

## Platzer Fastigheter Holding AB (publ)

Rating Action Report

### LONG-TERM RATING

**BBB-**

### OUTLOOK

**Stable**

### SHORT-TERM RATING

**N4**

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

Nordic Credit Rating said today that it had affirmed its 'BBB-' long-term issuer rating on Sweden-based commercial property manager [Platzer Fastigheter Holding AB \(publ\)](#). The outlook is stable. At the same time, the 'N4' short-term issuer rating was also affirmed. The senior unsecured issue rating was affirmed at 'BB+', in accordance with NCR's revised corporate rating methodology. The ratings are no longer under criteria review.

### Rating rationale

The long-term rating 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.

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. The downward revision of our financial ratio assessment reflects the increased impact of higher interest rates and our expectations of lower property values on the company's financial metrics, despite our expectations of improved EBITDA.

Contrarily, we have raised our assessment of Platzer's market position, size and diversification to better reflect its strong market position in Greater Gothenburg. Platzer is one of the largest owners of commercial office property in Gothenburg and one of the larger players in industrial and logistics property.

### Stable outlook

The stable outlook reflects 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.

We could raise the rating to reflect improved credit metrics (net loan to value (LTV) below 40% over a protracted period), an improved debt maturity profile with reduced maturity concentrations, or to reflect efforts to deleverage and significantly reduce project risk exposure. We could lower the rating to reflect a worsening of credit metrics (net LTV above 50% or EBITDA/net interest below 2.5x) over a protracted period, deteriorating market fundamentals that adversely affect occupancy and/or profitability, or to reflect increased exposure to and risk taking in development projects.

### Rating list

	To	From
Long-term issuer credit rating:	BBB-	BBB-
Outlook:	Stable	Stable
Short-term issuer credit rating:	N4	N4
Senior unsecured issue rating:	BB+	BB+

**Figure 1. Platzer 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%	bbb-	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		bb+	bbb-
Risk appetite		bb+	bb+
<b>Financial risk assessment</b>	<b>50.0%</b>	<b>bb+</b>	<b>bb+</b>
<b>Indicative credit assessment</b>		<b>bbb-</b>	<b>bbb-</b>
Liquidity		Adequate	Adequate
ESG		Adequate	Adequate
Peer calibration		Neutral	Neutral
<b>Stand-alone credit assessment</b>		<b>bbb-</b>	<b>bbb-</b>
Support analysis		Neutral	Neutral
<b>Issuer rating</b>		<b>BBB-</b>	<b>BBB-</b>
Outlook		Stable	Stable
<b>Short-term rating</b>		<b>N4</b>	<b>N4</b>

**Figure 2. Capital structure ratings**

<b>Seniority</b>	<b>To</b>	<b>From</b>
Senior unsecured	BB+	BB+

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue 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.
Primary analyst:	Yun Zhou, +46732324378, <a href="mailto:yun.zhou@nordiccreditrating.com">yun.zhou@nordiccreditrating.com</a>
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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 Rating Methodology published on 8 May 2023</a> <a href="#">NCR's Rating Principles published on 24 May 2022</a> <a href="#">NCR's Group and Government Support Rating Methodology published on 18 Feb. 2022</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="https://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, 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: <a href="https://nordiccreditrating.com/governance/policies">https://nordiccreditrating.com/governance/policies</a>
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="https://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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