

Platzer Fastigheter Holding AB (publ)

Full Rating Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N4

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RATING RATIONALE

Our 'BBB-' long-term issuer rating on Sweden-based commercial property manager Platzer Fastigheter Holding AB (publ) reflects the company'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 prime locations, as well as its relatively modest financial gearing. We take a positive view of Platzer's green credentials; the company's common stock has been certified as green, 91% of its properties have obtained environmental certification, 68% of the company's loans qualify as green loans, and 63% of rental value comes from green rental agreements.

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

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Platzer will maintain net loan to value (LTV) below 50% and that interest coverage will decrease due to higher interest rates. 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.

POTENTIAL POSITIVE RATING DRIVERS

- Improved credit metrics, with net LTV below 40% over a protracted period.
- Reduced tenant concentrations combined with reduced exposure to and risk taking in development projects.
- Improved debt maturity profile with reduced maturity concentrations.

POTENTIAL NEGATIVE RATING DRIVERS

- Worsened credit metrics, with net LTV above 50% or EBITDA/net interest below 2.5x over a protracted period.
- Deteriorating market fundamentals, adversely affecting occupancy and/or profitability.
- Increased exposure to and risk taking in development projects.

Figure 1. Platzer key credit metrics, 2018–2024e

SEKm	2018	2019	2020	2021	2022e	2023e	2024e
Rental income	1,044	1,124	1,142	1,201	1,264	1,535	1,695
NCR-adj. EBITDA	731	785	814	865	911	1,110	1,228
NCR-adj. EBITDA margin (%)	70.0	69.8	71.3	72.0	72.1	72.3	72.4
NCR-adj. investment property	18,388	20,509	22,605	26,061	26,692	28,970	30,670
NCR-adj. net debt	9,468	9,802	10,740	12,608	12,349	13,942	15,180
Total assets	19,016	21,106	23,286	26,957	28,160	30,335	32,117
NCR-adj. net debt/EBITDA (x)	13.0	12.5	13.2	14.6	13.6	12.6	12.4
NCR-adj. EBITDA/net interest (x)	3.6	4.3	4.1	4.1	3.5	3.2	2.8
NCR-adj. net LTV (%)	51.5	47.8	47.5	48.4	46.3	48.1	49.5
NCR-adj. FFO/net debt (%)	5.5	5.3	5.6	4.9	5.0	5.4	5.0

Based on NCR estimates and company data. e–estimate. FFO–funds from operations. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Platzer is a Sweden-based commercial property management company, which owns, manages, and develops office and industrial/logistics properties in Gothenburg. As of 31 Mar. 2022, Platzer's portfolio comprised 67 properties totalling 826,000 sqm and valued at SEK 25.5bn, making it the largest manager of office property and the second-largest industrial/logistics property operator in Gothenburg (according to property data provider Datscha AB). In its current form, Platzer was founded in 2008, when it acquired 44 properties from Ernström & C:o, Länsförsäkringar Gothenburg and Bohuslän, and Brinova Fastigheter AB (publ). The former two remain the company's largest shareholders, while Brinova (controlled by Swedish businessman Erik Paulsson) sold its shareholdings in 2017. The company's stock has been listed on the main market of the Nasdaq Stockholm exchange since 2013.

BUSINESS RISK ASSESSMENT

Business risk
assessment 'bbb-'

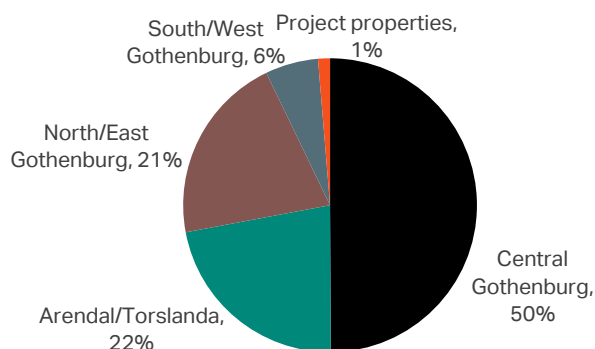
Our business risk assessment reflects Platzer's strong market position in Greater Gothenburg, one of Sweden's fastest growing regions. It further reflects the company's clear focus on offices and logistics/industrial properties, primarily in prime locations. Moreover, the assessment reflects relatively high tenant concentrations as well as an ambitious project development pipeline with some speculative elements.

