

Offentliga Hus i Norden AB (publ)

Full Rating Report

LONG-TERM RATING

BB

OUTLOOK

Stable

SHORT-TERM RATING

N-1

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RATING RATIONALE

Our 'BB' long-term rating on Sweden-based community-service property manager Offentliga Hus i Norden AB (publ) (Offentliga Hus) reflects the company's highly leveraged balance sheet. We expect the company to maintain an adjusted loan-to-value (LTV) ratio of 67%, adjusted debt-to-EBITDA of 17–24x and an adjusted net interest coverage ratio of 1.6–1.9x over our forecast period. Furthermore, the rating is constrained by a somewhat large proportion of non-public tenants, representing 21% of rental revenues, a low EBITDA margin, and the company's significant risk appetite.

These weaknesses are offset by a strong operating environment, Offentliga Hus' long-term contracts and its high proportion of highly creditworthy tenants. Public sector tenants account for 64% of rental revenue, and a further 15% comes from private-sector tenants indirectly funded by the Swedish government (typically tenants within the health and care segment). The rating further reflects the company's geographically diverse portfolio and its increased focus on in-house operations.

OUTLOOK

The outlook is stable, reflecting our view that Offentliga Hus will maintain its focus on community-service properties with a large proportion of creditworthy tenants on long-term contracts. We further expect the company to proactively refinance its upcoming debt maturities and continue to fund its new investments in line with its short-term portfolio LTV target of 60% (as calculated by the company). Furthermore, the outlook reflects the stable economic outlook for the community-service sector in Sweden.

POTENTIAL POSITIVE RATING DRIVERS

- Decreased leverage, with adjusted LTV below 60% and EBITDA/net interest above 2.2x over a protracted period.
- Increased focus on quality properties in tier 1 locations with desirable LTV levels.
- Increased proportion of public tenants and/or specialised properties.

POTENTIAL NEGATIVE RATING DRIVERS

- Any erosion in financial metrics or breach of covenants.
- A deterioration in economic conditions that could affect revenues, property values or covenant headroom.
- Increased proportion of commercial tenants.

Figure 1. Offentliga Hus key credit metrics, 2016–2022e

SEKm	2016	2017	2018	2019	2020e	2021e	2022e
Total revenue	117	138	215	323	513	708	720
NCR-adj. EBITDA	81	88	114	177	298	439	447
NCR-adj. investment properties	1,622	2,396	3,932	7,242	10,472	10,785	11,107
NCR-adj. net debt	994	1,471	2,448	4,627	7,055	7,244	7,440
Total assets	1,673	2,791	4,266	7,719	11,001	11,313	11,631
NCR-adj. debt/EBITDA (x)	12.2	16.7	21.6	26.1	23.6	16.5	16.7
NCR-adj. EBITDA/interest (x)	4.0	3.2	1.5	1.7	1.6	1.9	1.9
NCR-adj. LTV (%)	61.3	61.4	62.3	63.9	67.4	67.2	67.0

Based on company data and NCR estimates. e–estimates.

ISSUER PROFILE

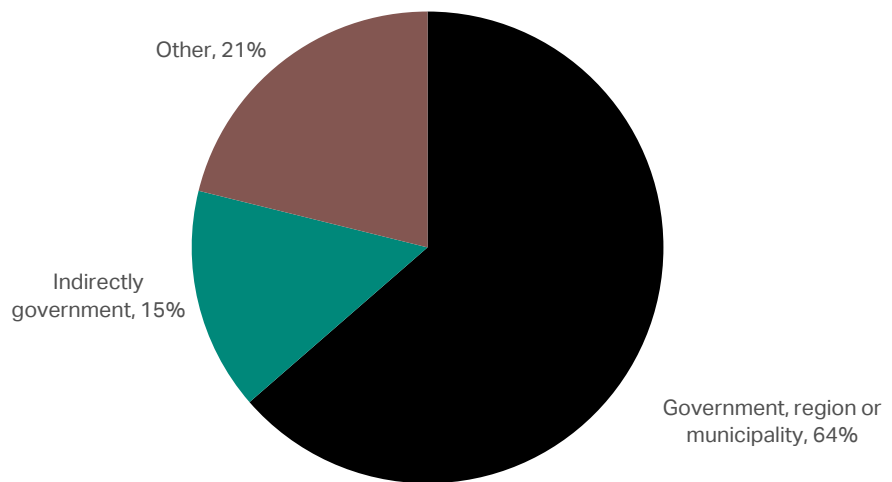
Offentliga Hus is a Sweden-based real estate company focusing on acquiring and managing properties with a large proportion of public tenants. The company has grown substantially since it was founded in 2011, and, as of 31 Aug. 2020, owns 141 properties totalling 518,000 sqm with a market value of SEK 8.6bn (divested properties as of 30 Sep. 2020 excluded). Since October 2020, the company's common shares have been listed on the Nasdaq First North Premier Growth Market. Following the listing, Nordact AB remains the largest owner with over 50% of the shares. Nordact AB is 50%-owned by AB Fastator (publ) (Fastator) and 50% by Offentliga Nordic Property Holding S.A.R.L., which in turn is owned 75% by relatives and a charitable foundation of the late Klaus Tschira, and 25% by Pierre Ladow, a private individual. In the course of 2020, Offentliga Hus has implemented a new organisational structure, increasing the number of employees to 15 from two a year earlier. The increase enables more in-house functions, however there are still strong ties with Nordic PM, a company majority owned by Fastator, which is responsible for the lion's share of technical maintenance at Offentliga Hus' properties.

