

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 also reflects Platzer's clear focus on offices and logistics/industrial property, mainly in prime locations, as well as its relatively modest financial gearing. We take a positive view of Platzer's green credentials; the company's ordinary shares have been certified as green, 92% of its properties have obtained environmental certification, 67% of the company's loans qualify as green loans, and 54% of lettable area is covered by green leases.

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 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's financial metrics will weaken temporarily in 2023 but improve over our forecast period through 2025, primarily due to earnings from completed projects. We believe Platzer will continue focusing on commercial property in the Greater Gothenburg area and grow through project development. We expect that Platzer will reduce its capital spending in the short term and be more selective about new projects. We also believe the company will 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.
- Improved debt maturity profile, with reduced maturity concentrations.
- Efforts to deleverage and significantly reduce project risk exposure.

POTENTIAL NEGATIVE RATING DRIVERS

- Worsening of 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, 2019–2025e

SEKm	2019	2020	2021	2022	2023e	2024e	2025e
Rental income	1,124	1,142	1,201	1,229	1,574	1,798	1,880
NCR-adj. EBITDA	785	814	865	881	1,149	1,312	1,372
NCR-adj. EBITDA margin (%)	69.8	71.3	72.0	71.7	73.0	73.0	73.0
NCR-adj. investment property	20,509	22,605	26,061	27,024	28,156	27,766	28,219
NCR-adj. net debt	9,802	10,740	12,608	11,645	13,729	13,840	13,756
Total assets	21,106	23,286	26,957	29,465	30,883	30,811	31,667
NCR-adj. net debt/EBITDA (x)	12.5	13.2	14.6	13.2	12.0	10.5	10.0
NCR-adj. EBITDA/net interest (x)	4.3	4.1	4.1	3.6	2.3	2.5	2.8
NCR-adj. net LTV (%)	47.8	47.5	48.4	43.1	48.8	49.8	48.7
NCR-adj. FFO/net debt (%)	5.3	5.6	4.9	5.0	4.5	5.5	6.2

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 property in Gothenburg. As of 31 Mar. 2023, Platzer's portfolio comprised 68 properties totalling 797,000 sqm valued at SEK 27.4bn, 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 & Co, 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. Platzer's shares have 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 also takes account of the company's clear focus on offices and logistics/industrial property, mainly in prime locations. Moreover, our assessment reflects relatively high tenant concentrations, as well as an ambitious project development pipeline with some speculative elements.

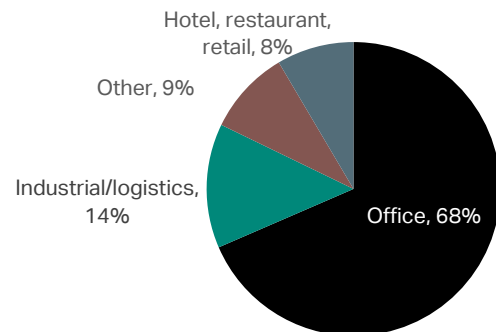
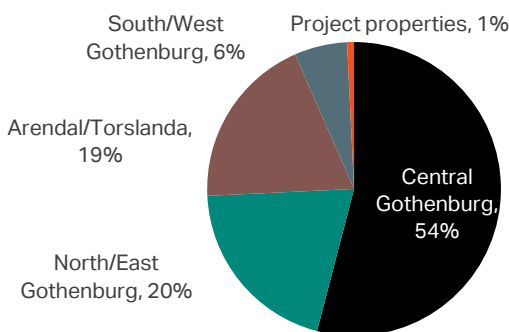
Operating environment supported by Greater Gothenburg's strong fundamentals

Operating environment 'bbb-'

Platzer's property portfolio is primarily focused on office premises, which generate most of the company's rental value. In addition, 19% of rental value comes from industrial/logistics property in Arendal 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. 2023

Figure 3. Platzer rental value by property type, 31 Mar. 2023



Source: company.

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 2022 and 2040, the population of Gothenburg municipality is projected to grow by 11.2%, compared with the national average of 8.0%. Unemployment is slightly higher than the national average, at 6.9% compared with 6.4%, as of 31 Mar. 2023.