Greater Gothenburg's strong fundamentals support the operating environment

Operating environment
'bbb-'

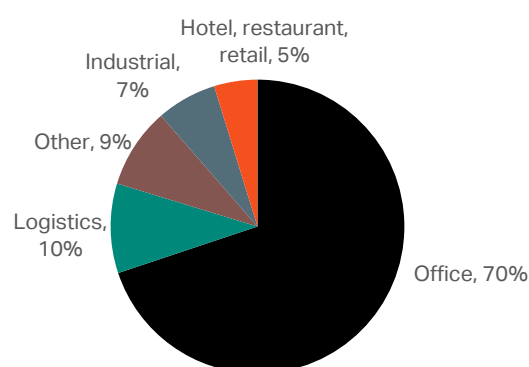
Platzer's property portfolio is primarily focused on office premises which generate most of the company's rental value. In addition, 17% of rental value comes from industrial/logistics properties in Årstad and Torslanda, to the west of Gothenburg. We expect the company to continue to focus on and grow within these two property segments, especially through project development.

Figure 2. Platzer rental value by area, 31 Mar. 2022



Source: company.

Figure 3. Platzer rental value by property type, 31 Mar. 2022



Source: company.

With 100% of Platzer's rental value coming from Greater Gothenburg, the company is effectively exposed to one of the largest and fastest growing regions in the Nordic countries. Gothenburg municipality, which accounts for nearly all of Platzer's rental value, has more than 500,000 inhabitants, while the population of Greater Gothenburg, which includes 12 additional municipalities, exceeds 1 million. Between 2021 and 2040, the population in Gothenburg municipality is projected to grow by 10.1%, compared with the national average of 5.9%. Unemployment is slightly higher than the national average, at 7.7% compared with 7%, as of 31 Mar. 2022.

In recent years, Sweden's office sector has benefited from falling interest rates, steady yield compression, and increasing rent levels. We believe that COVID-19 will recede, but that the effect on the office segment will be less pronounced than previously anticipated. In fact, we expect demand to decline somewhat, especially if corporate tenants seek to decrease their office space and opt for specialised solutions that enable hybrid working arrangements. Office project development rates are high in Gothenburg, resulting in higher vacancy rates but also an increase in market rent levels, compared with the first quarter of 2021. Vacancy rates vary substantially between different parts of Gothenburg, and we expect steady results from most of Platzer's properties given their mostly central locations.

In recent years, the logistics property subsector has benefited substantially from increasing e-commerce. This trend was accelerated by the COVID-19 pandemic; in 2020 Swedish e-commerce volumes grew by 40% year on year, followed by 7% year-on-year growth in 2021, according to Postnord AB. While we expect another fall in the rate of volume growth in 2022, we expect the general trend of absolute growth to continue, but note that even a mild recession could impact household consumption. We view the Greater Gothenburg area's consistent ranking as one of Sweden's leading logistics locations as a favourable rating factor.

In general, we expect the performance of the industrial property subsector to show a close correlation with the wider Swedish economy. However, we note that the development of Platzer's industrial properties is primarily dependent on progress at the sites in Torslanda and consequently the fortunes of manufacturing company AB Volvo, which has a strong presence in the area, and whose subsidiaries and close affiliates account for a substantial part of Platzer's rental revenue (see Figure 5).

Strong market position but relatively high tenant concentrations

As of 31 Mar. 2022, Platzer's portfolio comprised 67 properties totalling 826,000 sqm, making it the largest manager of office property and the second-largest industrial/logistics property operator in Gothenburg. The company's clear geographic focus combined with its mid-sized portfolio has created a strong market position in its region of operation, but also a lack of geographic diversity. We believe that Platzer's large urban development projects will solidify the company's position in its target market.

In a domestic comparison, Platzer's property portfolio is moderate in size. Competition in the Gothenburg property market is fierce, and liquidity is generally satisfactory. Most of the company's office properties are in the city centre, but outside the central business district. As of 31 Mar. 2022, 31% of Platzer's lettable area (256,000 sqm) was let to the logistics/industrial subsector. In comparison, the largest competitor in the region, Castellum, has 627,000 sqm of lettable logistics and industrial properties in West Sweden.

Figure 4. Platzer peer group breakdown by property value and lettable area, 31 Mar. 2022



Source: companies. Where office property values are not available, we base our figures on the respective proportion of rental value or lettable area within each property type. *The Wihlborgs data include retail, due to a lack of precise breakdown. **As of 31 Dec. 2021.

Although Platzer's portfolio is moderate in size, some of the properties are comparatively large; the largest single property generates 22% of rental value. (Positively, we note that the property occupies more than 20 buildings and houses many tenants). Because of the size of the larger properties, the company's revenue streams are relatively concentrated. As of 31 Mar. 2022, Platzer's 10 largest tenants accounted for 35% of rental income. Although we view these concentrations as relatively high, we acknowledge that most large tenants are of high credit quality, while some 22% of rental income comes from public-sector tenants, which reduces vacancy risk.

