Net debt	254	3,397	8,199	7,847	7,197	7,194	7,171
Total assets	2,115	8,071	15,357	14,675	14,287	14,463	14,660
Net debt/EBITDA (x)	18.7	17.5	17.1	10.8	10.0	9.8	9.5
EBITDA/net interest (x)	3.6	3.7	2.5	1.9	1.8	2.1	2.2
Net LTV (%)	15.5	46.5	56.8	55.8	52.7	51.4	50.0
FFO/net debt (%)	3.8	3.9	3.1	3.7	3.8	4.9	5.2

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

### ISSUER PROFILE

Stenhus Fastigheter is a Sweden-based commercial property management company that owns, manages and develops properties, primarily in the country's Mälardalen region. The company was founded in September 2020. Over its short operating history, it has established a property portfolio comprising 153 properties, valued at SEK 13.6bn, as of 30 Jun. 2024. Between 2021 and 2023, Stenhus Fastigheter expanded its geographical footprint by successfully acquiring MaxFastigheter i Sverige AB (publ), Randviken and Backaheden Fastighets AB.

Stenhus Fastigheter's largest owner, Sterner Stenhus Holding AB, with a 24% shareholding (as of 30 Jun. 2024), is owned by brothers Elias and Tomas Georgiadis, respectively the CEO and CFO of Stenhus Fastigheter. The company's ordinary shares have been listed on the Nasdaq First North exchange since November 2020.

### BUSINESS RISK ASSESSMENT

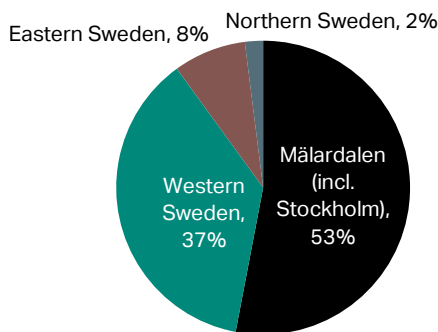
Our business risk assessment reflects Stenhus Fastigheter's diverse portfolio, which is characterised by a mix of property types and low tenant and property concentrations. It also reflects the company's high-yielding property portfolio, often in non-central locations, and its exceptionally long lease terms, strong profitability and high occupancy. Further stability is provided by Stenhus Fastigheter's focus on the Mälardalen region, as well as its exposure to public-sector tenants.

#### A mix of property types, primarily in the Mälardalen region

Operating environment

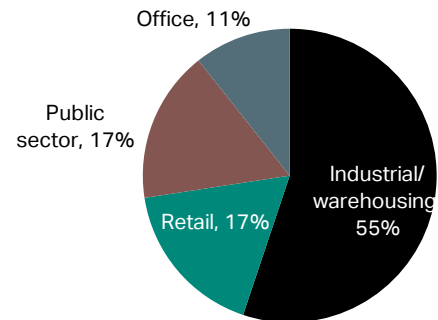
Stenhus Fastigheter's property portfolio contains commercial properties mainly located in the Mälardalen region. The portfolio is diverse in terms of property type, with most rental income coming from industrial/warehousing, retail and office space, but also from properties housing public-sector tenants.

Figure 2. Rental value by location, 30 Jun. 2024



Source: company.

Figure 3. Rental value by property type, 30 Jun. 2024



Source: company.

We view the company's focus on the Mälardalen region as supportive, since many municipalities in the region benefit from their proximity to Stockholm. Among Stenhus Fastigheter's 10 largest operating municipalities, seven are projected to have higher population growth than the Swedish average until 2045, according to Statistics Sweden. In our view, this indicates the strong economic fundamentals of many of the company's operating locations. In terms of unemployment, five of the municipalities in which Stenhus Fastigheter operates have higher unemployment than the national average.

**Figure 4. Rental value from top 10 municipal exposures, 30 Jun. 2024**

Municipality	Share of rental value (%)	Population, 2023	Expected population change among 15–64-year olds, 2023–2045 (%)	Unemployment, Dec. 2023 (%)
Västerås	13	159,662	8.6	7.9
Karlstad	10	97,233	3.9	6.3
Stockholm	9	988,943	14.5	6.3
Botkyrka	6	95,592	21.2	10.5
Kungsbacka	6	85,653	8.2	2.6
Borås	5	114,592	9.0	6.6
Södertälje	4	102,519	9.7	10.5
Lidköping	3	40,539	3.6	3.7
Uppsala	3	245,329	14.2	6.3
Eskilstuna	3	107,468	2.8	11.0
<b>Total/Sweden average</b>	<b>61</b>	<b>10,551,707</b>	<b>5.9</b>	<b>6.4</b>

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

Stenhus Fastigheter's two largest property types are industrial/warehousing and retail, together accounting for over two-thirds of rental income. We consider the industrial/warehousing property subsectors as largely dependent on the overall state of the Swedish economy. Although we view these subsectors as relatively stable, we believe that a marked economic downturn could have a considerable negative impact, which would adversely affect Stenhus Fastigheter's occupancy and profitability.

