

# OBOS Eiendom AS

Full Rating Report

## LONG-TERM RATING

**BBB-**

## OUTLOOK

**Stable**

## SHORT-TERM RATING

**N3**

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## RATING RATIONALE

Our 'BBB-' long-term issuer rating on Norway-based property manager OBOS Eiendom AS reflects the company's relatively solid property portfolio in generally attractive locations. Our assessment is supported by the strong fundamentals of the Oslo area, which accounts for almost all of OBOS Eiendom's rental income. We view the company's generally long lease terms and solid operating margins as positive.

These strengths are offset by the modest size of OBOS Eiendom's property portfolio, albeit mitigated by a market position bolstered by the company's close ties with its parent residential developer, OBOS BBL. Portfolio concentration is relatively high, which we view as a weakness. Our assessment is constrained by challenges in the retail property subsector, which accounts for more than half of rental income, while the company's concentrated project development pipeline, which includes speculative elements, also tempers our evaluation. We expect OBOS Eiendom's key credit metrics to weaken as it makes substantial investments in project development, although we expect this effect to be mitigated by property divestments.

Our assessment factors in OBOS Eiendom's relationship with its parent, OBOS BBL. We view OBOS Eiendom as a 'vital' component of the OBOS BBL group (as defined in our Group and Government Support Rating Methodology), due to a strong parent-subsidiary link, resulting from a long history of integration and a shared name. In line with our methodology, we align the long-term issuer rating of OBOS Eiendom with that of OBOS BBL. As of the date of publication, OBOS BBL had a 'BBB-' long-term issuer rating from NCR. As our 'bbb-' standalone credit assessment on OBOS Eiendom is at the same level as the issuer rating on OBOS BBL, we do not notch for owner support.

## STABLE OUTLOOK

The outlook is stable, reflecting our expectations of OBOS Eiendom maintaining its focus on commercial properties, primarily in the Oslo area. It also reflects a somewhat weakened financial risk profile, although we see metrics being kept at manageable levels. We also expect the strong ties with OBOS BBL to remain.

### POTENTIAL POSITIVE RATING DRIVERS

- Improving credit quality of the overall OBOS BBL group.

### POTENTIAL NEGATIVE RATING DRIVERS

- Change in ownership or deteriorating credit quality of the overall OBOS BBL group.

Figure 1. OBOS Eiendom key credit metrics, 2018–2024e

NOKm	2018	2019	2020	2021	2022e	2023e	2024e
Total revenues	778	745	1,023	772	719	741	763
Rental income	745	709	642	650	719	741	763
NCR-adj. EBITDA	552	462	782	489	498	482	497
NCR-adj. EBITDA margin (%)	71.0	62.0	76.4	63.4	69.2	65.1	65.1
NCR-adj. investment property	14,091	14,941	14,212	15,061	15,613	16,313	16,513
NCR-adj. net debt	5,882	5,647	5,657	6,169	6,747	7,379	7,476
Total assets	16,122	15,930	15,562	16,582	17,206	17,905	18,187
NCR-adj. net debt/EBITDA (x)	10.7	12.2	7.2	12.6	13.6	15.3	15.1
NCR-adj. EBITDA/net interest (x)	2.8	2.6	5.5	3.4	3.3	2.4	2.3
NCR-adj. net LTV (%)	41.7	37.8	39.8	41.0	43.2	45.2	45.3
NCR-adj. FFO/net debt (%)	5.8	4.7	11.1	5.3	5.1	3.7	3.5

Based on NCR estimates and company data. e–estimate. FFO–funds from operations. All metrics adjusted in line with NCR methodology.

## ISSUER PROFILE

OBOS Eiendom is a Norway-based property manager, focusing on commercial properties primarily in the Oslo area. As of 31 Dec. 2021, the portfolio comprised 66 wholly owned investment properties valued at NOK 14.4bn. Retail and office properties accounted for some two-thirds of rental income.

OBOS Eiendom was founded in 1952 by residential developer OBOS BBL, which remains its sole owner. The company was established to develop and own commercial properties in areas where OBOS BBL developed residential properties. The business concept was, and still is, to increase the attractiveness of OBOS BBL's residential areas.

## BUSINESS RISK ASSESSMENT

Business risk assessment 'bb+'

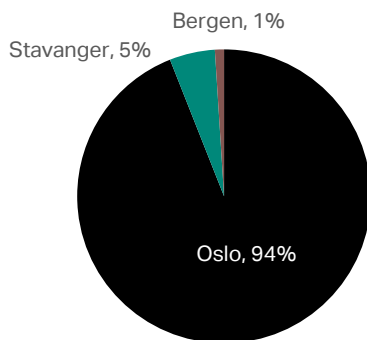
Our business risk assessment reflects OBOS Eiendom's relatively small and concentrated property portfolio, and the current challenges in the retail property subsector. Despite the limited portfolio size, we believe that the company's market position is supported by its close ties with its parent, OBOS BBL. Our assessment is underpinned by the generally attractive locations of properties, a long average remaining lease term and the strong fundamentals of the Oslo area, which accounts for almost all of OBOS Eiendom's rental income. Our assessment is constrained by OBOS Eiendom's concentrated project development pipeline, which has speculative elements.