Market position, size and diversification 'bb+'

Figure 5. Platzer tenant concentration, 31 Mar. 2022

Tenant	Type of tenant	Share of rental income
Sveafjord AB	Manufacturing (subsidiary of AB Volvo)	9.8%
Swedish Migration Agency	Public	4.9%
DFDS Logistics Contracts AB	Logistics	3.9%
Swedish Tax Agency	Public	3.8%
Västra Götaland county	Public	2.5%
Mölnlycke Healthcare AB	Life science	2.2%
Nordea Bank Abp	Bank	2.0%
Swedish Social Insurance Agency	Public	1.9%
Zensecat AB*	Automotive industry	1.9%
Plasman Sverige AB	Manufacturing	1.8%
Top 10 tenants	-	34.8%

Source: company. *Contract guaranteed by Volvo Car Group.

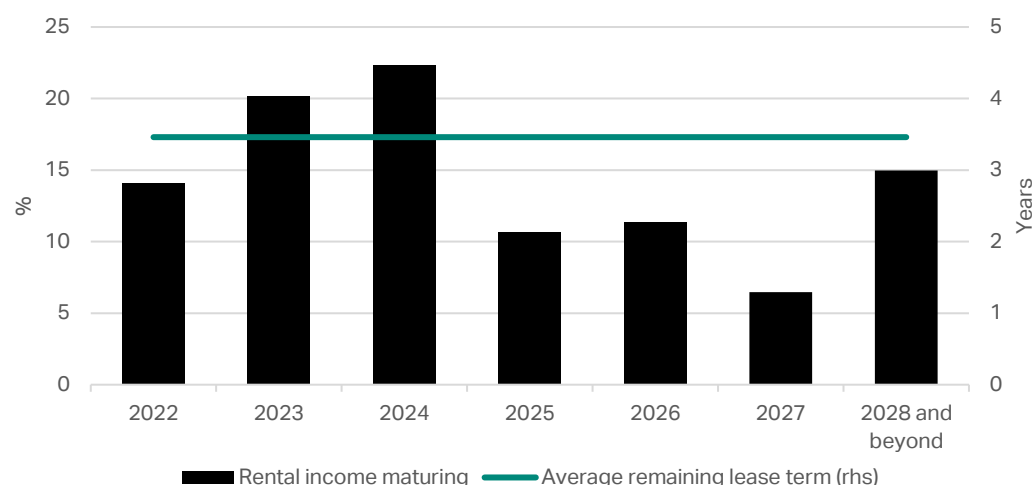
Focused portfolio in prime locations; ambitious project pipeline

Of Platzer's 67 properties, 21 are project properties (including long-term projects on which construction has not yet begun), which generate only limited rental income. In addition, the company owns five properties through joint ventures (JVs). Platzer's properties are typically located in prime locations. We view the locations of the company's central Gothenburg properties, generating 50% of rental value, as especially attractive. We also view the locations of Platzer's logistics properties as attractive, given Greater Gothenburg's position as one of Sweden's leading logistics locations.

As sustainability is of increasing importance for many tenants, we view Platzer's established and clear focus on environmental certification of properties as positive for the portfolio's competitiveness. As of 31 Mar. 2022, 91% of properties had obtained environmental certification, partly as a result of efforts to upgrade aging properties rather than focusing solely on new construction.

As of 31 Mar. 2022, the average remaining lease term in Platzer's portfolio was 3.5 years. Rental maturities are well spread, although some years have more than 20% of rental income maturing in a 12-month period.

Figure 6. Platzer lease maturity profile, 31 Mar. 2022



Source: company.

In recent years, Platzer has increased its focus on project development. Currently, the company has six large projects under development, involving total budgeted investments of SEK 4.8bn (including investments made by JV partners). Three of these projects are being developed through JVs, effectively reducing Platzer's investment commitments. Some of the projects are substantial, both in terms of lettable area and expected investment, but in our view the use of JVs typically helps to reduce project risk. Some of the development projects have speculative characteristics; construction of in-house

Portfolio assessment
'bbb-'

projects can start with only 50% pre-letting in place, while construction through JVs with Bockasjö AB can start with even less.

In addition, Platzer is undertaking two major urban development projects (Södra Änggården and Gamlestadens Fabriker). In April 2022, the zoning plan for Södra Änggården was approved. Platzer will develop the related commercial buildings itself with a view to managing them in future, while residential building rights will be sold to other property developers, resulting in substantial cash inflows over the next few years.

