

Heba Fastighets 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 Heba Fastighets AB (publ) reflects the company's long and stable history of managing residential rental properties in Stockholm, Sweden's highest-demand housing market. Nordic Credit Rating (NCR) expects Heba's business risk profile to remain strong and believes the company has taken measures to support its financial risk profile, including revising its long-term dividend policy. The rating also reflects currently low project development exposure, supporting key credit metrics, and the company's historically moderate financial risk appetite.

The rating is constrained by Heba's high sensitivity to changes in interest rates. Limitations on raising rents in Sweden's regulated market results in slower cash flow adjustments in the residential sector during periods of high inflation compared with other segments. The company's earnings relative to debt is relatively high. While Heba's exposure to property development is currently low, we expect this will increase and remain part of the company's core strategy.

STABLE OUTLOOK

The outlook is stable, reflecting our expectations that Heba's interest coverage ratio will remain stable over our forecast period through 2027, and that the company will have lower than historical development exposure. We assume Heba's property values will increase due to higher net operating income. We believe the company will refinance its maturing debt at more favourable terms than current loan terms and will maintain its liquidity profile, with committed sources exceeding cash outflows.

POTENTIAL POSITIVE RATING DRIVERS

- NCR-adjusted interest coverage above 3.5x, primarily driven by a sustained improvement in cash flow generation with net debt to EBITDA below 9.0x over a protracted period; and
- an unchanged business risk profile, combined with lower development exposure to in-house and joint venture agreements.

POTENTIAL NEGATIVE RATING DRIVERS

- NCR-adjusted interest coverage ratio below 2.2x, net loan to value (LTV) above 50%, or a significant increase in net debt to EBITDA over a protracted period.
- Material increase in tenant concentration.
- Significant issues with joint venture partners negatively affecting one-off payments and financial commitments.

Figure 1. Heba key credit metrics, 2021–2027e

SEKm	2021	2022	2023	2024	2025e	2026e	2027e
Rental income	450	510	566	562	606	625	653
EBITDA	294	348	458	404	403	413	433
EBITDA margin (%)	65.5	68.3	81.0	71.8	66.5	66.1	66.4
Investment property	14,831	15,875	12,900	13,733	14,725	15,318	15,758
Net debt	6,024	7,591	5,508	6,184	6,234	6,396	6,379
Total assets	15,516	16,756	13,625	14,167	15,129	15,656	16,111
Net debt/EBITDA (x)	20.5	21.8	12.0	15.3	15.5	15.5	14.7
EBITDA/net interest (x)	4.6	3.2	2.5	2.4	2.3	2.3	2.3
Net LTV (%)	40.6	47.8	42.7	45.0	42.3	41.8	40.5
FFO/net debt (%)	3.8	3.2	5.0	3.8	3.7	3.6	3.9

Source: company and NCR. e–estimate. FFO–funds from operations. All metrics adjusted in line with NCR methodology. One-off payments from joint ventures affected EBITDA and margins in 2023.

ISSUER PROFILE

Heba is a Sweden-based property manager focusing on residential properties in the greater Stockholm area. The company's portfolio consists of a mix of apartment properties dating from the mid-20th century to newly built dwellings. The company also manages and develops community service properties for care of elderly people, special-needs housing and preschools. Heba also develops apartments and community service properties for sale and management through joint ventures.

The company was founded in 1952 and has been publicly listed since 1994, with many of the original founders' families maintaining active ownership roles. As of 31 Dec. 2024, Heba's portfolio comprised 58 properties, totalling 263,400 sqm valued near SEK 14bn.

BUSINESS RISK ASSESSMENT

Business risk assessment

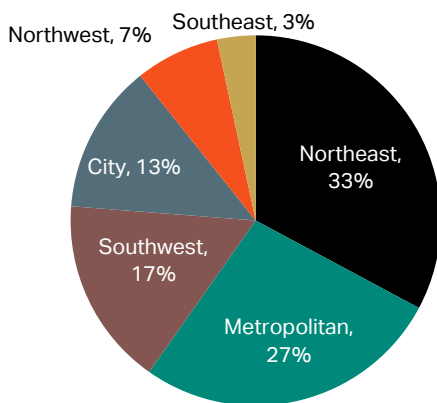
Our business risk assessment reflects stable operating conditions and high demand for residential rental and community service properties in the Stockholm region. It also reflects the company's history of achieving constant growth, driven by refurbishment of existing properties and development and acquisition of low-risk properties while steadily improving its operating efficiency. We expect the company will resume development projects in markets with sufficiently strong fundamentals, but at lower than historical levels. Our assessment is constrained by Heba's relatively small portfolio size and the limited possibility of increasing rents in line with cost increases due to the regulated rent system in Sweden.

