

Platzer Fastigheter Holding AB (publ)

Rating Action Report

LONG-TERM RATING

BBB-

OUTLOOK

Negative

SHORT-TERM RATING

N4

PRIMARY ANALYST

Yun Zhou
+46732324378
yun.zhou@nordiccreditrating.com

SECONDARY CONTACTS

Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.comSean Cotten
+46735600337
sean.cotten@nordiccreditrating.com**Platzer Fastigheter Holding AB (publ) outlook revised to negative; 'BBB-' long-term issuer rating affirmed**

Nordic Credit Rating said today that it had revised its outlook on Sweden-based commercial property manager [Platzer Fastigheter Holding AB \(publ\)](#) to negative from stable. At the same time, the 'BBB-' long-term and 'N4' short-term issuer ratings were affirmed. The 'BB+' senior unsecured issue rating was also affirmed.

Rating rationale

The outlook revision reflects our expectation that Platzer's financial metrics are likely to weaken and remain at weaker levels than we previously projected. Our revised base case sees Platzer's interest coverage ratio (ICR) below our rating driver of 2.5x and remaining in the 2.2x–2.4x range over our forecast period through 2025, unless mitigating action is taken. The company's reported 12-month rolling ICR was 2.3x as of 30 Sep. 2023. We also project that net loan to value (LTV) will rise towards our rating trigger levels of 50% (48.7% as of 30 Sep 2023). The outlook revision reflects this elevated financial risk, but also accounts for the uncertainty regarding external factors such as market rates and yield requirements, as well as the potential for the company to take mitigating actions to support financial metrics.

Negative outlook

We believe that the challenging market conditions with elevated financing costs and yield adjustments will continue to pressure Platzer's financial metrics, although the finalisation of projects and contract indexations will contribute positively to cash flow and EBITDA. We also believe the company will remain selective regarding new projects and will complete its current development projects without substantial cost overruns or delays. Furthermore, we do not believe that vacancies will increase substantially, despite a weaker economy.

We could lower the rating to reflect EBITDA/net interest below 2.5x or net LTV above 50% 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.

We could revise the outlook to stable to reflect stable credit metrics, with EBITDA/net interest above 2.5x and net LTV below 50% over a protracted period, or to reflect efforts and a commitment to deleverage.

Related publications

- (i) [The Swedish real estate sector– waiting for sunshine after the rain](#), 27 Sep. 2023.
- (ii) [Decoding Swedish real estate in an uncertain market environment](#), 29 Aug. 2023.
- (iii) [Platzer Fastigheter Holding AB \(publ\) 'BBB-' long-term issuer rating affirmed; Outlook stable](#), 9 Jun. 2023.

Rating list

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

Figure 1. Platzer rating scorecard

Subfactors	Impact	To	From
Operating environment	20.0%	bbb-	bbb-
Market position, size and diversification	12.5%	bbb-	bbb-
Portfolio assessment	12.5%	bbb-	bbb-
Operating efficiency	5.0%	bbb+	bbb+
Business risk assessment	50.0%	bbb-	bbb-
Ratio analysis		bb+	bb+
Risk appetite		bb+	bb+
Financial risk assessment	50.0%	bb+	bb+
Indicative credit assessment		bbb-	bbb-
Liquidity		Adequate	Adequate
ESG		Adequate	Adequate
Peer calibration		Neutral	Neutral
Stand-alone credit assessment		bbb-	bbb-
Support analysis		Neutral	Neutral
Issuer rating		BBB-	BBB-
Outlook		Negative	Stable
Short-term rating		N4	N4

Figure 2. Capital structure ratings

Seniority	To	From
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, yun.zhou@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Sean Cotten, +46735600337, sean.cotten@nordiccreditrating.com
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 Rating Methodology published on 8 May 2023 NCR's Rating Principles published on 24 May 2022 NCR's Group and Government Support Rating Methodology published on 18 Feb. 2022 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, 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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