

CA Fastigheter AB

Rating Action Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N-1

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CA Fastigheter AB assigned 'BBB-' long-term issuer rating; Outlook stable

Nordic Credit Rating (NCR) said today that it had assigned a 'BBB-' long-term issuer rating to Sweden-based property manager and developer [CA Fastigheter AB](#) (CA Fastigheter), which is 100% owned by Claesson & Anderzén AB (CA Group). The outlook is stable. At the same time NCR assigned an 'N-1' short-term issuer rating.

Rationale

The long-term rating reflects the company's history of long-term investments, relatively low financial gearing and diversification benefits from the company's share of residential properties and low tenant concentrations in its commercial portfolio. It also reflects our expectations that the residential rental market will remain strong and that the company will continue to increase rental income from its commercial portfolio.

These strengths are offset by the company's active project and development activities, which create volatility in cash flows and have a higher risk than the investment portfolio. We also view CA Fastigheter's intra-group lending and short debt maturity profile as credit weaknesses in our standalone assessment. We consider CA Fastigheter's market position to be moderate, given the relatively small portfolio in most of its core geographic locations.

Stable outlook

The stable outlook reflects our expectation that the company's investment properties will continue to generate stable cash flows, allowing it to invest in future projects for its own portfolio. We also expect CA Fastigheter to complete the sale of its tenant-owned property projects at a profit, reducing the need for further gearing on its future investments. We could raise the rating to reflect improved credit metrics, a less concentrated debt maturity profile or an increased share of non-cyclical rental revenues. We could lower the rating to reflect increased financial gearing, deteriorating market fundamentals or an increased exposure to risks within CA Group.

Rating list

Long-term issuer credit rating:
Outlook:
Short-term issuer credit rating:

Rating

BBB-
Stable
N-1

Figure 1. CA Fastigheter rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bbb
Market position, size and diversification	12.5%	bbb-
Portfolio assessment	12.5%	bbb-
Operating efficiency	5.0%	bbb-
Business risk assessment	50.0%	bbb-
Ratio analysis		bbb-
Risk appetite		bb+
Financial risk assessment	50.0%	bb+
Indicative credit assessment		bbb-
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
Stand-alone credit assessment		bbb-
Support analysis		Neutral
Issuer rating		BBB-
Outlook		Stable
Short-term rating		N-1

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating
Publication date:	The rating was first published on 20 May, 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.
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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:	NCR's Corporate Methodology published on 14 Aug. 2018 NCR's Rating Principles published on 16 Sep. 2019 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, Company presentations, 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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