

Intea Fastigheter AB (publ)

Rating Action Report

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Off watch; Outlook stable**

Nordic Credit Rating (NCR) said today that it had affirmed its 'BBB' long-term issuer rating on Sweden-based community service property manager and developer [Intea Fastigheter AB \(publ\)](#). The rating was removed from watch with negative implications, where it was placed on 1 Nov. 2024. The outlook is stable. At the same time, NCR affirmed its 'N3' short-term issuer rating and 'BBB' senior unsecured issue rating.

Rating rationale

The rating action reflects Intea's restored leverage metrics and improved capital structure following the company's initial public offering (IPO) that raised about SEK 2bn. We now expect key credit metrics to strengthen and for the company to operate in line with our main rating drivers over a protracted period. In our previous base-case forecast, we expected NCR-adjusted net loan-to-value (LTV) to approach 60% in the absence of offsetting measures by end-2024 and 61% by end-2025. The successful equity raising is alleviating pressure on the company's forward-looking key credit metrics. Consequently, we now expect net LTV to stand at 50.9% by end-2024 and 51.9% by end-2025. Because the equity financing is close to year-end, we do not expect a significant impact on net interest coverage relative to our previous base case for 2024. However, we project that net interest coverage will likely increase to 2.9x in 2025, versus 2.6x previously, due to lower interest costs from deleveraging and increased cash flow generation from completion of projects, adding SEK 208m in annualised revenues. The completion of projects is also set to lengthen the company's average remaining lease term, providing stable income and increasing revenue transparency in the company's operating portfolio.

We believe Intea will use the IPO proceeds to repay debt assumed for recently announced acquisitions, credit facilities, and ongoing financing of project development. In our view, the funds raised in the IPO temporarily improve Intea's financial flexibility relative to previously and address the weaknesses in its liquidity profile compared with other investment-grade issuers, strengthening the company's resilience to unpredictable events. We now expect Intea's committed sources of liquidity to exceed uses through the first quarter of 2026. The company's debt maturity profile is likely, however, to remain front-loaded. We see a risk that the company will continue to operate with a reliance on uncommitted capital after this period due to its ambitious project pipeline that will drain cash flows.

We estimate that Intea faces total project investments of about SEK 8.5bn until end-2027, which could result in increased debt uptake and an uptick to net LTV in the absence of improved operating cash flow generation or increased property valuations. In turn, net LTV could climb towards the higher end of the company's stipulated policy net LTV target of 50–55%. Debt servicing, however, stands to be supported by the completion of projects and a larger operating portfolio, reducing cash flow risk.

Stable outlook

The stable outlook reflects our expectation of Intea's improved key credit metrics following the completion of its IPO. It further incorporates our forecast that interest coverage will strengthen materially through 2025. This improvement is set to follow timely completion of ongoing projects, resulting in higher cash flow generation and lower interest rates that will reduce financing costs. It also reflects our expectation of robust property values and continued strong access to capital. We believe that the company will not broaden its project development exposure or make changes to its low-risk business profile.

We could raise the rating to reflect Intea's improved credit metrics, with a net LTV ratio below 50%, net debt/EBITDA below 10x and net interest coverage above 3.5x over an extended period, together with improved debt maturity and liquidity profiles.

We could lower the rating if Intea's key credit metrics weaken, with interest coverage below 2.2x and net LTV above 55%. We could also lower our rating if the company increases its project development exposure without improving its liquidity management and long-term capital structure. Lastly, we could downgrade Intea if we perceived a negative change in financial risk management or risk tolerance, that would, for instance, increase sensitivity to prevailing market interest rates.

Rating list	To	From
Long-term issuer credit rating:	BBB	BBB
Outlook:	Stable	
Watch:		Watch Negative
Short-term issuer credit rating:	N3	N3
Senior unsecured issue rating:	BBB	BBB

Figure 1. Intea rating scorecard

Subfactors	Impact	To	From
Operating environment	20.0%	a	a
Market position, size and diversification	12.5%	bb+	bb+
Portfolio assessment	12.5%	bbb+	bbb+
Operating efficiency	5.0%	aa-	aa-
Business risk assessment	50.0%	bbb+	bbb+
Ratio analysis		bb+	bb+
Risk appetite		bb+	bb+
Financial risk assessment	50.0%	bb+	bb+
Indicative credit assessment		bbb	bbb
Liquidity		Adequate	Adequate
ESG		Adequate	Adequate
Peer calibration		Neutral	Neutral
Stand-alone credit assessment		bbb	bbb
Support analysis		Neutral	Neutral
Issuer rating		BBB	BBB
Outlook		Stable	
Watch			Watch Negative
Short-term rating		N3	N3

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB	BBB

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 26 May. 2020.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Corporate Rating Methodology published on 8 May 2023 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies . The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA) .
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Data provided by external data providers, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test was performed. Standard cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies .
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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