Strong demand in a regulated market provides stable income generation

Operating environment

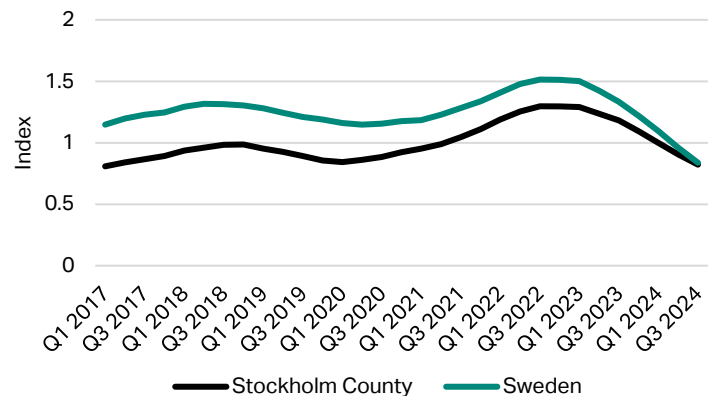
Our assessment of the operating environment is supported by Heba's large exposure to the non-cyclical Swedish rental housing market, which is characterised by government-regulated rents and long tenant waiting lists. It is further supported by the company's geographic focus on Stockholm. The capital has traditionally outperformed the domestic average in terms of housing prices and population growth, and has a relatively low unemployment rate. A struggling construction sector together with cost inflation on building materials has resulted in a limited supply of new builds and a sharp downturn in rental housing supply relative to demand. We see no risk of oversupply in the Stockholm housing market in the near-term. We expect Heba will resume its development project activities in markets with high demand.

Figure 2. Heba property value by area (Greater Stockholm region), 31 Dec. 2024



Source: company.

Figure 3. Rental apartment deficit/surplus in Stockholm County and Sweden, 2017–Q3 2024



Source: SBAB Booli HMI. Index value above 1.5=surplus. Index value below 0.5=shortage.

The Swedish rental market is regulated through a value system in which rent levels are controlled by the government with the aim of reflecting the value of using a property. Accordingly, rent increases are negotiated between landlords and *Hyresgästföreningen*, a national tenants' organisation. Newly built and refurbished apartments can, however, generate higher rental levels, albeit still below what one would expect in an unregulated market. Since the beginning of 2023, a new system has been in place to reflect property managers' costs in rental increases more accurately. Rental growth in the residential sector did not increase with inflation in 2023 and 2024, unlike other sectors with inflation-indexed rental contracts. We expect the residential segment will have higher rental growth than other

property segments in the next couple of years and that rental levels will catch up with inflation. We see the lag in rental adjustments as a weakness for residential properties relative to other segments. In 2024, Heba adopted a new financial policy and increased its exposure to community service properties, which represented 30% of net operating income at year-end 2024. We assess that the increased exposure to higher-yielding community service properties with inflation-indexed contracts improves cash flow but increases tenant concentration.

Transaction volumes in the residential sector are poised to increase following higher rental growth and cheaper financing. We believe this will bridge price expectations between buyers and sellers with an increasing proportion of transactions at or above book values.

The regulated rental market and high demand result in waiting lists for apartments. According to Stockholm's housing authority, *Bostadsförmedlingen*, about 857,300 individuals are currently waiting for an apartment in the city compared with 822,400 in 2024. The average waiting period was about nine years in 2024. The long waiting times and growing housing queue in Stockholm are indicative of high demand, ensuring occupancy and stable rental levels.

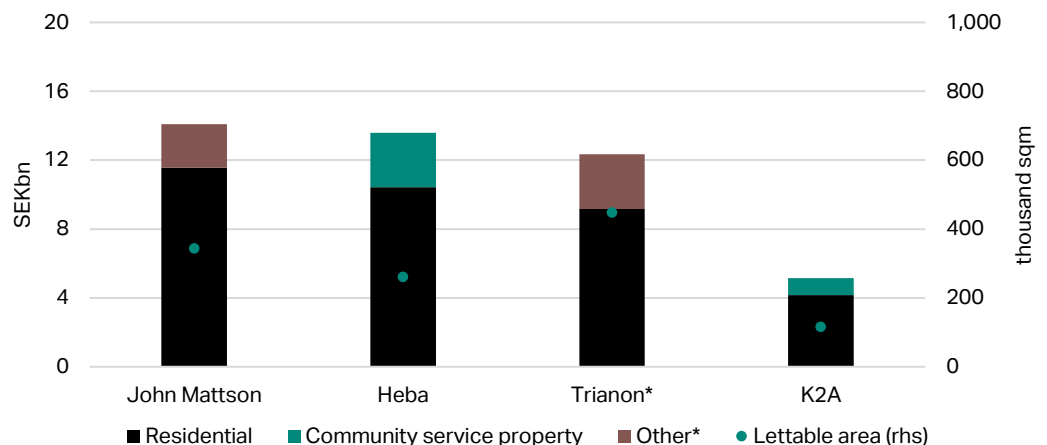
Property portfolio small compared with peers', but diversity strong

