Fastpartner AB

Kingdom of Sweden, Real Estate

Issuer
BB

Outlook
Positive

Short-term debt
S-3

Senior unsecured debt
BB

Rating composition

Business risk profile		
Industry risk profile	BB	BBB-
Competitive position	BBB	
Financial risk profile		
Credit metrics	BB	BB
Liquidity	+/- 0 notches	
Standalone credit assessment		**BB**
Supplementary rating drivers		
Financial policy	+/-0 notches	+/- 0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		**BB**

Key metrics

			Scope estimates	
Scope credit ratios*	2023	2024	2025E	2026E
Scope-adjusted EBITDA interest cover	1.8x	1.8x	2.4x	2.6x
Scope-adjusted debt/EBITDA	11.8x	11.2x	11.0x	10.7x
Scope-adjusted loan/value	49%	48%	48%	47%
Scope-adjusted free operating cash flow/debt	2%	3%	3%	3%
Liquidity	83%	>200%	78%	85%

Rating sensitivities

The upside scenarios for the ratings and Outlook are (collectively):

- Interest cover to improve above 2.2x on a sustained basis
- Reduced share of floating-rate debt on a sustained basis

The downside scenarios for the ratings and Outlook are (individually):

- Interest cover to remain at or below 2.2x on a sustained basis
- Lack of reduced share of floating-rate debt

*All credit metrics refer to Scope-adjusted figures.

Lead Analyst

Eirik Loevdal Tollefsen
+47 9078 2591
e.tollefsen@scoperatings.com

Related methodologies

General Corporate Rating Methodology, Feb 2025

European Real Estate Rating Methodology, Jun 2025

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1. Key rating drivers

Positive rating drivers	Negative rating drivers
• Medium-sized commercial real estate company enjoying good access to capital markets and high visibility in Sweden thanks to its 1.57m square metres of lettable area • Good and stable profitability with EBITDA margin at 68% supporting internal financing capability • Moderate tenant diversification with top three/10 accounting for 9%/19% and good tenant industry diversification	• Moderate geographic diversification with 76% of assets (fair value) in Stockholm, somewhat mitigated by the city's economic power and liquidity • Below-average WAULT in the European context of 4.2 years • High share of floating-rate debt causing previously high interest cover to weaken towards debt covenant thresholds • Short-weighted average maturity profile requiring constant refinancing

2. Rating Outlook

The **Positive Outlook** reflects our expectation of improved debt protection, as measured by EBITDA interest cover which now sits at 2.2x at Q2 2025, and is likely to increase above 2.5x over the next few years. This is supported by a possibly sustained lower interest rate environment. Together with maintaining a modest capex level around SEK 350m annually, this leads to a positive FOCF and reduce the need for further indebtedness. The Outlook also reflects our expectation that the company will achieve the fixed interest rate target of at least 30% by year-end 2025.

3. Corporate profile

Fastpartner is a large commercial real estate company operating in Sweden and focused on the greater Stockholm area and five other metropolitan areas. It owns and manages a diverse portfolio of more than 200 commercial properties worth SEK 33.9bn in total. Fastpartner is listed on the Nasdaq Stockholm large cap market. Its largest shareholder, through holding company Compactor Fastigheter AB with a 72.5% stake, is Fastpartner CEO Sven-Olof Johansson.