BUSINESS RISK ASSESSMENT

Our 'bbb' business risk assessment reflects Offentliga Hus' stable operating environment, its focus on commercial-service properties across Sweden, and its long average lease term, which mitigates vacancy risk. Tenants are to a large extent publicly financed bodies such as local governments and municipalities, generating about 64% of the company's rental revenues (as of 31 Aug. 2020). Commercial tenants indirectly funded by the government or municipalities account for 15% of revenues, while the remaining 21% comes from commercial tenants.

Business risk assessment is 'bbb'

Figure 2. Offentliga Hus rental revenue by segment, 31 Aug. 2020



Source: Company data

Strong operating environment as dependent population grows

The Swedish community-service property market has in recent years undergone a structural shift with a larger proportion of public-tenant properties owned by private companies. As an increasing number of Swedish municipalities are heavily debt-laden with limited possibilities of increasing tax revenues, there is a need for such municipalities to review their investments. Disposal of properties for subsequent lease-back can, from a municipality's perspective, serve as a means to enhance liquidity. Offentliga Hus, along with other real estate companies, has successfully acquired properties directly from municipalities, and we expect this trend of increasing private ownership to continue.

Furthermore, there is widespread political acceptance that community services will require more investment due to the country's increasing population, which is likely to continue to show strong growth, especially within the age groups above 75 and below 20. As the dependent part of the population grows, municipalities will face increasing pressure in areas such as health care, schools and nursing homes, further strengthening the case of property managers such as Offentliga Hus.

Operating environment scores 'bbb+'

Market position, size and diversification scores 'bb+'

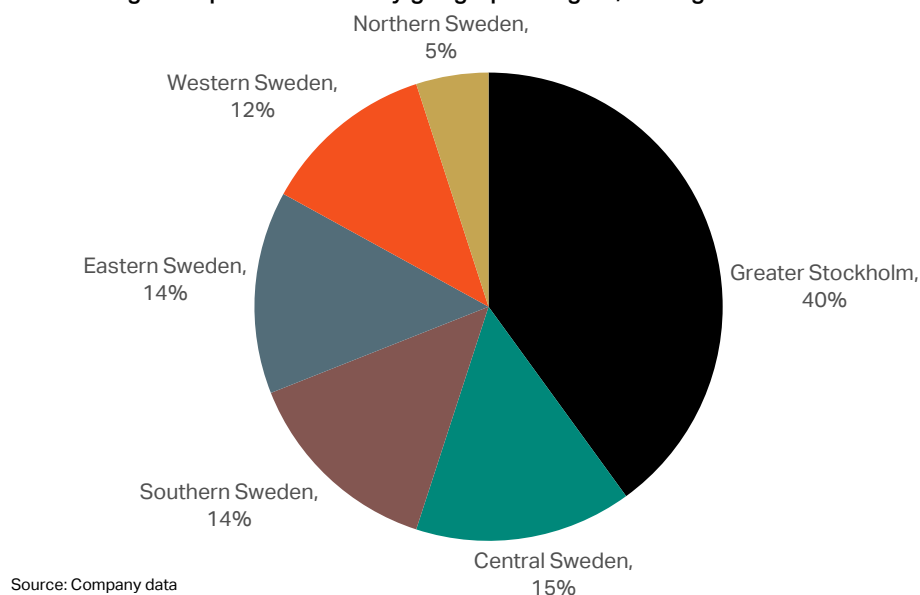
The large proportion of public tenants in Offentliga Hus' properties means lower vacancy risk compared with other segments in the commercial real estate sector. Although the majority of revenues come directly or indirectly from the Swedish government or local municipalities, we note that 21% of revenues come from commercial tenants, which are not affected to the same extent by the positive fundamentals of the community-service property segment. Furthermore, Offentliga Hus has a lower proportion of specialised properties than its segment peers, resulting in higher risk of substitution.

Small but geographically diverse portfolio

As of 31 Aug. 2020, Offentliga Hus' property portfolio consisted of 141 properties totalling 518,000 sqm with a market value of SEK 8.6bn. The company has significantly increased its portfolio in the course of 2020 through several acquisitions. As a result, the proportion of revenues directly or indirectly associated with the Swedish government and municipalities now amounts to 79% (see Figure 2), compared with 86% a year earlier.

Offentliga Hus' geographically diverse property portfolio is spread across Sweden. The company divides its portfolio into six regions with Greater Stockholm being the largest (see Figure 3). In terms of municipal exposure, the properties are located in 72 of Sweden's 290 municipalities (taking divestments as of 30 Sep. 2020 into account). The largest exposure, measured by market value, is in Södertälje at 21%, followed by Halmstad (11%), Borås (10%), Strängnäs (7%) and Karlstad (5%). We view the geographic diversity as positive. However, we note that a high degree of geographic diversity could lead to a weak market presence in some regional markets.

