

Research Update:

# Swedish Real Estate Company SBB Ratings Raised To 'CCC' On Completion Of Tender Offer; Outlook Negative

December 23, 2025

## Overview

- On Dec. 22, Swedish real estate company Samhallsbyggnadsbolaget i Norden AB (publ) (SBB) and its fully controlled subsidiary Samhallsbyggnadsbolaget i Norden Holding AB (SBBH) completed a tender transaction at prices mostly below par, for a nominal amount repurchased of €438 million and a cash outflow of €386 million.
- SBB's capital structure remains unsustainable based on continued tight liquidity with significant short-term debt maturities over the next 12 to 18 months.
- In our view, SBB's ability to meet its future debt maturities depends upon favorable business, financial, and economic conditions. Its debt repayment-capacity may also rely on additional partial repurchases, which we could view as distressed.
- Therefore, following the completion of the tender, we raised our long-term issuer credit rating on SBB to 'CCC' from 'SD' (selective default), and our issue rating on the two affected senior unsecured bonds, issued by SBBH, to 'CCC' from 'D' (default). We affirmed our 'CCC' issue ratings on SBB's senior unsecured notes maturing in 2026, 2027, and October 2029. The recovery rating remains at '4'. We also affirmed at 'CC' the issue ratings on the instruments not included in the tender (related to the issuances under SBB and SBB Treasury Oyj). We affirmed our issue ratings on the three euro-denominated subordinated bonds at 'D'.
- The negative outlook reflects the risk of a conventional default or further distressed debt offers within the next 12 to 18 months if SBB does not secure sufficient funding sources.

## Rationale

### **We raised the issuer credit rating to 'CCC' from 'SD' following the tender transaction**

**completion.** SBB tendered nominally about €438 million in cash, related to its five issuances of senior unsecured notes due 2026 to 2029 under SBBH and its Swedish krona (SEK) floating-rate notes due 2027, issued by SBB. We understand that the average prices varied and for all notes

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were close to par for the notes maturing in 2026, 2027, and October 2029, but was much lower for the notes maturing in 2028 and September 2029, given the recent trading of the notes. We further understand that the settlement of the transaction has been concluded.

**Our liquidity assessment for the company remains weak, given SBB continues to face significant debt maturities, totaling about Swedish krona (SEK)5.3 billion in 2026, and further around SEK7 billion of debt maturities in 2027.** We anticipate that SBB will have around SEK4.2 billion of cash available, which is not sufficient to cover its needs, including short-term debt maturities and committed capital spending over the next 18 months. The issuer has not accessed the debt capital markets for a while, even though bond yields are below 7%. We think that SBB's capital structure will remain unsustainable over the short to medium term in light of ongoing operating cash burn and the reducing asset portfolio, until the company can demonstrate an improved liquidity position and sustain a stable capital structure. SBB's asset sales options are now more limited to reduce its leverage and managing the maturity wall, although it could also seek access to diversified funding sources. SBB has attracted some funding by selling equity stakes in several of its asset portfolios, for example, the recent Sveafastigheter transaction. However, with the recent disposals, SBB's property portfolio remains at a value of about SEK35 billion, which limits the flexibility for further significant asset sales to reduce leverage. We believe that a material deleveraging of the group remains challenging.

**We maintained our 'D' rating on SBB's subordinated bonds because we expect SBB to continue deferring its related coupon payments for at least the next 12 months.** Following management's intention to replace its hybrid capital with debt in 2024, we conclude SBB is no longer committed to retaining hybrid instruments as a long-standing part of its capital structure to absorb losses or conserve cash. Therefore, the hybrid instruments receive zero equity content under our methodology. The company started deferring coupon payments on its hybrids in July 2024 and we expect it to continued deferring them for at least the next 12 months. (for more information, see "[SBB Ratings Remains At 'SD' On Announced Cash Tender And Exchange Offers Into New Debt Instruments](#)," Dec. 11, 2024, and "[Swedish Real Estate Company SBB Downgraded To 'SD' After Accepting Below-Par Tender Offer](#)," Dec. 22, 2025).

**The company has disposed of a large amount of assets over the past couple of years and its near-term operational strategy remains highly uncertain.** The value of SBB's property portfolio declined to about SEK35 billion, expected at year-end 2025 from SEK135 billion at year-end 2022, due to its decentralized operational strategy and because it has been selling assets to secure liquidity and funding needs. We understand that SBB may carry out further asset sales throughout 2026, which could reduce rental cash flows, although we believe the company may be able to attract dividends from its equity stakes, which would benefit S&P Global Ratings-adjusted EBITDA. Given the lack of clarity regarding the company's mature portfolio and operations, as well as how to address upcoming debt maturities in 2026 and 2027, our rating will likely remain in the 'CCC' category after settlement of the tender.

## Outlook

The negative outlook reflects the risk of a conventional default or further distressed debt offers within the next 12 months.

### Downside scenario

We could lower the ratings on SBB if the company fails to secure sufficient funding for its short to medium term liquidity needs.

We could also downgrade SBB if additional unexpected events constrain SBB's credit profile or liquidity; or if SBB undertakes another tender offer or bond buyback that we consider distressed and tantamount to default.

### **Upside scenario**

We could raise the ratings on SBB if the company successfully refinances debt maturities and restores its liquidity headroom sustainably.

