

Offentliga Hus i Norden AB (publ)

Rating Action Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N-1+

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Nordic Credit Rating (NCR) said today that it had raised its long-term issuer rating on Sweden-based community service property manager [Offentliga Hus i Norden AB \(publ\)](#) (Offentliga Hus) to 'BBB-' from 'BB+'. The rating was removed from Watch, where it was placed with positive implications on 18 Mar. 2021. The outlook is stable. At the same time, NCR raised its short-term issuer rating to 'N-1+' from 'N-1'.

Rationale

The upgrade reflects an increase in the company's ownership by Samhällsbyggnadsbolaget i Norden AB (publ) (SBB), whose stake amounted to 98.0% as of 3 May 2021. We expect a compulsory share redemption to lead to 100% ownership and that SBB will merge Offentliga Hus' operations into its own. An application by SBB to delist Offentliga Hus' shares from the First North Premier Growth Market was approved by NASDAQ on 30 Apr. 2021 and the last trading day was 14 May 2021. On 3 May 2021, SBB announced that it had invoked compulsory redemption of the remaining shares not acquired in its original tender offer, giving it full control over Offentliga Hus.

Since SBB has a stronger credit profile than Offentliga Hus, we view its full ownership as supportive of the latter's financial profile and creditworthiness as well as its outstanding obligations and liquidity position. To reflect our expectation that SBB would support Offentliga Hus in the event of need, we adjust the stand-alone credit assessment upward by two notches. This is a one notch increase relative to our previous assessment of SBB's ownership. The raising of the short-term rating reflects our view that SBB has the means to provide additional liquidity support to Offentliga Hus.

Stable outlook

The stable outlook reflects our expectation that Offentliga Hus will be merged into SBB's operations. As SBB has a stronger credit profile than Offentliga Hus, we view the increased ownership stake as positive for the latter's credit profile. The outlook further reflects our expectation that the community service property sector in Sweden will remain stable, and that the merged entity will continue to operate within this segment. We could raise the rating to reflect a strengthening of SBB's credit profile. We could lower the rating to reflect a weakening of SBB's credit profile, or reduced parental support for Offentliga Hus.

Rating list	To	From
Long-term issuer credit rating:	BBB-	BB+
Outlook:	Stable	
Watch:		Watch Positive
Short-term issuer credit rating:	N-1+	N-1

Figure 1. Offentliga Hus rating scorecard

Subfactors	Impact	To	From
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
Business risk assessment	50.0%	bbb	bbb
Ratio analysis		b	b
Risk appetite		b	b
Financial risk assessment	50.0%	b	b
Indicative credit assessment		bb	bb
Liquidity		Adequate	Adequate
ESG		Adequate	Adequate
Peer comparisons		Neutral	Neutral
Stand-alone credit assessment		bb	bb
Support analysis		+2 notch	+1 notch
Issuer rating		BBB-	BB+
Outlook		Stable	
Watch			Watch Positive
Short-term rating		N-1+	N-1

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:	NCR's Corporate Methodology published on 14 Aug. 2018 NCR's Rating Principles published on 16 Sep. 2019 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 nordiccreditrating.com/governance/policies . The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA) .
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.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
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: nordiccreditrating.com/governance/policies .
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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