

## RATING ACTION COMMENTARY

# Fitch Upgrades SBB Holding's Ratings to 'B-'; Outlook Stable

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Fitch Ratings - Frankfurt am Main - 22 Dec 2025: Fitch Ratings has upgraded Samhallsbyggnadsbolaget i Norden Holding AB (publ)'s (SBB Holding) Long-Term Issuer Default Rating (IDR) and senior unsecured rating to 'B-/RR4 from 'CCC+'. Fitch has removed all the ratings from Rating Watch Positive and assigned a Stable Outlook to the IDR. A full list of rating actions is below.

The upgrades follow the completion of SBB Holding's latest bond tender offer, which prepays about SEK4.8 billion of debt (face value). The sale of SBB group's SEK35 billion community service portfolio, netting about SEK11 billion cash, has reduced SBB Holding's debt across various maturity dates and procured liquidity for August 2026 debt maturities.

SBB Holding's main investments include Public Property Invest ASA's (PPI; BBB+/Stable) SEK46 billion community service portfolio, Sveafastigheter AB's (publ) (BBB-/Positive) SEK28.1 billion residential-for-rent portfolio, and Nordiqus AB's SEK38.7 billion education portfolio, all of which are part owned and have stable operational performance.

SBB Holding is owned by SBB - Samhallsbyggnadsbolaget i Norden AB (SBB Parent; CCC).

## KEY RATING DRIVERS

**Deploying Net Sales Proceeds:** SBB Holding has prepaid SEK4.8 billion (face value) of its senior unsecured bonds in relation to the completed community services portfolio sale to PPI with SEK11 billion net cash proceeds, and announced bond tender offer acceptances. SBB Holding has reduced its debt to around SEK26.3 billion, with pro forma cash of SEK2.9 billion plus an undrawn SEK2.5 billion asset-backed facility. Fitch regards this liquidity as reserved for the remaining 2026 debt maturities totalling around SEK4.9 billion.

This liquidity profile enables SBB Holding's ratings to move out of the liquidity and refinance risk-concerned 'CCC' rating category.

**Applying Investment Holding Company Criteria:** After the asset sale SBB Holding will become an investment holding company, which we now rate under our Investment Holding Company Criteria. It has three main equity interests: Nordiqus (49% ownership, education sector); Sveafastigheter (62%, residential-for-rent); and PPI (pro forma 39.99%, community services). SBB Holding's IDR under these criteria reflects a business profile supported by its investments in these high-quality portfolios, balanced by its own weak but improving financial profile.

Dividends from PPI and Nordiqus and interest from Nordiqus' vendor loan will cover interest on SBB Holding's remaining senior unsecured bonds. Sveafastigheter does not expect to pay dividends in the near term. Monetisation options to repay SBB Holding's remaining debt include part sale of these investment interests. SBB Holding also has a SEK5.0 billion portfolio of development assets.

**PPI Equity Investment:** The acquisition of SBB's community service portfolio will increase PPI's scale and diversification. The enlarged pan-Nordic NOK53 billion (SEK50 billion) portfolio's annualised rental income for the combined community service portfolio will be NOK3.6 billion pro forma at end-3Q25 compared with PPI's previous NOK1 billion. The acquired portfolio benefits from long CPI-indexed leases backed by government-linked tenants with a 6.7-year weighted average unexpired lease term and 94% occupancy. Fitch treats PPI as deconsolidated and only includes its recurring rental-derived cash dividends within SBB Holding's EBITDA.

**Sveafastigheter Equity Investment:** Sveafastigheter's SEK28.9 billion residential-for-rent portfolio is in expanding regions around Sweden, including Stockholm-Mälardalen, and university cities, Malmö-Öresund and Gothenburg. This stable business profile is combined with moderate leverage and forecast interest cover above 2.0x. Fitch deconsolidates Sveafastigheter and only includes its potential recurring rental-derived cash dividends within SBB Holding's EBITDA.

**Nordiqus Investments:** SBB Holding also owns 49.8% of Nordiqus, with Brookfield holding the rest. This is a SEK38.7 billion portfolio of Nordic educational assets benefiting from mostly government funding-backed, long-term rents. Fitch deconsolidates Nordiqus and includes its cash dividend payments and interest income on its SEK5.3 billion (nominal value) vendor loans within SBB Holding's EBITDA.

**SBB Residential Property AB:** This segregated SEK6.1 billion residential-for-rent portfolio is part funded by preference shares held by Morgan Stanley. Currently, net of

its expensive coupon, few rental-derived dividends flow to SBB Holding. It remains an option for SBB Holding to prepay this funding and sell this entity or its portfolio.

**Beneficial Aker Equity Participation:** Aker Property Group became a shareholder in SBB Parent in May 2025 through a sale of assets to PPI and exchanging some of Aker's PPI shares for SBB Parent's shares. Aker now holds 8.63% of SBB Parent's equity and about 28.76% of the voting rights. Aker also injected equity and will own 32.99% of PPI pro forma for the community service transaction. In Aker, SBB Parent has a shareholder that could help improve the group's capital structure.