### Mixed property portfolio supported by strong Oslo area

Operating environment 'bb+'

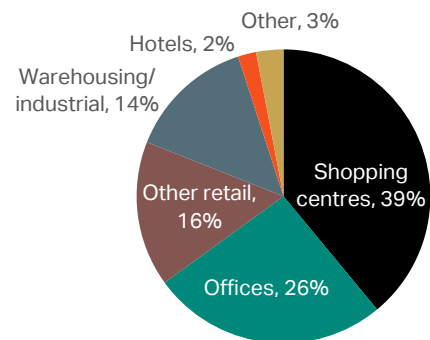
As of 31 Dec. 2021, 94% of OBOS Eiendom's rental income came from properties in the Oslo area, with the remainder coming from properties in Stavanger and Bergen. We take a favourable view of the company's primary focus on the strong Oslo area, which has low unemployment and population growth exceeding the national average.

Figure 2. OBOS Eiendom rental income by location, 2021



Source: company.

Figure 3. OBOS Eiendom rental income by property type, 2021



Source: company.

OBOS Eiendom's portfolio is a mix of commercial properties, with a predominance of retail and office premises. Most of the company's retail exposure comes from its seven shopping malls, six of which are located in the Oslo area. The overall retail segment, including OBOS Eiendom's shopping malls, was greatly affected by the COVID-19 pandemic, which significantly reduced footfall. The pandemic also led to a strong increase in e-commerce, a trend that we expect to continue, with a consequent negative impact on bricks-and-mortar retail. However, we believe that shopping malls in favourable locations will continue to attract visitors.

Office premises account for about a quarter of OBOS Eiendom's rental value. Although uncertainty about the future of the office property market has increased since the onset of the COVID-19 pandemic, when many more people began working from home, we nonetheless believe that the physical office has an important role to play and expect the sector to remain stable.

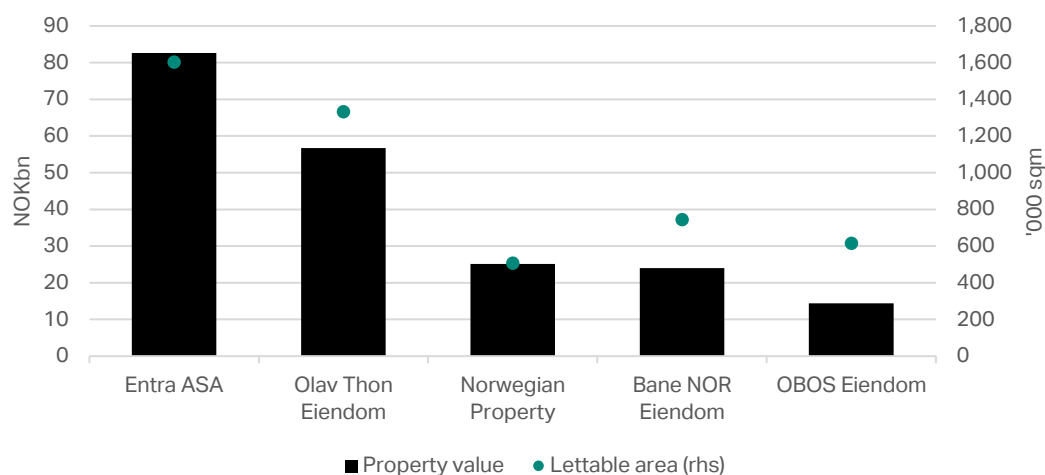
We regard the industrial/warehousing property subsectors as largely dependent on the overall state of the Norwegian economy. Although we view these subsectors as relatively stable, we believe that a marked downturn in economic activity could have a considerable impact on them, possibly adversely affecting OBOS Eiendom's occupancy and profitability.

Market position, size and diversification 'bb'

### Small property portfolio supported by strong market position of the OBOS BBL group

OBOS Eiendom's NOK 14.4bn investment property portfolio makes it a small property manager by the standards of the Nordic region. However, in our view, the company's market position is supported by its close ties with its parent, OBOS BBL, which is one of the largest residential developers in the Nordic countries.

Figure 4. OBOS Eiendom peer group comparison by property value and lettable area, 31 Dec. 2021



Source: companies.

Due to the small size of OBOS Eiendom's portfolio, concentrations are relatively high. The company's 10 largest tenants account for 45% of rental income, while the 10 largest properties account for 46% of rental income. Geographical concentration is also high, given that Oslo accounts for 94% of revenues. However, we believe that the risks related to this are mitigated by the strong fundamentals of the Oslo area.