Large Swedish real estate company

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
1 Sep 2025	Affirmation	BB/Positive
30 Aug 2024	Outlook change	BB/Positive
7 Sep 2023	Downgrade and Outlook change	BB/Negative
7 Sep 2022	Affirmation	BBB-/Stable

5. Financial overview (financial data in SEK m)

				Scope estimates	
Scope credit ratios	**2023**	**2024**	**2025E**	**2026E**	**2027E**
EBITDA interest cover	1.8x	1.8x	2.4x	2.6x	2.6x
Debt/EBITDA	11.8x	11.2x	11.0x	10.7x	10.4x
Loan/value	49%	48%	48%	47%	46%
Free operating cash flow/debt	2%	3%	3%	3%	3%
Liquidity	83%	>200%	78%	85%	90%
EBITDA					
Reported EBITDA	1,509	1,564	1,570	1,595	1,636
Other items (incl. one-off items)	-	-	-	-	-
EBITDA	**1,509**	**1,564**	**1,570**	**1,595**	**1,636**
Funds from operations (FFO)					
EBITDA	1,509	1,564	1,570	1,595	1,636
less: interest	(846)	(870)	(651)	(612)	(641)
less: cash tax paid	53	(95)	(138)	(148)	(149)
Other non-operating charges before FFO	1	13	-	-	-
Funds from operations	**717**	**612**	**781**	**836**	**846**
Free operating cash flow (FOCF)					
Funds from operations	717	612	781	836	846
Change in working capital	201	(1)	14	(2)	(3)
Non-operating cash flow	-	-	-	-	-
less: capital expenditures (net)	(500)	(61)	(350)	(350)	(350)
Other items	-	-	-	-	-
Free operating cash flow	**418**	**551**	**445**	**484**	**493**
Interest					
Net cash interest per cash flow statement	846	870	651	612	641
add: other items	-	-	-	-	-
Interest	**846**	**870**	**651**	**612**	**641**
Debt					
Reported financial (senior) debt	17,850	17,484	17,495	17,561	17,610
less: cash and cash equivalents	(96.0)	(33.4)	(160.5)	(436.4)	(706)
add: other debt-like items	-	-	-	-	-
Debt	**17,754**	**17,451**	**17,335**	**17,124**	**16,941**
Total Assets					
Total assets	36,027.4	36,183.8	36,304.7	36,664.9	37,352
less: cash and cash equivalents	(96)	(33)	(160)	(436)	(706)
less: positive value of derivatives	-	-	-	-	-
Market value of total assets	**35,931.4**	**36,150.4**	**36,144.3**	**36,228.5**	**36,645**

6. Environmental, social and governance (ESG) profile[1]

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors: credit-positive credit-negative credit-neutral

ESG considerations are neutral for the rating. Nevertheless, we acknowledge the company's positive efforts, which also benefit its portfolio and operations.

Fastpartner adheres to the UN Sustainability Development Goals, having incorporated 10 of the 17 goals into its business plan. Its environmentally certified properties are worth SEK 19.5bn, or 57.5% of its portfolio value (2023: 57.4%) at year-end 2024. It aims to certify more than 10% of properties a year and reach 80% by end-2025.

Fastpartner only purchases electricity from zero-carbon renewable sources. All properties in the portfolio phased out fossil fuel consumption in 2020 and have switched to more eco-friendly district heating. The company reduced greenhouse gases by 61.1% between 2023 and 2024 through purchased carbon-offset district heating and small additions of self-generated energy.

The issuer was very early in reaching its goal of halving emissions between 2019 and 2025, achieving this already in 2021. The goal is to continue to reduce emissions by over 15% a year as well as energy consumption in the existing portfolio by over 1% a year (in 2024, it reached 0.25% Scope 1 and 2 kg CO_2e/sqm). Fastpartner aims to reach Scope 1 and 2 climate neutrality by 2030, in line with the Paris Agreement.

These efforts enhance the portfolio's appeal and profitability, future-proofed the properties and strengthened net rent ratios. One way is by attracting high-quality tenants focused on sustainability. Another is that landlords and tenants benefit from lower service charges such as for utilities and maintenance. Occupancy and retention rates are also increasing as environmentally friendly buildings tend to have lower turnover rates, stabilising income for landlords. Lastly, environmentally friendly developments and refurbishments attract tax breaks and green financing, for example, for electric vehicle charger installations or heat system changes or retrofits through government investment grant programs.