Heba's portfolio comprised 58 properties, totalling 263,400 sqm and valued at SEK 13.6bn as of 31 Dec. 2024. The company is small in a domestic context. Many of Sweden's larger real-estate managers lease office buildings and tend to have high value portfolios but are subject to materially greater tenant concentrations and risks associated with the business cycle.

Although Heba does not have a leading market position, we believe that its concentration in Stockholm and supportive regulation offset vacancy risk. High demand for housing in the capital reduces the risk associated with Heba's competitive position and geographic concentration. The company is, however, exposed to a single country's regulatory framework which effectively dictates rental terms and income streams.

Heba's tenant concentration increased in 2024 as the company increased its exposure to community service properties with private counterparties, which represented 30% of net operating income as of end-2024. Tenant concentration is high in the community service property segment and we believe private-sector counterparties are exposed to higher risk than the residential segment. However, we believe the risk of increased vacancies and lower rental income is lower in community service properties than in other commercial property types. We do not expect counterparty concentration to increase.

Figure 4. Heba closest peers breakdown by property value, property type and lettable area, 31 Dec. 2024



Source: companies. *Includes community service properties reported in the other segment.

Income-generation portfolio stable, with limited near-term development risk

Heba's property portfolio consists of newly built properties and aging, but refurbished, residential properties, with good public transport connections. The company's average remaining lease term is short, with lease contract notice periods typically varying between one and three months, as is

Market position, size and diversification

Portfolio assessment

common among residential property managers. However, high demand and long waiting lists suggest that occupancy rates are likely to remain strong and the average remaining lease term is consequently of less importance. Community service properties typically carry 15–20-year lease terms, which creates some revenue transparency. We believe that some of the company's community service properties could be repurposed as residential properties if the need should arise.

Half of the buildings in Heba's portfolio were built between 1940 and 1980, and most are upgraded to current standards. The company launched a long-term refurbishment plan in 2010 to upgrade its remaining properties to current standards. Only two properties remain to be refurbished, which we expect will be finalised by 2029 at latest. The remainder of the portfolio was built after 2010. The modernised property portfolio supports property valuation and positions the company favourably for meeting energy efficiency requirements under the European Buildings Performance of Buildings Directive (EPBD).

Heba has been cautious about starting new projects due to challenging market conditions over the last few years to contain financial leverage and development risk. As interest rates have come down and demand for apartments is strong, some markets have sufficiently strong demand for new builds to start construction. In the third quarter of 2024, Heba commenced construction of 128 rental apartments in Källberga, Nynäshamn with an estimated total investment of SEK 400m. This is about 12% higher than was estimated when the project was acquired in the fourth quarter of 2022. We expect the company will have low development exposure, with remaining investments relative to its operating portfolio value below 5%.

The company has a long-term joint venture partnership with Åke Sundvall Byggnads AB for construction of both rental and for-sale apartments. The joint venture sold the project Vårbergstoppen to AB Svenska Bostäder and the first phase of the project was completed and divested in the third quarter of 2024. The sale of the second phase is scheduled for completion in June 2025. In our opinion, property development for sale carries higher risk than build-to-hold development due to a different cash flow profile, with greater sensitivities to market conditions and buyer sentiment at the time of exit. Heba typically extends guarantees to its joint ventures, which could result in increased on-balance debt if used. The company currently has SEK 277m in guarantees to Vårbergstoppen. The company also provides loans to its joint ventures on which it earns interest income. There is no recourse to Heba on loans assumed in the joint ventures.

Figure 5. Heba committed and early-phase projects*, 31 Dec. 2024

Property	Property type	Project type	Estimated completion	Expected investment (SEKm)
Källberga, Nynäshamn	Rental apartments	Own-balance	2026	400
Vårbergstoppen	Rental apartments	Joint venture	Stage 1 completed 1 Jun. 2025 (stage 2)	800
Early-phase development	Rental apartments and tenant-owned apartments for sale	Joint venture	No estimate	2,250
Total	-	-	-	3,423

Source: company. *Excluding refurbishment of existing rental apartments.