We note that 10% of OBOS Eiendom's rental income comes from its parent OBOS BBL. We do not see this as a major risk, as contracts are on an arm's length basis, although we acknowledge that potential issues at OBOS BBL would not only result in a weaker owner but also in the risk of losing rental income.

Figure 5. OBOS Eiendom tenant concentration, 31 Mar. 2022

Tenant	Type of tenant	Share of rental income
OBOS BBL (incl. subsidiaries)	Residential development	10.0%
Oslo Municipality	Municipality	9.0%
NorgesGruppen ASA	Grocery retail	7.2%
Oslo University Hospital	Health care	6.0%
SKANLOG AS	Third-party logistics	3.2%
Nexans Norway AS	Cable and optical fibre	2.3%
Coop	Grocery retail	1.9%
Scandic	Hotel	1.9%
A Bygg Entreprenør AS	Construction	1.9%
ISS Facility Services AS	Facility management	1.9%
<b>Top 10 tenants</b>	-	<b>45.4%</b>

Source: company.

### Long contracts in locations close to residential areas

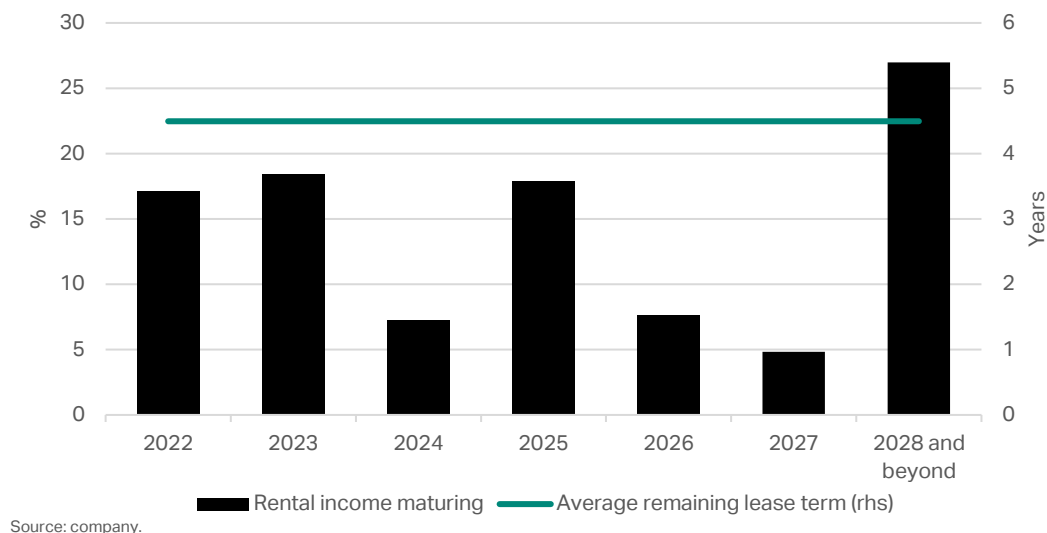
OBOS Eiendom's 66 wholly owned properties are primarily concentrated in the Oslo area, typically strategically located in close proximity to areas where OBOS BBL has developed residential properties. In our view, the locations of the properties are generally favourable, with the commercial and residential properties mutually supporting each other's attractiveness. We believe that the company's inner-city properties, in particular, could be divested and used as a buffer, if necessary, in tougher economic times. The company's four largest properties in terms of rental income are shopping malls

Portfolio assessment 'bbb'

located on the outskirts of Oslo. Despite continued headwinds for retail properties in general, we believe that these malls are in relatively attractive locations, which lowers the risk of reduced footfall and higher vacancies.

As of 31 Dec. 2021, the average remaining lease term in OBOS Eiendom's portfolio was 4.7 years, which is relatively long given the property mix. For the 10 largest contracts, the figure was about 6 years. Contract maturities are relatively well spread, with maturities in no single year exceeding 20% of rental income.

Figure 6. OBOS Eiendom lease maturity profile, 31 Mar. 2022



OBOS Eiendom's portfolio of development projects is dominated by its development of Construction City, a new office area specifically for tenants within construction and real estate. OBOS Eiendom's total budgeted investments are NOK 4.4bn, which highlights the substantial scale of the project. It is located close to OBOS BBL's residential development project, comprising some 3,000 homes, which underlines the close ties between the two companies. OBOS Eiendom's development projects typically aim for 50% of premises to be pre-let before construction starts. However, construction may begin sooner in some cases. For example, the Oslo K development project, which was completed in 2021, had a pre-let rate of close to 0% at construction start. We view these speculative elements as negative in our business risk assessment. However, we believe that the risks are mitigated due to construction typically being contracted at fixed prices.

