

Offentliga Hus i Norden AB (publ) long-term issuer rating raised to 'BB+' from 'BB'; Rating on Watch positive

Nordic Credit Rating (NCR) said today that it had raised its long-term issuer rating on Swedish community service property manager [Offentliga Hus i Norden AB \(publ\)](#) (Offentliga Hus) to 'BB+' from 'BB'. At the same time, NCR affirmed its 'N-1' short-term issuer rating on the company, while the long-term issuer rating was placed on Watch with positive implications.

Rationale

The upgrade reflects our view that parental support has increased as a result of increased ownership by Samhällsbyggnadsbolaget i Norden AB (publ) (SBB), whose stake amounted to 72.93% as of 15 Mar. 2021. The Watch placement signals a high likelihood of a further one notch upgrade in the next 90 days pending the outcome of an ongoing public offer by SBB for the remaining shares in Offentliga Hus. The public offer is expected to expire on 13 Apr. 2021.

On 18 Dec. 2020, SBB said that it had entered an agreement to acquire 54.3% of the shares and votes in Offentliga Hus. On 23 Dec. 2020, SBB said that it had completed the acquisition of 44.2% of the shares and votes, while the acquisition of the remaining 10.1% was pending approval from the relevant competition authorities. This was received on 17 Feb. 2021. On 20 Jan. 2021, SBB announced a public offering for the remaining shares in Offentliga Hus. On 15 Mar. 2021, SBB said that it had acquired a total of 72.93% of the shares and votes.

As SBB has a stronger credit profile than Offentliga Hus, we view its increased ownership as positive for the latter's financial profile and creditworthiness as well as its outstanding obligations. To reflect our expectation that SBB would support Offentliga Hus in the event of need, we adjust the stand-alone credit assessment upward by one notch.

NCR understands that SBB is committed to acquiring the remaining shares in Offentliga Hus, and we believe that a likely outcome would be for SBB to merge Offentliga Hus' operations into its own, in a manner similar to its acquisition of Hemfosa Fastigheter AB (publ) in 2019–2020.

Watch positive

The Watch placement reflects our expectation of one of the following two outcomes materialising within the next 90 days:

We could raise the long-term issuer rating by one notch upon resolution of the Watch placement if SBB achieves the equity stake needed to merge Offentliga Hus' operations into its own. As SBB has a stronger credit profile than Offentliga Hus, we view the commitment to a higher ownership stake as positive for Offentliga Hus' creditworthiness.

We could affirm the ratings on Offentliga Hus should SBB's ownership share remain at or about their current levels without any material additional impact on Offentliga Hus' financial position.

We will closely monitor any changes in Offentliga Hus' ownership and expect to resolve the Watch placement within 90 days.

Rating list	To	From
Long-term issuer credit rating:	BB+	BB
Watch:	Watch Positive	Watch Positive
Short-term issuer credit rating:	N-1	N-1

If you have any questions, please contact:

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The methodology documents used for this rating are NCR's Corporate Methodology published on 14 Aug. 2018 and NCR's Rating Principles published on 16 Sep. 2019. For the full regulatory disclaimer please see the rating report.

About Us

Nordic Credit Rating AS is a credit rating agency headquartered in Oslo with a branch in Stockholm. The company provides credit ratings to companies and financial institutions in the Nordic region, and bases its analysis on local insights. Nordic Credit Rating is registered with the European Securities and Markets Authority (ESMA).

Attachments

[Offentliga Hus i Norden AB \(publ\) long-term issuer rating raised to 'BB+' from 'BB'; Rating on Watch positive](#)