## **Company Description**

SBB is a Sweden-based public real estate company focused on owning, managing, and developing community service properties and rent-regulated residences over the long term. The company also aims to actively conduct project and property development to develop new social infrastructure. The company operates in Sweden, Finland, Norway, and Denmark.

SBB is one of the largest real estate companies in the Nordics. Its consolidated portfolio value stood at SEK54.7 billion while the portion relating to joint ventures and associate companies stood at SEK39.6 billion as of September 2025. Pro-forma its recent disposal of the community portfolio, SBB's owned and consolidated property portfolio remains at about SEK35 billion, including around SEK29 billion under its subsidiary, Sveafastigheter AB, of which SBB owns approximately 61%.

## **Issue Ratings--Recovery Analysis**

### **Key analytical factors**

- The senior bonds issued by SBBH are rated 'CCC'.
- The bondholders will benefit from a valuable asset base, mostly consisting of stabilized income-producing investment properties, as well as some credit provided to joint venture investments. Our recovery analysis takes into account that the company has currently sufficient cash to cover its upcoming bond maturity in 2026. We also note that the company has significant exposure to joint ventures and associated companies, which could be liquidated in a stress scenario, though we typically expect low realized proceeds in such a scenario and regard debt issued at those investments as priority claim over the assets there.
- Recovery prospects for the proposed senior unsecured notes are very sensitive to a small change in the amount of senior secured debt or any other priority debt outstanding at default; hence, we assess recovery ratings for this issue at '4'.
- We have lowered our recovery prospects on the senior unsecured notes to 30% from 40% following the disposal of yielding properties to fund the recent tender offer.
- The old senior bonds (SBB Norden AB and SBB Treasury) are assumed to be repaid in January 2026 but carry a current outstanding value of SEK1.4 billion as of end-September 2025.
- These bonds are assessed with recovery rating of '6' with very limited scope for recovery, as these bonds are subordinated to the new senior bonds (SBB Norden Holding AB).
- Our recovery prospects are also constrained by the unsecured nature of the debt instrument and its contractual subordination to the current amount of secured debt.

- In our hypothetical default scenario assumed for 2026, we envisage a severe macroeconomic downturn in Sweden, Finland, and Norway, resulting in market depression and exacerbated competitive pressures.
- We value the group as a going concern. We use a discrete asset value approach to take into consideration the stressed value of SBB's yielding properties as well as building rights.

## **Simulated default assumptions**

- Year of default: 2026
- Jurisdiction: Sweden

## **Simplified waterfall**

- Gross enterprise value (EV) at emergence (adjusted for Sveafastigheter's assets and related mortgage debt): SEK13.4 billion
- Net EV at emergence after administrative costs: SEK12.7 billion
- Minority claim at Sveafastigheter : About SEK3.0billion
- Net EV available to senior unsecured bondholders: SEK9.7 billion
- Estimated priority debt (credit lines, mortgages, and other secured debt, excluding Sveafastigheter): About SEK3.0billion
- Senior unsecured debt claims, issued at SBBH: SEK 22.9 billion
- --Recovery expectation: 30%-50% (rounded estimate: 30%)
- --Recovery rating: 4
- Net EV available to structurally subordinated senior unsecured bondholders: None
- Senior unsecured debt claims issued at SBB and SBB Treasury: SEK 1.4 billion (assumed to be repaid in early January 2026)
- --Recovery expectation: 0%-10% (rounded estimate: 0%)
- --Recovery rating: 6

\*All debt amounts include six months of prepetition interest and assume 85% of the RCF and credit lines are drawn on default (SBB's credit lines totaled about SEK3.4 billion as of December 2025).

## **Related Criteria**

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019

- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry](#), Feb. 26, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings](#), Oct. 1, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Swedish Real Estate Company SBB Downgraded To 'SD' After Accepting Below-Par Tender Offer](#), Dec. 22, 2025
- [Bulletin: Samhallsbyggnadsbolaget's Operations Remain Stable; Dividends From JVs Support Its Credit Metrics](#), Sept. 5, 2025
- [Samhallsbyggnadsbolaget Ratings Raised To 'CCC' From 'SD' On Completed Debt Restructuring; Outlook Negative](#), Dec. 20, 2024

## Ratings List

### Ratings List

#### Upgraded; Outlook Action

	To	From
<b><a href="#">Samhallsbyggnadsbolaget i Norden AB (publ)</a></b>		
Issuer Credit Rating	CCC/Negative/C	SD/--/SD

#### Upgraded; Recovery Ratings Unchanged

	To	From
<b><a href="#">Samhallsbyggnadsbolaget i Norden Holding AB</a></b>		
Senior Unsecured	CCC	D
Recovery Rating	4(30%)	4(30%)

#### Ratings Affirmed; Recovery Ratings Unchanged

<b><a href="#">Samhallsbyggnadsbolaget i Norden AB (publ)</a></b>		
<b><a href="#">SBB Treasury OYJ</a></b>		
Senior Unsecured	CC	
Recovery Rating	6(0%)	
<b><a href="#">Samhallsbyggnadsbolaget i Norden Holding AB</a></b>		
Senior Unsecured	CCC	

Ratings List

Recovery Rating	4(30%)
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Ratings Unchanged

Samhallsbyggnadsbolaget i Norden AB (publ)

Subordinated	D
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