Figure 7. Platzer large projects in progress, 31 Mar. 2022

Project	Location	Property type	Occupancy rate	Lettable area (sqm)*	Invested (SEKm)**	Total investment (SEKm)**	Estimated completion
Kineum***	Central Gothenburg	Office	89%	15,500	1,850	2,181	Q4/2022
Sörred 7:21****	Torslanda	Logistics	100%	22,680	79	300	Q1/2023
Arendals Kulle	Central Gothenburg	Logistics	100%	7,000	46	143	Q2/2023
Sörred 8:12 V1&V2****	Torslanda	Logistics	36%	67,300	223	799	Q2/2023
Aria	Central Gothenburg	Office	44%	15,923	892	1,140	Q3/2023
Syrhåla 3:1	Central Gothenburg	Logistics	100%	21,000	60	279	Q3/2023
Total	-	-	-	149,403	3,153	4,842	-

Source: company. All figures include 100% of JVs. *Area added. **Including value of existing property. ***50% JV with NCC AB. ****50% JV with Bockasjö AB.

Earnings stable, but occupancy remains below historical levels

Operating efficiency
'bbb+'

Over the past few years, Platzer's net operating income margin has averaged around 76%, while the company's EBITDA margin has averaged around 71%. In our forecast period through 2024, we expect net operating income and EBITDA margins (excluding dividends received from JVs) of 76% and 71%, respectively.

Although earnings have remained stable, Platzer's vacancy rates have increased in recent years, in line with the trend in the overall Gothenburg office property market. As of 31 Mar. 2022, the occupancy rate was 92%, up from 91% a year earlier but down from 94% two years previously. In our forecast, we assume that occupancy rates will remain in line with current levels.

Figure 8. Platzer revenues, net operating income, EBITDA, and margins, 2018–2024e

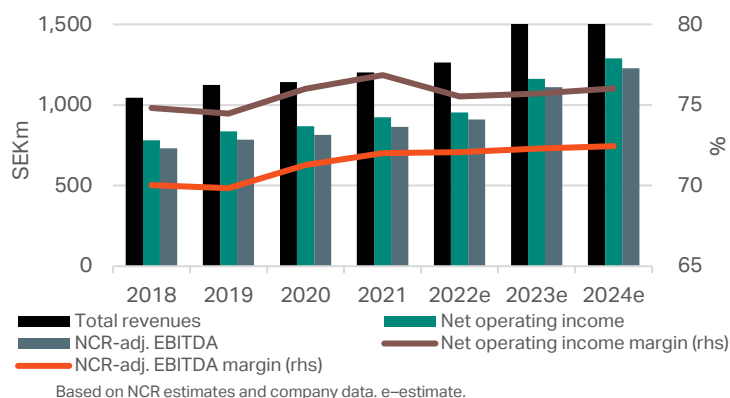
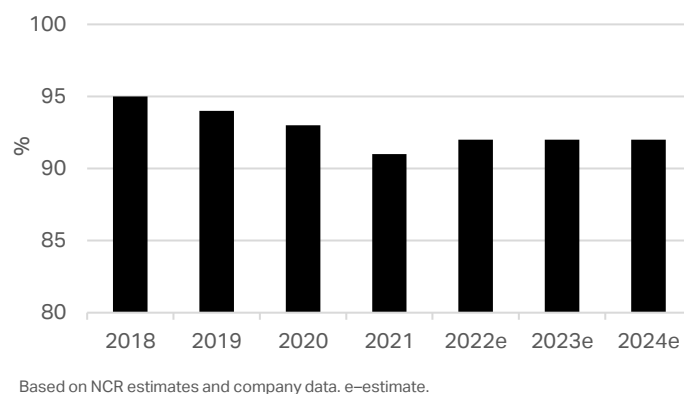


Figure 9. Platzer occupancy rate, 2018–2024e



FINANCIAL RISK ASSESSMENT

Financial risk
assessment 'bb+'

Our financial risk assessment reflects Platzer's commitment to maintaining gross LTV below 50% on a sustained basis, while we expect interest coverage to decrease due to higher interest rates. It further

reflects Platzer's relatively weak net debt/EBITDA resulting from comparatively low property yields. We view Platzer's financial risk appetite as somewhat greater than warranted by our ratio analysis. Specifically, we view the relatively short debt maturity profile as a negative contributor in our overall financial risk assessment.

Weak cash flow generation offset by moderate gearing

Ratio analysis 'bbb'

Over the past few years, Platzer's net debt/EBITDA and net interest coverage have been maintained at 12–15x and 3.5–4.5x, respectively, while the benign property market has led to substantial increases in property values. As of 31 Mar. 2022, net LTV stood at 44.2%, down from 47.3% a year earlier and 51.5% in 2018. In our forecast, we expect Platzer's net LTV to rise closer to its financial policy level of 50%, driven by substantial debt-financed acquisitions as well as project investment. Furthermore, we expect interest coverage to be negatively affected by rising interest rates, while remaining above the company's target of 2x.