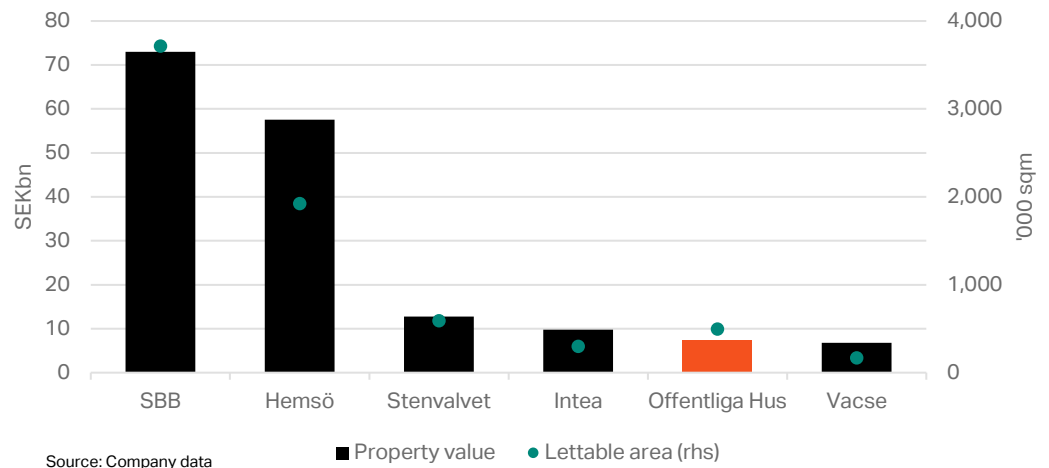
Figure 3. Offentliga Hus portfolio value by geographic region, 31 Aug. 2020



Even though the property portfolio has increased dramatically over the past few years, it is still small in comparison with those of the company's segment peers (see Figure 4). The largest peers are Samhällsbyggnadsbolaget i Norden AB and Hemsö Fastighets AB (publ), which, thanks to their large size have a high degree of tenant diversity. Smaller peers such as Vacse AB (publ), Intea Fastigheter AB (publ) and Fastighets AB Stenvalvet typically have more concentrated portfolios, but higher proportions of public tenants and specialised properties. The disadvantages of Offentliga Hus' small size are mitigated by the fact that the company typically targets properties that are not within the scope of either its larger or smaller peers; targeted properties are typically small, higher yielding properties. The company considers its main competitors to be local real estate companies, which in general do not have the same access to low-cost funding.

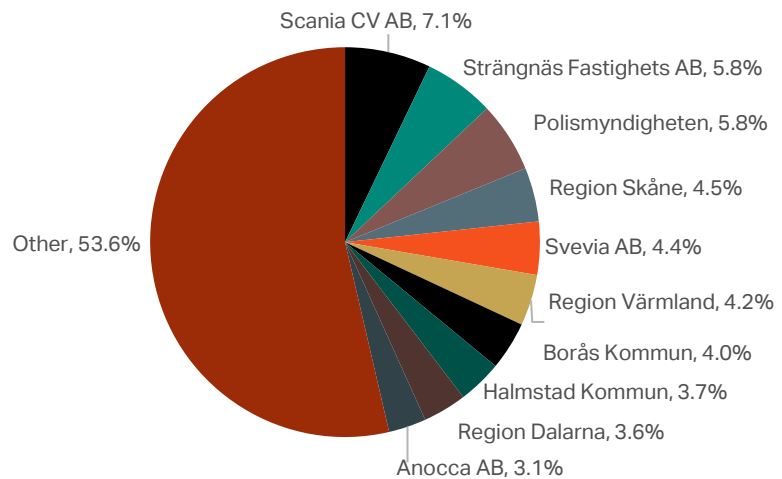
Furthermore, Offentliga Hus' market position is strengthened by the name recognition of its board members who have political history on both sides of the political spectrum, a factor which could build credibility in dialogue with municipalities.

Figure 4. Offentliga Hus peer group breakdown by property value and lettable area, 30 Jun. 2020



As of 31 Aug. 2020, Offentliga Hus had over 500 tenants through about 1,000 contracts. The 10 largest tenants accounted for 46% of rental revenues, making Offentliga Hus' revenue stream somewhat concentrated. However, among the 10 largest tenants, as many as eight have strong ties with government or municipalities, mitigating vacancy risk.

Figure 5. Offentliga Hus top 10 tenants by rental value, 31 Aug. 2020



Streamlining of portfolio and long contract lengths support credit profile

In preparation for the listing of Offentliga Hus' common shares in October 2020, the company divested its shares in student housing company Studentbostäder i Sverige AB as well as 88 smaller properties, leaving the portfolio with a total of 141 properties. We view the transactions as supportive of Offentliga Hus' credit profile, resulting in an increased focus on the company's core business and a larger average property size. As of 30 Sep. 2020, about 60% of the portfolio's market value came from properties with a market value of SEK 100m or more.

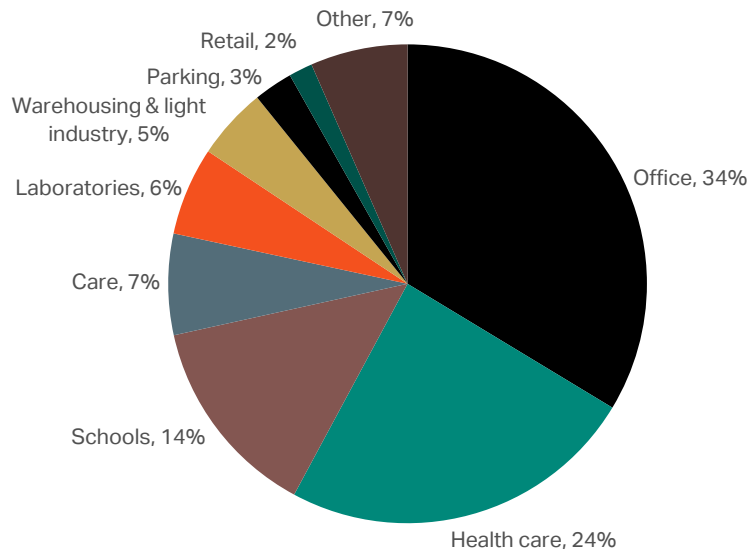
As of 30 Jun. 2020, the average yield of Offentliga Hus' portfolio amounted to 4.6%. We expect the yield to increase to around 5% when acquisitions and disposals are considered. The figure is somewhat higher than that of the company's peers, reflecting, in our view, the higher-risk assets in Offentliga Hus' portfolio.