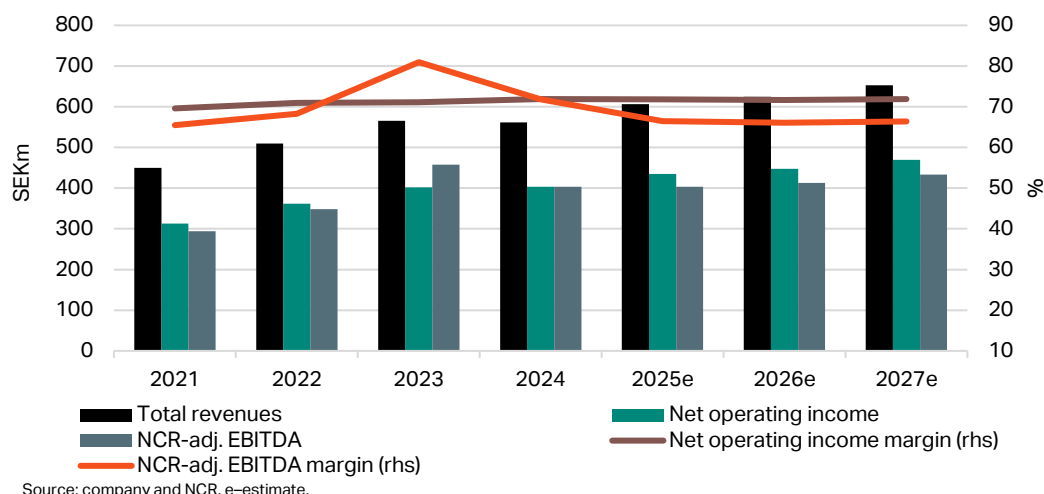
Occupancy rates excellent due to stable demand

Strong demand for rental housing in Stockholm ensures that occupancy is high and operating efficiency stable. Vacancy rates in the portfolio stand at less than 0.5% and we expect them to remain low. We also expect Heba's existing residential and community service properties will continue to generate stable rental income due to rental increases in excess of cost increases. Negotiated residential rents for 2025 are significantly above historical norms but have yet to catch up with the increase in operating costs for domestic property managers during 2022-2023. We expect rental growth at about 5% for 2025. We believe the share of net operating income from the residential segment will increase due to higher rental growth than the community service properties.

Our base-case scenario includes interest income from joint ventures due to their recurring and operational nature. We expect Heba's EBITDA margin, excluding interest income, to remain at about 66–67% through the forecast period.

Operating efficiency

Figure 6. Heba revenues, net operating income, EBITDA, and margins, 2021–2027e



FINANCIAL RISK ASSESSMENT

Financial risk assessment

Our financial risk assessment reflects our expectation that Heba's interest coverage will remain stable during our forecast period due to a stabilisation in market interest rates. We believe the company's cash flow relative to debt will remain high. We expect moderate property value increases driven by improvements to net operating income based on our expectations of higher than historical rental adjustments in the residential portfolio. We consider Heba's risk appetite to be more prudent than reflected in our ratio analysis due to the company's hedging efforts and history of maintaining a relatively modest financial risk profile and low refinancing risk.

Stable interest coverage following improved earnings and lower market rates

Ratio analysis

We expect Heba to grow mainly through its own project portfolio in the near-term, having recently started construction of apartment units in Källberga, Nynäshamn. We do not discount the possibility of additional acquisitions with higher cash flows than the current portfolio to support the company's earnings capacity. We believe, however, that the company will seek to comply with its new financial policy target of having a net LTV below 45% over time (44.7% as of 31 Dec. 2024). We expect higher than historical rental growth in the residential portfolio to result in positive fair value changes to the company's portfolio, possibly resulting in net LTV approaching 40% by 2027. Because market rates have stabilised, the company's interest coverage is likely to be maintained at about 2.3x. The company's financial gearing relative to earnings is high in comparison with the broader property market due to the low yield in the company's portfolio. We see low cash flow generation relative to debt combined with lagging rental adjustments in the residential portfolio as the main risk to the company's creditworthiness. This increases the company's sensitivity to changes in interest rates more than other sectors despite being comparatively well-hedged. The company has, however, displayed a willingness to take strengthening actions through 2023–2024, we expect that it will maintain a prudent approach to its financial risk management to defend its key credit metrics, should the need arise.