Although physical retail has been under pressure from the growth in e-commerce in recent years, the performance of big-box retail has been much steadier. In particular, grocery retailers (accounting for about 12% of Stenhus Fastigheter's retail exposure) have performed well and discount stores (about 27% of retail exposure) have also proven resilient. We typically see grocery retailers as strong tenants that help drive traffic to adjacent tenants with higher exposure to discretionary consumer spending. In most cases, we view discount retailers as stronger-than-average retail tenants and expect relatively stable performance, even if future economic conditions deteriorate.

We view the community service properties (about 17% of rental income) as the strongest subsector in which Stenhus Fastigheter operates. Such properties typically benefit from long-term contracts with strong tenants, directly or indirectly funded by the Swedish government.

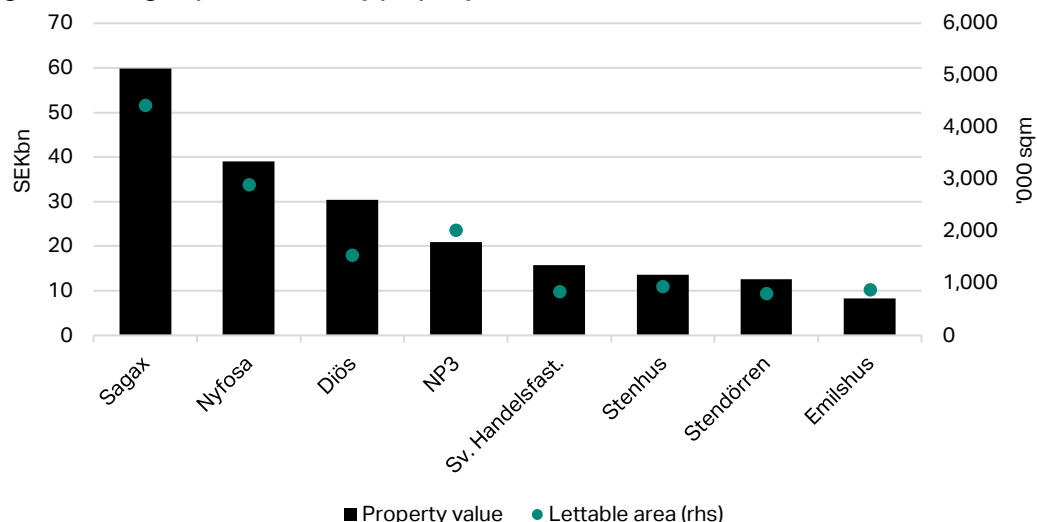
#### **Diverse property portfolio with mixed property types**

Stenhus Fastigheter's property portfolio effectively doubled in size following the acquisition of Randviken, broadening the company's geographic presence and strengthening its market position. Despite this, the portfolio is still small relative to the wider real-estate sector. The company made property divestments amounting to nearly SEK 1bn in 2023 and SEK 255m in H1 2024 as part of the ongoing consolidation of earlier acquisitions.

The company operates in locations generally characterised by strong competition and satisfactory liquidity. However, since most competing property managers focus on higher-quality properties, competition and liquidity are generally lower at Stenhus Fastigheter's targeted properties, enabling the company to gain a relatively strong niche position, despite its short history.

Market position, size and diversification

Figure 5. Peer group breakdown by property value and lettable area, 30 Jun. 2024



Source: companies.

Tenant and property concentrations have decreased as Stenhus Fastigheter has expanded its portfolio through acquisitions in the past, but we observe an increase in tenant concentration compared with a year ago. As of 30 Jun. 2024, the company's 10 largest tenants accounted for 31.6% of rental income, compared with 26% one year earlier. The 10 largest contracts accounted for 21.6% of rental income as of the same date. The company's single largest property, an industrial property in Västerås, accounted for only 10% of rental income as of 30 Jun. 2024.