About 50% of Offentliga Hus' revenues come from specialised properties such as health care facilities (24%), schools (14%), care facilities (7%), and laboratories (6%). In our view, the risk that rental contracts for such properties will not be renewed on expiry is low, especially when the tenant is

Portfolio assessment scores 'bbb-'

publicly or government funded. We believe that the remaining 50% of the portfolio, including the 34% office exposure, presents more of a risk in terms of renewal and refurbishment.

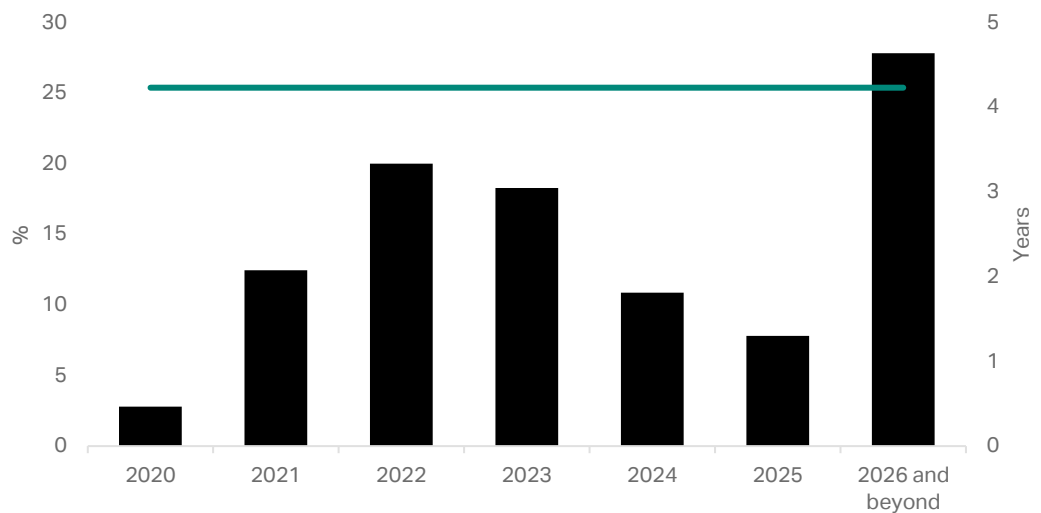
Figure 6. Offentliga Hus rental value by type of premises, 31 Aug. 2020



Source: Company data

As of 31 Aug. 2020, the average remaining lease term of Offentliga Hus' portfolio was 4.2 years (4.8 years excluding disposals as of 30 September), with 15% of leases, measured by rental value, maturing before end-2021. Approximately 28% of contracts had a remaining lease term extending beyond 2025.

Figure 7. Offentliga Hus rental revenue maturities and average remaining lease term, 31 Aug. 2020



Source: Company data

As of 30 Jun. 2020, Offentliga Hus had nine ongoing development projects, with estimated investments ranging between SEK 4m and SEK 400m. Two projects in Gothenburg accounted for over 80% of the total budget. The Önnared 45:11 project (SEK 400m investment) is scheduled for completion during the fourth quarter of 2020 and is 100% pre-let. The main tenants are Gothenburg City, Västra Götalandsregionen and Axfood AB, with contracts of 10-15 years. The Önnared 45:17 project (SEK 246m investment) is a student housing building scheduled for completion in the third quarter of 2022. The building will be rented out on a 20-year lease to Gothenburg Student Housing Foundation. Offentliga Hus' total portfolio of ongoing projects accounts for 6.1% of the company's total lettable area.

Figure 8. Offentliga Hus project overview, 30 Jun. 2020

Property	Main tenant(s)	Estimated completion	Invested (SEKm)	Total investment (SEKm)
Önnered 45:11	Gothenburg City, Västra Götalandsregionen, Axfood	Q4 2020	45	400
Önnered 45:17	Gothenburg Student Housing Foundation	Q3 2022	n.a.	246
Fagersta 3:94 & 3:95	Fagersta municipality	Q1 2021	22	73
Pyramiden 19	Anocca, Rise, Scania	Q2-Q4 2020	36	63
Total			103	782

Source: Company data

The initial public offering in October 2020 as well as the disposal of properties as of 30 Sep. 2020, have left the company with substantial liquidity, creating headroom for acquisitions during the remainder of 2020. We expect the market value of the portfolio to amount to SEK 10.4bn by end-2020.

New organisational structure and more in-house resources to increase profitability

Offentliga Hus has implemented a new organisational structure and increased the number of its employees to 15 from two a year earlier. The new organisation includes in-house property managers covering 100% of the company's properties, while technical maintenance remains outsourced, mainly to Nordic PM, a company majority owned by Fastator, but also to local property management companies. We view the increased focus on in-house operations as positive, as it improves the prospects of cost-efficient management.

Offentliga Hus' EBITDA margin has averaged around 55% in recent years, which is quite low compared with the margins of its segment peers (65–75%). These lower margins are to a large extent explained by the company's scattered property portfolio with typically older properties than those of its peers. In addition, the company's previous focus on outsourced management functions is unlikely to have fostered cost-efficient management. In view of the new organisational structure and announced portfolio streamlining, we expect the EBITDA margin to increase to slightly above 60% over our forecast period through 2022.