Sweden's office sector has historically benefited from falling interest rates, steady yield compression, and increasing rent levels. The office rental market has remained strong, despite a tougher economic climate with higher interest rates in 2022 and early 2023. Going forward, 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 both higher vacancy rates and an increase in market rent levels. Vacancy rates vary substantially between different parts of Gothenburg, and we expect steady performance by most of Platzer's properties given their mostly central locations.

The logistics property subsector has benefited substantially from increasing e-commerce in recent years. 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. In 2022, e-commerce volumes fell by 7%, largely driven by a decrease in household consumption and tighter corporate budgets. We believe that the long-term trend of e-commerce's increasing share of total consumption will continue and this should support demand for logistics properties. We view the Greater Gothenburg area's consistent ranking as one of Sweden's leading logistics locations as a favourable rating factor for Platzer.

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 truck, bus and construction equipment manufacturer 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

Market position, size and diversification 'bbb'

As of 31 Mar. 2023, Platzer's portfolio comprised 68 properties totalling 797,000 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 operating region, but also a lack of geographical diversity. We believe that Platzer's large urban development projects will bolster the company's position in its target market.

In a domestic comparison, Platzer's property portfolio is of moderate 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. 2023, 28% of Platzer's lettable area (223,000 sqm) was let to the logistics/industrial subsector. In comparison, the largest competitor in the region, Castellum, has 592,000 sqm of lettable logistics and industrial property in West Sweden.

Figure 4. Platzer peer group breakdown by property value and lettable area, 31 Mar. 2023



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. 2022.

Although Platzer's portfolio is moderate in size, some of the properties are comparatively large; the largest single property generates 18% of rental value. (On the positive side, 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. 2023, Platzer's 10 largest tenants accounted for 33% of rental income. Although we view these concentrations as relatively high, we acknowledge that most large tenants are of high credit quality, while some 16% of rental income comes from public-sector tenants, which reduces vacancy risk.

Figure 5. Platzer tenant concentration, 31 Mar. 2023

Tenant	Type of tenant	Share of rental income
Sveafjord AB	Manufacturing (subsidiary of AB Volvo)	7%
Swedish Migration Agency	Public	5%
Hotellet i Höghuset AB (ESS Group)	Hotel	5%
DFDS Logistics Contracts AB	Logistics	3%
The University of Gothenburg	Public	3%
Folkandvården Västra Götaland	Public	3%
Västra Götaland county	Public	2%
Göteborgs Stad	Public	3%
Mölnlycke Health Care AB	Life Science	2%
Nordea Bank Abp	Bank	2%
Top 10 tenants	-	33%

Source: company.

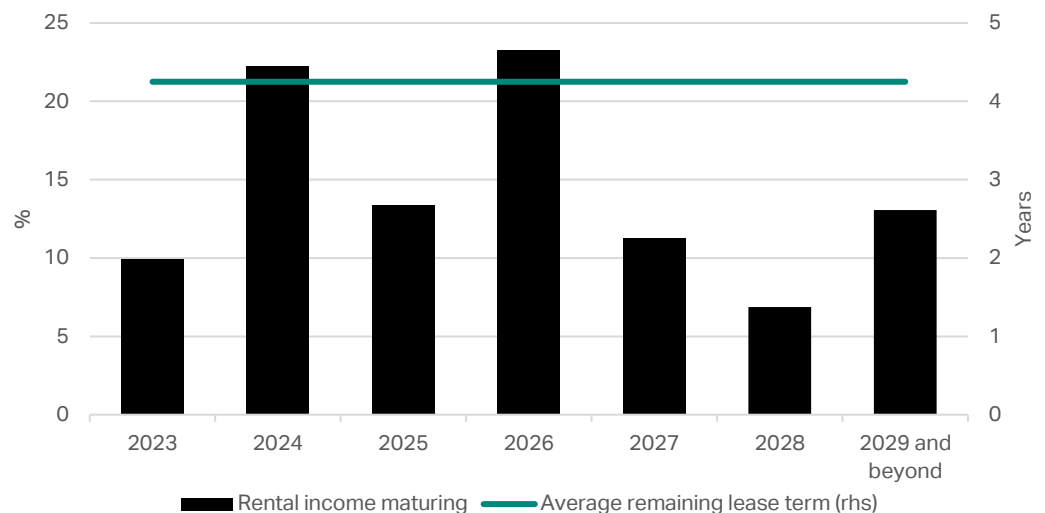
Focused portfolio in prime locations; ambitious project pipeline

Of Platzer's 68 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, which generate roughly 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. 2023, 92% 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. 2023, the average remaining lease term in Platzer's portfolio was 4.3 years. Rental maturities are well spread, although some years have more than 20% of rental income maturing.

