Nordic Credit Rating

CORPORATE: REAL ESTATE

Norway
23 Apr. 2024

Bane NOR Eiendom AS

Full Rating Report

LONG-TERM RATING

A

OUTLOOK

Stable

SHORT-TERM RATING

N2

PRIMARY ANALYST
Anine Gulbrandsen
+4797501657
anine.gulbrandsen@nordiccreditrating.com

SECONDARY CONTACTS
Yun Zhou
+46732324378
yun.zhou@nordiccreditrating.com

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

RATING RATIONALE

Our 'A' long-term issuer rating on Norway-based property manager and developer Bane NOR Eiendom AS reflects the company's low leverage, solid average remaining lease term and a high share of government-funded tenants. The rating is also supported by the company's de facto monopoly over domestic railway stations and workshops and its importance to Norwegian railway infrastructure. The company's large and central land bank supports future development opportunities in city centres in close proximity to existing stations.

The rating is constrained by the size of Bane NOR Eiendom's management portfolio, though this is mostly offset by the specialised nature of the properties. It is also constrained by the company's revenue concentrations and the risks associated with development projects.

We add two notches to our standalone credit assessment to reflect Bane NOR Eiendom's 100% indirect ownership by the Norwegian government and our view that the government has a strategic interest due to the company's role as a provider of critical public-transport infrastructure.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Bane NOR Eiendom's credit metrics will remain moderate, despite increased interest costs and a rise in leverage over our forecast period. It also reflects our belief that the company can reduce leverage by selling off completed projects in its development portfolio, surpassing our base case projections. In addition, footfall through the company's railway stations is nearly back to pre-pandemic levels, supporting occupancy and increasing the attractiveness of its property locations.

POTENTIAL POSITIVE RATING DRIVERS

- A loan to value (LTV) ratio of around 20% and an EBITDA margin above 65% for a prolonged period.
- Improved profitability and revenue stability.
- Strengthened financial policy through tighter leverage targets.

POTENTIAL NEGATIVE RATING DRIVERS

- Net LTV above 40% or net interest coverage below 2.2x over a prolonged period.
- Weaker profitability or an inability to achieve competitive prices on development properties.

Figure 1. Key credit metrics, 2020–2026e

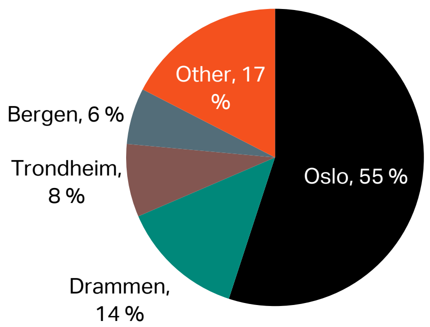
NOKm	2020	2021	2022	2023	2024e	2025e	2026e
Rental income	888	939	1,081	1,280	1,370	1,465	1,568
Other income*	655	964	239	804	916	369	388
EBITDA	1,036	1,321	638	924	1,571	1,040	1,118
EBITDA margin (%)	67.1	69.4	48.3	44.3	65.3	56.2	57.2
Investment property**	19,168	23,584	25,918	25,595	26,835	29,521	31,253
Net debt	5,748	6,653	8,326	9,714	9,949	10,870	11,614
Total assets**	20,999	24,980	27,585	28,106	29,181	31,716	33,354
Net debt/EBITDA (x)	5.6	5.0	13.1	10.5	6.3	10.5	10.4
EBITDA/net interest (x)	10.2	13.8	4.8	3.0	2.9	2.1	2.2
Net LTV (%)	30.0	28.2	32.1	38.0	37.1	36.8	37.2
FFO/net debt (%)	15.8	17.0	5.3	6.3	15.9	4.9	5.3

Source: company and NCR estimates. e–estimate. FFO–funds from operations. All metrics adjusted in line with NCR methodology. *Includes dividends from JVs related to sales of properties. **Includes market value of the property portfolio.

ISSUER PROFILE

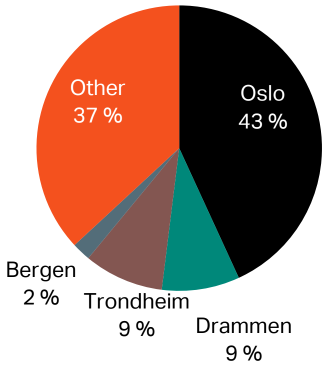
Bane NOR Eiendom is a Norwegian property management and development company that develops, owns and manages railway stations and workshops and also develops commercial and residential real estate for sale. Bane NOR Eiendom is wholly owned by government-held Bane NOR SF, which owns and operates Norway's rail network and platforms. Previously known as ROM Eiendom AS, the company was established in its current form in 2017 following a restructuring of Norway's railway system. All domestic railway stations and workshops were transferred to Bane NOR Eiendom, along with a substantial land bank in areas close to railway stations. The company's total property portfolio consists of over 900 buildings and had a market value of NOK 25.6bn at year-end 2023. The investment portfolio's market value was NOK 15bn, reflecting around 25 properties. The investment properties are primary located in Norway's largest cities, with the majority of value associated with train stations and workshops. The company also has wholly owned development projects with a market value of NOK 11bn, reflecting 28 properties, and participates in additional development projects via joint ventures.