As of 31 Aug. 2020, Offentliga Hus' economic occupancy rate was 92%, while the vacant lettable area corresponded to 11% of the total portfolio area. The company's occupancy rate has historically averaged around 95% but has decreased due to relatively high vacancy rates at recent acquisitions. We expect the occupancy rate to remain at around current levels.

Offentliga Hus reports that so far it has not been materially affected by COVID-19. Again, we note that a large proportion of the company's tenants are either directly or indirectly funded by the Swedish government and that such tenants are unlikely to be overly affected by the negative impact of the pandemic on the business climate. However, since 21% of rental revenues come from private companies, we believe that Offentliga Hus could be materially affected if the pandemic is protracted.

FINANCIAL RISK ASSESSMENT

Our 'b' financial risk assessment reflects Offentliga Hus' high leverage, weak financial metrics and rapid growth. We expect adjusted LTV of around 67%, an adjusted EBITDA to net interest ratio of 1.6–1.9x, and adjusted debt to EBITDA of 17–24x through 2022.

Highly leveraged balance sheet and weak credit metrics

In our credit metrics we treat a SEK 575m hybrid bond as 50% debt; consequently 50% of dividends paid on the bond are treated as interest costs (see Figure 9).

Operating efficiency scores 'bbb'

Financial risk assessment is 'b'

Ratio analysis scores 'b'

Figure 9. NCR's adjustments to Offentliga Hus' reported credit metrics, 2016-2022e

SEKm	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	81	88	114	177	298	439	447
NCR-adjusted EBITDA	81	88	114	177	298	439	447
Cash and cash equivalents	37	360	77	117	138	137	133
25% cash and equivalents	-9	-90	-19	-29	-35	-34	-33
NCR-adjusted cash and equivalents	27	270	58	88	104	103	100
Gross interest-bearing debt	1,022	1,741	2,506	4,384	6,824	7,012	7,205
Hybrid (50% debt treatment)	0	0	0	288	288	288	288
Long-term leasing liabilities	0	0	0	43	47	47	47
NCR-adjusted cash and equivalents	-27	-270	-58	-88	-104	-103	-100
NCR-adjusted net debt	994	1,471	2,448	4,627	7,055	7,244	7,440
Net interest	-20	-28	-78	-102	-166	-205	-211
Financial costs from leasing	0	0	0	-1	-1	-1	-1
Dividends paid on hybrids (50% debt treatment)	0	0	0	0	-20	-20	-20
NCR-adjusted net interest	-20	-28	-78	-103	-187	-227	-232
Investment property	1,622	2,396	3,915	7,193	10,425	10,737	11,060
Investment property under construction or development	0	0	17	6	0	0	0
Non-current right-of-use assets	0	0	0	43	47	47	47
NCR-adjusted investment property	1,622	2,396	3,932	7,242	10,472	10,785	11,107

Based on NCR estimates and company data. e-estimate

Based on the company's growth and funding plans we do not expect it to deleverage at a significant rate and expect LTV to remain around 67% through 2022 (see Figure 11). We estimate total adjusted gross debt will increase to SEK 7.2bn by end-2020 from SEK 6.6bn as of 31 Aug. 2020. Furthermore, we expect about 80% of adjusted gross debt to be secured. In our view, the high proportion of encumbered assets will limit recovery prospects for unsecured bondholders.

In our base case, we assume:

- rental income growth of 60% in 2020, 38% in 2021, and 2% in 2022;
- an EBITDA margin of 58% in 2020, 62% in 2021, and 62% in 2022;
- interest costs, including interest rate swaps and 50% of the hybrid dividend, amounting to SEK 187m in 2020, SEK 227m in 2021, and SEK 232m in 2022;
- investments in properties through acquisitions, development and refurbishment of SEK 3.4bn in 2020, SEK 313m in 2021, and SEK 322m in 2022;
- increased net borrowing amounting to SEK 2.4bn in 2020, SEK 188m in 2021, and SEK 193m in 2022; and
- no valuation changes in investment properties.

On the basis of these assumptions, we estimate the following metrics for 2020-2022:

- Adjusted LTV of around 67%;
- Adjusted EBITDA to net interest of 1.6-1.9x; and
- Adjusted debt to EBITDA of 17-24x.

Figure 10. Offentliga Hus credit metrics, unadjusted and NCR-adjusted, 2016-2022e

Credit metrics	2016	2017	2018	2019	2020e	2021e	2022e
Reported debt/ EBITDA (x)	12.1	15.7	21.4	24.1	22.4	15.7	15.8
Reported EBITDA/interest (x)	4.0	3.2	1.5	1.7	1.8	2.1	2.1
Reported LTV (%)	60.7	57.7	61.8	59.3	64.1	64.0	63.9
NCR-adjusted debt/EBITDA (x)	12.2	16.7	21.6	26.1	23.6	16.5	16.7
NCR-adjusted EBITDA/interest (x)	4.0	3.2	1.5	1.7	1.6	1.9	1.9
NCR-adjusted LTV (%)	61.3	61.4	62.3	63.9	67.4	67.2	67.0

