

Fastighets AB Stenvalvet (publ)

Rating Action Report

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Fastighets AB Stenvalvet 'BBB' long-term issuer rating affirmed; Outlook stable

Nordic Credit Rating (NCR) has affirmed its 'BBB' long-term issuer rating on on Sweden-based community service property manager [Fastighets AB Stenvalvet](#). The outlook is stable. At the same time, the 'N3' short-term issuer rating and 'BBB' senior unsecured issue rating were also affirmed.

Rating rationale

The affirmation reflects the company's stable performance, aligning with our expectations for the rating. The company's deleveraging efforts has resulted in net LTV declining to below 50%. We expect a rebound in the company's interest coverage to 2.6x–2.9x through 2027 due to lower interest rates and reduced debt. The company is expected to maintain low project development exposure and proactively refinance maturing debt, ensuring a satisfactory liquidity profile. In our view, the company is solidly positioned operationally, with positive net letting and improvements in its net operating income. It is unlikely that the company will face meaningful operational headwinds, as favourable demographic trends ensure demand for its premises.

The affirmation also reflects the company's strong property portfolio and long-term contracts with highly creditworthy public-sector tenants. About 92% of the company's rental income is generated directly or indirectly from government funding and the company has a strong average remaining lease term of around five years. Stenvalvet's stable cash flows and strong debt-servicing abilities also support the rating, as do its low-risk shareholders, which we regard as stable, long-term owners.

Although most of Stenvalvet's income comes from government-related anchor tenants, about 8% of tenants are purely commercial entities and 28% of the company's rental value is derived from its office segment, in which tenants tend to be less loyal than occupants of specialised properties. The company has high tenant concentrations, with the top 10 tenants generating 50% of revenue, albeit with a high level of public funding.

Stable outlook

The stable outlook reflects our expectation that Stenvalvet will continue to focus on community service properties, with long lease contracts under which rents are funded directly or indirectly by public institutions. We expect net interest coverage to improve and stabilise at about 3x during our forecast period through 2027. The outlook also reflects our expectation that Stenvalvet will remain cautious with regard to capital expenditure and growth.

We could raise the rating to reflect credit metrics improving over the long term to NCR-adjusted net loan to value (LTV) below 40%, net debt/EBITDA below 10.0x and EBITDA/net interest over 3.0x, combined with reduced uncertainty over ownership and shareholder commitment.

We could lower the rating to reflect leverage increasing on a long-term basis to NCR-adjusted net LTV above 55% with EBITDA/net interest below 2.2x, given the current ownership. We could also lower the rating to reflect a higher proportion of non-public-sector tenants or increased ownership uncertainty.

Related publications

- i) [Swedish real estate snapshot \(Q4 2024\): growth is back on the menu](#), 4 Mar. 2025.
- ii) [Swedish real estate outlook 2025](#), 23 Jan. 2025.
- iii) [Comparison of NCR-rated community service property managers](#), 9 Dec. 2024.

Rating list	To	From
Long-term issuer credit rating:	BBB	BBB
Outlook:	Stable	Stable

Rating list

Short-term issuer credit rating:

Senior unsecured issue rating:

To

N3

BBB

From

N3

BBB

Figure 1. Stenvalvet 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%	a-	a-
Operating efficiency	5.0%	a-	a-
Business risk assessment	50.0%	bbb+	bbb+
Ratio analysis		bbb-	bbb-
Risk appetite		bbb-	bbb-
Financial risk assessment	50.0%	bbb-	bbb-
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	Stable
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 14 May. 2019.
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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