Figure 2. Market value of investment properties by region, 31 Dec. 2023



Source: company.

Figure 3. Market value of wholly owned development properties by region, 31 Dec. 2023



Source: company.

BUSINESS RISK ASSESSMENT

Business risk assessment 'bbb+'

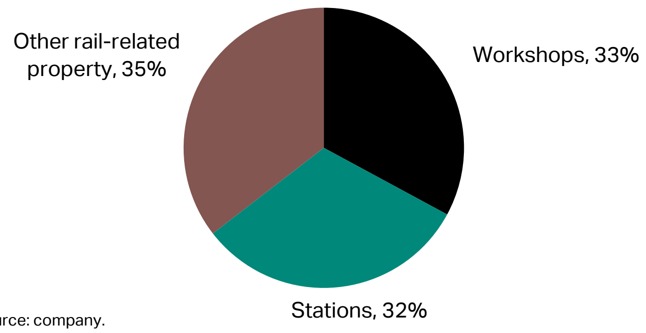
Our business risk assessment reflects Bane NOR Eiendom's de facto monopoly position over railway stations and workshops, tenant and geographic concentrations, and its high proportion of government-funded tenants. We view the company's strong occupancy rate and long average remaining lease term as positive rating factors, but project development risk weighs on our assessment.

Market fundamentals strong, with improved foot traffic

Operating environment 'bbb+'

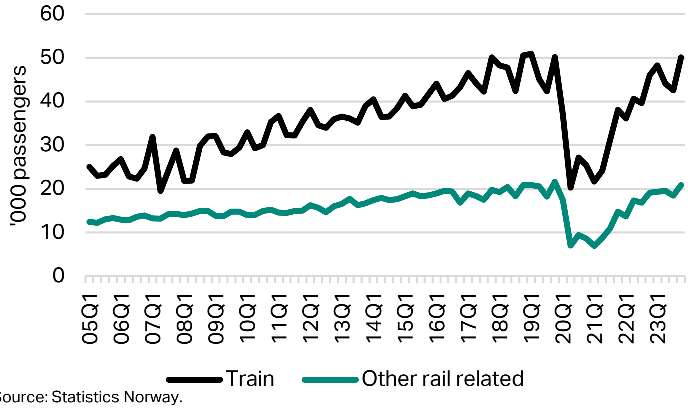
Bane NOR Eiendom's properties are mainly located at railway stations throughout Norway. Occupants include commercial and public-sector tenants, as well as train operators on government contracts. The company's commercial premises are dependent on footfall, which has nearly returned to pre-COVID-19 pandemic levels, supporting rental and other station-related revenues for the company. The company's core strategy is to develop areas around railway stations to increase the use of the railway system. While there are headwinds to these objectives from the increase in working from home and digital meetings, greater commercialisation of station space is expected to improve the company's revenue per passenger.

Figure 4. Bane NOR Eiendom rental value by property type, 31 Dec. 2023



Source: company.

Figure 5. Norway passenger throughput, Q1 2005–Q4 2023



Source: Statistics Norway.

The Norwegian government aims to increase the use of public transport and encourage the use of rail freight. We expect future governments to maintain this environmental focus and continue to use Bane NOR SF as a conduit for this strategy. Following the restructuring of the country's railway system, under which freight and passenger services were privatised, commercial train operators bid competitively for specific routes, but are effectively obliged to use Bane NOR Eiendom's workshops and stations, thereby diversifying the company's counterparties.

Figure 6. Rental value from top 10 exposures, 31 Dec. 2023

Train station/Workshop	Municipality	Share of rental value (%)
Oslo Central Station	Oslo	15%
Grorud Workshop	Oslo	6%
Sundland Workshop	Drammen	5%
Lodalen Workshop	Oslo	4%
Marienborg Workshop	Trondheim	4%
Støren Workshop	Midtre Gauldal	3%
Oslo Strandgata (offices/parking)	Oslo	3%
Bergen Workshop	Bergen	2%
Skien Workshop	Skien	2%
Sandvika Leif Tronstads plass (offices)	Sandvika	2%
Total	**-**	**46%**

Source: company,

Our operating environment assessment reflects the volatility associated with the importance of property development to the company's strategy. In addition to managing its existing properties, the company is an active developer of commercial and residential properties in prime locations in connection to railway stations. Many of these projects are long term in nature and the company maintains a long-term approach to development. However, risk related to delays, cost fluctuations, increasing raw material prices or lack of demand could reduce the attractiveness of these properties.