Figure 6. Tenant concentration, 30 Jun. 2024

Tenant	Type of tenant	Share of rental income
Alstom Rail Sweden AB	Industrial	-
Santa Maria AB	Grocery supplier	-
Bilia AB	Industrial	-
Botkyrka Municipality	Public sector	-
Hedin Mobility Group AB	Industrial	-
Ahlberg-Dollarstore AB	Discount retail	-
Capio Legevisitten AB	Public sector	-
IAC Group Sweden AB	Industrial	-
Willys Dagab Inköp & Logistik AB	Grocery retail	-
Quintus Technologies AB	Industrial	-
<b>Top 10 tenants</b>	<b>-</b>	<b>31.6%</b>

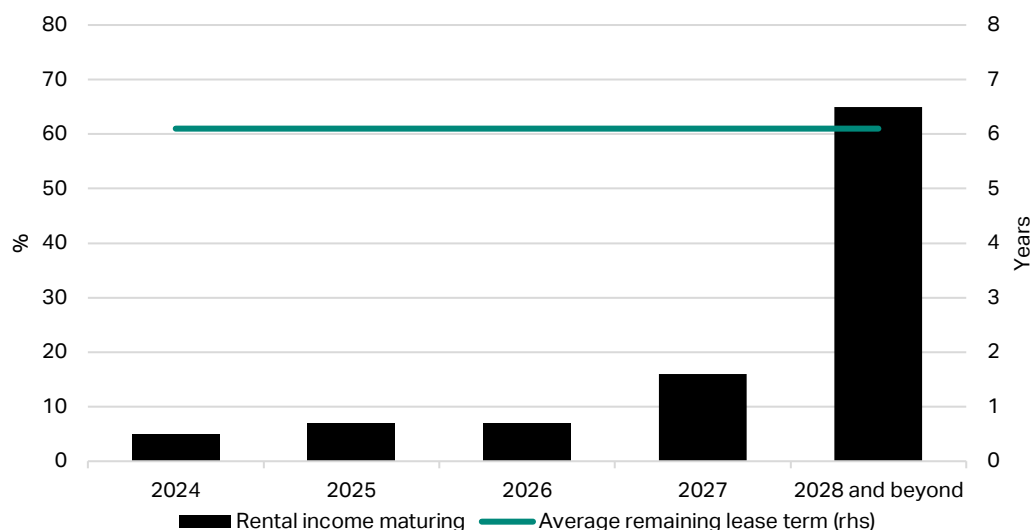
Source: company.

### Long lease terms at high-yield properties

As of 30 Jun. 2024, the average property yield in Stenhus Fastigheter's portfolio was 6.1%. The company's yield is similar to those of its closest peers, but significantly higher than those in many other property subsectors. We view the relatively high yields as indicative of the higher-risk assets in Stenhus Fastigheter's portfolio and the company's strong cash flow generation compared with that of many other domestic property managers.

Most of Stenhus Fastigheter's properties are in non-central locations. Although most have potential alternative usage possibilities, their non-central locations could increase the time it takes to find new tenants in the event of vacancy. The relatively high risk in the company's industrial and retail properties is mitigated by long lease terms, in many cases with financially strong tenants. Apart from industrial and retail properties, Stenhus Fastigheter also manages community service properties (about 17% of rental income) with public-sector tenants such as municipalities, public agencies, schools and healthcare providers. As of 30 Jun. 2024, the average remaining lease term was 6.1 years, while 12% of rental income came from leases scheduled to mature by end-2025.

Figure 7. Lease maturity profile\*, 30 Jun. 2024



Source: company. \*Only contracts with annual rent above SEK 0.2m.

Stenus Fastigheter’s ongoing projects are relatively small and constitute only 1.4% of the company’s total lettable area as of 30 Jun. 2024. The largest project, Sparrhornet 3 in Varberg, which represents 48% of total investments, is scheduled for completion by the first quarter of 2025. Stenus Fastigheter’s development projects typically carry low risk, as they are contracted on fixed-price turnkey agreements, under which the contractor assumes the construction risk. The properties are entirely pre-let before construction.

Figure 8. Larger projects in progress, 30 Jun. 2024

Project	Location	Tenant(s)	Lease duration	Lettable area (sqm)	Invested (SEKm)	Total investment (SEKm)	Estimated completion
Kumla 3:175	Tyresö	Adela LSS AB Hedin	15	530	13.1	13.8	Q3 2024
Sparrhornet 3	Varberg	helsingborg Bil AB	15	3,342	62.4	95	Q1 2025
Köpmannen 7	Västerås	Lindex, Dressman	5/6	1,048	0.3	24	Q1 2025
Köpmannen 7	Västerås	Motonet	12	4,690	1.6	41	Q3 2025
Köpmannen 7	Västerås	Dollarstore	15	3,100	0	20	Q3 2025
Other projects	-	-	-	-	0.4	4.4	-
<b>Total</b>	-	-	-	<b>12,710</b>	<b>77.8</b>	<b>198.2</b>	-

Source: company.