In calculating Platzer's credit metrics for 2019–2021, we include investment properties classified as held for sale, while related liabilities are added to net debt. The net value of these items were recorded as positive cash flows in the first quarter of 2022, when the Gårda Vesta development project was completed and 50% was sold to Länsförsäkringar Gothenburg and Bohuslän (Platzer's second-largest owner).

In our base-case forecast of Platzer's future performance, we assume:

- revenue growth of 5% in 2022, 21% in 2023, and 10% in 2024;
- dividends from JVs upon completion of projects of SEK 16m in 2022 and SEK 20m annually in 2023 and 2024;
- an EBITDA margin (including dividends received from JVs) of around 72% in 2022–2024;
- increased market interest rates, resulting in an average interest rate of 2.1% in 2022, 2.6% in 2023 and 3.0% in 2024;
- annual capital spending of SEK 1.4bn in 2022 and SEK 1.2bn annually in 2023 and 2024;
- property acquisitions of SEK 1bn in 2022–2024;
- gains from divestments of properties and building rights of SEK 2.9bn in 2022 and SEK 500m in 2024;
- a property valuation increase equal to 5% of capital spending upon completion of development projects; and
- no other valuation changes in investment properties.

On the basis of these assumptions, we estimate the following metrics for 2022–2024:

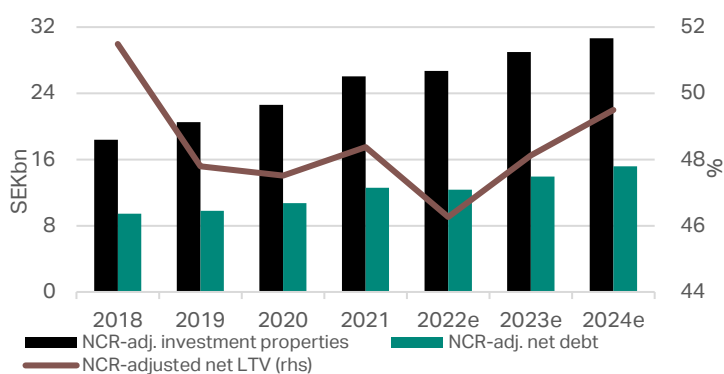
- NCR-adjusted net LTV of 46–49%;
- NCR-adjusted EBITDA/net interest of 2.8–3.5x; and
- NCR-adjusted net debt/EBITDA of 12–14x.

Figure 10. NCR's adjustments to Platzer's credit metrics, 2018–2024e

SEKm	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	731	785	814	865	895	1,090	1,208
Dividends from JVs and associates	0	0	0	0	16	20	20
NCR-adj. EBITDA	731	785	814	865	911	1,110	1,228
Net interest	-205	-181	-199	-208	-261	-344	-441
Financial costs from leasing	0	-1	-1	-1	-1	-1	-1
NCR-adj. net interest	-205	-182	-200	-209	-262	-345	-442
NCR-adj. EBITDA	731	785	814	865	911	1,110	1,228
NCR-adj. net interest	-205	-182	-200	-209	-262	-345	-442
Current tax	-9	-85	-14	-41	-28	-19	-31
NCR-adj. FFO	517	518	600	615	621	748	757
Investment property	18,388	20,009	21,887	25,239	26,662	28,940	30,640
Assets classified as held for sale	0	470	688	792	0	0	0
Non-current right-of-use assets	0	30	30	30	30	30	30
NCR-adj. investment property	18,388	20,509	22,605	26,061	26,692	28,970	30,670
Cash and cash equivalents	355	268	148	171	129	136	218
NCR-adj. cash and equivalents	355	268	148	171	129	136	218
Gross interest-bearing debt	9,817	9,845	10,662	12,426	12,438	14,038	15,358
Long-term leasing liabilities	0	30	30	30	30	30	30
Retirement benefit obligations	6	7	8	10	10	10	10
Liabilities related to assets held for sale	0	188	188	313	0	0	0
NCR-adj. cash and equivalents	-355	-268	-148	-171	-129	-136	-218
NCR-adj. net debt	9,468	9,802	10,740	12,608	12,349	13,942	15,180

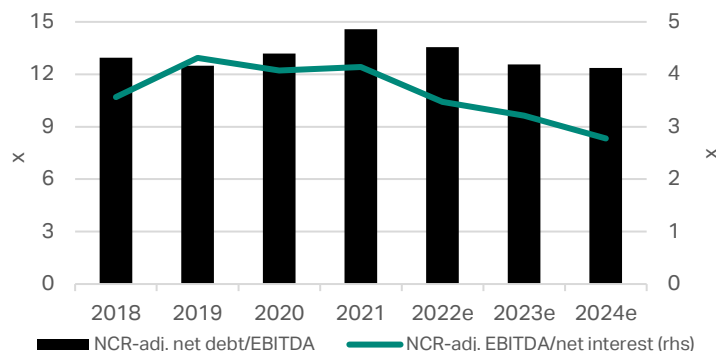
Based on NCR estimates and company data. e–estimate.

