

LSTH Svenska Handelsfastigheter AB (publ)

Full Rating Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N4

PRIMARY ANALYST

Gustav Nilsson
+46735420446
gustav.nilsson@nordiccreditrating.com

SECONDARY CONTACTS

Yun Zhou
+46732324378
yun.zhou@nordiccreditrating.comElisabeth Adebäck
+46700442775
elisabeth.adeback@nordiccreditrating.com

RATING RATIONALE

Our 'BBB-' long-term issuer rating on Sweden-based commercial property manager LSTH Svenska Handelsfastigheter AB (publ) reflects the company's large proportion of non-cyclical tenants, diverse property portfolio, long remaining average lease terms, high occupancy levels, and low refinancing risk. The rating also reflects the stable operating environment and the company's somewhat strong cash flow generation compared with other property managers. The rating is further supported by the company's strong owners and their history of providing equity capital for containing financial risk.

The rating is constrained by Svenska Handelsfastigheter's moderate financial leverage, high tenant concentration, and liquidity profile which is notably weaker than those of investment-grade peers who typically have committed sources of capital exceeding capital outflows. We see the company's growing exposure to the discretionary retailing segment and the location of its premises as a weakness relative to other property segments.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Svenska Handelsfastigheter will maintain its financial risk profile and improve its cash flow generation. We expect that the company will complete ongoing refinancing of loans at good terms, extending the debt maturity profile. The outlook incorporates our expectation that the company's tenants will continue to be resilient to the negative effects of e-commerce and lower discretionary purchasing power of consumers.

POTENTIAL POSITIVE RATING DRIVERS

- Improved financial risk management, liquidity profile and interest-rate fixing period, reducing sensitivity to adverse changes in market conditions; and
- Financial ratios maintained at current levels.

POTENTIAL NEGATIVE RATING DRIVERS

- Worsened credit metrics, with net loan-to-value (LTV) above 55% and EBITDA/net interest below 2.2x over a protracted period.
- A higher proportion of cyclical tenants or deteriorating market fundamentals that negatively affect profitability or occupancy.
- An adverse change in ownership structure and owner commitments.

Figure 1. Key credit metrics, 2021–2027e

SEKm	2021	2022	2023	2024	2025e	2026e	2027e
Rental income	897	1,062	1,196	1,493	1,655	1,794	1,901
EBITDA	591	710	806	1,025	1,127	1,228	1,305
EBITDA margin (%)	65.9	66.8	67.4	68.6	68.1	68.4	68.7
Investment property	14,228	15,460	14,244	19,929	21,392	23,238	25,113
Net debt	7,640	8,061	6,921	10,281	10,705	11,413	12,073
Total assets	15,123	16,318	15,474	20,800	22,190	24,045	25,675
Net debt/EBITDA (x)	12.9	11.4	8.6	10.0	9.5	9.3	9.2
EBITDA/net interest (x)	3.8	3.9	3.5	3.1	3.2	3.3	3.2
Net LTV (%)	53.7	52.1	48.6	51.6	50.0	49.1	48.1
FFO/net debt (%)	5.4	6.0	7.4	6.1	7.0	7.2	7.2

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

ISSUER PROFILE

Svenska Handelsfastigheter is a commercial property manager specialising in retail properties with a high proportion of non-cyclical tenants. The company targets grocery-anchored big-box retail properties in suburban locations. Svenska Handelsfastigheter has grown rapidly through new-builds and acquisitions. The company's portfolio comprises 302 properties in Sweden valued at SEK 19.4bn, with a lettable area of 1,040,000 sqm as of end-2024. The company was set up in 2015 by founders Lennart Sten, Thomas Holm and Johan Röhss with the support of three large pension funds: Kåpan Tjänstepensionsförening; the Fourth AP-fund; and Länsförsäkringar Liv Försäkringsaktiebolag (publ). The pension funds together control over 99% of the outstanding shares with the remainder held by CEO Thomas Holm, the only founding partner who remains invested in the company, and the company's chairman of the board Thomas Evertsson.

BUSINESS RISK ASSESSMENT

Business risk assessment

Our business risk assessment reflects Svenska Handelsfastigheter's high proportion of non-cyclical tenants and resilience to the rapid growth of e-commerce. It also incorporates the company's strong operating margins and high occupancy rates. The satisfactory geographic diversity of the portfolio is offset by the company's high tenant concentration, and limited prospects for alternative use of its properties. Positively, we note that the company has a good position within its niche market.