7. Business risk profile: BBB-

Moderate industry risk profile

The company's business risk profile remains solid, supported by its stable profitability and position in the Swedish real estate market, though its assessment is constrained by geographical concentration and short weighted average lease term.

Fastpartner's activities in commercial real estate come with moderate industry risk. The exposure through tenants to industries with average cyclicality is mitigated in part by the mostly long-term

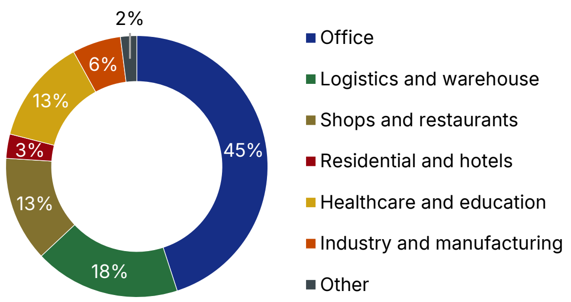
[1] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

rental contracts and medium entry barriers. However, substitution risk is high as demand could easily shift or decline in the long term.

Portfolio of mainly 'buy-and-hold' commercial real estate

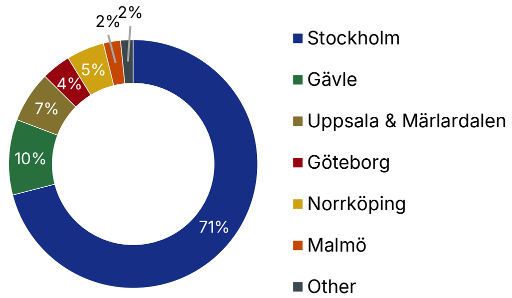
The company's portfolio of over 200 properties, totalling 1.57m square metres of lettable area, with the addition of properties under construction at SEK 196m in value in 2024 (SEK 396m in 2023) shows a balance between rentable assets and development projects. The sizeable holding of unused building rights (433,000 sqm, valued at SEK 725m) represents a strategic growth pipeline, indicating potential for future expansion.

Figure 1: Asset type diversification by rental value



Source: Fastpartner, Scope

Figure 2: Geographic diversification by rental value



Source: Fastpartner, Scope

Solid market share with good diversification

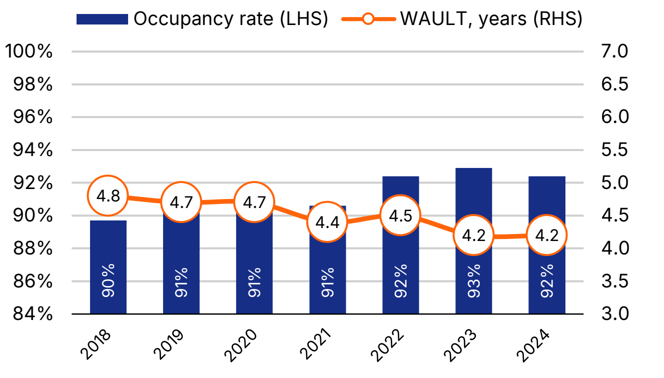
Stockholm is the largest core market, with nearly 900,000 square metres of lettable area concentrated in the region, reflecting a focused market position strategy. As the company has a significant presence in three of five additional metropolitan areas, the portfolio shows a deliberate balance between market concentration and limited geographic diversification. While the assets are predominantly in large, mature and liquid property markets, this concentration still exposes the company to potential economic shocks, local market downturns, or regulatory changes, heightening overall portfolio risk. The tenant base of approximately 2,000 tenants across multiple industries helps partly mitigate concentration risk, with the top three tenants contributing 9% and the top ten 19% of rental income. The portfolio's composition of 45% office space complemented by logistics and warehousing (18%), and retail (13%) further supports the risk diversification.