Figure 7. Key base-case forecast assumptions and credit metrics, 2025–2027e

SEKm	2025e	2026e	2027e
Rental growth (%)	7.9	3.1	4.5
EBITDA margin (%)	66.5	66.1	66.4
Average interest rate (%)	2.7	2.8	2.9
Property value change (%)	5.3	2.0	2.0
Net capital expenditure (SEKm)	272	301	137
Dividend payment (SEKm)	86	92	91
Net debt/EBITDA (x)	15.5	15.5	14.7
EBITDA/net interest (x)	2.3	2.3	2.3
Net LTV (%)	42.3	41.8	40.5
FFO/net debt (%)	3.7	3.6	3.9

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

Figure 8. Heba NCR-adj. investment properties, net debt, and net LTV, 2021–2027e

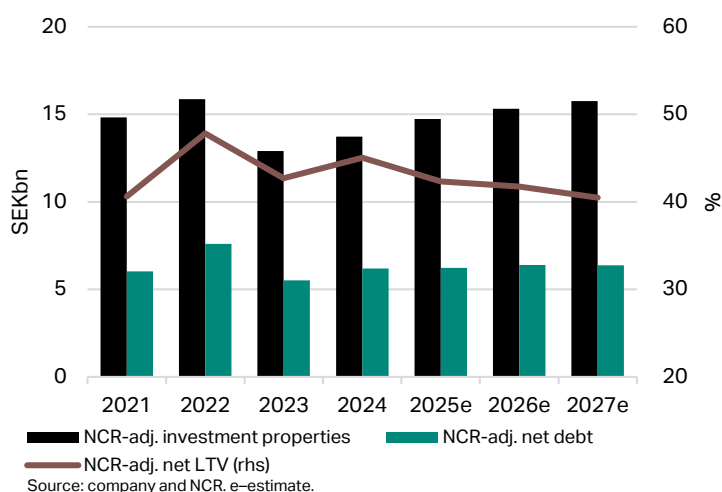
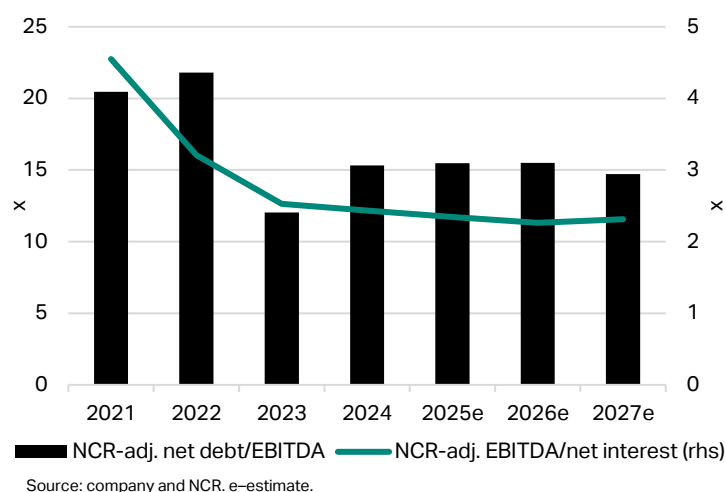


Figure 9. Heba NCR-adj. net debt/EBITDA and EBITDA/net interest, 2021–2027e



Risk appetite

Funding structure stable and diverse, but risk appetite gradually increasing

Broadly, Heba's risk appetite is more prudent than warranted by our assessment of its financial ratios. In 2024 and 2023, the company postponed construction starts, divested properties, restructured its swap portfolio and temporarily revised its financial policy to contain financial risk and adapt its balance sheet for a higher interest-rate environment. The company has a comparatively strong interest-fixing profile and diverse debt maturity profile.

Our risk appetite assessment, however, is constrained by Heba's exposure to property development through joint venture agreements, with the company having extended loans and financial guarantees to joint ventures. Guaranteed volumes and loans vary depending on project commitments.

In the fourth quarter of 2024, Heba announced new financial targets for 2025–2030 including revision of growth targets, dividend policy and leverage targets. Heba aims to pay out 50% of after-tax profit from property management, which is more prudent than its previous long-term target of 70% (temporarily revised to 40% during 2023–2024). The company also aims to grow its portfolio value to SEK 20bn while maintaining a long-term gross LTV below 45%. We believe that reduced dividends will enable controlled expansion, ensuring moderate leverage over time.