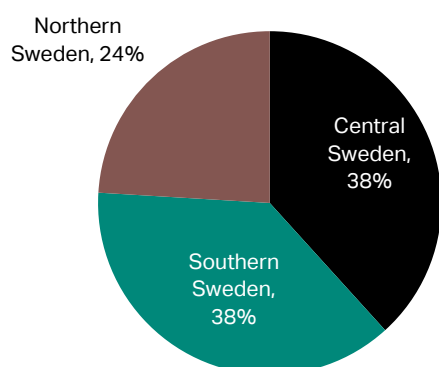
Operating environment

Grocery-anchored tenants likely to remain strong amid tough market conditions

About 60% of Svenska Handelsfastigheter's rental revenue is generated from grocery and discount retailers mostly located in big-box properties outside city centres (see Figure 3). In our view, anchor grocery retailers are non-cyclical, have high customer footfall and typically encourage traffic to adjacent tenants with greater exposure to discretionary consumer spending, such as discount, electronic, furniture and DIY stores.

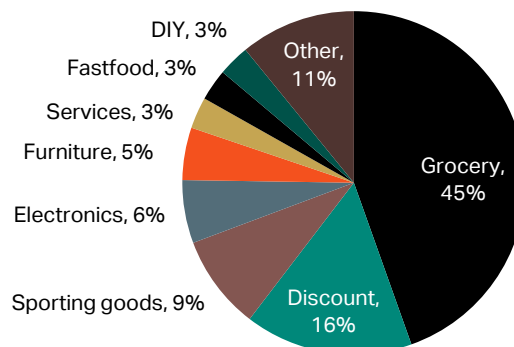
Grocery and discount retailers have displayed resilience in the current economic downturn. Customers have become increasingly price conscious and selective in their spending habits as purchasing power has been eroded by inflation and high interest rates. These trends have benefited discount retailers which have seen stronger growth than other retail sub-sectors. We expect discount retailing to continue to gain market share as customers tend to remain loyal even when economic conditions improve. This in turn should support healthy tenant cash flows. Grocery retailers have passed increased costs on to customers and so maintain their margins, which enables them to maintain rental payments.

Figure 2. Rental value by management area, 31 Dec. 2024



Source: company.

Figure 3. Rental value by property type, 31 Dec. 2024

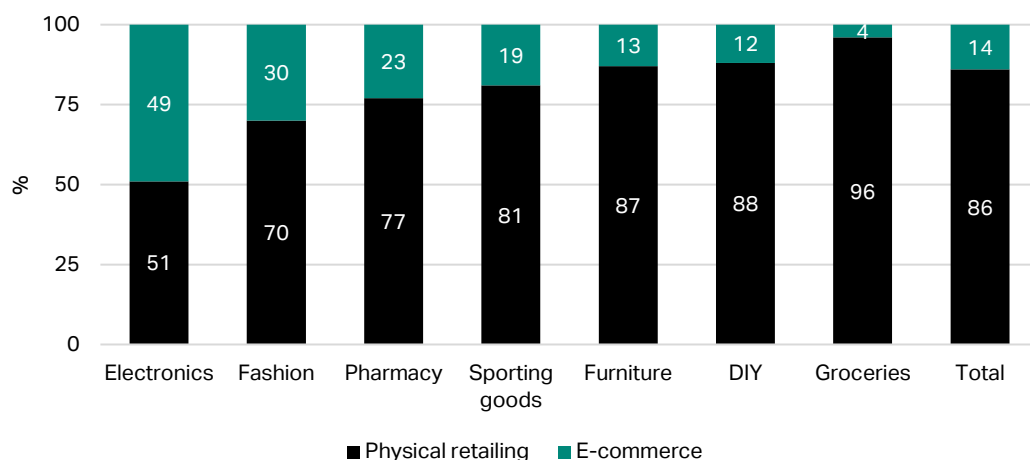


Source: company.

The Swedish retail sector has experienced significant turbulence due to the recent economic downturn and the growth of online retail channels, which has resulted in reduced traffic and spending in physical retail locations. Even though e-commerce turnover stands lower than 2021, we expect turnover will reach all-time highs within the next two years. We anticipate growing competition from online channels when consumer sentiment improves as the share of e-commerce relative to total consumption is greater in discretionary segments (see Figure 4). We believe substitution risk from

online channels to be minor for both grocery and discount retailers. Difficulties in making pure online grocery retailing profitable have resulted in low penetration of the sub-sector by online channels. Conversely, grocery retailers are seeking synergies at their physical outlets.

Figure 4. Swedish consumer spending by sales channel and segment, 2024



Source: Postnord e-commerce barometer, 2024.

Svenska Handelsfastigheter's portfolio spans 147 Swedish municipalities, with its largest management area (Central Sweden) representing about 38% of rental value (see Figure 2). The largest municipalities of operation have on average higher projected population growth than the national average, which we see as positive for stability of demand for grocery-anchored retail facilities.