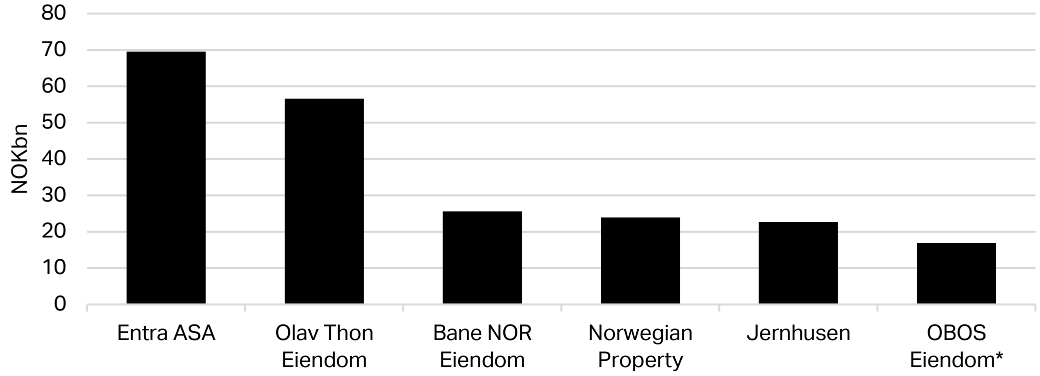
Market position supported by de facto monopoly

Market position, size and diversification 'a-'

The company has a strong market position due to its portfolio mix and the fact that two-thirds of its rental revenues are earned via a de facto monopoly and position as the nationally appointed manager of train stations and workshops. The remainder of the portfolio is subject to competition within the hotel, restaurant, office and retail segments.

Bane NOR Eiendom's property portfolio is of average size in comparison with those of its domestic peers. As of 31 Dec. 2023, the property portfolio was valued at NOK 25.6bn with an annual rental income of NOK 1.3bn. The company's market position is strengthened by its substantial land bank in properties adjacent to stations and its unique position as one of Norway's leading hub developers. The company also has a close relationship with government entities in planning and developing hubs around stations. Compared with its peers, Bane NOR Eiendom (like Jernhusen, its Swedish equivalent) has a significant share of public-sector and government-funded tenants. Moreover, the company's specialised properties increase the likelihood of high occupancy rates and long-term tenant relationships and contracts, given the expectations of the increasing role for sustainable train transportation.

Figure 7. Peer group by property value, 31 Dec. 2023



Source: companies. *As of Q2 2023.

By value, Bane NOR Eiendom's properties are primarily in Oslo and Norway's other major cities (see Figure 2 and Figure 3). However, the geographic concentration is lower by rental value, with Oslo representing one-third of rental income and the top four markets representing 53% (compared with 74% of combined property value). In addition, development projects are located throughout Norway, and proximity to public transport generally increases footfall.

Although Bane NOR Eiendom's tenant concentrations are significant (the top 10 tenants generate 54% of rental revenue), most tenants are government funded or government owned, including its parent company. Around two-thirds of revenues are linked to either the Norwegian or Swedish governments. Of the top 10 tenants, the largest commercial tenant without government association is Reitan, which owns one of Norway's largest supermarket chains, Rema 1000, and major convenience stores Narvesen, and Pressbyrån in Sweden, as well as 7-Eleven stores across Scandinavia.

Figure 8. Bane NOR Eiendom tenant concentration, 31 Dec. 2023

Tenant	Type of tenant	Share of rental income
Bane NOR SF	Government	14%
Vy	Commercial tenant, government funded	12%
Mantena AS	Commercial tenant, government funded	9%
SJ Norge AS	Commercial tenant, government funded	8%
Reitan Convenience Norway AS	Commercial tenant, retail	3%
Go-Ahead Norge AS	Commercial tenant, government funded	3%
Spordrift AS	Commercial tenant, government funded	2%
Hotel Østbanehallen AS	Commercial tenant, hotel	2%
Select Service Partner AS	Commercial tenant, government funded	1%
Alstrom Transport Norway AS	Commercial tenant, government funded	2%
Top 10 tenants	**-**	**54%**

Source: company.

