

Platzer Fastigheter Holding AB (publ)

Rating Action Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N-1

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Platzer Fastigheter Holding AB (publ) assigned 'BBB-' long-term issuer rating; Outlook stable

Nordic Credit Rating (NCR) said today that it had assigned a 'BBB-' long-term issuer rating to Sweden-based commercial property manager [Platzer Fastigheter Holding AB \(publ\)](#) (Platzer). The outlook is stable. At the same time NCR assigned an 'N-1' short-term issuer rating.

Rationale

The long-term rating reflects Platzer's strong market position in Greater Gothenburg, one of Sweden's fastest growing regions. It further reflects Platzer's clear focus on offices and logistics/industrial properties, primarily in attractive locations, as well as its relatively modest financial gearing and strong interest coverage. We take a positive view of Platzer's green credentials; the company's common stock has been certified as green, 90% of its properties have obtained environmental certification, and 61% of the company's loans qualify as green loans.

These strengths are offset by Platzer's relatively high tenant concentrations and ambitious project development pipeline, which has some speculative elements. We view Platzer's relatively weak cash flow and short debt maturity profile with significant maturities concentrated in single years, as negative factors in our assessment of the company's financial risk profile.

Stable outlook

The stable outlook reflects our expectation that Platzer will maintain net loan to value (LTV) below 50%, and keep interest coverage at around current levels. We expect Platzer to continue focusing on commercial properties in the Greater Gothenburg area, while seeking growth primarily through project development. We also expect the company to complete its current development projects without substantial cost overruns or delays. We could raise the rating to reflect improved credit metrics, with net LTV below 40% and interest coverage above 5x over a protracted period, reduced tenant concentrations resulting from a larger and more diverse portfolio, or an improved debt maturity profile with reduced maturity concentrations. We could lower the rating to reflect worsened credit metrics, with net LTV above 50% over a protracted period, deteriorating market fundamentals, adversely affecting occupancy and/or profitability, or increased exposure to and risk taking in development projects.

Rating list

Long-term issuer credit rating:

Outlook:

Short-term issuer credit rating:

Rating

BBB-

Stable

N-1

Figure 1. Platzzer 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		bbb-
Risk appetite		bb+
Financial risk assessment	50.0%	bb+
Indicative credit assessment		bbb-
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
Stand-alone credit assessment		bbb-
Support analysis		Neutral
Issuer rating		BBB-
Outlook		Stable
Short-term rating		N-1

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating
Publication date:	The rating was first published on 28 Jun. 2021.
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, Company presentations, Data provided by external data providers, External market reports, 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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