Figure 5. Rental value from top 10 municipal exposures, 31 Dec. 2024

Municipality	Share of rental value, %	Population, 2024	Expected population change among 15–64-year-olds, 2024–2045, %	Unemployment, Jan 2025, %
Stockholm	12.0	989,971	1.5	7.3
Uppsala	6.1	248,014	14.1	6.5
Kalmar	4.8	72,774	5.7	7.1
Linköping	4.0	168,115	3.8	6.3
Kristianstad	3.9	86,737	0.6	10.0
Södertälje	3.7	103,066	6.1	11.6
Umeå	3.4	133,872	7.2	4.3
Västerås	2.7	160,505	4.4	9.3
Luleå	2.6	79,374	-2.5	4.4
Kungsbacka	2.4	85,982	-3.2	3.4
Total/Sweden average	45.7	10,577,720	1.9	7.2

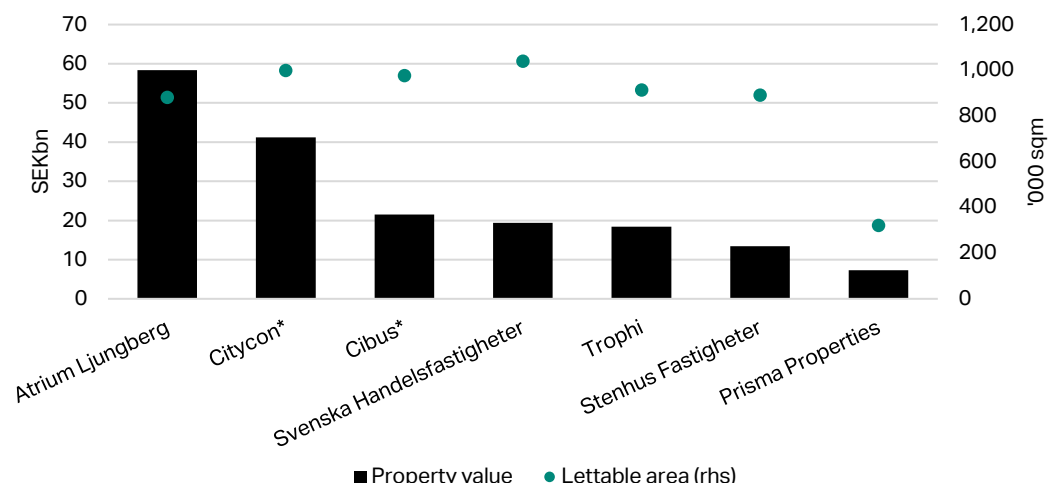
Source: company, Statistics Sweden and the Swedish Public Employment Service (Arbetsförmedlingen).

Geographic diversity constrained by high tenant concentration

Svenska Handelsfastigheter's geographically diverse portfolio, consisting of 302 properties with a combined lettable area of 1,040,000 sqm (as of end-2024), results in comparatively low property and location-related concentration risk. The company's 10 largest properties generate about 27% of rental value, with most properties located in different municipalities. We believe that the focus on grocery-anchored properties improves the company's relative market position (see Figure 6). In 2024, the company made two large acquisitions that significantly increased its size. The company's portfolio is now slightly larger than that of its closest peer (Trophix), suggesting significant presence in a less competitive niche.

Market position, size and diversification

Figure 6. Peer group breakdown by property value and lettable area, 31 Dec. 2024



Source: company. *Exchange rate of EUR/SEK 11.49 on 31 Dec. 2024.

Svenska Handelsfastigheter's grocery-anchored strategy has resulted in material tenant and industry concentration, with the 10 largest tenants accounting for more than 50% of overall rental income. However, the largest tenants are strong counterparties spread across multiple contracts, properties and locations, which in our view offsets concentration risk. As of 31 Dec. 2024, the 10 largest contracts generated 11% of rental income.

Figure 7. Tenant concentration, 31 Dec. 2024

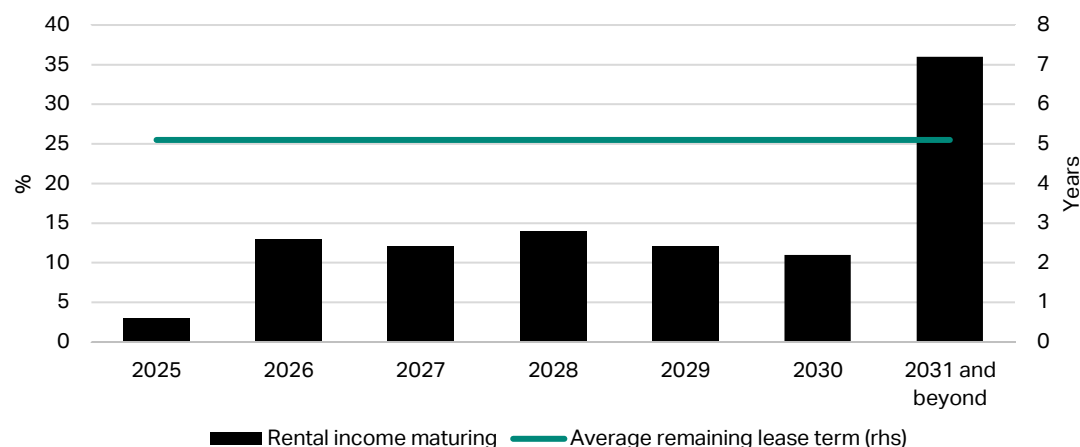
Tenant	Type of tenant	Share of rental income, %
Axfood*	Grocery	13.2
ICA	Grocery	11.0
Coop	Grocery	10.1
Rusta	Discount	4.7
Jula	Discount	3.6
Systembolaget	State alcohol monopoly	3.6
EKO	Discount	3.0
Lager 157	Clothing	2.4
Elgiganten	Electronics	2.2
Jysk	Furniture	2.1
Top 10 tenants	-	55.9