Figure 7. OBOS Eiendom large projects in progress, 31 Dec. 2021

Project	Location	Property type	Occup. rate	Lettable area (sqm)	Invested (NOKm)	Total investment (NOKm)	Estimated completion
Construction City	Ulven, Oslo	Office	67%*	103,000	661	4,428	Q3/25
Ulven B1 Parking	Ulven, Oslo	Car park	100%	9,758	-	163	Q2-Q3/24
Ulven D1A Parking	Ulven, Oslo	Car park	-	-	-	35	Q2-Q3/24
<b>Total</b>	-	-	-	<b>112,758</b>	<b>661</b>	<b>4,627</b>	-

Source: company. \*By area.

Besides OBOS Eiendom's in-house management and project properties, it has property exposures through a number of joint ventures with a total book value of NOK 611m as of year-end 2021. The company's larger joint ventures often own income-generating properties with future development potential. We take a neutral view of OBOS Eiendom's joint-venture exposures in our overall assessment.

**Relatively strong EBITDA margin affected by joint-venture dividends and for-sale projects**

Over the past four years, OBOS Eiendom's NCR-adjusted EBITDA margin has fluctuated between 62% and 76%. This volatility is due to dividends received from joint ventures and associate companies, as

Operating efficiency  
'bbb'

well as profits from for-sale projects. Adjusted for these irregular EBITDA contributions, the margin was 64–68% between 2018 and 2021. Over our forecast period through 2024, we expect the NCR-adjusted EBITDA margin to remain steady at around 64%, excluding dividends received and profits from for-sale projects.

At the start of the COVID-19 pandemic, the occupancy rate in OBOS Eiendom's portfolio remained above 95%, in line with historical figures. This was despite the material negative impact, especially on the company's retail tenants. The effect from the pandemic was still not evident in the company's occupancy rate in the first half of 2021. However, occupancy decreased to 92.6% in the second half of 2021 and further to 88.9% in the first quarter of 2022, following the completion of the Oslo K development project, in which material vacancies affected the overall occupancy rate. Over our forecast period through 2024, we expect occupancy to increase towards historical levels.

Figure 8. OBOS Eiendom revenues, net operating income, EBITDA, and margins, 2018–2024e

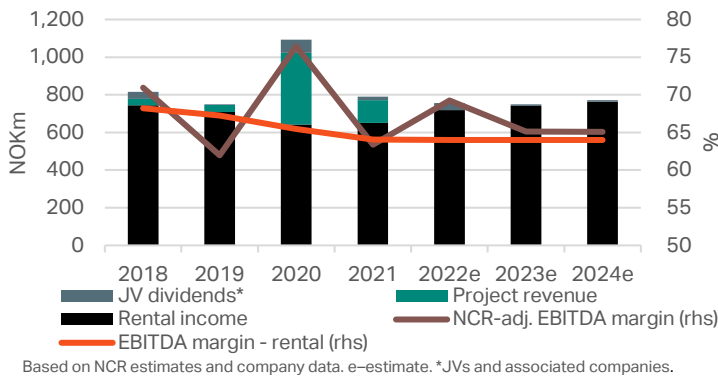
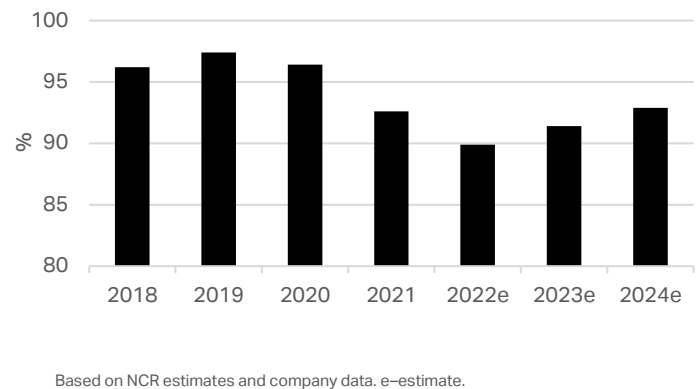


Figure 9. OBOS Eiendom occupancy rate, 2018–2024e



**FINANCIAL RISK ASSESSMENT**

Financial risk assessment 'bbb-'

Our financial risk assessment weighs up OBOS Eiendom's historically strong financial risk profile and our expectations of weakening key credit metrics as the company makes substantial investments in its project development pipeline. We view OBOS Eiendom's financial risk appetite as commensurate with its financial ratios.

**Key credit metrics expected to weaken**

Ratio analysis 'bbb-'

Over the past few years, OBOS Eiendom has maintained a net loan-to-value (LTV) ratio of around 40%. We expect the company's key credit metrics to weaken somewhat as it invests some NOK 4.4bn in its Construction City development project over the next few years. However, our forecast figures assume NOK 3bn of divestments, mitigating the weakening of metrics. The Construction City project is due to be completed in 2025 and we expect metrics to improve as the project either starts generating rental income or is divested upon completion. Over our forecast period, we expect the company's net interest coverage to be adversely affected by rising market interest rates.