Figure 6. Platzer lease maturity profile, 31 Mar. 2023



Source: company.

In recent years, Platzer has increased its focus on project development. The company currently has seven large projects under development, involving total budgeted investments of SEK 4.1bn (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

Portfolio assessment
'bbb-'

risk. Some of the development projects have speculative characteristics; construction of in-house projects can start with only 50% pre-letting in place, while construction through JVs with Bockasjö AB can start with even less. Platzer limits project risk by aiming to not have more than one ongoing speculative project.

In addition, Platzer is undertaking three major urban development projects: Södra Änggården, Almedal and Gamlestadens Fabriker. The zoning plan for Södra Änggården was approved In April 2022. 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. 2023

Project	Location	Property type	Occupancy rate	Lettable area (sqm)	Invested (SEKm)	Total investment (SEKm)	Estimated completion
Arendals Kulle	Gothenburg	Logistics	100%	7,000	139	143	Q2 2023
Sörred 7:21*	Torslanda	Logistics	100%	22,680	238	299	Q2 2023
Sörred 8:12, V1&V2*	Torslanda	Logistics	100%	67,600	663	812	Q2 2023
Aria	Gothenburg	Office	65%	15,761	994	1,234	Q3 2023
Merkur**	Gothenburg	Office	71%	4,850	282	347	Q3 2023
Syrhåla 3:1, V1 & V2	Gothenburg	Logistics	79%	43,500	320	571	Q3-Q4 2023
Sörred 8:12, V4*	Torslanda	Logistics	0%	14,900	53	218	Q2 2024
Högsbo 55:13	Gothenburg	Office	100%	8,964	223	441	Q3 2024
Total	-	-	-	185,255	2,912	4,065	-

Source: company. All figures include 100% of JVs. *50% JV with Bockasjö AB. **50% JV with ByggGöta.

Earnings stable, but occupancy remains below historical levels

Over the past few years, Platzer's net operating income margin has averaged around 76%, while the company's EBITDA margin has averaged around 72%. Our forecast through 2025 expects slightly improved net operating income and EBITDA margins because of cost cutting and generally improved management.

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. 2023, the occupancy rate was 92%, unchanged from a year earlier but down from 94% three years previously. Our forecast assumes that occupancy rates will remain in line with current levels.

Operating efficiency
'bbb+'

Figure 8. Platzer revenues, net operating income, EBITDA, and margins, 2019–2025e

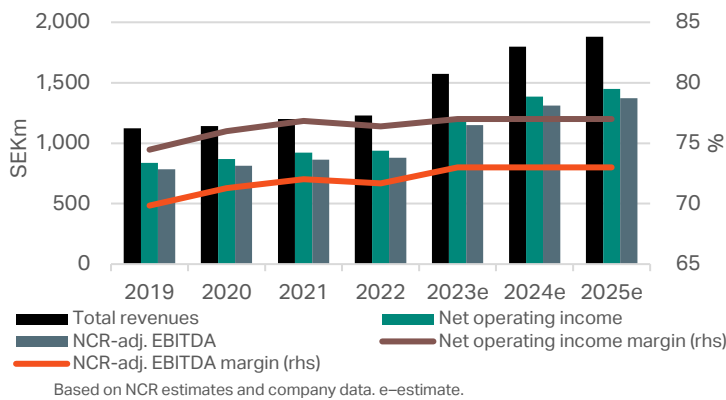
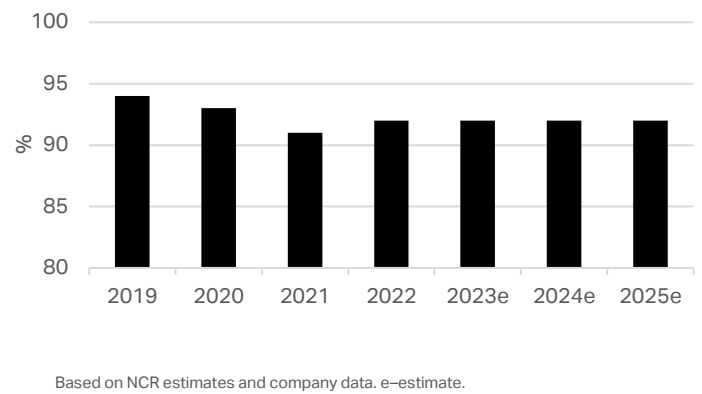