### Improved profitability on the back of successful integration

Stenus Fastigheter’s net operating income margin is supported by a large proportion of double- and triple-net contracts, under which tenants bear a large proportion of property-related costs. Over our forecast period through 2026, we expect the net operating income margin to remain around 77.5%, in line with the figure for full year 2023. We forecast the EBITDA margin will stay in the improved range of 71-72%, factoring in the likelihood that central administrative costs will decrease as a proportion of revenues as the property portfolio is fully integrated.

The occupancy rate in Stenus Fastigheter’s portfolio was 94.4% as of 30 Jun. 2024. We expect the rate to remain near current levels over our forecast period.

Operating efficiency

Figure 9. Revenues, net operating income, EBITDA, and margins, 2020–2026e

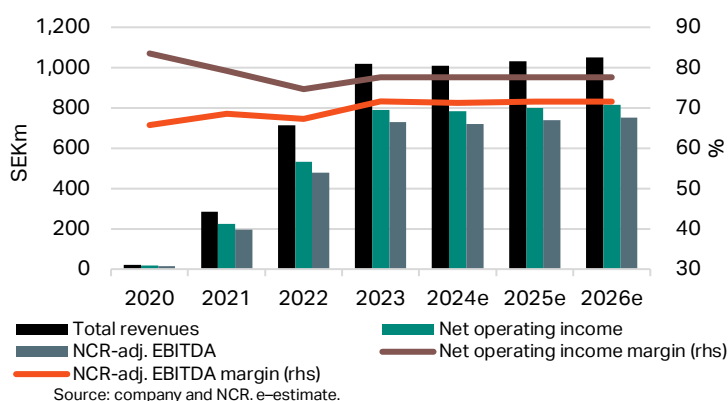
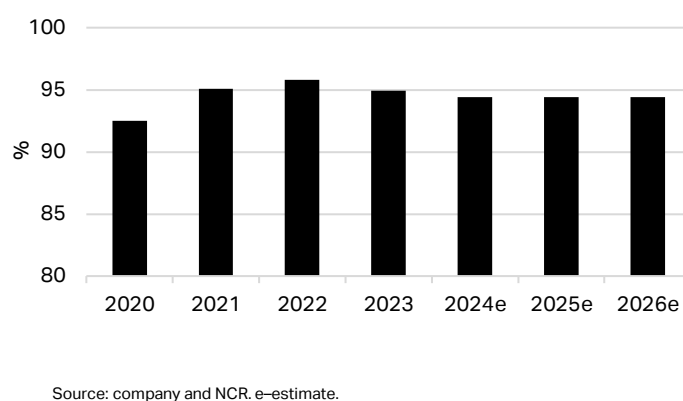


Figure 10. Occupancy rate, 2020–2026e



### FINANCIAL RISK ASSESSMENT

Our financial risk assessment reflects our expectation that Stenhus Fastigheter's interest coverage will improve slightly but remain weak over our forecast period. We view the company's financial risk appetite as greater than warranted by our ratio analysis. Specifically, we view the company's limited covenant headroom, liquidity risk and short fixed-interest period as negative factors in our financial risk assessment.

#### Decreasing leverage, but interest coverage remains weak

Stenhus Fastigheter has a limited operating track record, but its historical financial metrics have been generally strong relative to its financial policy stipulations. We expect net interest coverage to improve slightly but remain weak, at between 1.8x and 2.2x because of continued high financing costs, even if the effect is partly offset by higher rental income from finalised projects and inflation-linked rental contracts. We also expect the company to reduce its leverage over time while remaining cautious regarding capital spending.

Our EBITDA calculation excludes non-recurring costs related to the previous acquisitions of MaxFastigheter and Randviken, in line with the company's reported figures.

