

Stendörren Fastigheter AB (publ) assigned 'BB-' long-term issuer rating; Outlook stable

Nordic Credit Rating (NCR) said today that it had assigned a 'BB-' long-term issuer rating to Sweden-based property manager Stendörren Fastigheter AB (publ) (Stendörren). At the same time NCR assigned an 'N-2' short-term rating. The outlook is stable.

Rationale

The rating reflects Stendörren's high financial leverage, short debt maturity profile, and low adjusted interest coverage ratio. It is constrained by the company's high single-name tenant concentration. Further rating constraints include a high vacancy rate and an aging property portfolio. Moreover, the owner's growth ambitions and the company's large project pipeline indicate a likely increase in project development over the next few years.

Positively, Stendörren's properties are mostly located in strategic logistics hubs. The company also benefits from a stable operating environment and generally beneficial economic conditions. Stendörren has a strong average remaining lease term of 3.8 years (as of 30 Sep. 2020), a diverse tenant base, and stable operating margins.

Outlook

The stable outlook reflects our expectation that Stendörren will take a proactive approach to upcoming debt maturities to ensure sustainable liquidity. We further expect increased cost focus resulting in improved EBITDA, a proactive approach to lease maturities, and that most tenants will prove resilient to the economic challenges of COVID-19. In our view, Stendörren is likely to accelerate growth and take a prudent approach to its development pipeline, while keeping projects under development at a manageable pace in terms of both resources and finances.

We could raise the rating to reflect successful transition from project to cash-generating properties, sustainable deleveraging resulting in an NCR-adjusted loan-to-value ratio below 55% and EBITDA/net interest above 2.2x, or a reduction in vacancy rates, boosting revenues, liquidity and credit metrics.

We could lower the rating to reflect unsuccessful refinancing of debt maturities, excess project risk through engagement in speculative projects, or increased leverage leading to tight covenant headroom.

Rating list	Rating
Long-term issuer credit rating:	BB-
Outlook:	Stable
Short-term issuer credit rating:	N-2

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

[Stendörren Fastigheter AB \(publ\) assigned 'BB-' long-term issuer rating; Outlook stable](#)