Figure 11. Platzer NCR-adj. investment properties, net debt, and net LTV, 2018–2024e



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

Figure 12. Platzer NCR-adj. net debt/EBITDA and EBITDA/net interest, 2018–2024e



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

Relatively short debt maturity profile increases financial risk

Risk appetite 'bb+'

Platzer finances its operations through a mix of common equity, secured bank debt, secured bonds issued via 20%-owned Svensk FastighetsFinansiering (SFF), unsecured bonds under its own medium-term note (MTN) programme, construction loans, and commercial paper. Other liabilities are primarily related to deferred taxes. The company's SEK 2bn commercial paper programme is backed by two dedicated backup facilities of SEK 350m each, while the remaining outstanding volume is backed by SEK 2.1bn in unutilised credit facilities (as of 31 Mar. 2022).

Figure 13. Platzer funding profile, 31 Mar. 2022

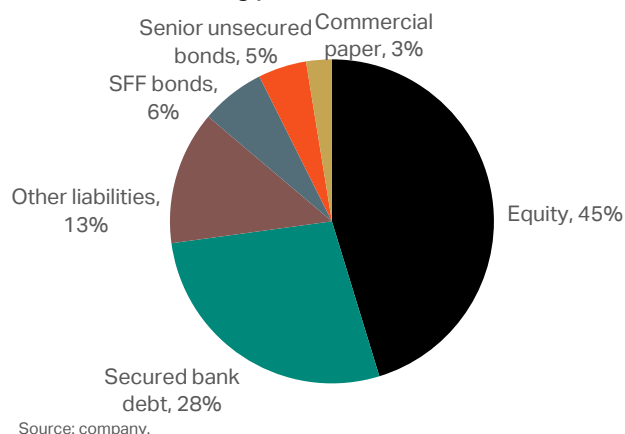
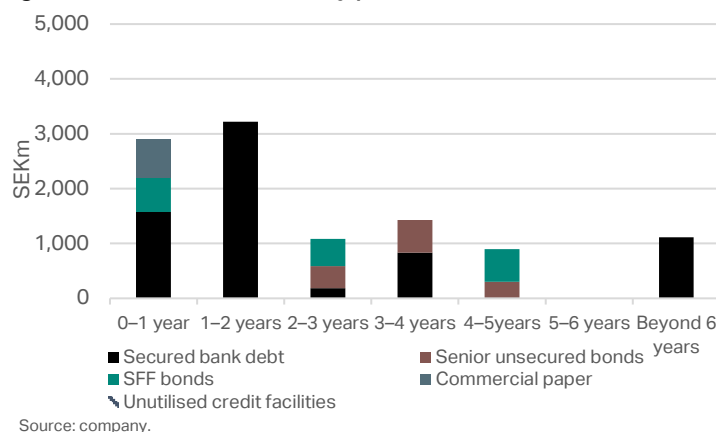


Figure 14. Platzer debt maturity profile, 31 Mar. 2022



As of 31 Mar. 2022, Platzer's average debt maturity was 2.5 years, while debt maturing within the subsequent 12 months was 25% of total interest-bearing debt (22% excluding commercial paper). We view the company's debt maturity profile as relatively short with maturities concentrated in single years having a negative impact on our overall financial risk assessment. As of 31 Mar. 2022, Platzer's average fixed-interest period was 3.2 years, with 50% of interest maturing within 12 months. The average interest rate on the company's loans was 1.8%.

Platzer's interest-bearing debt is governed by financial covenants as well as the company's financial policy. In our view, the company has adequate covenant and policy headroom. Platzer aims to pay dividends amounting to 50% of after-tax profit from property management, excluding value changes in joint ventures and associated companies. The target is similar to those of several of its peers and the company has adhered to it historically.

Figure 15. Platzer financial covenants, policies and reported metrics

Metric	Common loan covenants	Financial policy/targets	Reported 31 Mar. 2022
Equity ratio	≥25%	≥30%	45%
Gross LTV	≤70%	≤50%	45%
Interest coverage ratio	≥1.5x	≥2x	4.1x
Debt maturities in any 12-month period*	-	≤35%	22%
Average interest rate maturity	-	1.5-5 years	3.2 years

Source: company. *Excluding commercial paper.