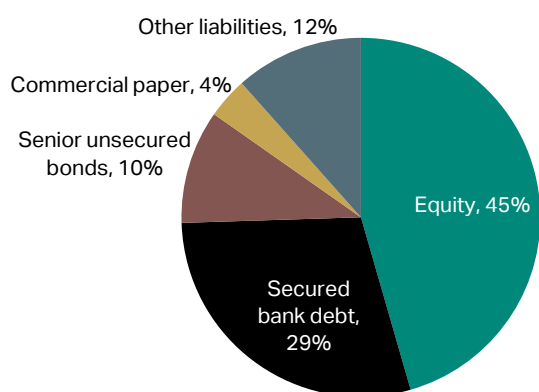
Figure 10. Heba's financial policies and reported metrics (%)

Metric	Financial policy/targets	Reported 31 Dec. 2024
Gross LTV	<45*	44.7
Community service properties' share of net operating income	>20	30
Dividend payout ratio	>50	50.2**

Source: company. *Never above 50%. **Proposed dividend based on 2024 income from property management less adjusted taxes of 20.6%.

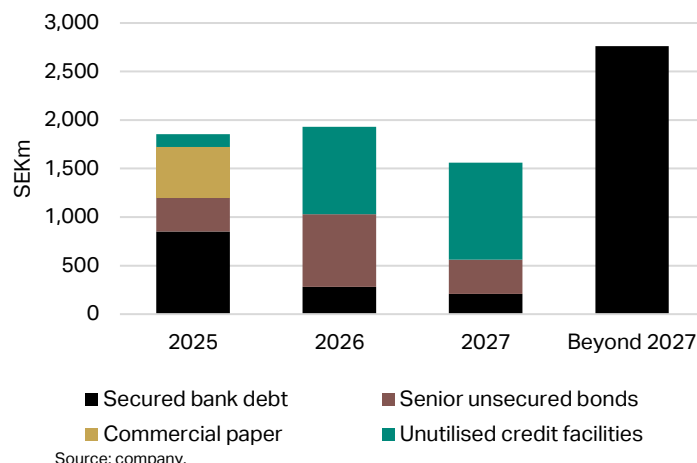
Heba is primarily financed by secured bank debt and senior unsecured bonds. The company has a commercial paper framework of SEK 4bn with an outstanding amount of SEK 523m. We expect the company to increase the proportion of commercial paper in its funding mix. Senior unsecured debt, including commercial papers, stood at 32% of total outstanding debt at end-2024, considerably lower than the 58% at end-2021. The higher proportion of secured funding in the mix has resulted in the proportion of unencumbered assets shrinking to 68% at end-2024, compared with 83% three years prior. We see the moderately high proportion of unencumbered assets as positive for Heba's capital structure, particularly if the company needs to dispose of assets to meet bond maturities.

Figure 11. Heba funding profile, 31 Dec. 2024



Source: company.

Figure 12. Heba debt maturity profile, 31 Dec. 2024



Source: company.

Heba's average debt maturity was 3.3 years, including commitments, at end-2024, down from 4.0 years in 2023. Despite the shortening of the debt maturity profile in recent years, we expect the company's debt maturity profile to remain diverse with comparatively lower sensitivity to adverse markets conditions than property managers with short debt maturity profiles. The company has committed credit facilities exceeding debt maturities. We take a positive view of the company's liquidity profile and expect proactive refinancing of unused credit facilities maturing in 2026. Heba's average fixed-interest period was 3.1 years as of 31 Dec. 2024. Maturities are front-loaded with about 37% of fixed-interest loans due within the next two years, which increases sensitivity to changes in interest rates.

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 has to rely on internal or committed external funding sources to cover its liquidity needs. We typically expect a company with an investment grade rating ('BBB-' or above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess Heba's liquidity profile as adequate given that we project net sources to uses of SEK 384m during 2025.

Figure 13. Liquidity analysis (stressed scenario) 1 Jan. 2025–31 Dec. 2025

Liquidity, next 12 months	Amount (SEKm)
Cash and cash equivalents (100%)	37
Proceeds from borrowings	266
Adjusted FFO	173
Unutilised credit facilities	1,900
Proceeds from joint ventures	104
Total sources	2,480
Repayment of borrowings	1,824
Committed capital spending	272
Total uses	2,096
Sources/uses (x)	1.2
Sources-uses (SEKm)	384

Source: company and NCR.

ESG factors adequate

Environmental, social and governance factors

The main environmental, social and governance (ESG) issues that could affect our credit rating on Heba are factors that could contribute to loss of revenue, increased operating costs, higher capital spending, loss of value of assets, reduced access to funding or loss of operating rights.