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

SEKm	2024e	2025e	2026e
Rental growth (%)	-0.9	2.0	2.0
EBITDA margin (%)	71.2	71.6	71.6
Average interest rate (%)	5.2	4.7	4.7
Capital expenditure (SEKm)	297	350	350
Net debt/EBITDA (x)	10.0	9.8	9.5
EBITDA/net interest (x)	1.8	2.1	2.2
Net LTV (%)	52.7	51.4	50.0
FFO/net debt (%)	3.8	4.9	5.2

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

Ratio analysis

Figure 12. NCR-adj. investment properties, net debt, and net LTV, 2020–2026e

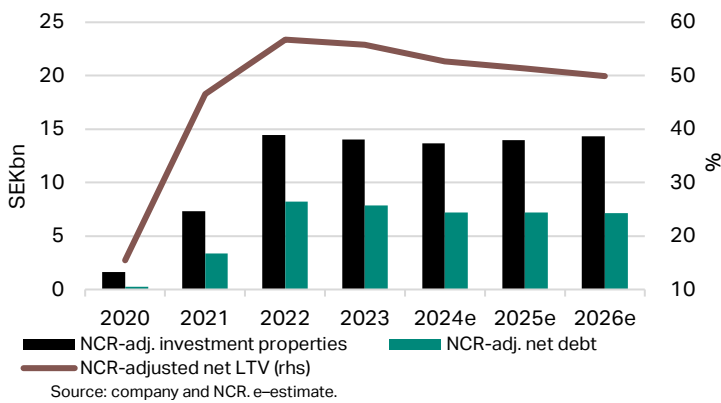
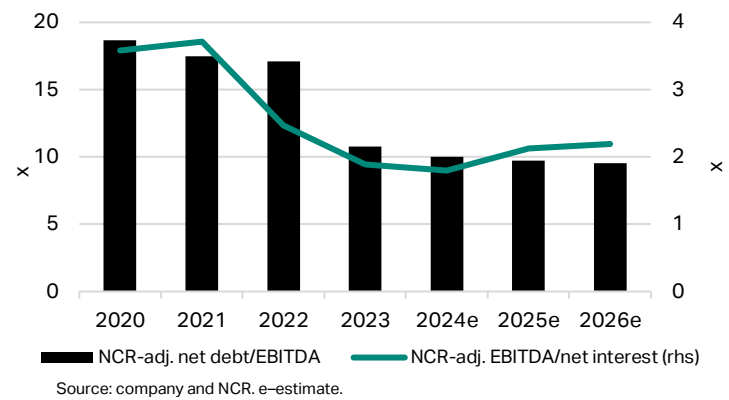


Figure 13. NCR-adj. net debt/EBITDA and EBITDA/net interest, 2020–2026e



**Limited covenant headroom increases financial risk**

Risk appetite

We view Stenhus Fastigheter's financial risk appetite as greater than warranted by the company's financial ratios. In particular, we consider the company's limited covenant headroom, liquidity risk and short average fixed-interest period as negative factors in our financial risk assessment.

Since it was founded in September 2020, Stenhus Fastigheter has grown rapidly. The portfolio was valued at SEK 3bn as of 30 Jun. 2021, and its size has since doubled twice with the acquisitions of MaxFastigheter in 2021 and Randviken in 2022. The company has partly financed several acquisitions with its listed shares as payment, reducing the negative impact on cash flow and financial metrics.

Figure 14. Funding profile, 30 Jun. 2024

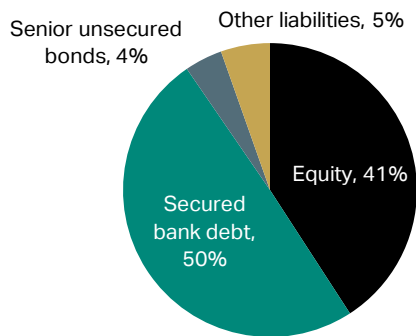
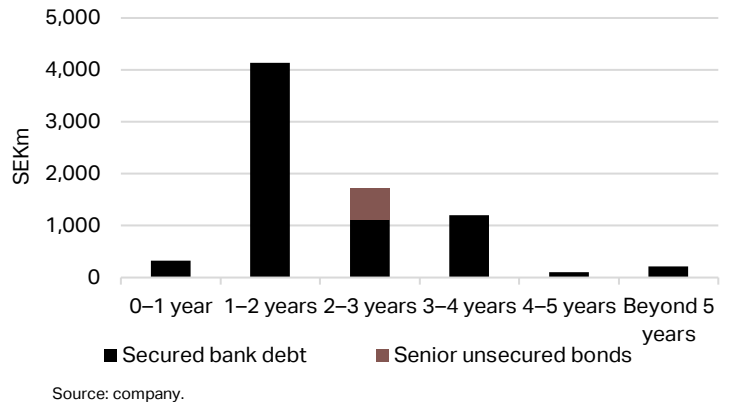