**Weak Financial Profile:** SBB Holding's financial profile remains weak despite the reduction in debt. Fitch calculates SBB group's end-2026 net debt/EBITDA to be above 25x. Fitch expects dividends from investments to grow, including PPI's recent announcement on increasing its dividends, which will reduce SBB Holding's net debt/EBITDA leverage to around 18x at end-2028 and allow SBB Holding to cover its cash interest expense for the resultant assumed smaller loan book, with EBITDA net interest cover around 3.0x, helped by its low average cost of debt of about 2.35%.

## PEER ANALYSIS

SBB Holding, as an investment holding company (IHC), is comparable to Heimstaden AB (B-/Negative) which has a single concentrated investment holding in Heimstaden Bostad AB (BBB-/Stable), compared to SBB Holding's more diverse portfolio of three equity investments in diverse asset classes. Both have finite cash resources, but Heimstaden AB has not been receiving cash dividends from its main investment in Heimstaden Bostad. Without these cash dividends, Heimstaden AB's management income is insufficient to cover its annual interest costs, heightening its refinancing risk. In contrast, we believe SBB Holding has access to stable dividends from PPI and Nordiqus to cover its annual interest costs.

SBB Holding's community service portfolio peer is Assura plc (BBB+/Negative), which builds and owns modern general practitioners' (GPs') facilities in the UK, with approved rents indirectly paid by the state National Health Service and long-dated weighted average unexpired lease term.

At GBP3.1 billion (EUR3.6 billion), Assura's portfolio is smaller than SBB Parent's consolidated group portfolio. Its net initial yield at end-March 2025 was 5.23%, reflecting its UK community service activities, versus SBB Holding's 5.7% for its Nordic community service assets at end-2024. Assura has a 99% occupancy rate and specific-use assets. Assura's downgrade rating sensitivity to 'BBB' includes net debt/EBITDA greater than 9.5x.

Sveafastigheter's SEK28.1 billion (EUR2.5 billion) Swedish residential-for-rent portfolio provides stable rental income with a similar profile to other portfolios in heavily regulated jurisdictions, such as Germany and France, including those owned by Heimstaden Bostad AB (BBB-/Stable), Vonovia SE (BBB+/Stable), SCI LAMARTINE (BBB+/Stable) and D.V.I. Deutsche Vermögens- und Immobilienverwaltungs GmbH (BBB-/Stable).

## **FITCH'S KEY RATING-CASE ASSUMPTIONS**

- Cashflows received from JVs of about SEK1.0 billion a year, mostly comprising PPI and Nordiqs dividends and interest income on Nordiqs's vendor loan
- Completion of existing retained development projects by 2025 and modest spend thereafter; total capex to average about SEK300 million annually to 2028

## **RECOVERY ANALYSIS**

The Corporate Recovery Ratings and Instrument Ratings guide senior debt for an investment holding company to be at the same level as the IDR, with its Recovery Rating capped at 'RR4' to reflect the lower predictability of recovery prospects of investments' equity valuations, which can deteriorate rapidly when an investment approaches financial distress, and the absence of control over investments.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

- Insufficient visibility on sources of liquidity for near-term debt maturities
- Fitch-calculated net loan-to-value (as an investment holding company) consistently above 60%
- Increased volatility in dividends from PPI and Nordiqs, resulting in SBB Holding's EBITDA net interest cover falling below 1.0x.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

- Fitch-calculated net loan-to-value (as an investment holding company) consistently below 50%
- Lower net debt/EBITDA and higher interest cover

## LIQUIDITY AND DEBT STRUCTURE

SBB Holding's consolidated accounts' representation of available cash at end-3Q25 was SEK1.5 billion but this profile consolidates Sveafastigheter.

Following settlement of the December 2025 bond tender acceptances, Fitch's calculation of SBB Holdings' liquidity profile (not consolidating Sveafastigheter's cash) includes pro forma cash of around SEK2.9 billion plus an undrawn SEK2.5 billion asset-backed facility. SBB Holding's next significant debt maturity in August 2026 totals about SEK4.9 billion. To help repay 2027's SEK6.1 billion of scheduled debt maturities, options include potential monetisations of assets such as SBB Residential Property AB, the Nordiqs vendor loan, and the development portfolio.

The unsecured notes remaining at the SBB Holding level following sale of the community services portfolio to PPI are all fixed rated. The SBB group's debt includes the hybrids at SBB Parent, and the high-coupon Morgan Stanley preference shares (at 13% cost) in SBB Residential Property AB.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	RECOVERY ↕	PRIOR ↕
Samhallsbyggnadsbolaget i Norden Holding AB (publ)	LT IDR  B- Rating Outlook Stable  Upgrade		CCC+ Rating Watch Positive
senior unsecured	LT B- Upgrade	RR4	CCC+ Rating Watch Positive

[VIEW ADDITIONAL RATING DETAILS](#)

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## APPLICABLE CRITERIA

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\)](#)  
(including rating assumption sensitivity)

[Parent and Subsidiary Linkage Rating Criteria \(pub. 27 Jun 2025\)](#)

[Corporate Rating Criteria \(pub. 27 Jun 2025\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 27 Jun 2025\)](#)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([1](#))

## ADDITIONAL DISCLOSURES

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Samhallsbyggnadsbolaget i Norden Holding AB (publ)

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