Source: company. *Finalised the acquisition of City Gross in Q4 2024.

Long contracts and limited project risk offset by locations outside city centres

Svenska Handelsfastigheter's portfolio consists largely of big-box properties outside city centres and local grocery stores. We view grocery tenants as stable counterparties due to their non-cyclical operations, with relatively low relocation risk at contract expiry because of their demand for customised premises. However, the suburban location of some of the company's premises could result in lengthy vacancies if contracts are terminated. As of 31 Dec. 2024, Svenska Handelsfastigheter had an average remaining lease term of 5.1 years and a well-balanced lease maturity structure. We view the company's long contracts as a positive rating factor as they limit vacancy risk.

Figure 8. Lease maturity profile, 31 Dec. 2024



Source: company.

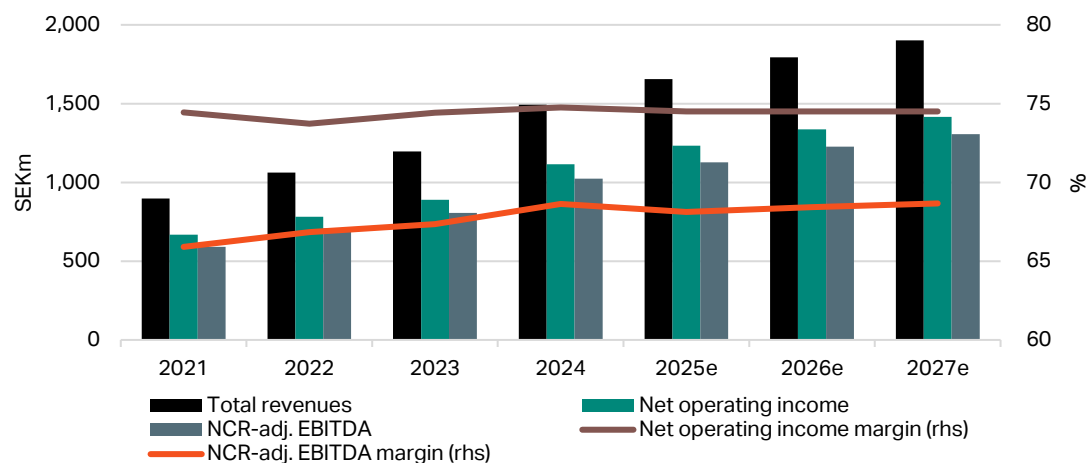
Projects account for a minor proportion of Svenska Handelsfastigheter's overall operations, and we expect the company to keep construction activity at a reduced level throughout our forecast period (ending 2027). We see development risk as low as the company's projects are typically small, non-speculative and carried out in close collaboration with tenants under fixed-price contracts, which effectively mitigates project risk.

Strong margins and high occupancy

Svenska Handelsfastigheter's operating efficiency is characterised by a high degree of inflation-linked leases, low vacancy rates, and strong cost control. Most of the company's rental contracts are linked to the Swedish consumer price index, effectively offsetting cost inflation. The company has five administrative offices and expects to manage new properties from them to gain scale and improve cost efficiency. Over our forecast period, we expect Svenska Handelsfastigheter's cash flows to improve due a reduction in non-recurring expenses and a large proportion of index-linked rental contracts. In 2023, the company incurred non-recurring expenses of SEK 16.3m related to the renewal of shareholder commitments and subsequent revision of its capital structure. In our forecast for Svenska Handelsfastigheter's financial ratios, we assume a net operating income margin of 75% and an EBITDA margin averaging 68%.

As of end-2024, Svenska Handelsfastigheter's economic occupancy rate was 97.1%. We expect earnings and occupancy to remain stable throughout our forecast period because of the company's long average lease-terms and high proportion of strong, non-cyclical tenants. Short temporary vacancies could arise in the discretionary retail sector depending on tenants' ability to remain profitable amid cautious consumer spending.

Figure 9. Revenues, net operating income, EBITDA, and margins, 2021–2027e



Source: company and NCR. e-estimate.