Specialised properties support long-term contracts

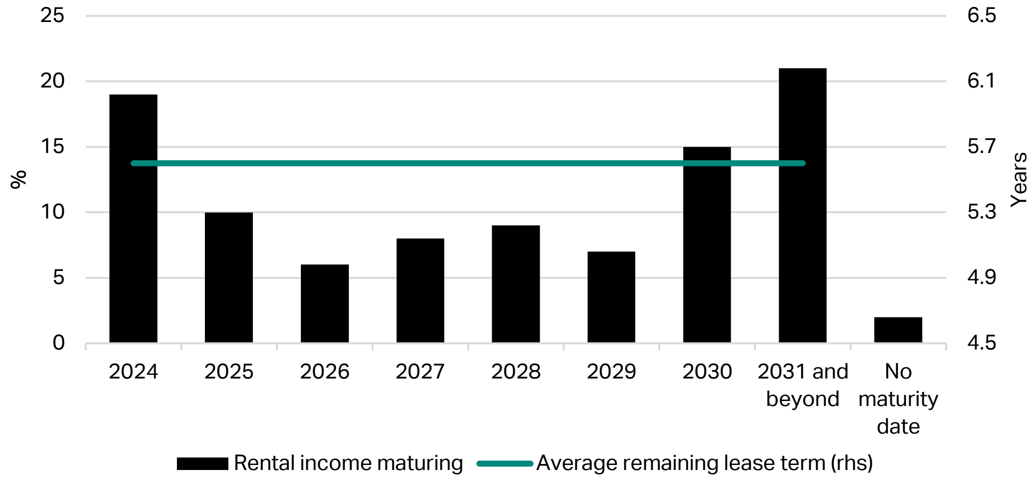
Portfolio assessment 'a-'

Bane NOR Eiendom's properties are located throughout Norway. We view the company's position as a leading hub developer as a strength, while the proximity of its properties to railway stations and transportation hubs increases the attractiveness of the overall portfolio.

Bane NOR Eiendom has an average remaining lease term of about six years (excluding contracts with no maturity date, which account for 2% of the rental income). The top 10 tenants are generally on long lease agreements and contracted through many agreements and facilities, reducing vacancy risk.

Maturities are reasonably well spread. However, 19% of leases (as measured by rental value) expire in 2024.

Figure 9. Lease maturity profile, 31 Dec. 2023



Source: company.

Bane NOR Eiendom has significant market value in its wholly owned development pipeline (42% of reported market value) and a proven track record of property development. The projects are often large in scale and constructed over several phases. We expect ongoing projects to represent 5–10% of the total portfolio going forward, with the ability to postpone projects, given a long-term approach. Bane NOR Eiendom typically seeks 50% pre-letting for commercial properties and 50% pre-sales for residential properties prior to construction start (depending on the location and the company's assessment of associated risk). Accordingly, the project portfolio contains some speculative elements, even though risk is mitigated by the projects' generally attractive locations. In most cases, commercial properties are sold at completion. However, the company also maintains completed properties on its own balance sheet for future divestment when markets are less favourable.

Figure 10. Large projects in progress, 31 Dec. 2023

Project	Property type	Total investment (NOKm)	Estimated completion
Proffen Hageby	Residential	400	2024
Trondheim Central Station	Commercial/retail/public	1,200	2025
Kongsvinger Central Station	Commercial	450	2025
Total	-	**2,050**	-

Source: company.

Besides its wholly owned projects, Bane NOR Eiendom is involved in several joint venture (JV) development projects with large established partners. In our opinion, JV structures reduce the related development risk. Bane NOR Eiendom's equity contributions to JVs are often in the form of land acquired at low cost. Moreover, the company provides no guarantees for its JVs.

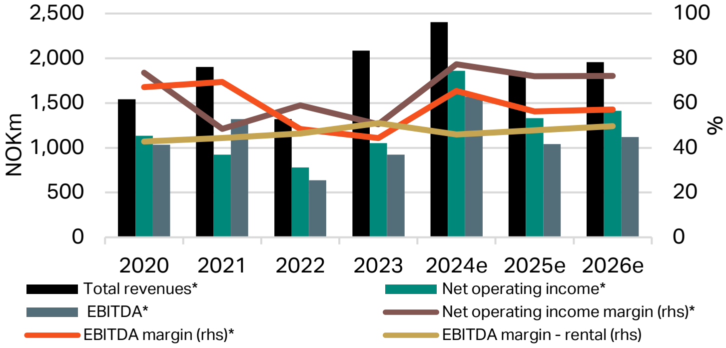
Margins dependent on sales activity

Operating efficiency 'bbb-'

Bane NOR Eiendom's historical revenues and EBITDA are volatile, reflecting the timing of sales of development properties. In addition, the company's EBITDA margin from property management is lower than those of its purely commercial peers, due in part to regulated rents for its workshops and the low-margin sale of diesel fuel. The company is expected to report diesel fuel sales on a net basis going forward, which we have also adjusted in our historical figures for comparability. We expect adjusted EBITDA margins (including dividends from JVs) to remain between 56% and 65% over our forecast period, while EBITDA margins associated with rental income are around 45–50%.