Our base-case forecast of OBOS Eiendom's future performance assumes:

- rental income growth of 11% in 2022, 3% in 2023 and 3% in 2024;
- no for-sale project revenues in 2022–2024;
- an NCR-adjusted EBITDA margin of 64% through 2024 (excluding dividends received from joint ventures and associate companies);
- rising market interest rates, resulting in increased financing costs through 2024;
- capital spending of NOK 1.5bn in 2022, NOK 1.7bn in 2023 and NOK 1.2bn in 2024;
- property divestments of NOK 1bn per year through 2024;
- changes in the value of investment properties totalling NOK 52m in the first quarter of 2022;
- no other changes in the value of investment properties; and
- dividends of NOK 475m in 2022 and 50% of the previous year's after-tax profit in 2023 and 2024.

On the basis of these assumptions, we estimate the following metrics for 2022–2024:

- NCR-adjusted net LTV of around 45% through 2024;
- NCR-adjusted EBITDA/net interest decreasing to 2.3x by 2024; and
- NCR-adjusted net debt/EBITDA increasing to 15x by 2024.

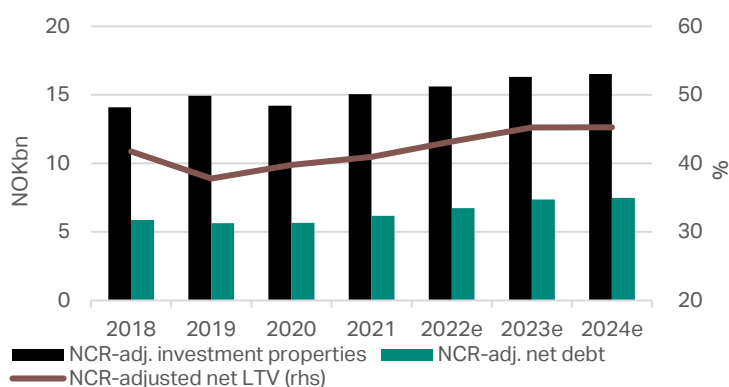
Our adjustment for capitalised interest reflects interest on loans from other OBOS companies. Despite these interests being capitalised as additional debt, we include them in our net interest calculation due to our expectation that they will eventually result in cash outflows.

Figure 10. NCR's adjustments to OBOS Eiendom's credit metrics, 2018–2024e

NOKm	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	515	459	713	470	460	474	488
Dividends received from JVs*	37	3	69	19	38	8	8
NCR-adj. EBITDA	552	462	782	489	498	482	497
Net interest	-195	-164	-124	-98	-107	-161	-178
Capitalised interest	0	-14	-20	-43	-43	-43	-43
Dividends reported as interest income	0	0	0	-5	0	0	0
NCR-adj. net interest	-195	-179	-143	-145	-149	-203	-221
NCR-adj. EBITDA	552	462	782	489	498	482	497
NCR-adj. net interest	-195	-179	-143	-145	-149	-203	-221
Current tax	-15	-18	-12	-15	-6	-9	-11
NCR-adj. FFO	343	265	627	328	342	270	265
Investment property	11,485	11,699	13,072	14,374	14,926	15,626	15,826
Project property	1,657	1,619	840	688	688	688	688
Assets classified as held for sale	949	1,623	300	0	0	0	0
NCR-adj. investment property	14,091	14,941	14,212	15,061	15,613	16,313	16,513
Cash and cash equivalents	298	60	224	108	181	179	262
NCR-adj. cash and equivalents	298	60	224	108	181	179	262
Gross interest-bearing debt	6,058	5,544	5,843	6,278	6,928	7,558	7,738
Pension liabilities	13	0	0	0	0	0	0
Liabilities related to assets held for sale	108	163	37	0	0	0	0
NCR-adj. cash and equivalents	-298	-60	-224	-108	-181	-179	-262
NCR-adj. net debt	5,882	5,647	5,657	6,169	6,747	7,379	7,476

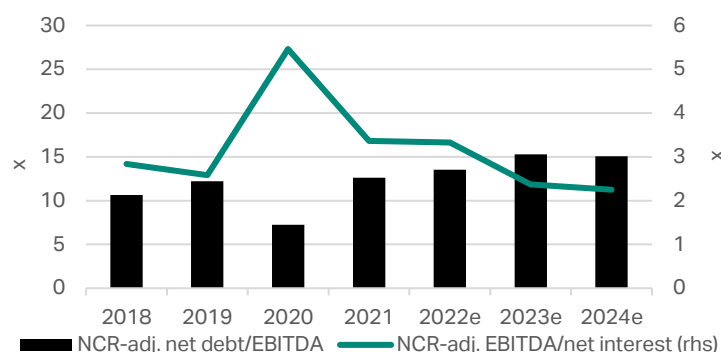
Based on NCR estimates and company data. e–estimate. FFO–funds from operations. JV–joint venture. \*Joint ventures and associate companies.

Figure 11. OBOS Eiendom NCR-adj. investment properties, net debt, and net LTV, 2018–2024e



Based on NCR estimates and company data. e–estimate.