ADJUSTMENT FACTORS

Adjustment factors
neutral

Adjustment factors are assessed as neutral and have no effect on our standalone credit assessment.

Liquidity

Liquidity adequate

Our 12-month liquidity analysis is based on a stressed scenario under which the company cannot access the capital markets or extend bank loans, and therefore has to rely on internal or committed external funding sources to cover its liquidity needs. We typically expect an investment grade company to cover all liquidity needs over the coming 12 months.

We assess Platzer's liquidity as adequate, even though its liquidity needs exceed sources by SEK 400m. We view the company's long-standing banking relationships, together with its satisfactory access to several funding channels as sufficient mitigators of near-term liquidity risk.

We estimate the following primary funding sources for the 12 months ending 31 Mar. 2023, totalling SEK 4.1bn:

- SEK 185m in cash and equivalents, as of 31 Mar. 2022;
- SEK 490m in FFO, equalling 75% of estimated NCR-adjusted FFO over the period;
- SEK 2.1bn in unutilised credit facilities maturing in more than 12 months;
- SEK 350m in unutilised credit facilities refinanced since 31 Mar. 2022; and

- SEK 1.1bn in committed divestments of investment property.

We estimate the following uses of funds for the 12 months ending 23 Mar. 2023, totalling SEK 4.5bn:

- SEK 2.9bn in maturing debt and amortisation;
- SEK 1.2bn in committed capital spending; and
- SEK 430m in committed acquisitions of investment property.

Environmental, social and governance factors

ESG factors adequate

Platzer's environmental, social and governance (ESG) policies support our view of the company's overall business risk and competitive position. The company targets a green profile in all operations. Since 2020, Platzer's stock has been certified as "green" by Norwegian environmental institute CICERO, while the company's MTN has been deemed "medium green" by CICERO since 2021. As of 31 Mar. 2022, 68% of the company's outstanding debt was classified as green.

As of 31 Mar. 2022, 91% of Platzer's properties had obtained environmental certification. We view certification as a pragmatic way to access green financing, increase the attractiveness of properties, and enable more cost-efficient property management. The company measures and reports Scope 1 and 2 emissions, and has been climate neutral in this respect since 2011 (including offsets). It will begin to measure Scope 3 emissions as part of its new Science Based Targets initiative goals of reaching net zero emissions.

The main ESG issues that could affect our overall assessment of Platzer's creditworthiness are factors that might contribute to loss of revenues, increased costs, higher capital spending, or worsened financing possibilities (see Figure 17).

Figure 16. Platzer ESG considerations

Issue	Risk	Mitigating efforts	Result
CO ₂ emissions	Increased costs due to regulatory and/or taxation changes.	Efforts to increase energy efficiency and reduce CO ₂ emissions. Environmental certification of properties.	Energy usage decreased by 4% in 2021 from 2020. While Scope 1 and 2 CO ₂ emissions increased by 19% and 32%, respectively. Operations climate neutral since 2011 (through offsets, Scope 1 and 2 emissions). In 2021, signed up to SBTi, which covers Scope 3 emissions, the most prevalent type.
Impact of climate change on operations	Loss of revenues or increased capital spending.	Environmental certification of properties, evaluation of impact on properties.	As of 31 Mar. 2022, 91% of properties had obtained environmental certification. Gothenburg is expected to experience rising water levels, which could have a negative long-term impact.
Increased environmental focus in financial markets	Adverse effect on financing possibilities or higher financing costs due to slow transitioning to lower CO ₂ dependence.	Green profile in all operations, as illustrated by green equity, green financing via SFF and MTN programme, and a large proportion of green loans.	Strong ESG profile, possibly leading to a competitive advantage rather than greater risk. 68% of debt financing classified as green.

Source: company. SBTi-Science Based Targets initiative.

OWNERSHIP ANALYSIS

Ownership neutral

Platzer's common stock has been listed on the main market of the Nasdaq Stockholm exchange since 2013. Between 2001 and 2008, the company was fully owned by its current largest owner Ernström &

C:o until Platzer was established in its current form through a property transaction between Ernström & C:o, Länsförsäkringar Gothenburg and Bohuslän, and Brinova Fastigheter AB (publ). The former two remain Platzer's largest shareholders. Ernström & C:o is an investment company fully owned by the Hielte/Hobohm family, which, in addition, is the company's fourth largest shareholder. The company's most recent equity injection was carried out in 2016 when the acquisition of properties in Western Gothenburg from AB Volvo was partly financed by new equity. We assess the company's overall ownership as neutral, although we take a positive view of its largest long-term largest shareholders and its access to the equity market.