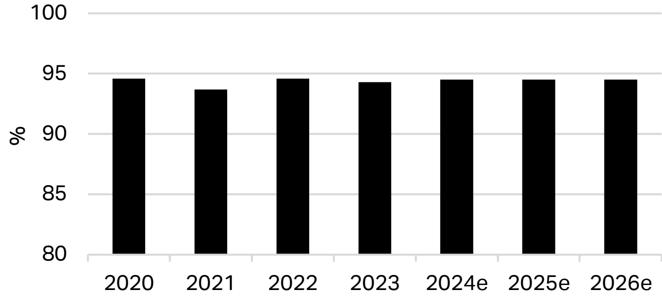
Historically, Bane NOR Eiendom's occupancy ratio has been stable, with a ratio of 94–95%. We expect it to remain at this level during our forecast period, due to the company's long average remaining lease term, long-term public-sector contracts and the large number of city centre locations.

Figure 11. Revenues, net operating income, EBITDA, and margins, 2020–2026e



Source: company and NCR estimates. e–estimate. *Including dividends from JVs.

Figure 12. Occupancy rate, 2020–2026e



Source: company and NCR estimates. e–estimate.

FINANCIAL RISK ASSESSMENT

Financial risk assessment 'bbb'

Our financial risk assessment reflects our expectation that Bane NOR Eiendom's credit metrics will remain moderate, despite increased interest costs and a rise in debt to cover capital spending needs. In our view, the company's financial risk appetite is more prudent than reflected in current credit metrics, given a relatively long debt maturity profile, a high share of interest rate hedging, a high portion of shareholder loans and a modest dividend policy.

Low leverage supports credit metrics

Ratio analysis 'bbb-'

Bane NOR Eiendom runs its operations with low financial gearing; the company's net LTV has been around 30% since 2018 but increased in 2023 to 38% due to a decline in market values, as well as ongoing capital investments in development projects. We expect net LTV to be around 37% over our forecast period. Volatile cash inflows from sales of development projects have supported relatively strong, but volatile, earnings and net interest coverage, though material increases in the Norwegian Interbank Rate (NIBOR) over recent years have reduced interest coverage materially. We project interest coverage to decline further during our forecast period, primarily due to a rise in debt for funding capital expenditure.

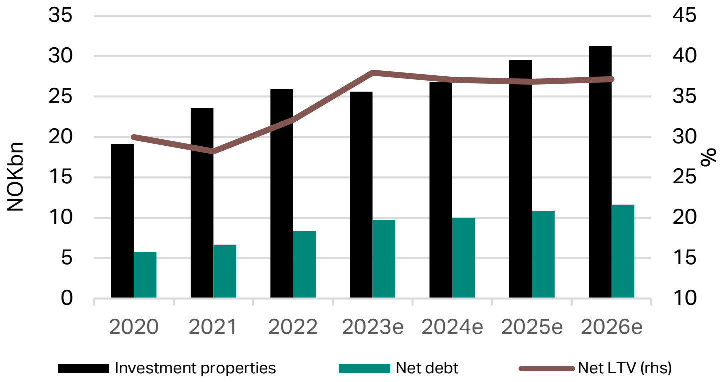
We adjust EBITDA to include cash dividends rather than the company's share of profits from JVs. We include shareholder loans in our calculation of net debt due to their relatively short average tenor of under 10 years. Although the company uses Norwegian GAAP accounting and the book values of its property portfolio, we include market values from industry standard external valuation companies, as well as right-of-use assets, in our calculation of its LTV metrics.

Figure 13. Base case forecast key assumptions and credit metrics, 2024–2026e

NOKm	2024e	2025e	2026e
Rental growth (%)	7.0	7.0	7.0
EBITDA margin (%)*	65.3	56.2	57.2
Average interest rate (%)	5.4	4.8	4.6
Capital expenditure (NOKm)	1,800	2,400	1,500
Dividend from JV's (NOKm)	119	134	134
Dividend payments (% of net profit)	30	30	30
Net debt/EBITDA (x)	6.3	10.5	10.4
EBITDA/net interest (x)	2.9	2.1	2.2
Net LTV (%)	37.1	36.8	37.2
FFO/net debt (%)	15.9	4.9	5.3

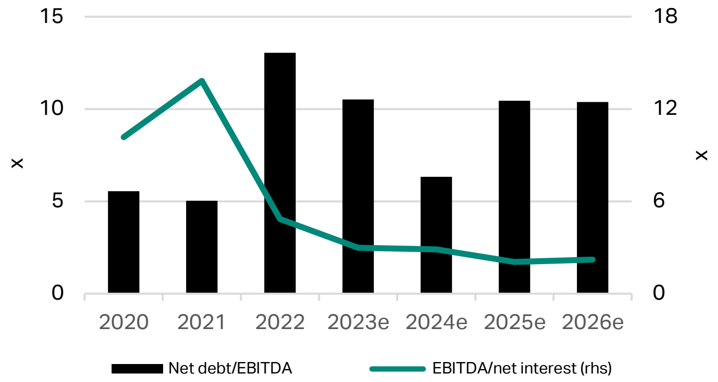
Source: company and NCR estimates. e–estimate. FFO–funds from operations. All metrics adjusted in line with NCR methodology. *Includes dividends from JVs related to sales of properties.