Figure 12. OBOS Eiendom NCR-adj. net debt/EBITDA and EBITDA/net interest, 2018–2024e



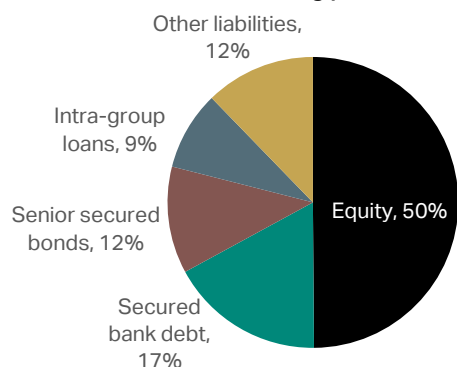
Based on NCR estimates and company data. e–estimate.

**Risk appetite commensurate with ratio assessment**

Risk appetite 'bbb-'

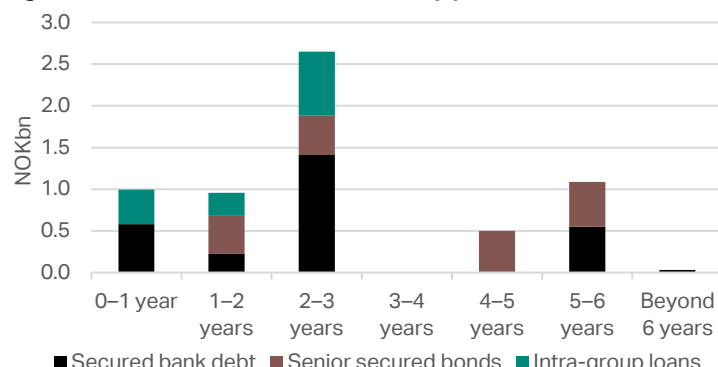
OBOS Eiendom finances its operations through common equity, secured bank debt, senior secured bonds and intra-group loans from its parent, OBOS BBL. As of 31 Dec. 2021, the average maturity of OBOS Eiendom's debt was 2.9 years, while 16% of debt was set to mature in the next 12 months. At the same time, the company's average fixed-interest period was 3.8 years, with 50% of interest at fixed rates. In our view, both the company's fixed-interest periods and debt maturity profile are relatively strong, although we view the concentration of debt maturities in single years as negative.

Figure 13. OBOS Eiendom funding profile, 31 Dec. 2021



Source: company.

Figure 14. OBOS Eiendom debt maturity profile, 31 Dec. 2021



Source: company.

OBOS Eiendom's parent company OBOS BBL is structured as a member association, and consequently does not have any procedures set out for injecting equity if needed. We believe that OBOS BBL would support OBOS Eiendom in times of financial distress (see Ownership section below). However, due to OBOS BBL's limited ability to restore its own financial ratios through equity injections, if these ratios were to fall below target, we believe that a distressed situation for the parent company could also have a material impact on OBOS Eiendom. On the positive side, these risks are mitigated by substantial unrealised gains in OBOS BBL's land bank, equity investments and subsidiaries, in addition to a generally strong liquidity position at the parent.

OBOS Eiendom's interest-bearing debt is mainly governed by the overarching financial policy targets of OBOS BBL, which stipulate that LTV for the group must be below 40% and interest coverage above 3x. Consequently, OBOS Eiendom could, in fact, have significantly weaker credit metrics without breaching policy levels. However, we deem this unlikely, due to the overall prudent financial risk profile of the company.

The company's dividend policy stipulates that it should maintain an annual dividend amounting to 50% of the previous year's after-tax profit. In 2022, we expect dividends of NOK 475m, corresponding to 41% of after-tax profit for 2021.

Figure 15. OBOS Eiendom financial covenants, policies and reported metrics

Metric	Common covenants	Financial policy/targets	Reported 31 Dec. 2021
Equity ratio	≥20%	-	30%
Gross LTV	<70-75%	-	41%*
Interest coverage ratio	>1.5x	-	4.8x*
Average fixed-interest period	-	2-5 years	3.8 years

Source: company. \*Unadjusted, calculated by NCR.

### ADJUSTMENT FACTORS

Adjustment factors neutral

Adjustment factors are assessed as neutral and have no effect on our standalone credit assessment.

### Liquidity

Liquidity adequate

Our 12-month liquidity analysis is based on a stressed scenario under which the company cannot access the capital markets or extend bank loans and therefore has to rely on internal or committed external funding sources to cover its liquidity needs. We typically expect an investment grade company to cover all liquidity needs over the coming 12 months.