Figure 17. Platzer ownership structure, 31 Mar. 2022

Owner	Share of capital	Share of votes
Ernström & Co	14.2%	38.7%
LF Gothenburg and Bohuslän	13.7%	20.5%
LF Skaraborg Förvaltning AB	5.4%	14.2%
Hielte/Hobohm family	15.7%	6.3%
Fourth AP Fund	8.7%	3.5%
LF Funds	8.1%	3.2%
SEB Investment Management	4.9%	2.0%
Handelsbanken Funds	4.4%	1.8%
Lesley Invest (incl. private holdings)	3.4%	1.3%
State Street Bank and Trust Co	2.5%	1.0%
Top 10 owners	80.9%	92.4%
Treasury shares	<0.0%	<0.0%
Other	19.1%	7.6%

Source: company. LF-Länsförsäkringar.

ISSUE RATINGS

Most of Platzer's interest-bearing debt is secured by mortgage certificates in encumbered properties. More than 50% of the company's interest-bearing debt is secured. Consequently, we rate Platzer's issued senior unsecured bonds 'BB+', one notch below the long-term issuer rating, to reflect their effective subordination.

Figure 18. Platzer key financial data, 2018–Q1 2022

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Mar. 2022
INCOME STATEMENT					
Rental income	1,044	1,124	1,142	1,201	1,218
Other income	–	–	–	–	–
Total costs from operations	-263	-287	-274	-278	-283
Net operating income	781	837	868	923	935
Administrative expenses	-50	-52	-54	-58	-58
Administrative expenses, project portfolio	–	–	–	–	–
EBITDA	731	785	814	865	877
Share of profit in associated companies and joint ventures	5	8	66	103	281
Interest expenses	-206	-182	-206	-208	-210
Interest income	1	1	7	–	–
Interest expenses, shareholder loans	–	–	–	–	–
Financial costs from leasing	–	-1	-1	-1	-3
Other financial costs	–	–	–	–	–
Changes in investment property	1,311	1,522	1,006	1,240	1,994
Gain (loss) on financial assets held at fair value	-19	-94	74	-71	-84
Disposals of investment properties	–	–	–	–	–
Gain (loss) on derivatives	12	-126	-89	180	430
Depreciation and amortisation	–	–	–	–	–
Restructuring activities	–	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–	–
Pre-tax profit	1,835	1,913	1,671	2,108	3,285
Current taxes	-9	-85	-14	-41	-41
Deferred taxes	-315	-352	-283	-358	-517
Net profit	1,511	1,476	1,374	1,709	2,727
BALANCE SHEET					
Investment property	18,388	20,009	21,887	25,239	25,529
Other non-current assets	158	228	388	556	981
Total non-current assets	18,546	20,237	22,275	25,795	26,510
Cash and cash equivalents	355	268	148	171	185
Other current assets	115	601	863	991	223
Total current assets	470	869	1,011	1,162	408
Total assets	19,016	21,106	23,286	26,957	26,918
Total equity	7,288	8,556	9,687	11,068	12,186
Non-current borrowings	5,762	6,906	7,028	10,240	9,212
Non-current borrowings, shareholder loans	–	–	–	–	–
Deferred tax liabilities	1,122	1,440	1,707	2,020	2,147
Other non-current liabilities	355	619	614	562	216
Total non-current liabilities	7,239	8,965	9,349	12,822	11,575
Total current liabilities	4,489	3,585	4,250	3,067	3,157
Total equity and liabilities	19,016	21,106	23,286	26,957	26,918
CASH FLOW STATEMENT					
Pre-tax profit	1,835	1,913	1,671	2,108	3,285
... of which changes in investment property	1,311	1,522	1,006	1,240	1,994
Depreciation and amortisation	–	–	–	–	–
Tax paid	-55	-88	-30	-107	-88
Adjustment for items not in cash flow	-1,307	-1,307	-1,056	-1,451	-2,620
Cash flow from operating activities before changes in working capital	473	518	585	550	577
Changes in working capital	70	25	-95	136	243
Cash flow from operating activities	543	543	490	686	820
Cash flow from investment activities	-1,308	-609	-1,127	-2,332	-672
Cash flow from financing activities	979	-21	517	1,669	-114
Cash and cash equivalents at beginning of period	141	355	268	148	152
Cash flow for period	214	-87	-120	23	34
Cash and cash equivalents at end of period	355	268	148	171	185

Source: company. FY–full year. LTM–last 12 months.

Figure 19. Platzer 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		N4

Figure 20. Capital structure ratings

Seniority	Rating
Senior unsecured	BB+

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