Operating efficiency

FINANCIAL RISK ASSESSMENT

Financial risk assessment

Our financial risk assessment incorporates Svenska Handelsfastigheter's robust property values and comparatively strong cash flow generation and interest coverage. It also reflects the company's moderate financial gearing. We see the company's ownership as supportive and willing to provide equity capital, if necessary. We believe, however, that the company's liquidity profile is comparatively weaker than those of other investment-grade peers but that the risks linked to its capital structure are offset by the ownership strength.

Strong cash flow generation support financial ratios

Ratio analysis

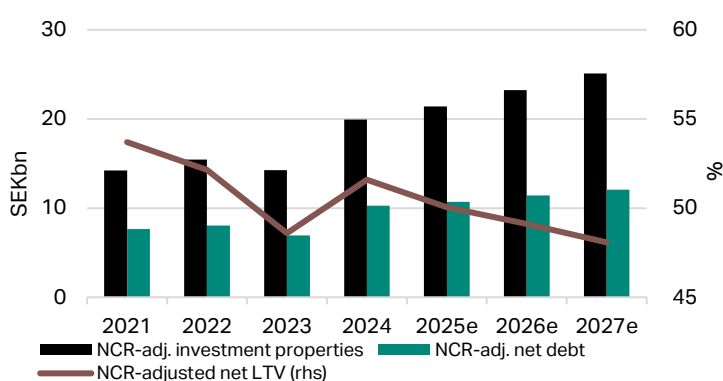
We expect Svenska Handelsfastigheter to grow through acquisitions and project development over our forecast period. Growth is, however, likely to be lower than in 2024 when the company acquired properties for SEK 3.1bn (net cash impact). If the company makes any larger acquisitions, we expect the owners would provide capital to steer the company's capital structure towards net LTV of 50%. We believe the company will only undertake acquisitions if the pricing supports strong cash flows. Cash flows from operations covers capital spending for the time being, and the company does not pay any dividends, reducing the need for debt financing to meet operating commitments. We expect the company's interest coverage at 3.2–3.3x in our forecast period because of lower credit margins and market rates.

Figure 10. Key base-case forecast assumptions and credit metrics, 2025–2027e

SEKm	2025e	2026e	2027e
Total revenue growth (%)	10.9	8.4	6.0
EBITDA margin (%)	68.1	68.4	68.7
Average interest rate (%)	3.3	3.3	3.4
Property value change (%)	1.5	1.5	1.5
Capital expenditure (SEKm)	1,173	1,534	1,534
Dividend payment (SEKm)	0	0	0
Net debt/EBITDA (x)	9.5	9.3	9.2
EBITDA/net interest (x)	3.2	3.3	3.2
Net LTV (%)	50.0	49.1	48.1
FFO/net debt (%)	7.0	7.2	7.2

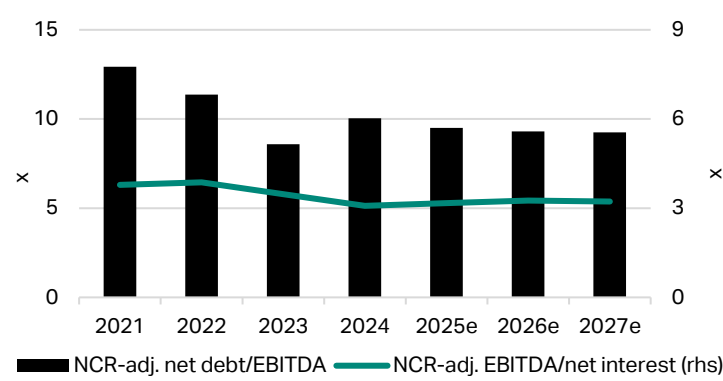
Source: NCR. e-estimate. All metrics adjusted in line with NCR methodology.

Figure 11. NCR-adj. investment properties, net debt, and net LTV, 2021–2027e



Source: company and NCR. e-estimate.

Figure 12. NCR-adj. net debt/EBITDA and EBITDA/net interest, 2021–2027e



Source: company and NCR. e-estimate.

Strong owners increase financial flexibility

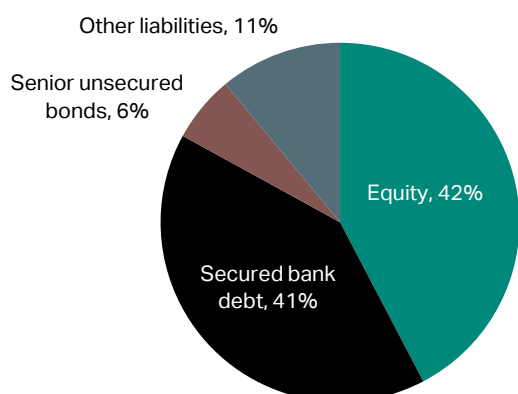
Risk appetite

The company's owners are integral to our overall assessment of the company's financial risk profile due to their history of supportive actions to limit financial risk. In our view, the ownership profile contributes to improved financial flexibility and ensures adherence to long-term financial targets. Negatively, Svenska Handelsfastigheter's interest-rate fixing arrangement has become shorter which heightens sensitivity to changes in interest rates, and its debt maturity structure has become increasingly front-loaded. The company does not have readily available liquidity to cover bond maturities, had it wished to repay them, and thus relies on uncommitted external capital.