Figure 15. Debt maturity profile, 30 Jun. 2024



As of 30 Jun. 2024, Stenhus Fastigheter's average debt maturity profile was 2.4 years, which is slightly below the company's long-term minimum 2.5-year target. The debt maturity profile was moderately front-loaded, with 63% of debt maturing within the subsequent 24 months. The company uses interest rate swaps to mitigate interest rate risk, and as of 30 Jun. 2024 the average fixed interest period was 1.1 years, while the average interest rate on the company's loans was 5.2%, slightly higher than 5.1% a year previously. We view the short average fixed interest period as a weakness, as it increases the company's vulnerability to changes in market interest rates.

Stenhus Fastigheter's interest-bearing debt is governed by financial covenants and targets (see Figure 16). During its limited operating history, the company has maintained sufficient covenant and policy headroom, except for the interest coverage ratio, which has been under pressure due to higher financing costs. The company aims to reduce financial risk by lowering leverage and employing other measures to keep its financial metrics within covenant and policy levels. Stenhus Fastigheter has never paid dividends. We expect the company to reinvest cash flows and to continue not paying dividends over the next few years. The company issued a new senior unsecured green bond in 2023 with covenants stipulating an equity ratio of at least 30%, interest coverage of at least 1.5x, and net LTV of no more than 70%.

**Figure 16. Financial covenants, policies and reported metrics**

Metric	Bond covenants	Common loan covenants	Financial policy/targets	Reported 30 Jun. 2024
Equity ratio	>30%	>30%	>35%	41.4%
Gross LTV	-	<65–70%	<60%	56.4%
Net LTV	<70%	-	<55%	54.2%
Interest coverage ratio	>1.5x	1.7-2.0x*	>2.25x	1.82x
Average debt maturity	-	-	>2.5 years	2.4 years

Source: company. \*Amortisation requirement when interest coverage ratio < 2.5x for some agreements.

### ADJUSTMENT FACTORS

Adjustment factors

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

#### Liquidity

Liquidity

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 must rely on internal or committed external funding sources to cover its liquidity needs.

We assess Stenhus Fastigheter's liquidity as adequate, supported by a SEK 266m funding surplus for the 12 months ending 30 Jun. 2025. The company has demonstrated its ability to roll over maturing secured bank debt.

**Figure 17. Liquidity analysis (stressed scenario) 30 Jun. 2024–30 Jun. 2025**

Liquidity, next 12 months	Amount (SEKm)
Cash and cash equivalents (100%)	294
Adjusted FFO	234
Unutilised credit facilities	175
<b>Total sources</b>	<b>703</b>
Repayment of borrowings	-325
Committed capital expenditure	-112
<b>Total uses</b>	<b>-437</b>
<b>Sources/uses (x)</b>	<b>1.6</b>
<b>Sources - uses (SEKm)</b>	<b>266</b>

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

### Environmental, social and governance factors

ESG factors

Since 2022, the company has increased its ESG focus and has started reporting in line with the standards of the Global Reporting Initiative. The company is working on environmental certification of existing and newbuild properties with the goal of increasing the number of Building Research Establishment Environmental Assessment Methodology (BREEAM) certified properties.

In October 2023, Stenhus Fastigheter established a green financing framework and successfully issued a senior unsecured green bond. We take a positive view of the company's ESG efforts, as we believe that green credentials are increasingly important to attract and retain finance.

The main ESG issues that could affect our overall assessment of Stenhus Fastigheter's creditworthiness are factors that might contribute to loss of revenues, increased costs, higher capital spending or a deterioration in financing possibilities (see Figure 18).

**Figure 18. ESG considerations**

Issue	Risk	Mitigating efforts	Result
CO <sub>2</sub> emissions	Rising costs due to regulatory and/or taxation changes	The company started to measure and report Scope 1 and 2 emissions in 2022. It established a goal to achieve 0% heating from oil and gas in 2023.	In 2022, the company signed an agreement to use 100% green electricity in its properties. All new electricity agreements signed in 2023 were green.
Impact of climate change on operations	Loss of revenues or increased capital spending	The company aims to increase the number of environmentally certified properties in its portfolio.	Limited number of certified properties. As of 30 Jun. 2024, seven properties were certified as "Very Good" under the BREEAM in-use standard.
Increased environmental focus on financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower CO <sub>2</sub> dependence	The company established a green financing framework in October 2023.	The company issued a senior unsecured green bond in October 2023.