Figure 14. Investment properties, net debt, and net LTV, 2020–2026e



Source: company and NCR estimates. e–estimate.

Figure 15. Net debt/EBITDA and EBITDA/net interest, 2020–2026e



Soucre: company and NCR estimates. e–estimate.

Significant covenant headroom and solid funding profile

Risk appetite 'bbb+'

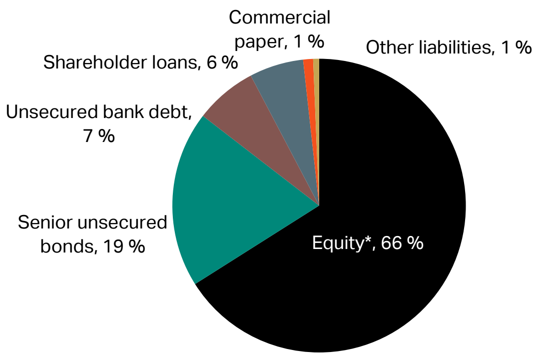
In our view, Bane NOR Eiendom's financial policy and risk appetite are more prudent than warranted by our financial ratio analysis, given a relatively long debt maturity profile, a high share of interest rate hedging and a modest dividend policy. The company's liquidity profile has also improved significantly compared with last year. Although we include shareholder loans as 100% debt in our credit metrics, we consider them to have a lower refinancing risk.

We note that the company has added values through various properties that are not included in the assessment of the total market value and that, if adjusted for, would improve credit metrics. The company also maintains completed properties for future divestment when markets are less favourable. We believe that the expected declining yield curve and improving market fundamentals could incentivise the sale of completed properties, and that the company has the ability to reduce leverage through the use of excess cash from sales if needed.

We consider it positive that the company's average debt maturity has increased and that the maturities are evenly distributed. As of 31 Dec. 2023, the average debt maturity was 4.8 years. Bane NOR Eiendom uses interest rate swaps to reduce the impact of interest rate fluctuations, with over 50% of current interest rates hedged with an average fixed interest period of 4.2 years as of 31 Dec. 2023.

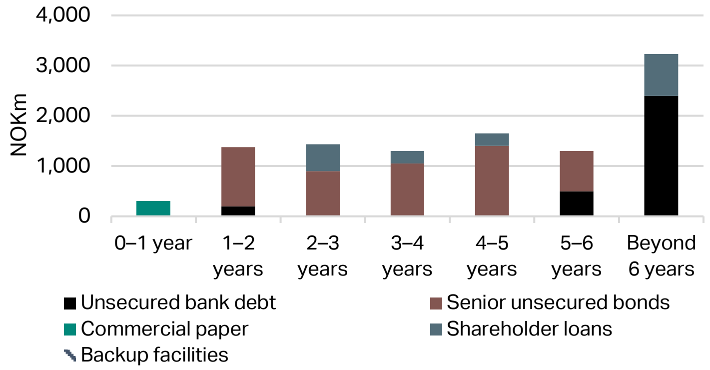
Bane NOR Eiendom finances its operations primarily through common equity, unsecured bank loans, commercial paper backed by NOK 1.5bn in unutilised credit facilities and senior unsecured bonds. The majority of the bonds are issued under the company's Green Bond Framework, which demonstrates the company's commitment to sustainability.

Figure 16. Funding profile, 31 Dec. 2023



Source: company. *Equity adjusted to reflect market value of properties.

Figure 17. Debt maturity profile, 31 Dec. 2023



Source: company.

Bane NOR Eiendom's debt is governed by LTV covenants with significant headroom. We expect the level of covenant headroom to remain strong in our forecast. Historically, the company has paid dividends to its owner amounting to about NOK 250m annually, some of which has been retained on the balance sheet in the form of a shareholder loan. The company's revised policy is to pay 30% of net profits to Bane NOR SF, which we expect to be flexible, if necessary, to support financial metrics.

Figure 18. Financial covenants and reported metrics

Metric	Financial policy	Common loan covenants	Reported 31 Dec. 2023
LTV	<50%	<65%	38%

Source: company.

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 under 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-' and above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess Bane NOR Eiendom's liquidity position as adequate, supported by net sources/uses of NOK 1.05bn for the 12 months from 31. Dec 2023. The company's cash position and unutilised credit facilities outweigh its committed financial obligations.