We consider the ownership structure as supportive of Svenska Handelsfastigheter's current financial risk profile due to the owners' positive role in the company's governance structure. We view their ability to provide support as positive in that it enables adjustment of the capital structure to accommodate specific needs and reduce refinancing risk. The company has previously leveraged capital from its owners for meeting maturities and to adapt its balance sheet for changed market fundamentals and meeting its financial policy target.

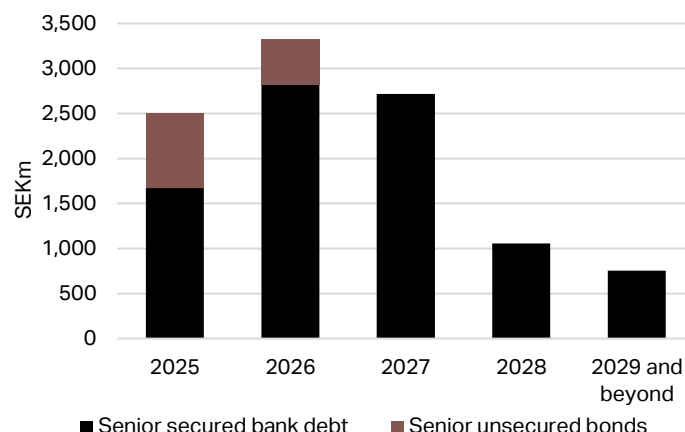
Svenska Handelsfastigheter is financed by common equity, secured bank debt and senior unsecured bonds. In early 2024, the company simplified its capital structure by converting preference shares held by its pension fund owners into common equity. It now operates with a single share class, which makes future equity raising more straightforward (see ownership analysis).

Figure 13. Funding profile, 31 Dec. 2024



Source: company.

Figure 14. Debt maturity profile, 31 Dec. 2024



Source: company.

Svenska Handelsfastigheter targets a balanced debt maturity structure, allowing a maximum of 25% of total outstanding debt to mature within a given year. We see this financial target as positive, as it reduces refinancing risk. However, the company's average debt maturity profile has shortened in recent years and stood at 2.0 years as of year-end 2024. The company's liquidity profile is comparatively weak to those of other investment-grade issuers. It generally operates with narrower headroom in refinancing processes than what is typical for an investment-grade company. In our opinion, the owners' history of providing equity capital for containing financial risk offsets some of the risk associated with this strategy. While the company has not had any issue with refinancing and has supportive owners, we see this as a key weakness to the company's creditworthiness and constrains the company's financial flexibility. We understand, however, that the company is currently negotiating the refinancing of a large proportion of its bank loans, extending the debt maturity profile, and obtaining a new unutilised credit facility which it could use for covering bond maturities. In our view, this is not a permanent change in liquidity strategy and consider that the company is likely to leverage the credit facilities for acquisition opportunities should they arise.

The company's average fixed-interest period has shortened to 1.9 years (from 2.8 a year ago), we expect the company to extend its average fixed-interest period to above policy targets to increase financial flexibility if interest rates were to increase.

Svenska Handelsfastigheter's financial risk profile is governed by financial targets and covenants (see Figure 15). In our view, the company has healthy levels of policy and covenant headroom.

Figure 15. Financial covenants, policies and reported metrics

Metric	Financial policy	Financial covenants	Reported 31 Dec. 2024
Interest coverage ratio	n.a.	≥ 1.5–2.5x	3.0x ³⁾
Net LTV	≤ 50%	n.a.	50.3%
Secured debt/total assets	n.a.	≤ 50%	43%
Debt maturities in any 12-month period	≤ 25% ¹⁾	n.a.	24%
Interest rate fixing	≥ 2.0 years ²⁾	n.a.	1.9 years

Source: company. 1) Maximum of 70% can mature between one and three years or three and five years while 100% can mature after five years. 2) No more than 40% of fixed interest rates can mature within any given 12-month period. 3) Last 12 months ending 31 Dec. 2024. 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 in 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 typically expect a company with an investment-grade rating ('BBB-' or above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess Svenska Handelsfastigheter's liquidity position as adequate, despite committed uses of capital exceeding committed sources, with a deficit of SEK 1.6bn during 2025. We understand that the company is currently refinancing maturing bank loans and is in the process of obtaining new credit facilities to increase refinancing options of its bonds maturing in June 2025. We believe that this reliance on uncommitted external capital increases the company's sensitivity to adverse changes in market conditions, but that the owners could provide support, if necessary. The company's owners have a history of timely equity injections, and the company issued new equity during the second quarter of 2023 to meet a bond maturity.