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

## OWNERSHIP ANALYSIS

### Ownership

Through their respective 70% and 30% ownership stakes in Sterner Stenhus Holding AB, brothers Elias and Tomas Georgiadis are together the largest shareholder in Stenhus Fastigheter. In conjunction with the listing of Stenhus Fastigheter's shares on the Nasdaq First North market in November 2020, Fastighets AB Balder, led by real-estate investor Erik Selin, and Länsförsäkringar real-estate fund became significant shareholders in the company. In addition, investment company Investment AB Öresund became a significant owner when Stenhus Fastigheter acquired MaxFastigheter.

Over its short operating history, the company has financed several acquisitions with newly issued equity, reducing the need for excessive debt despite rapid growth. The Randviken acquisition was through a mixed offering, consisting of a combination of cash and shares. We assess Stenhus Fastigheter's overall ownership as neutral, although we take a positive view of the company's proven ability to use its shares as currency in transactions.

**Figure 19. Ownership structure, 30 Jun. 2024**

Owner	Share of capital and votes
Sterner Stenhus Holding AB	24.4%
Fastighets AB Balder	19.7%
Investment AB Öresund	8.9%
Länsförsäkringar fund	6.8%
Conny Ryk	3.1%
FastPartner AB	2.8%
Creades AB	2.5%
Avanza Pension	2.5%
PriorNilsson fund	2.1%
Anna Engebretsen	2.1%
<b>Top 10 owners</b>	<b>74.9%</b>
Other	25.1%

Source: company.

## ISSUE RATINGS

As of 30 Jun. 2024, Stenhus Fastigheter's gross secured LTV was 52.4%. We expect this metric to remain above 40% on a lasting basis. In line with our criteria, we rate the company's senior unsecured

instruments 'BB-', one notch below the 'BB' long-term issuer rating to reflect effective subordination in a default scenario, limiting recovery prospects of senior unsecured bondholders.

#### SHORT-TERM RATING

The 'N4' short-term rating reflects the company's liquidity profile relative to the 'BB' 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) [Swedish real estate: Likely interest rate cuts allow for cautious optimism](#), 24 Sep. 2024.
- (ii) [Swedish real estate snapshot \(Q2 2024\): Interest rate cuts likely to continue](#), 5 Sep. 2024.
- (iii) [Real-estate snapshot \(Q1 2024\): A step towards long-term normalised interest rate levels, 23 May 2024.](#)
- (iv) [Real-estate quarterly snapshot \(Q4 2023\): Strong performance despite highest Swedish corporate defaults](#), 11 Mar. 2024.
- (v) [Swedish real estate sector adapts to tougher financing climate](#), 18 Jan. 2024.
- (vi) [Real estate quarterly snapshot \(Q3 2023\) - is it a sigh of relief?](#), 28 Nov. 2023.

**Figure 20. NCR adjusted credit metrics, 2020–2026e**

SEKm	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	14	194	479	730	719	738	753
NCR-adj. EBITDA	14	194	479	730	719	738	753
Net interest	-4	-52	-194	-387	-400	-348	-343
NCR-adj. net interest	-4	-52	-194	-387	-400	-348	-343
NCR-adj. EBITDA	14	194	479	730	719	738	753
NCR-adj. net interest	-4	-52	-194	-387	-400	-348	-343
Current tax	-0	-10	-28	-50	-48	-38	-36
NCR-adj. FFO	10	132	257	293	272	353	373
Investment property	1,634	7,168	14,259	13,860	13,451	13,801	14,151
Non-current right-of-use assets	12	134	187	196	198	198	198
NCR-adj. investment property	1,646	7,303	14,446	14,056	13,649	13,999	14,349
Cash and cash equivalents	452	334	294	306	398	301	224
NCR-adj. cash and equivalents	452	334	294	306	398	301	224
Gross interest-bearing debt	694	3,597	8,306	7,957	7,398	7,298	7,198
Long-term leasing liabilities	12	134	187	196	198	198	198
NCR-adj. cash and equivalents	-452	-334	-294	-306	-398	-301	-224
NCR-adj. net debt	254	3,397	8,199	7,847	7,197	7,194	7,171