We assess OBOS Eiendom's liquidity as adequate, despite funding uses exceeding sources by NOK 700m over the 12 months ending 31 Dec. 2022. In our view, liquidity risk is mitigated by the company's strong ties with OBOS BBL, which generally has large liquidity buffers. As of 31 Dec. 2021, available liquidity in OBOS BBL amounted to NOK 9.3bn (including NOK 1.3bn in cash, NOK 4.3bn in money market and investment grade funds, and NOK 3.7bn in unutilised credit facilities), thus greatly exceeding the

funding deficit in OBOS Eiendom. Furthermore, we see the funding deficit as justifiable, given that group-wide liquidity is managed by a centralised treasury department.

We estimate the following primary funding sources for the 12 months ending 31 Dec. 2022, totalling NOK 1.2bn:

- NOK 108m in cash and equivalents as of 31 Dec. 2021;
- NOK 260m in funds from operations, corresponding to 75% of the estimated NCR-adjusted funds from operations over the period; and
- NOK 800m in proceeds from borrowings since 31 Dec. 2021.

We estimate the following uses of funds for the 12 months ending 31 Dec. 2022, totalling NOK 1.9bn:

- NOK 1.0bn in maturing debt; and
- NOK 900m in committed capital spending.

**Environmental, social and governance factors**

ESG factors adequate

OBOS Eiendom's environmental, social, and governance (ESG) risks and opportunities are incorporated into our view of the company's overall business and financial risk. While ESG efforts are more pronounced in other OBOS BBL group members, especially in terms of their societal focus, we view overall efforts in OBOS BBL as also favourable for OBOS Eiendom. For more details on our ESG assessment of OBOS BBL, see our rating report on the company's [NCR issuer page](#).

The main ESG issues that could affect our overall assessment of OBOS Eiendom are factors that could contribute to loss of revenues, increased costs, higher capital spending or a deterioration in financing opportunities (see Figure 16).

**Figure 16. OBOS Eiendom ESG considerations**

Issue	Risk	Mitigating efforts	Result
CO <sub>2</sub> emissions	Increased costs due to regulatory and/or taxation changes.	Established target of reducing CO <sub>2</sub> emissions from new construction by 45% by 2026. Targeting of carbon-neutral in-house operations, including carbon offsets (group-wide targets).	Measured full Scope 1–3 emissions in 2021, not available for 2020. Scope 1 & 2 emissions (internal) were 383 tonnes CO <sub>2</sub> equivalents in 2021. 89% of emissions are Scope 3.
Impact of climate change on operations	Loss of revenues or increased capital spending.	Evaluation of impact on properties.	In 2021, OBOS BBL conducted a group-wide survey of climate risk exposure and identified both risks and opportunities, and noted appropriate measures to counteract risks.
Increased environmental focus on financial markets	Adverse effect on financing opportunities or higher financing costs due to slow transition to lower carbon dependence.	Property certification. Energy efficiency. Overall sustainability focus. Started assessment of biodiversity impact in 2021 in anticipation of future investor demand (group-wide).	100% of projects are environmentally certified. 2/3 of properties are energy class 'A', while the remainder are class 'B'.

Source: company.

**OWNERSHIP ANALYSIS**

Ownership neutral

Since OBOS Eiendom was founded in 1952, it has been wholly owned by residential developer OBOS BBL. We consider OBOS Eiendom a 'vital' component of the OBOS BBL group, due to a strong parent-subsidiary link resulting from a long history of integration and a shared name. We believe that OBOS BBL would support OBOS Eiendom at times of financial distress, although, due to OBOS BBL being a



member association, it has limited capacity to inject equity into the parent company if needed. In line with our methodology, we align the long-term issuer rating of OBOS Eiendom with that of OBOS BBL.

#### **ISSUE RATINGS**

As of 31 Dec. 2021, OBOS Eiendom had four outstanding senior secured bonds. In line with our methodology, we rate the company's secured instruments in line with the 'BBB-' long-term issuer rating. If the company were to issue senior unsecured bonds, we would likely lower the rating on these instruments by one notch to reflect the high proportion of secured debt (77% as of 31 Dec. 2021) and the resulting subordination for unsecured bondholders. However, if net LTV were to stabilise below 40%, we would likely rate senior unsecured bonds in line with the long-term issuer rating, due to the likely meaningful recovery prospects in the event of financial distress.