The company's strengths in terms of lettable area, asset types, tenants, locations and market standing improve resilience to cash flow volatility caused by economic cycles, industry developments, regulatory changes or the loss/default of single tenants. It also gives higher visibility to potential tenants and more flexibility to accommodate the needs of existing tenants. Its high market share supports tenant retention, increases occupancy stability and reduces spending connected to tenant turnover.

Trend of higher occupancy rates albeit lower WAULT

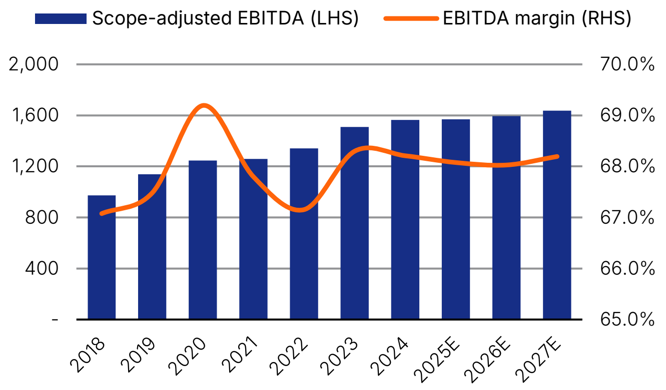
The company has a weighted average unexpired lease term (WAULT) of 4.2 years, and a total backlog of SEK 8.9bn of contractual rental income. Its WAULT gives decent visibility of future cash flows and is slightly lower than the European average (4.5 years) but above the Nordic and Swedish peer average (4.0 years). The company aims to reach an occupancy rate of 94%, with efforts resulting in a stabilisation to 91.8% in Q2 2025. While the lower WAULT has stabilised year-on-year, a continued downward trajectory points to elevated re-letting risk. Conversely, rising occupancy rates offset some of this pressure, leaving overall risk at a manageable level.

Figure 3: Occupancy rate and WAULT



Source: Fastpartner, Scope

Figure 4: EBITDA and EBITDA margin



Source: Fastpartner, Scope estimates

Profitability with low volatility

Profitability, as measured by the EBITDA margin, is in the middle of its peer group, but highly stable. We forecast a steady margin also going forward, at around 68%-69%, with slight cash flow improvement from re-letting at higher rents and economies of scale.

8. Financial risk profile: BB

Fastpartner's financial risk profile reflects the recovering interest rate cover and large share of debt with floating interest rates. Interest cover had been strong in previous years, ranging from 3.5x to 4.4x, until interest rates rose significantly after the Covid pandemic, which hit financial results in 2023 and 2024, causing interest cover to fall to 1.8x.

Improved interest cover on the back of declining interest rates

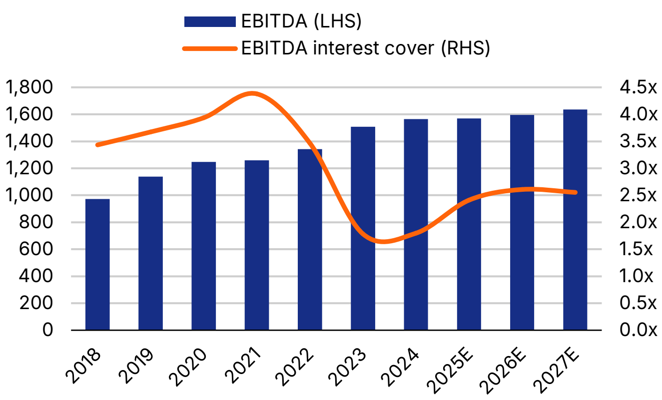
Fastpartner is sensitive to changes in interest rates given its low use of hedging and low share of fixed-rate debt (see below). It was heavily affected by central bank rate increases during the Covid crisis but is now conversely benefitting from successive interest rate cuts since May 2024 from a peak of 4%, with the rate now at 2% since the last cut in June 2025. The rate trajectory indicates the possibility of one more cut to reach a low of 1.75% within six months.