Figure 19. Liquidity analysis (stressed scenario) 31 Dec. 2023–31 Dec. 2024e

Liquidity, next 12 months	Amount (NOKm)
Cash and cash equivalents (100%)	901
Adjusted FFO (75% of FFO 2024e)	748
Unutilised credit facilities	1500
Total sources	**3,149**
Repayment of borrowings	-300
Committed capital expenditure	-1800
Total uses	**-2,100**
Sources/uses (x)	**1.5**
Sources - uses (NOKm)	**1,049**

Source: company and NCR estimates. FFO–funds from operations.

Environmental, social and governance factors

ESG factors adequate

We assess Bane NOR Eiendom's environmental, social and governance (ESG) efforts as adequate. The main ESG factors that could affect our overall assessment of the company's creditworthiness are factors that might contribute to loss of revenues, increased costs, or higher capital spending, or that could affect its relationship with its owner or the government. The company issues green bonds under a framework classified as 'Dark Green' by climate research agency CICERO. The framework is intended to finance projects to provide clean transport and environmentally sustainable buildings.

In line with the Norwegian government's goal of reducing road traffic emissions and increasing rail and other forms of transport, one of Bane NOR Eiendom's main aims is to promote rail transport. It also seeks to develop office premises and housing near train stations with a view to increasing mobility while reducing emissions. The company is committed to obtaining environmental certification for its larger development projects. We expect such certification to support property values and selling prices for new developments.

Figure 20. Bane NOR Eiendom 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. Environmental certification of properties. Entered agreement to guarantee 100% renewable energy sources.	Goals established to reduce climate and environmental impact. The company cut energy consumption by 11.3% in 2019–2023, with a reduction of 5.3% from 2022 to 2023. A higher share of renewable energy is expected to reduce total CO_2 emissions.
Impact of climate change on operations	Loss of revenues or increased capital spending.	Environmental certification of project properties. Ongoing efforts to identify climate risk at properties.	All ongoing office projects are to be environmentally certified.
Increased environmental focus from owners and financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower CO_2 emissions.	Strong financial position, limiting dependence on single projects. Environmental certification of development and refurbishment projects.	Successful issuance of green bonds since 2022, green bond framework established.

Source: company. See ESG factors in corporate ratings.

OWNERSHIP ANALYSIS

Ownership drives two-notch uplift

We add two notches of support to our standalone credit assessment due to parent company Bane NOR SF's 100% ownership by the Norwegian government. Our assessment also considers the parent to be a 'strategic interest' of the Norwegian government. Bane NOR SF is categorised as a 'Category 2' holding, reflecting its role in pursuing highly efficient public policy targets on behalf of the Norwegian Ministry of Transport and supporting our view of the parent's importance to national infrastructure. Bane NOR Eiendom plays a vital role in Bane NOR SF's role by managing railway stations and workshops, as well as developing areas directly connected to transportation hubs in order to increase train usage.

We view government support for Bane NOR SF as effectively transferrable to Bane NOR Eiendom, given the latter's strategic importance to Norway's railway infrastructure. We consider that most of the company's operations are critical for national infrastructure and believe it would receive support from the government via Bane NOR SF if its role were jeopardised.

ISSUE RATINGS

We rate Bane NOR Eiendom's senior unsecured bonds 'A', in line with the long-term issuer rating, reflecting the company's focus on unsecured debt financing and lack of mortgaged assets. As of 31 Dec. 2023, the company had secured debt to gross debt of 0% and we expect it to keep all debt unsecured.

SHORT-TERM RATING

The 'N2' short-term rating reflects the company's liquidity profile relative to its long-term issuer rating of 'A'.

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.

Figure 21. NCR's adjustments to Bane NOR Eiendom's credit metrics, 2020–2026e

NOKm	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	929	720	564	809	1,452	905	984
Dividends received from JVs	107	114	74	115	119	134	134
Sale of Oslo Utvikling		487					
NCR-adj. EBITDA	1,036	1,321	638	924	1,571	1,040	1,118
Net financial items*	-92	-77	-89	-309	-545	-504	-505
Interest expenses, shareholder loans	-9	-19	-42				
NCR-adj. net interest	-102	-95	-132	-309	-545	-504	-505
NCR-adj. EBITDA	1,036	1,321	638	924	1,571	1,040	1,118
NCR-adj. net interest	-102	-95	-132	-309	-545	-504	-505
Current tax	-28	-96	-63	-6	-30	-57	-52
Cash flow adj. for sales expenses					580	50	50
NCR-adj. FFO	906	1,129	443	609	1,577	528	611
Book value investment property	6,361	6,729	7,252	9,221	9,221	9,221	9,221
Book value assets held for sale	2,042	3,869	4,610	4,000	5,220	7,570	9,020
Non-current right-of-use assets	26	24	21		20	20	20
Market value adjustments	10,738	12,962	14,035	12,374	12,374	12,710	12,992
NCR-adj. investment property	19,168	23,584	25,918	25,595	26,835	29,521	31,253
Cash and cash equivalents		59	64	901	686	485	341
NCR-adj. cash and equivalents	0	59	64	901	686	485	341
Gross interest-bearing debt**	4,644	5,344	6,733	10,614	10,614	11,334	11,934
Shareholder loans	1,077	1,344	1,635				
Lease liabilities	26	24	21		20	20	20
NCR-adj. cash and equivalents	0	-59	-64	-901	-686	-485	-341
NCR-adj. net debt	5,748	6,653	8,326	9,713	9,949	10,870	11,614