Figure 9. Platzer occupancy rate, 2019–2025e



FINANCIAL RISK ASSESSMENT

Financial risk assessment 'bb+'

Our financial risk assessment reflects Platzer's commitment to maintaining a gross loan-to-value (LTV) ratio of below 50% on a sustained basis, while we expect interest coverage to decrease due to higher interest rates. It also reflects Platzer's relatively weak net debt/EBITDA resulting from comparatively low property yields. We view Platzer's financial risk appetite as commensurate with our assessment of the financial ratios.

Weak cash flow generation offset by moderate gearing

Ratio analysis 'bb+'

Over the past few years, Platzer's net debt/EBITDA and net interest coverage have been maintained at 13–15x and 3.6–4.1x, respectively. As of 31 Mar. 2023, net LTV stood at 44.2%, unchanged from a year earlier. Our forecast expects Platzer's net LTV to approach its financial policy level of 50%, driven by substantial debt-financed acquisitions and project investment, as well as higher yield requirements having a negative impact on valuations. Furthermore, we expect interest coverage to be negatively affected by rising interest rates, while remaining above the company's target of 2x.

Our base case forecast of Platzer's future performance assumes:

- revenue growth of 28% in 2023, 14% in 2024 and 5% in 2025;
- an NCR-adjusted EBITDA margin of around 73%;
- capital spending of SEK 1.3bn in 2023 and around SEK 800m per year for 2024–2025;
- an average interest rate on external debt of 4.0% in 2023, 3.9% in 2024 and 3.6% in 2025; and
- changes in property values of minus 5.3% in 2023, minus 3.6% in 2024 and 0% in 2025.

On the basis of these assumptions, we estimate the following metrics for 2023–2025:

- NCR-adjusted net LTV of 49%–50%;
- NCR-adjusted EBITDA/net interest of 2.3–2.8x; and
- NCR-adjusted net debt/EBITDA of between 10x and 12x.

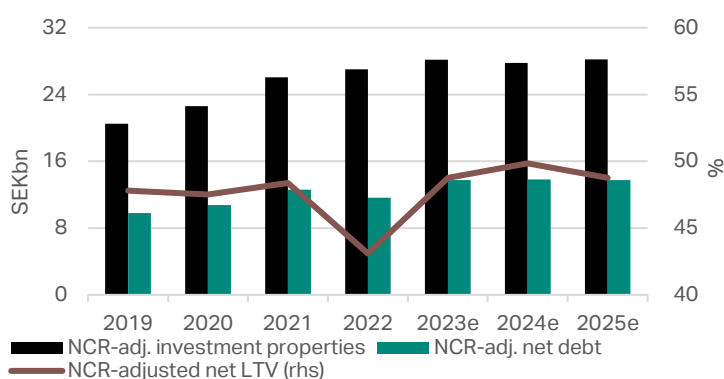
Figure 10. NCR's adjustments to Platzer's credit metrics, 2019–2025e

SEKm	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	785	814	865	881	1,149	1,312	1,372
NCR-adj. EBITDA	785	814	865	881	1,149	1,312	1,372
Net interest	-181	-199	-208	-244	-500	-528	-492
Financial costs from leasing	-1	-1	-1	-1	-1	-1	-1
NCR-adj. net interest	-182	-200	-209	-245	-501	-529	-493
NCR-adj. EBITDA	785	814	865	881	1,149	1,312	1,372
NCR-adj. net interest	-182	-200	-209	-245	-501	-529	-493
Current tax	-85	-14	-41	-59	-23	-27	-32
NCR-adj. FFO	518	600	615	577	625	757	848
Investment property	20,009	21,887	25,239	26,994	28,126	27,736	28,189
Assets classified as held for sale	470	688	792				
Non-current right-of-use assets	30	30	30	30	30	30	30
NCR-adj. investment property	20,509	22,605	26,061	27,024	28,156	27,766	28,219
Cash and cash equivalents	268	148	171	217	224	223	307
NCR-adj. cash and equivalents	268	148	171	217	224	223	307
Gross interest-bearing debt	9,845	10,662	12,426	11,823	13,914	14,024	14,024
Long-term lease liabilities	30	30	30	30	30	30	30
Retirement benefit obligations	7	8	10	9	9	9	9
Liabilities related to assets held for sale	188	188	313				
NCR-adj. cash and equivalents	-268	-148	-171	-217	-224	-223	-307
NCR-adj. net debt	9,802	10,740	12,608	11,645	13,729	13,840	13,756