These rate cuts led to debt protection recovering to 2.2x in Q2 2025 and we forecast 2.4x for H2 2025 and 2.6x in 2026-2027. Helped by the low use of hedging and declining interest rates, Fastpartner will see cash flows improve for the next years.

Still high share of floating-rate debt

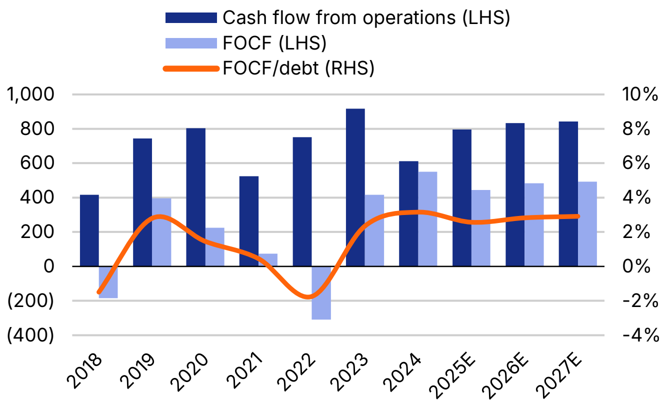
To address the downside risk on interest rates, the high floating-rate exposure creates a vulnerability to shifts in the interest rate. Fastpartner acknowledges this, seeking to fix interest rates for at least three years on at least 30% of outstanding debt by year-end 2025. The issuer has been waiting for the rate to stabilise to avoid fixing it on higher levels than necessary. Even so, the 30% target is low by peer standards. The fixed and hedged portion of debt is currently at 25% as at end-June 2025. We believe this affects the company credit risk materially, and increasing the hedging rate will add downside protection to its interest burden.

Figure 5: EBITDA and EBITDA interest cover



Source: Fastpartner, Scope estimates

Figure 6: Cash flow



Source: Fastpartner, Scope estimates

Strong cash flow limit further debt needs

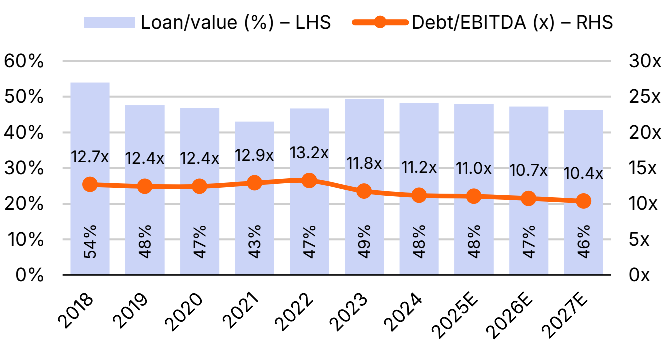
We forecast FOCF/debt of 3% until 2027, which implies that the company can comfortably rely on internal cash flow without the need for further debt. Our forecast is based on expected capex of around SEK 350m a year for maintenance, refurbishment and project development, which will lead to FOCF of SEK 440-490m in 2025-2027. We also expect dividends of SEK 273m for 2025 and 2026, with an increase to SEK 310m in 2027 following company targets of dividend increases of more than 10% a year.

Deleveraging possibilities

Leverage as measured by loan/value has stayed below 50% in the last five years and was 48% at end-2024. Future cash generation can therefore provide for most internal funding needs and targets, namely in terms of capex and dividends. In the absence of major changes to fair value or M&A transactions that would require additional debt, we expect slight deleveraging in the coming years, with LTV reaching 46% in 2027.