**Figure 17. OBOS Eiendom key financial data, 2017–2021**

NOKm	FY	FY	FY	FY	FY
Period-end	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021
<b>INCOME STATEMENT</b>					
Rental income	691	745	709	642	650
Other income	158	33	37	381	121
Total costs from operations	-220	-203	-225	-255	-249
<b>Net operating income</b>	<b>629</b>	<b>575</b>	<b>521</b>	<b>768</b>	<b>522</b>
Administrative expenses	-88	-61	-62	-55	-52
Administrative expenses, project portfolio	-	-	-	-	-
<b>EBITDA</b>	<b>541</b>	<b>515</b>	<b>459</b>	<b>713</b>	<b>470</b>
Share of profit in associated companies and joint ventures	174	150	96	162	88
Interest expenses	-182	-195	-164	-124	-98
Interest income	-	-	-	-	-
Interest expenses, shareholder loans	-	-	-	-	-
Financial costs from leasing	-	-	-	-	-
Other financial costs	-	-	-	-	-
Changes in investment property	441	472	678	541	768
Gain (loss) on financial assets held at fair value	-7	15	-1	-2	-
Disposals of investment properties	-	-	-	-	-
Gain (loss) on derivatives	-18	10	-12	-77	69
Depreciation and amortisation	-16	-40	-33	-37	-37
Restructuring activities	-	-	-	-	-
Income (expense) on discontinued operations	-	-	-	-	-
<b>Pre-tax profit</b>	<b>933</b>	<b>927</b>	<b>1,022</b>	<b>1,177</b>	<b>1,261</b>
Current taxes	-	-15	-18	-12	-15
Deferred taxes	-41	-75	-93	-32	-200
<b>Net profit</b>	<b>892</b>	<b>838</b>	<b>911</b>	<b>1,132</b>	<b>1,045</b>
<b>BALANCE SHEET</b>					
Investment property	11,763	11,485	11,699	13,072	14,374
Other non-current assets	2,967	3,244	2,484	1,730	1,770
<b>Total non-current assets</b>	<b>14,730</b>	<b>14,730</b>	<b>14,182</b>	<b>14,802</b>	<b>16,143</b>
Cash and cash equivalents	14	3	6	13	8
Other current assets	549	1,389	1,742	747	430
<b>Total current assets</b>	<b>563</b>	<b>1,392</b>	<b>1,748</b>	<b>760</b>	<b>439</b>
<b>Total assets</b>	<b>15,293</b>	<b>16,122</b>	<b>15,930</b>	<b>15,562</b>	<b>16,582</b>
<b>Total equity</b>	<b>7,613</b>	<b>8,436</b>	<b>7,583</b>	<b>7,404</b>	<b>8,272</b>
Non-current borrowings	5,121	5,334	4,631	3,763	5,542
Non-current borrowings, shareholder loans	-	-	-	-	-
Deferred tax liabilities	1,278	1,232	1,250	1,363	1,557
Other non-current liabilities	33	34	23	35	52
<b>Total non-current liabilities</b>	<b>6,433</b>	<b>6,601</b>	<b>5,903</b>	<b>5,160</b>	<b>7,151</b>
<b>Total current liabilities</b>	<b>1,248</b>	<b>1,085</b>	<b>2,444</b>	<b>2,998</b>	<b>1,160</b>
<b>Total equity and liabilities</b>	<b>15,293</b>	<b>16,122</b>	<b>15,930</b>	<b>15,562</b>	<b>16,582</b>
<b>CASH FLOW STATEMENT</b>					
Pre-tax profit	933	927	1,022	1,177	1,261
... of which changes in investment property	441	472	678	541	768
Depreciation and amortisation	16	40	33	37	37
Tax paid	-35	-28	-15	-16	-23
Adjustment for items not in cash flow	-515	-619	-541	-512	-1,065
<b>Cash flow from operating activities before changes in working capital</b>	<b>399</b>	<b>320</b>	<b>499</b>	<b>685</b>	<b>210</b>
Changes in working capital	-122	-91	-435	-630	22
<b>Cash flow from operating activities</b>	<b>277</b>	<b>229</b>	<b>63</b>	<b>55</b>	<b>232</b>
<b>Cash flow from investment activities</b>	<b>311</b>	<b>-55</b>	<b>953</b>	<b>943</b>	<b>-459</b>
<b>Cash flow from financing activities</b>	<b>-681</b>	<b>-185</b>	<b>-1,014</b>	<b>-992</b>	<b>222</b>
Cash and cash equivalents at beginning of period	103	14	3	6	13
Cash flow for period	-93	-11	3	7	-5
<b>Cash and cash equivalents at end of period</b>	<b>14</b>	<b>3</b>	<b>6</b>	<b>13</b>	<b>8</b>

Source: company. FY–full year. LTM–last 12 months.

**Figure 18. OBOS Eiendom rating scorecard**

Subfactors	Impact	Score
Operating environment	20.0%	bb+
Market position, size and diversification	12.5%	bb
Portfolio assessment	12.5%	bbb-
Operating efficiency	5.0%	bbb
<b>Business risk assessment</b>	<b>50.0%</b>	<b>bb+</b>
Ratio analysis		bbb-
Risk appetite		bbb-
<b>Financial risk assessment</b>	<b>50.0%</b>	<b>bbb-</b>
<b>Indicative credit assessment</b>		<b>bbb-</b>
Liquidity		Adequate
ESG		Adequate
Peer comparisons		Neutral
<b>Stand-alone credit assessment</b>		<b>bbb-</b>
Support analysis		Neutral
<b>Issuer rating</b>		<b>BBB-</b>
Outlook		Stable
<b>Short-term rating</b>		<b>N3</b>

**Figure 19. Capital structure ratings**

Seniority	Rating
Senior secured	BBB-

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