Based on NCR estimates and company data. e—estimate. FFO—funds from operations.

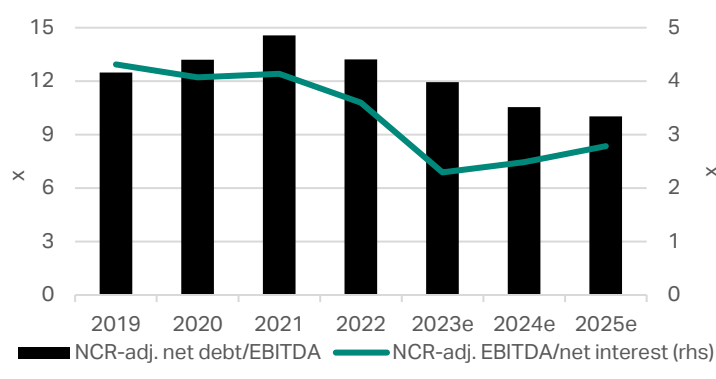
Our calculation of Platzer's credit metrics for 2019–2021 includes investment properties classified as held for sale, while related liabilities are added to net debt. The net value of these items was recorded as positive cash flows in the first quarter of 2022, when the Gårda Vesta development project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

Figure 11. Platzer NCR-adj. investment properties, net debt, and net LTV, 2019–2025e



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

Figure 12. Platzer NCR-adj. net debt/EBITDA and EBITDA/net interest, 2019–2025e



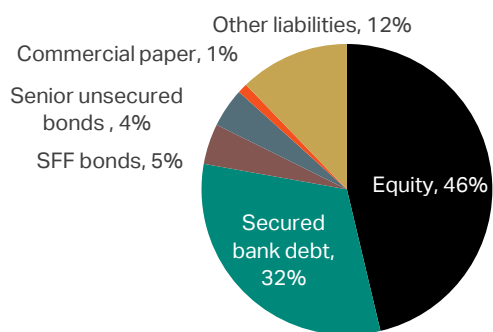
Based on NCR estimates and company data. e—estimate.

Relatively short debt maturity profile increases financial risk

Risk appetite 'bb+'

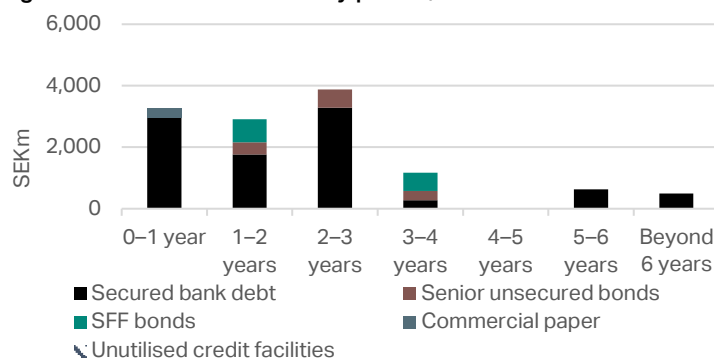
Platzer finances its operations through a mix of common equity, secured bank debt, secured bonds issued via 20%-owned Svensk FastighetsFinansiering (SFF), unsecured bonds under its own medium-term note (MTN) programme, construction loans and commercial paper. Other liabilities are primarily related to deferred taxes. As of 31 Mar. 2023, the company had SEK 100m in short-term backup facilities and SEK 1.9bn in unutilised credit facilities.

Figure 13. Platzer funding profile, 31 Mar. 2023



Source: company.

Figure 14. Platzer debt maturity profile, 31 Mar. 2023



Source: company.