Figure 16. Liquidity analysis (stressed scenario) 1 Jan. 2025–31 Dec. 2025

Liquidity, next 12 months	Amount (SEKm)
Cash and cash equivalents (100%)	595
Adjusted FFO	561
Total sources	1,157
Repayment of borrowings	2,218
Committed capital spending	534
Total uses	2,752
Sources/uses (x)	0.4
Sources-uses (SEKm)	-1,595

Source: company and NCR.

Environmental, social and governance factors

ESG factors adequate

In our view, Svenska Handelsfastigheter's environmental, social and governance (ESG) efforts and reporting are comparable with those of its closest peers. The company has the lowest ESG risk exposure among Nordic property managers covered by research and data provider Sustainalytics. Svenska Handelsfastigheter has assessed its entire property portfolio and seeks to improve the energy efficiency of its buildings to ensure it meets the requirements of the EU taxonomy. Thorough climate risk analysis of properties is ongoing. We believe that the company is strongly positioned for meeting energy efficiency requirements from the European Performance of Buildings Directive, with little to no spending for meeting 2030 requirements.

The company aims to reduce its CO₂ emissions by 42% by 2030. Since 2020, it has used only 100% fossil-free electricity. Svenska Handelsfastigheter has a strong focus on solar photovoltaic systems and produces its own electricity to power its facilities. The company works closely with tenants to optimise its environmental footprint and encourages tenants to participate in such efforts. We view the company's sustainability efforts as positive in terms of the quality of its portfolio and its ability to attract tenants. As of end-2023, 56% of the portfolio (by value) had obtained certification. We expect certifications to be less of a priority going forward as the company seeks compliance with the EU taxonomy. In addition, the company's climate related targets are verified and approved by the Science Based Targets Initiative. In 2024, the company changed its share structure and installed a new board of directors consisting of representatives from the pension fund owners and industry experts together with CEO Thomas Holm. We believe these changes are positive for the governance structure, where owners have taken a more pronounced role in the management of the company.

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.

Figure 17. 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	Produced 811 MWh electricity with solar cells in 2023, reducing CO ₂ emissions by 203 tonnes. Reduced emission intensity by 12% per sqm between 2020 and 2023. At end-2023, 56% of the property portfolio was certified.
Impact of climate change on operations	Loss of revenues or increased capital spending	Materiality evaluations, technical solutions, tenant dialogue, and compliance with stakeholder demands for project properties	Materiality assessment of properties and locations. Third-party evaluation from Sustainalytics indicates low ESG risk in portfolio.
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.	Introduced ESG and impact reporting, obtained ESG risk score, environmental certification and green bond framework.

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

OWNERSHIP ANALYSIS

Ownership neutral

Svenska Handelsfastigheter has been financed through a single share class since early 2024, when the company revised its capital structure. The company's main owners, Kåpan Tjänstepensionsförening (Kåpan) and the Fourth AP-fund (AP4), hold just under 50% of the outstanding shares each. Remaining shares are owned by the CEO and the chairman of the board. Kåpan manages collectively agreed occupational pensions for government employees and has assets under management of more than SEK 148bn. AP4 is one of five buffer funds in the Swedish public pensions system, with assets under management of over SEK 530bn at mid-2024. We regard Svenska Handelsfastigheter as a core holding of these two funds' direct real estate investments, increasing likelihood of support.

The owners have strong financial capacity and a history of supporting the company by injecting equity and suspending dividends. The single share class reduces barriers to accessing new equity in a timely fashion, and board participation by representatives of the company's main owners indicates their commitment. We have factored in the supportive ownership profile and availability of equity in our assessment of the company's financial risk profile.

Figure 18. Ownership structure, 31 Dec. 2024

Owner	Share of capital and votes, %
AP4	49.8
Kåpan	49.8
Thomas Holm	0.4
Thomas Evertsson	0.04
Total	100

Source: company.

ISSUE RATINGS

We do not assign issue ratings to Svenska Handelsfastigheter's outstanding debt. In line with our methodology, we consider a property manager's secured gross LTV as an indicator of loss given default for senior unsecured bondholders. At end-2024, Svenska Handelsfastigheter's secured gross LTV was 47%. We expect the company will refinance its maturing bonds in the capital market but not significantly increase its outstanding volume. We believe that the large proportion of prior-ranking debt reduces 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 0.4x 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) [Swedish real estate outlook 2025](#), 23 Jan. 2025.
- (ii) [Swedish real estate snapshot \(Q3 2024\): continued cautious optimism in the air](#), 26 Nov. 2024.
- (iii) [Swedish real estate: Likely interest rate cuts allow for cautious optimism](#), 24 Sep. 2024.
- (iv) [NCR comments: Main owners increase stake in Svenska Handelsfastigheter](#), 20 May 2024.
- (v) [NCR comments: Svenska Handelsfastigheter raises new equity from owners](#), 4 Dec. 2023.