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

**Figure 21. Stenhus Fastigheter key financial data, 2020–Q2 2024**

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	30 Jun. 2024
<b>INCOME STATEMENT</b>					
Rental income	21	284	712	1,019	1,037
Other income	-	-	-	-	-
Total costs from operations	-3	-59	-181	-229	-235
<b>Net operating income</b>	<b>17</b>	<b>225</b>	<b>532</b>	<b>790</b>	<b>802</b>
Administrative expenses	-4	-30	-53	-60	-63
Administrative expenses, project portfolio	-	-	-	-	-
<b>EBITDA</b>	<b>14</b>	<b>194</b>	<b>479</b>	<b>730</b>	<b>739</b>
Share of profit in associated companies and joint ventures	-	-	26	-76	-65
Interest expenses	-4	-52	-194	-387	-415
Interest income	-	-	-	-	-
Interest expenses, shareholder loans	-	-	-	-	-
Financial costs from leasing	-	-	-	-	-
Other financial costs	-3	-23	-	-	-
Changes in investment property	76	899	-40	-574	-259
Gain (loss) on financial assets held at fair value	-	-	-	-	-
Disposals of investment properties	-	-	-	-	-
Gain (loss) on derivatives	-	5	81	-86	-101
Depreciation and amortisation	-	-	-	-	-
Restructuring activities	-	-7	-5	-	-
Income (expense) on discontinued operations	-	-	-	-	-
<b>Pre-tax profit</b>	<b>83</b>	<b>1,016</b>	<b>348</b>	<b>-393</b>	<b>-101</b>
Current taxes	-0	-10	-28	-50	-
Deferred taxes	-11	-204	-73	67	-43
<b>Net profit</b>	<b>72</b>	<b>801</b>	<b>247</b>	<b>-376</b>	<b>-144</b>
<b>BALANCE SHEET</b>					
Investment property	1,634	7,168	14,259	13,860	13,557
Other non-current assets	20	250	568	360	336
<b>Total non-current assets</b>	<b>1,654</b>	<b>7,418</b>	<b>14,827</b>	<b>14,220</b>	<b>13,893</b>
Cash and cash equivalents	452	334	294	306	294
Other current assets	10	318	236	149	139
<b>Total current assets</b>	<b>462</b>	<b>652</b>	<b>530</b>	<b>455</b>	<b>433</b>
<b>Total assets</b>	<b>2,115</b>	<b>8,071</b>	<b>15,357</b>	<b>14,675</b>	<b>14,326</b>
<b>Total equity</b>	<b>1,360</b>	<b>3,918</b>	<b>6,170</b>	<b>5,904</b>	<b>5,852</b>
Non-current borrowings	606	2,202	6,450	6,638	7,210
Non-current borrowings, shareholder loans	-	-	-	-	-
Deferred tax liabilities	19	214	266	205	202
Other non-current liabilities	12	134	187	196	198
<b>Total non-current liabilities</b>	<b>637</b>	<b>2,550</b>	<b>6,903</b>	<b>7,039</b>	<b>7,610</b>
<b>Total current liabilities</b>	<b>118</b>	<b>1,603</b>	<b>2,285</b>	<b>1,732</b>	<b>864</b>
<b>Total equity and liabilities</b>	<b>2,115</b>	<b>8,071</b>	<b>15,357</b>	<b>14,675</b>	<b>14,326</b>
<b>CASH FLOW STATEMENT</b>					
Pre-tax profit	83	1,016	348	-393	-101
... of which changes in investment property	76	899	-40	-574	-259
Depreciation and amortisation	-	-	-	-	-
Tax paid	2	4	-4	-41	-34
Adjustment for items not in cash flow	-76	-904	-53	753	435
<b>Cash flow from operating activities before changes in working capital</b>	<b>9</b>	<b>116</b>	<b>291</b>	<b>319</b>	<b>300</b>
Changes in working capital	18	76	2	26	36
<b>Cash flow from operating activities</b>	<b>27</b>	<b>193</b>	<b>293</b>	<b>345</b>	<b>335</b>
<b>Cash flow from investment activities</b>	<b>-1,558</b>	<b>-4,746</b>	<b>-782</b>	<b>528</b>	<b>-109</b>
<b>Cash flow from financing activities</b>	<b>1,983</b>	<b>4,436</b>	<b>450</b>	<b>-861</b>	<b>-182</b>
Cash and cash equivalents at beginning of period	-	452	334	294	249
Cash flow for period	452	-118	-39	12	45
<b>Cash and cash equivalents at end of period</b>	<b>452</b>	<b>334</b>	<b>294</b>	<b>306</b>	<b>294</b>

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

**Figure 22. Stenhus Fastigheter rating scorecard**

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

**Figure 23. Capital structure ratings**

Seniority	Rating
Senior unsecured	BB-

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