As of 31 Mar. 2023, Platzer's average debt maturity was 2.3 years, while debt maturing within the subsequent 12 months was 22% of total interest-bearing debt, 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. 2023, Platzer's average fixed-interest period was 2.8 years, with 54% of interest maturing within 12 months. The average interest rate on the company's loans was 3.4%. All Platzer's properties are valued internally each quarter, while external valuations covering at least 30% of the property portfolio are carried out annually at year-end. We view the uncertainty related to the property values as a weakness, as valuation adjustments may be delayed due to a lack of timely quality assurance from external parties.

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 historically adhered to this.

Figure 15. Platzer financial covenants, policies and reported metrics

Metric	Common loan covenants	Financial policy/targets	Reported 31 Mar. 2023
Equity ratio	≥25%	≥30%	46%
Gross LTV	≤70%	≤50%	45%
Interest coverage ratio	≥1.5x	≥2x	2.6x
Debt maturities in any 12-month period*	-	≤35%	22%
Average interest rate maturity	-	2-5 years	2.8 years

Source: company. *Excluding commercial paper.

ADJUSTMENT FACTORS

Adjustment factors neutral

Adjustment factors are assessed as neutral and have no effect on the rating.

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 522m. 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 Dec. 2024, totalling SEK 5.2bn:

- SEK 275m in cash and equivalents, 100% of reported value;
- SEK 493m in expected funds from operations, equalling 75% of estimated adjusted funds from operations over the period;
- SEK 2.7bn in net proceeds from long-term borrowings since the end of first quarter in 2023;
- SEK 200m in net proceeds from committed divestments; and
- SEK 1.6bn in committed back-up facilities maturing in more than 12 months.

We estimate the following uses of funds for the 12 months ending 31 Dec. 2024, totalling SEK 5.7bn:

- SEK 3.2bn in maturing debt;
- SEK 1.3bn in committed acquisitions; and
- SEK 1.2bn in planned capital spending and investments.

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 aims for all of its operations to have a green profile. Since 2020, Platzer's shares have 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. 2023, 67% of the company's outstanding debt was classified as green.

As of 31 Mar. 2023, 92% 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). Platzer began measuring Scope 3 emissions in 2022 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 16).

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 6.7% in 2022 from 2021. While Scope 1 and 2 CO ₂ emissions decreased by 38% and 3%, 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. 2023, 92% of properties had obtained environmental certification. Gothenburg is expected to experience rising sea water levels, which could have a negative long-term impact.
Increased environmental focus on 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. 67% of debt financing classified as green.

Source: company. See [ESG factors in corporate ratings](#). SBTi–Science Based Targets initiative.

OWNERSHIP ANALYSIS

Ownership neutral

Platzer's ordinary shares have 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 Neudi & Co (formerly Ernström & Co) until Platzer was established in its current form through a property transaction between Ernström & Co, Länsförsäkringar Gothenburg and Bohuslän, and Brinova Fastigheter AB (publ). The former two remain Platzer's largest shareholders. Neudi & Co is an investment company fully owned by the Hielte/Hobohm family, which, in addition, is the company's fourth-largest shareholder. Platzer'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 Platzer's overall ownership as neutral, although we take a positive view of its largest long-term shareholders and its access to the equity market.

Figure 17. Platzer ownership structure, 31 Mar. 2023

Owner	Share of capital	Share of votes
Neudi & Co (formerly Ernström & Co)	14.6%	38.9%
LF Gothenburg and Bohuslän	13.7%	20.5%
LF Skaraborg Förvaltning AB	5.4%	14.2%
Hielte/Hobohm family	15.0%	6.0%
Fourth AP Fund	7.5%	3.0%
LF Funds	6.7%	2.7%
Handelsbanken Funds	5.3%	2.1%
SEB Investment Management	3.6%	1.4%
Lesley Invest (incl. private holdings)	3.4%	1.3%
State Street Bank and Trust Co	3.4%	1.3%
Top 10 owners	78.5%	91.4%
Other	21.5%	8.6%

Source: company.

ISSUE RATINGS

As of 31 Mar. 2023, Platzer's gross secured LTV was 39%. However, most of Platzer's interest-bearing debt is secured by mortgage certificates on encumbered properties. We expect gross secured LTV to exceed our threshold of 40% during our forecast period. Consequently, we rate Platzer's issued senior unsecured bonds 'BB+', one notch below the long-term issuer rating, to reflect their effective subordination.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 24 May 2022.
- (iii) [Group and Government Support Rating Methodology](#), 18 Feb. 2022.