Based on NCR estimates and company data. e-estimate

Figure 11. Offentliga Hus property values, net debt and LTV, 2016–2022e

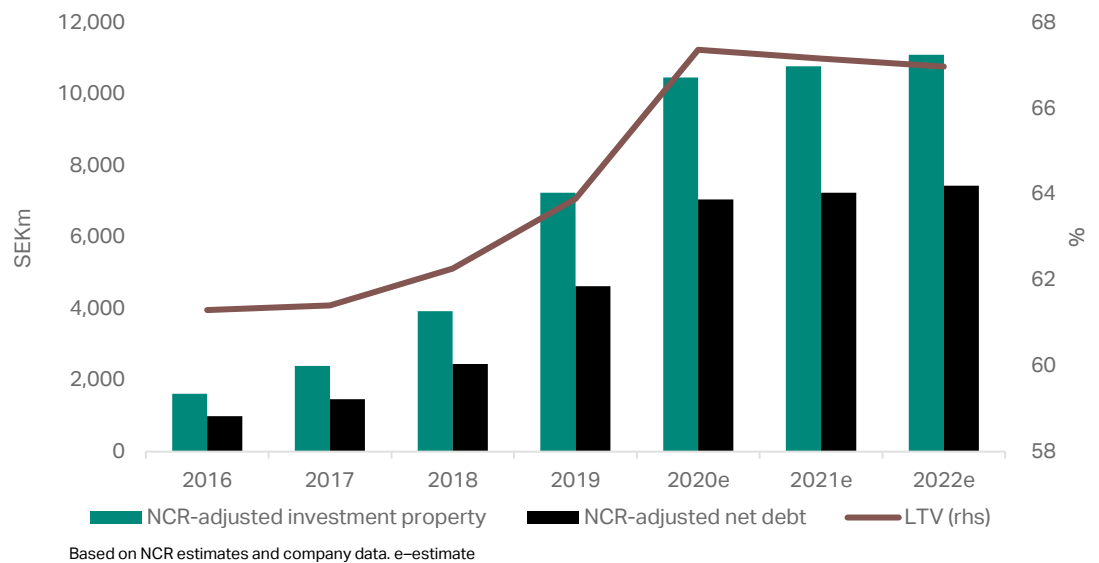
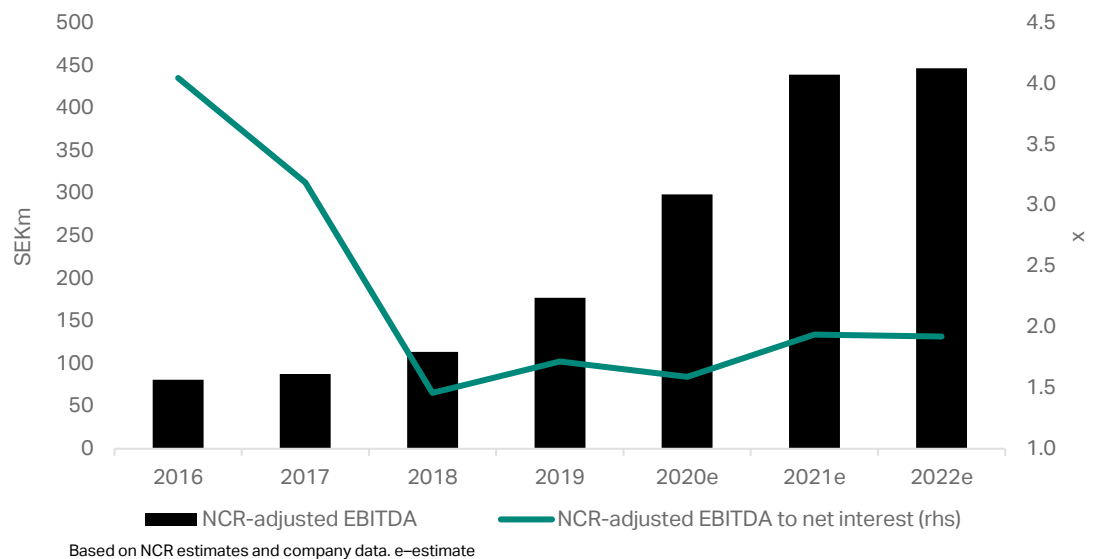


Figure 12. Offentliga Hus EBITDA and EBITDA to net interest, 2016–2022e

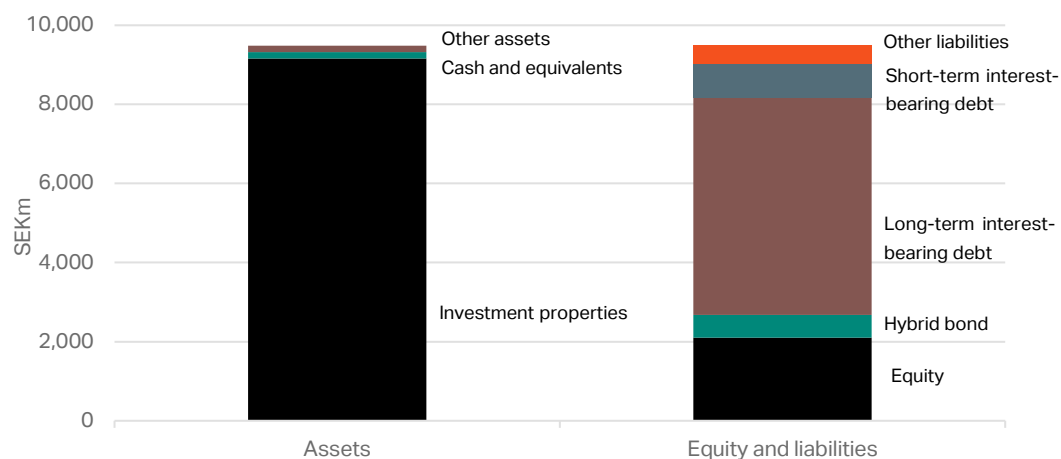


Rapid growth and relaxed financial policy demonstrate high risk appetite

Risk appetite scores 'b'