Heba has a leading position in the Swedish market in terms of energy efficiency in its properties, with usage of 75 kWh/sqm at end-2024. We believe Heba is well-positioned for meeting EPBD requirements, with no significant capital spendings necessary. The company aims to be climate neutral by 2045, and, until it achieves this goal, is contributing to a UN carbon offset programme. Heba has also signed on as a future client of a carbon capture storage project of energy company Stockholm Exergi. For new construction projects, the company targets silver-level certification from domestic environmental certification agency Miljöbyggnad (or equivalent). Heba also assumes social responsibility for its community service facilities and rental apartments. The company conducts surveys of tenants and employees and has established minimum levels of satisfaction in its corporate goals.

Given the strong demand for rental housing in Stockholm, Heba acknowledges the risk of bribes, corruption and illegal property transfers. In this respect, it conducts internal training programmes and has instituted a no-tolerance code of conduct to ensure that its employees understand their ethical responsibilities. The company has an anonymous whistleblowing function to ensure that irregularities are found and addressed. All of Heba's major suppliers have signed a code of conduct.

Figure 14. Heba ESG considerations

Issue	Risk	Mitigating efforts	Result
Carbon dioxide emissions	Increased costs due to regulatory and/or taxation changes.	Efforts to increase energy efficiency and reduce Carbon dioxide emissions. Carbon dioxide offsets. Environmental certification of properties.	Carbon dioxide emissions of 5,977 tonnes in 2023, mainly due to lower construction activities. Heba has not yet reported Carbon dioxide figures for 2024.
Political risk	Political action affecting residential rental revenues and lowering property values.	Community service properties in portfolio and development of tenant-owned apartments for sale diversify revenues.	Community service properties accounted for 23% of portfolio value and 30% of net operating income at end-2024.
Increased environmental focus on financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower fossil-fuel dependence.	Strong focus on environmental certification. Targets net zero carbon emissions by 2045. EU Green and sustainability linked financing framework.	SEK 1.4bn in outstanding green bonds as of end-2024. 75 kWh/sqm usage in property portfolio at end-2024, target of below 40 kWh/sqm by 2030.

Source: company. See [ESG factors in corporate ratings](#). *Science Based Targets initiative.

OWNERSHIP ANALYSIS

Ownership neutral

Heba has two different share classes: A and B, with the former carrying 10 votes each and the latter one. The A shares are held by, or are associated with, descendants of the company's founders. They are unlisted and carry the right of first refusal should an owner wish to divest their stake. In our opinion, A shareholders have a long-term financial commitment to the company. The B shares are listed and freely traded. The company's largest owner, family office IC Industricentralen Holding, has sold a large proportion of its shares through 2024 and owned about 13.6% of capital at year-end 2024 (23.1% at year-end 2023). We do not believe the reduced ownership will have any implications for Heba's credit profile.

Heba has not required capital injections in recent years, and the company's public listing gives it access to the equity markets should the need arise.

Figure 15. Heba ownership structure, 31 Dec. 2024

Owner	Share of capital, %	Share of votes, %
IC Industricentralen Holding AB	13.6	7.4
Charlotte Ericsson	6.5	9.4
Johan Vogel	6.2	8.8
Anna Vogel	6.1	8.8
Christina Holmbergh	5.9	8.6
Anders Eriksson	5.1	8.2
Birgitta Maria Härnblad	4.9	8.8
Ulf Ericsson	3.8	2.1
Spiltan Aktiefond Stabil	3.0	1.6
Maria Sundström	2.1	3.0
Top 10 owners	57.2	66.6
Other	42.8	33.4

Source: company.

ISSUE RATINGS

Heba's gross secured LTV was 30% as of 31 Dec. 2024. We expect the proportion of secured financing to decrease over the next 12–18 months as financing has become more accessible in capital markets. Consequently, we expect the company's gross secured LTV to remain well-below 40% over a protracted period. This supports our view of meaningful recovery prospects for senior unsecured debtholders in the event of financial distress due to low levels of prior-ranking debt. Accordingly, the rating on Heba'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) [Swedish real estate outlook 2025](#), 23 Jan. 2025.
- (ii) [Comparison of NCR-rated community service property managers](#), 9 Dec. 2024.
- (iii) [Swedish real estate snapshot \(Q3 2024\): continued cautious optimism in the air](#), 26 Nov. 2024.
- (iv) [Swedish real estate: Likely interest rate cuts allow for cautious optimism](#), 24 Sep. 2024.

