Platzer Fastigheter Holding AB (publ)

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.com

Elisabeth Adebäck
+46700442775
elisabeth.adeback@nordiccreditrating.com

Platzer 'BBB-' long-term issuer rating affirmed; Outlook negative

Nordic Credit Rating said today that it had affirmed its 'BBB-' long-term issuer rating on Sweden-based property manager Platzer Fastigheter Holding AB. The outlook is negative. The 'N4' short-term issuer rating was also affirmed, as was the 'BB+' senior unsecured issue rating.

Rating rationale

The long-term issuer rating reflects Platzer's strong market position in Greater Gothenburg, one of Sweden's fastest-growing regions. It also reflects the company'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, 75% of its properties have obtained environmental certification, 66% of its loans qualify as green loans, and 64% of its lettable area is leased under 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.

Negative outlook

The negative outlook reflects our expectation that Platzer's financial metrics will remain under pressure due to elevated financing costs and the planned SEK 1.8bn acquisition of an extensive property project in Mölndal municipality. In our base-case forecast, we have included projected divestments of SEK 600m annually through 2026, as we believe that Platzer has a long-term commitment to its financial policy levels (net loan-to-value [LTV] not exceeding 50%). However, we are uncertain about the timing and value of any transactions and see a distinct possibility that the company's financial metrics could weaken by more than we currently project due to lack of mitigating action. However, we believe that Platzer will continue focusing on commercial property in the Greater Gothenburg area and remain selective about new projects.

We could lower the rating to reflect EBITDA/net interest below 2.5x and net LTV above 50% over a protracted period, deteriorating market fundamentals that adversely affect occupancy and/or profitability, or 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.

Rating list	To	From
Long-term issuer credit rating:	BBB-	BBB-
Outlook:	Negative	Negative
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	Negative
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:	Elisabeth Adebäck, +46700442775, elisabeth.adeback@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 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 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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