Offentliga Hus finances its operations primarily through common equity, secured bank loans and senior unsecured bonds (see Figure 13). In addition, since October 2019, the company has had an outstanding hybrid bond with a nominal amount of SEK 575m. As of 31 Aug. 2020, the company's reported interest-bearing debt amounted to SEK 6.3bn, of which SEK 518m and SEK 700m represented senior unsecured bonds maturing in 2021 and 2023, respectively. The remaining SEK 5.1bn consisted mainly of secured bank debt, but also a SEK 330m vendor loan maturing in September 2021. The company has established relationships with several banks and a history of securing most of the necessary funding before engaging in property acquisitions via local banks interested in financing local properties. We view the diversity of the company's bank contacts and use of local banks as supportive of prospective refinancing and positive in terms of reducing liquidity risk. The company uses interest rate swaps to limit its exposure to interest-rate risk. As of 31 Aug. 2020, the average interest fixing period was 1.5 years.

Figure 13. Offentliga Hus balance sheet, 31 Aug. 2020



Source: Company data

Offentliga Hus' debt is governed by covenants and an internal financial policy, which are both based on the company's own calculations of LTV ratio, interest-coverage ratio, and total equity (see Figure 14). As of 31 Aug. 2020, the company's financial metrics were not in line with its financial policy and quite close to the levels stipulated in its covenants. Reported LTV was 67% (calculated in accordance with bond terms and conditions), while NCR-adjusted LTV was even higher at 71%. The company had increased leverage in preparation for the initial public offering but is aiming to restore its metrics to their historical levels before end-2020. In addition, Offentliga Hus aims to pay out 50% of income from property management in the form of a dividend, which promotes a leveraged capital structure and could reduce covenant headroom.

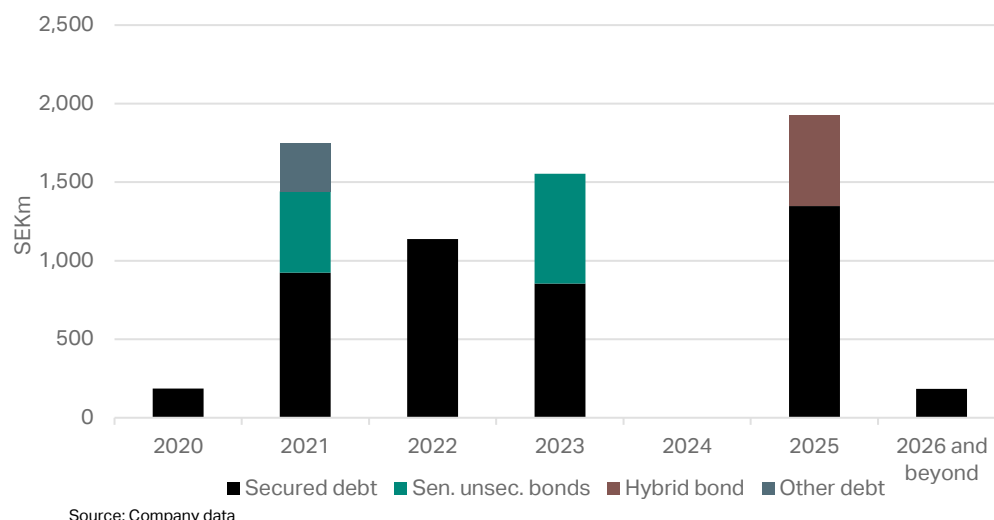
Figure 14. Offentliga Hus financial covenants and policies

Metric	Bond covenants	Financial policy
LTV ratio	≤ 70%	≤ 60%
Interest coverage ratio	≥ 1.5x	>2.2x
Total equity	≥ SEK 625m	n.a.
Equity ratio	>30%	>35%

Based on company data. n.a.–not applicable.

Our assessment of Offentliga Hus' risk appetite reflects the company's rapid growth, its history of deviating from its already quite relaxed financial policy, albeit for short periods of time, and its relatively short average debt maturity profile (3.2 years as of end-August). As of 31 Aug. 2020, some 29% of Offentliga Hus' debt was set to mature before end-2021, corroborating our view of the company's risk appetite as being in line with its financial ratios.

Figure 15. Offentliga Hus' debt maturity profile, 31 Aug. 2020



ADJUSTMENT FACTORS

The adjustment factors are neutral and have no effect on our stand-alone credit assessment.

Liquidity

We assess Offentliga Hus' liquidity profile as neutral because funding sources exceed uses in the 12-months ending 31 Aug. 2021. The company's strong liquidity position is mostly due to the recent initial public offering, which generated SEK 710m in cash proceeds.

In our liquidity analysis we do not include our projections of future acquisitions or uncommitted development projects. In our calculation of adjusted funds from operations we incorporate 50% of the dividend paid on hybrid bonds. The remaining 50% of hybrid bond dividends is listed in uses of funding.

We estimate the following primary funding sources for the 12 months ending 31 Aug. 2021, totalling SEK 2.2bn:

- SEK 121m in cash and equivalents, reflecting 75% of cash and equivalents as of 31 Aug. 2020;
- SEK 115m from funds from operations, equalling 75% of estimated adjusted funds from operations over the next four quarters;
- SEK 415m in committed divestments;
- SEK 542m in proceeds from bond issuance (October 2020);
- SEK 300m in equity contributions (September 2020); and
- SEK 710m in proceeds from the initial public offering (October 2020).