Source: company and NCR estimates. e–estimate. *Includes interest expenses on shareholder loans 2023–2026e.**Includes shareholder loans 2023–2026e.

Figure 22. Bane NOR Eiendom key financial data, 2020–2023

NOKm	FY	FY	FY	FY
Period-end	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023
INCOME STATEMENT				
Rental income	888	939	1,081	1,280
Other income	548	363	165	689
Total costs from operations	-302	-380	-468	-916
Net operating income	**1,134**	**922**	**779**	**1,053**
Administrative expenses	-206	-202	-214	-244
Administrative expenses, project portfolio	–	–	–	–
EBITDA	**929**	**720**	**564**	**809**
Share of profit in associated companies and joint ventures	214	604	20	54
Interest expenses	-103	-86	-111	-336
Interest income	10	9	21	27
Interest expenses, shareholder loans	-9	-19	-42	–
Financial costs from leasing	–	–	–	–
Other financial costs	-4	-1	-3	–
Changes in investment property	–	–	–	–
Gain (loss) on financial assets held at fair value	-60	84	103	-21
Disposals of investment properties	–	–	–	–
Gain (loss) on derivatives	–	–	–	–
Depreciation and amortisation	-256	-281	-347	-570
Restructuring activities	–	–	–	–
Income (expense) on discontinued operations	–	–	–	1
Pre-tax profit	**721**	**1,030**	**206**	**-36**
Current taxes	-28	-96	-63	-6
Deferred taxes	–	–	–	–
Net profit	**693**	**934**	**143**	**-42**
BALANCE SHEET				
Investment property	6,361	6,729	7,252	9,221
Other non-current assets	1,350	1,010	983	966
Total non-current assets	**7,711**	**7,739**	**8,235**	**10,187**
Cash and cash equivalents	–	59	64	901
Other current assets	2,549	4,221	5,251	4,644
Total current assets	**2,549**	**4,280**	**5,315**	**5,545**
Total assets	**10,261**	**12,019**	**13,550**	**15,732**
Total equity	**3,663**	**4,346**	**4,239**	**4,062**
Non-current borrowings	2,900	4,100	5,200	10,211
Non-current borrowings, shareholder loans	827	537	1,635	–
Deferred tax liabilities	–	–	–	–
Other non-current liabilities	392	381	370	344
Total non-current liabilities	**4,119**	**5,018**	**7,206**	**10,555**
Total current liabilities	**2,479**	**2,654**	**2,105**	**1,115**
Total equity and liabilities	**10,261**	**12,019**	**13,550**	**15,732**
CASH FLOW STATEMENT				
Pre-tax profit	721	1,030	206	-36
... of which changes in investment property	–	–	–	–
Depreciation and amortisation	256	281	347	570
Tax paid	-66	-48	-85	-51
Adjustment for items not in cash flow	-620	-932	-118	-203
Cash flow from operating activities before changes in working capital	**291**	**331**	**350**	**280**
Changes in working capital	89	229	-84	87
Cash flow from operating activities	**380**	**560**	**266**	**367**
Cash flow from investment activities	**-223**	**-1,209**	**-1,442**	**-1,671**
Cash flow from financing activities	**-157**	**708**	**1,180**	**2,143**
Cash and cash equivalents at beginning of period	–	–	59	64
Cash flow for period	0	59	5	839
Cash and cash equivalents at end of period	**–**	**59**	**64**	**901**

Source: company. FY–full year.

Figure 23. Bane NOR Eiendom rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bbb+
Market position, size and diversification	12.5%	a-
Portfolio assessment	12.5%	a-
Operating efficiency	5.0%	bbb-
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		+2 notches
Issuer rating		**A**
Outlook		Stable
Short-term rating		**N2**

Figure 24. Capital structure ratings

Seniority	Rating
Senior unsecured	A

DISCLAIMER

NORDIC CREDIT RATING AS

nordiccreditrating.com