Figure 19. NCR's adjustments to credit metrics, 2021–2027e

SEKm	2021	2022	2023	2024e	2025e	2026e	2027e
EBITDA	588	700	789	1,020	1,127	1,228	1,305
Non-recurring costs	3	10	16	4	0	0	0
NCR-adj. EBITDA	591	710	806	1,025	1,127	1,228	1,305
Net interest, including leasing	-156	-183	-232	-333	-355	-377	-405
NCR-adj. net interest	-190	-156	-183	-232	-355	-377	-405
NCR-adj. EBITDA	591	710	806	1,025	1,127	1,228	1,305
NCR-adj. net interest	-156	-183	-232	-333	-355	-377	-405
Current tax	-23	-44	-59	-69	-24	-25	-27
NCR-adj. FFO	412	482	515	623	749	826	874
Investment property	14,200	15,432	14,215	19,387	20,851	22,697	24,571
Non-current right-of-use assets	28	28	29	541	541	541	541
NCR-adj. investment property	14,228	15,460	14,244	19,929	21,392	23,238	25,113
Cash and cash equivalents	741	289	880	595	522	530	286
NCR-adj. cash and equivalents	741	289	880	595	522	530	286
Gross interest-bearing debt	8,354	8,322	7,771	10,339	10,690	11,406	11,822
Long-term leasing liabilities	28	28	29	537	537	537	537
NCR-adj. cash and equivalents	-741	-289	-880	-595	-522	-530	-286
NCR-adj. net debt	7,640	8,061	6,921	10,281	10,705	11,413	12,073

Source: company and NCR. e=estimate.

Figure 20. Svenska Handelsfastigheter key financial data, 2021–2024

SEKm	FY	FY	FY	FY
Period-end	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024
INCOME STATEMENT				
Rental income	897	1,062	1,196	1,493
Other income	–	–	–	–
Total costs from operations	-229	-279	-306	-377
Net operating income	668	783	890	1,116
Administrative expenses	-80	-83	-101	-96
Administrative expenses, project portfolio	–	–	–	–
EBITDA	588	700	789	1,020
Share of profit in associated companies and joint ventures	–	–	–	–
Interest expenses	-155	-183	-239	-345
Interest income	0	0	6	12
Interest expenses, shareholder loans	–	–	–	–
Financial costs from leasing	-1	-1	–	–
Other financial costs	-3	-1	–	–
Changes in investment property	871	444	-1,745	1,780
Gain (loss) on financial assets held at fair value	102	–	–	–
Disposals of investment properties	–	–	–	–
Gain (loss) on derivatives	–	448	-245	-74
Depreciation and amortisation	–	–	–	–
Restructuring activities	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–
Pre-tax profit	1,425	1,408	-1,433	2,393
Current taxes	-23	-44	-59	-69
Deferred taxes	-264	-222	259	-322
Net profit	1,138	1,142	-1,233	2,002
BALANCE SHEET				
Investment property	14,200	15,432	14,215	19,387
Other non-current assets	67	477	249	676
Total non-current assets	14,267	15,909	14,465	20,063
Cash and cash equivalents	741	289	880	595
Other current assets	115	120	130	142
Total current assets	856	409	1,010	737
Total assets	15,123	16,318	15,474	20,800
Total equity	5,603	6,687	6,567	8,406
Non-current borrowings	8,322	6,674	6,499	7,771
Non-current borrowings, shareholder loans	–	–	–	–
Deferred tax liabilities	658	880	621	943
Other non-current liabilities	67	29	81	576
Total non-current liabilities	9,046	7,582	7,201	9,291
Total current liabilities	474	2,049	1,707	3,103
Total equity and liabilities	15,123	16,318	15,474	20,800
CASH FLOW STATEMENT				
Pre-tax profit	1,425	1,408	-1,433	2,393
... of which changes in investment property	871	444	-1,745	1,780
Depreciation and amortisation	–	–	–	–
Tax paid	-47	-27	-32	-90
Adjustment for items not in cash flow	-973	-892	1,990	-1,706
Cash flow from operating activities before changes in working capital	405	489	525	597
Changes in working capital	58	-75	0	91
Cash flow from operating activities	463	415	525	688
Cash flow from investment activities	-1,027	-818	-523	-3,372
Cash flow from financing activities	1,108	-49	588	2,399
Cash and cash equivalents at beginning of period	197	741	289	880
Cash flow for period	544	-452	591	-285
Cash and cash equivalents at end of period	741	289	880	595

Source: company. FY–full year.

Figure 21. Svenska Handelsfastigheter rating scorecard

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

DISCLAIMER

Disclaimer © 2025 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com