Figure 16. NCR's adjustments to credit metrics, 2021–2027e

SEKm	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	276	324	366	365	396	408	428
Interest income from JVs	19	25	34	25	7	5	5
Dividends from joint ventures	0	0	58	14	0	0	0
NCR-adj. EBITDA	294	348	458	404	403	413	433
Net interest	-41	-79	-143	-137	-161	-173	-178
Interest income from JVs	-19	-25	-34	-25	-7	-5	-5
Financial costs from leasing	-5	-5	-4	-4	-4	-4	-4
NCR-adj. net interest	-65	-109	-181	-166	-172	-182	-187
NCR-adj. EBITDA	294	348	458	404	403	413	433
NCR-adj. net interest	-65	-109	-181	-166	-172	-182	-187
Current taxes	-0	-0	0	-3	0	0	0
NCR-adj. FFO	229	239	277	235	231	230	246
Investment property	14,673	15,718	12,773	13,589	14,581	15,174	15,615
Non-current right-of-use assets	158	157	126	144	144	144	144
NCR-adj. investment property	14,831	15,875	12,900	13,733	14,725	15,318	15,758
Cash and cash equivalents	159	101	247	37	171	108	126
NCR-adj. cash and equivalents	159	101	247	37	171	108	126
Gross interest-bearing debt	6,025	7,535	5,629	6,077	6,261	6,361	6,361
Long-term leasing liabilities	158	157	126	144	144	144	144
NCR-adj. cash and equivalents	-159	-101	-247	-37	-171	-108	-126
NCR-adj. net debt	6,024	7,591	5,508	6,184	6,234	6,396	6,379

Source: company and NCR. e-estimate.

Figure 17. Heba 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	450	510	566	562
Other income	–	–	–	–
Total costs from operations	-137	-148	-164	-158
Net operating income	313	362	402	404
Administrative expenses	-37	-38	-37	-39
Administrative expenses, project portfolio	–	–	–	–
EBITDA	276	324	366	365
Share of profit in associated companies and joint ventures	-1	-1	36	-50
Interest expenses	-60	-104	-177	-162
Interest income	19	25	34	25
Interest expenses, shareholder loans	–	–	–	–
Financial costs from leasing	-5	-5	-4	-4
Other financial costs	–	–	–	–
Changes in investment property	1,491	-603	-1,160	38
Gain (loss) on financial assets held at fair value	56	227	-11	-18
Disposals of investment properties	-2	-0	-128	-7
Gain (loss) on derivatives	–	–	–	-45
Depreciation and amortisation	–	–	–	–
Restructuring activities	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–
Pre-tax profit	1,774	-138	-1,044	143
Current taxes	-0	-0	0	-3
Deferred taxes	-298	2	331	-41
Net profit	1,475	-136	-712	99
BALANCE SHEET				
Investment property	14,673	15,718	12,773	13,589
Other non-current assets	628	628	479	441
Total non-current assets	15,301	16,346	13,252	14,030
Cash and cash equivalents	159	101	247	37
Other current assets	56	309	126	100
Total current assets	214	410	373	136
Total assets	15,516	16,756	13,625	14,167
Total equity	7,493	7,225	6,438	6,451
Non-current borrowings	4,290	5,803	4,917	4,353
Non-current borrowings, shareholder loans	–	–	–	–
Deferred tax liabilities	1,710	1,710	1,326	1,368
Other non-current liabilities	158	157	126	152
Total non-current liabilities	6,158	7,669	6,369	5,873
Total current liabilities	1,865	1,862	819	1,843
Total equity and liabilities	15,516	16,756	13,625	14,167
CASH FLOW STATEMENT				
Pre-tax profit	1,774	-138	-1,044	143
... of which changes in investment property	1,491	-603	-1,160	38
Depreciation and amortisation	–	–	–	–
Tax paid	-1	-0	–	-1
Adjustment for items not in cash flow	-1,543	361	1,270	75
Cash flow from operating activities before changes in working capital	229	223	226	217
Changes in working capital	4	-26	26	-3
Cash flow from operating activities	233	197	252	214
Cash flow from investment activities	-1,075	-1,653	1,773	-788
Cash flow from financing activities	904	1,398	-1,878	363
Cash and cash equivalents at beginning of period	97	159	101	247
Cash flow for period	62	-58	146	-211
Cash and cash equivalents at end of period	159	101	247	37

Source: company. FY–full year.

Figure 18. Heba rating scorecard

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

Seniority	Rating
Senior unsecured	BBB

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