

## Offentliga Hus i Norden AB (publ)

Rating Action Report

**Offentliga Hus i Norden AB (publ) long-term issuer rating raised to 'BB+' from 'BB'; Rating on Watch positive**

Nordic Credit Rating (NCR) said today that it had raised its long-term issuer rating on Swedish community service property manager [Offentliga Hus i Norden AB \(publ\)](#) (Offentliga Hus) to 'BB+' from 'BB'. At the same time, NCR affirmed its 'N-1' short-term issuer rating on the company, while the long-term issuer rating was placed on Watch with positive implications.

**Rationale**

The upgrade reflects our view that parental support has increased as a result of increased ownership by Samhällsbyggnadsbolaget i Norden AB (publ) (SBB), whose stake amounted to 72.93% as of 15 Mar. 2021. The Watch placement signals a high likelihood of a further one notch upgrade in the next 90 days pending the outcome of an ongoing public offer by SBB for the remaining shares in Offentliga Hus. The public offer is expected to expire on 13 Apr. 2021.

On 18 Dec. 2020, SBB said that it had entered an agreement to acquire 54.3% of the shares and votes in Offentliga Hus. On 23 Dec. 2020, SBB said that it had completed the acquisition of 44.2% of the shares and votes, while the acquisition of the remaining 10.1% was pending approval from the relevant competition authorities. This was received on 17 Feb. 2021. On 20 Jan. 2021, SBB announced a public offering for the remaining shares in Offentliga Hus. On 15 Mar. 2021, SBB said that it had acquired a total of 72.93% of the shares and votes.

As SBB has a stronger credit profile than Offentliga Hus, we view its increased ownership as positive for the latter's financial profile and creditworthiness as well as its outstanding obligations. To reflect our expectation that SBB would support Offentliga Hus in the event of need, we adjust the stand-alone credit assessment upward by one notch.

NCR understands that SBB is committed to acquiring the remaining shares in Offentliga Hus, and we believe that a likely outcome would be for SBB to merge Offentliga Hus' operations into its own, in a manner similar to its acquisition of Hemfosa Fastigheter AB (publ) in 2019–2020.

**Watch positive**

The Watch placement reflects our expectation of one of the following two outcomes materialising within the next 90 days:

We could raise the long-term issuer rating by one notch upon resolution of the Watch placement if SBB achieves the equity stake needed to merge Offentliga Hus' operations into its own. As SBB has a stronger credit profile than Offentliga Hus, we view the commitment to a higher ownership stake as positive for Offentliga Hus' creditworthiness.

We could affirm the ratings on Offentliga Hus should SBB's ownership share remain at or about their current levels without any material additional impact on Offentliga Hus' financial position.

We will closely monitor any changes in Offentliga Hus' ownership and expect to resolve the Watch placement within 90 days.

<b>Rating list</b>	<b>To</b>	<b>From</b>
Long-term issuer credit rating:	BB+	BB
Watch:	Watch Positive	Watch Positive
Short-term issuer credit rating:	N-1	N-1

## LONG-TERM RATING

BB+

Watch Positive

## SHORT-TERM RATING

N-1

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**Figure 1. Offentliga Hus rating scorecard**

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

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating
Publication date:	The rating was first published on 02 Sep. 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:	<a href="#">NCR's Corporate Methodology published on 14 Aug. 2018</a> <a href="#">NCR's Rating Principles published on 16 Sep. 2019</a> 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 <a href="http://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> . The historical default rates of entities and securities rated by NCR will be viewed on <a href="#">the central platform (CEREP) of the European Securities and Markets Authority (ESMA)</a> .
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
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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: <a href="http://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> .
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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## NORDIC CREDIT RATING AS

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