We estimate the following uses of funds for the 12 months ending 31 Aug. 2021, totalling SEK 1.6bn:

- SEK 930m in maturing debt and amortisation;
- SEK 355m in committed acquisitions;
- SEK 307m in vendor loans; and
- SEK 20m corresponding to the remaining 50% hybrid bond dividend not included in adjusted funds from operations.

Environmental, social and governance factors

Offentliga Hus does not currently report publicly on environmental, social and governance (ESG) issues. Nor does the company report on emissions, sourcing or usage of materials, or any environmental certifications. However, in 2020 it began to set out environmental targets with reference to the UN's Sustainable Development Goals, and, during 2019, issued a SEK 700m inaugural green bond. The green bond framework is rated Medium Green by CICERO.

Adjustment factors neutral

Liquidity assessed as neutral

ESG factors assessed as neutral

We view recent ESG initiatives taken by Offentliga Hus as steps in the right direction; however, we note that many real estate companies in Sweden are significantly further ahead in this respect. Many have acquired either Swedish Environmental Building Certification, or international certifications such as LEED or BREEAM to attract or maintain tenants. Upgrading properties to qualify for such certifications could be costly but might be expected by tenants seeking to renew leases. We deem the ESG factor relevant in our overall assessment as it could affect future profitability, and we expect Offentliga Hus to continue making advances within the ESG area, to promote the attractiveness of its properties.

Offentliga Hus' common shares were listed on the Nasdaq First North Premier Growth Market in October 2020. We expect the listing to result in improved governance and increased transparency. Offentliga Hus' board of directors consists of six members. While all board members are independent in relation to the company and its management, only two are independent in relation to the main owner. The board's composition is in line with Swedish governance guidelines (Svensk kod för bolagsstyrning) and we note that a board with strong ties to the main owner can indicate that the owner plays an active role. However, we also note that the connections with the main owner could also lead to governance issues, for example if the main owner were to experience financial distress.

OWNERSHIP ANALYSIS

Since October 2020, Offentliga Hus' common shares have been listed on the Nasdaq First North Premier Growth Market. Following the initial public offering, Nordact AB remains the largest owner with over 50% of the shares. Nordact AB is 50%-owned by investment holding company Fastator and 50% by Offentliga Nordic Property Holding S.A.R.L., a Luxembourg-based company owned 75% by relatives and a charitable foundation of the late Klaus Tschira (the co-founder of SAP SE) and 25% by Pierre Ladow a private individual who also sits on Offentliga Hus' board of directors. We take a positive view of the listing of the company's common stock, as it improves access to equity funding while reducing reliance on the main owner.

Ownership assessed as neutral

Figure 16. Offentliga Hus key financial data

SEKm	2016	2017	2018	2019	LTM to Q2 2020
INCOME STATEMENT					
Total revenue	117	138	215	323	427
Total costs from operations	-25	-32	-61	-109	-149
Administrative expenses	-11	-18	-40	-37	-43
EBITDA	81	88	114	177	235
Share of profit in associated companies and joint ventures	0	0	18	-3	-2
Net financial items	-26	-41	-78	-113	-147
Changes in investment property	15	120	666	173	-21
Gain (loss) on financial assets held at fair value	0	0	-3	-10	-9
Other income/expenses	-6	6	3	-1	-4
Pre-tax profit	65	174	720	223	53
Current taxes	-7	-4	-5	-17	-19
Deferred taxes	-4	-36	-161	-40	-10
Net Profit	53	134	555	166	24
BALANCE SHEET					
Investment property	1,622	2,396	3,915	7,193	7,381
Other non-current assets	0	1	155	292	305
Non-current assets	1,622	2,396	4,070	7,485	7,686
Cash and cash equivalents	37	360	77	117	88
Other current assets	14	35	119	117	343
Total current assets	51	395	196	233	431
Total assets	1,673	2,791	4,266	7,719	8,117
Total equity	363	776	1,372	2,626	2,536
Long-term borrowings	592	1,739	2,452	3,687	3,277
Long-term leasing liabilities	0	0	0	43	47
Other long-term liabilities	214	126	267	317	340
Non-current liabilities	806	1,865	2,720	4,047	3,665
Short-term borrowings	429	69	54	697	1,351
Other short-term liabilities	74	81	120	349	0
Current liabilities	503	151	174	1,046	1,351
Total equity and liabilities	1,673	2,791	4,266	7,719	7,553
CASH FLOW STATEMENT					
Pre-tax profit	65	174	720	223	53
Adjustment for items not in cash flow	-17	-133	-696	-143	43
Cash flow before changes in working capital	47	41	24	80	96
Changes in working capital	9	-16	-29	172	490
Operating cash flow	56	26	-5	251	586
Cash flow from investing activities	-625	-244	-1,298	-3,176	-2,749
Cash flow from financing activities	23	545	1,020	2,965	2,177
Cash and cash equivalents at beginning of year	580	34	360	77	74
Cash flow for year	-547	327	-283	40	14
Cash and cash equivalents at end of year	34	360	77	117	88

Source: company data. LTM—last 12 months.

Figure 17. Offentliga Hus i Norden AB (publ) rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bbb+
Market position, size and diversification	12.5%	bb+
Portfolio assessment	12.5%	bbb-
Operating efficiency	5.0%	bbb
Business risk assessment	50.0%	bbb
Ratio analysis		b
Risk appetite		b
Financial risk assessment	50.0%	b
Indicative credit assessment		bb
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
Stand-alone credit assessment		bb
Support analysis		Neutral
Issuer rating		BB
Outlook		Stable
Watch		
Short-term rating		N-1

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