RELEVANT RESEARCH

- (i) [NCR-rated Swedish property managers \(Q1 2023\)](#), 26 May. 2023.
- (ii) [Sweden's real-estate sector faces growing challenges](#), 13 Dec. 2022.

Figure 18. Platzer key financial data, 2019–Q1 2023

SEKm	FY	FY	FY	FY	LTM
Period-end	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Mar. 2023
INCOME STATEMENT					
Rental income	1,124	1,142	1,201	1,229	1,268
Other income	–	–	–	–	–
Total costs from operations	-287	-274	-278	-290	-297
Net operating income	837	868	923	939	971
Administrative expenses	-52	-54	-58	-58	-58
Administrative expenses, project portfolio	–	–	–	–	–
EBITDA	785	814	865	881	913
Share of profit in associated companies and joint ventures	8	66	103	319	147
Interest expenses	-182	-206	-208	-255	-288
Interest income	1	7	–	11	–
Interest expenses, shareholder loans	–	–	–	–	–
Financial costs from leasing	-1	-1	-1	-1	-1
Other financial costs	–	–	–	–	–
Changes in investment property	1,522	1,006	1,240	2,562	1,625
Gain (loss) on financial assets held at fair value	-94	74	-71	-220	-223
Disposals of investment properties	–	–	–	–	–
Gain (loss) on derivatives	-126	-89	180	671	244
Depreciation and amortisation	–	–	–	–	–
Restructuring activities	–	–	–	–	–
Income (expense) on discontinued operations	–	–	–	–	–
Pre-tax profit	1,913	1,671	2,108	3,968	2,417
Current taxes	-85	-14	-41	-59	–
Deferred taxes	-352	-283	-358	-714	-527
Net profit	1,476	1,374	1,709	3,195	1,890
BALANCE SHEET					
Investment property	20,009	21,887	25,239	26,994	27,387
Other non-current assets	228	388	556	1,839	1,778
Total non-current assets	20,237	22,275	25,795	28,833	29,165
Cash and cash equivalents	268	148	171	217	275
Other current assets	601	863	991	415	375
Total current assets	869	1,011	1,162	632	650
Total assets	21,106	23,286	26,957	29,465	29,815
Total equity	8,556	9,687	11,068	13,999	13,802
Non-current borrowings	6,906	7,028	10,240	7,466	9,407
Non-current borrowings, shareholder loans	–	–	–	–	–
Deferred tax liabilities	1,440	1,707	2,020	2,503	2,568
Other non-current liabilities	619	614	562	270	256
Total non-current liabilities	8,965	9,349	12,822	10,239	12,231
Total current liabilities	3,585	4,250	3,067	5,227	3,782
Total equity and liabilities	21,106	23,286	26,957	29,465	29,815
CASH FLOW STATEMENT					
Pre-tax profit	1,913	1,671	2,108	3,968	2,417
... of which changes in investment property	1,522	1,006	1,240	2,562	1,625
Depreciation and amortisation	–	–	–	–	–
Tax paid	-88	-30	-107	-72	-86
Adjustment for items not in cash flow	-1,307	-1,056	-1,451	-3,330	-1,569
Cash flow from operating activities before changes in working capital	518	585	550	566	762
Changes in working capital	25	-95	136	50	-82
Cash flow from operating activities	543	490	686	616	680
Cash flow from investment activities	-609	-1,127	-2,332	1,240	838
Cash flow from financing activities	-21	517	1,669	-1,810	-1,414
Cash and cash equivalents at beginning of period	355	268	148	171	185
Cash flow for period	-87	-120	23	46	104
Cash and cash equivalents at end of period	268	148	171	217	275

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%	bbb-
Portfolio assessment	12.5%	bbb-
Operating efficiency	5.0%	bbb+
Business risk assessment	50.0%	bbb-
Ratio analysis		bb+
Risk appetite		bb+
Financial risk assessment	50.0%	bb+
Indicative credit assessment		bbb-
Liquidity		Adequate
ESG		Adequate
Peer calibration		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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