

Nordic Credit Rating (NCR) has affirmed its 'BBB+' long-term issuer rating on Sweden-based [Svensk FastighetsFinansiering AB \(publ\)](#) (SFF). The outlook is stable. The 'N3' short-term issuer rating has also been affirmed as has the 'BBB+' senior secured issue rating.

Rating rationale

The affirmation reflects SFF's continued stable performance in line with our expectations. Since 2022, SFF has seen a decrease in outstanding debt and corresponding collateral volume, mainly due to decreasing activity among its owner- and lender- companies. We expect this trend will change in 2025 and that its lenders will choose to partly fund themselves through SFF. As such, we now expect bond and collateral volumes to increase somewhat in 2025 and 2026, yet at a slower pace compared with our expectations one year ago. We also expect that SFF will continue to focus on improving diversification in its collateral pool.

The long-term rating reflects SFF's purpose as a financing vehicle for its owners, five of Sweden's largest real-estate companies. The rating also reflects SFF's low risk appetite, creditworthiness and continuous support provided by its owners, and the collateral available for senior secured bondholders. It is also indicative of the relatively long average remaining lease term and the high occupancy rates of the properties in SFF's pledged portfolio, as well as the stable operating environment. In addition, the rating reflects liquidity assurance provided by SFF's owners, which limits the near-term refinancing risk.

Downward pressure on property values has increased net loan-to-value (LTV), which remains high for the rating level despite a strong cash position. The rating is constrained by the high net LTV (54% as of 30 Sep. 2024), as well as the company's relatively short debt maturity profile.

Stable outlook

The stable outlook reflects our expectations of continued stable performance by both SFF's property operations and its owners. Net LTV is elevated, but we believe SFF's owners will provide sufficient collateral to ensure the financial risk profile is maintained. We expect SFF will improve diversity in its collateral pool and increase new bond issuance to refinance upcoming maturities. We also expect SFF's risk appetite to remain low, given

restrictions in its medium-term note (MTN) prospectus. Furthermore, we expect SFF will remain an attractive funding source for its five owners, and that its current ownership will stay unchanged.

We could raise the rating to reflect a significant improvement in collateral pool diversity and portfolio quality, combined with a sustainable reduction in NCR-adjusted net LTV to below 45%.

We could lower the rating to reflect a failure to improve collateral pool diversity through our forecast period, or a material deterioration in creditworthiness or withdrawal of one or more of the owners. We could also lower the rating to reflect an increase in NCR-adjusted net LTV to above 55% over a protracted period.

Rating list	To	From
Long-term issuer credit rating:	BBB+	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N3	N3
Senior secured issue rating:	BBB+	BBB+

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The methodology documents used for this rating are NCR's Corporate Rating Methodology published on 8 May 2023, NCR's Rating Principles published on 14 Feb. 2024 and NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024. For the full regulatory disclaimer please see the rating report.

Nordic Credit Rating AS (NCR) is [authorised by ESMA](#) to issue credit ratings within the EU and EFTA countries. NCR provides credit ratings to entities in the Nordic region, based on independent and objective analysis with local insights. Offices are located in Oslo and Stockholm.