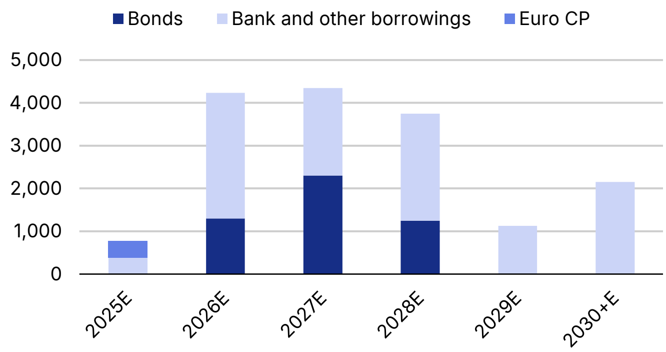
Leverage in terms of debt/EBITDA has had a similar trajectory and has been stable at 12x-13x in the last years. In 2024 the ratio improved to 11.2x and we expect a further improvement in the forecast period to 10.4x in 2027.

Figure 7: Leverage – LTV and debt/EBITDA



Source: Fastpartner, Scope estimates

Figure 8: Debt maturity profile (SEK m)



Source: Fastpartner, Scope estimates

Adequate liquidity

Fastpartner's liquidity is adequate as sources of liquidity cover uses for the next 12 months by 1.2x.

Sources of liquidity are SEK 157m in cash and SEK 2.9bn in committed undrawn credit lines as at Q2 2025, and SEK 450m of forecast FOCF until June 2026. These can cover the SEK 2.9bn in maturing debt (as at Q2 2025) for the next 12 months. Coverage is also adequate on all upcoming capital market maturities until Feb 2027. However, secured bank debt maturing in H2 2026 will need to be refinanced externally.

Liquidity risk in the short to medium term is manageable. Our view is based on: i) the low LTV of 33% on secured debt, which provides ample headroom to increase secured debt; and ii) the company's continued access to capital markets, as shown by its commercial paper issuances and good relations with a range of financial institutions.

Table 1. Liquidity sources and uses (in SEK m)

	2024	2025E	2026E
Unrestricted cash (t-1)	96	33	160
Open committed credit lines (t-1)	1,950	2,310	2,975
FOCF (t)	551	445	484
Short-term debt (t-1)	1,277	3,589	4,235
Liquidity	>200%	78%	85%

Source: Fastpartner, Scope estimates

9. Supplementary rating drivers: +/- 0 notches

While supplementary rating drivers have no impact on the issuer rating, we note that management is publicly committed to a long-term conservative financial policy, targeting a net LTV of below 45% and an interest coverage ratio of more than 3.0x.

10. Debt ratings

Senior unsecured debt rating: BB

The senior unsecured debt rating is affirmed at BB, in line with the issuer rating.

At Q2 2025 Fastpartner had SEK 5.24bn of senior unsecured debt outstanding, which comprises SEK 393m in commercial paper and SEK 4.85bn in senior unsecured bonds. These senior unsecured obligations benefit from a property pool of SEK 8.1bn in truly unencumbered assets in addition to SEK 4.3bn in unencumbered parts of secured properties (with a difference of secured LTV of up to 60%). We assess the pool of unencumbered assets at SEK 12.5bn, which provides around 240% coverage of unsecured debt.

We have derived an excellent recovery for senior unsecured debt in a hypothetical default scenario in 2027, based on a distressed liquidation value of SEK 36bn. The analysis includes a 33% market value decline on investment properties and a 10% deduction for liquidation costs. Inherent uncertainties around advance rates and recovery expectations in the case of a hypothetical default, together with the likely increased share of secured debt, led to us maintaining the senior unsecured debt rating in line with that of the issuer at BB.

Short-term debt rating: S-3

The S-3 short-term debt rating is based on the BB/Positive issuer rating and supported by the adequate liquidity cover, good banking relations, and access to secured bank and commercial paper funding sources as shown by regular issuances of various equity share classes and bonds.

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

Scope Ratings UK Limited

52 Grosvenor Gardens
London SW1W 0AU
Phone: +44 20 7824 5180
info@scoperatings.com

Bloomberg: RESP SCOP
Scope contacts
scoperatings.com

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