

RATING ACTION COMMENTARY

Fitch Affirms SBB Holding at 'B-'; Outlook Stable

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Fitch Ratings - Stockholm - 08 May 2026: Fitch Ratings has affirmed Samhallsbyggnadsbolaget i Norden Holding AB (publ)'s (SBB Holding) Long-Term Issuer Default Rating (IDR) at 'B-' with a Stable Outlook, and its senior unsecured rating at 'B-/'RR4'. A full list of rating actions is below.

The ratings reflect SBB Holding's main equity investments: Public Property Invest ASA's (PPI; BBB+/Stable) SEK51 billion community service portfolio, Sveafastigheter AB's (publ) (BBB-/Positive) SEK29 billion residential-for-rent portfolio and Nordiqus AB's SEK42 billion education portfolio. All are part-owned with stable operational performance.

Debt interest payments can be met with cash dividends from these investments, but SBB Holding does not generate adequate operational cash flow to reduce high leverage (end-2025 net debt/EBITDA above 25.0x) or repay maturing senior unsecured bonds. It relies on monetisation options, including partial sales of investments, to deleverage to a more sustainable capital structure supported by recurring cash dividends from the remaining equity investments.

KEY RATING DRIVERS

Dividends from Equity Investments: SBB Holding's three main equity interests are Nordiqus (49.8% ownership; education sector), Sveafastigheter (63%; residential-for-rent) and PPI (40.6%; community services). SBB Holding's IDR reflects a business profile, supported by its investments in these high-quality portfolios, balanced by its own weak financial profile, short debt maturity and associated refinancing risk.

Dividends from PPI and Nordiqus will cover interest on SBB Holding's remaining senior unsecured bonds. Sveafastigheter has not paid any dividends, instead reinvesting profits into its portfolio. Monetisation options to repay SBB Holding's remaining debt include partial sales of these investment interests. SBB Holding also has a SEK6.1 billion

portfolio of development assets and some smaller minority investments (some listed and dividend paying) totalling about SEK3.5 billion, both of which can also be monetised.

Weak Financial Profile: SBB Holding's financial profile remains weak despite reduced debt. Fitch estimates SBB group's end-2026 net debt/EBITDA will remain above 25x. Fitch expects dividends from investments to grow, which will reduce SBB Holding's net debt/EBITDA. SBB Holding is owned by SBB - Samhallsbyggnadsbolaget i Norden AB (SBB Parent; CCC), which holds no assets other than cash, but holds SEK8.4 billion of non-performing hybrid debt.

After the planned repayment of the 2026 bonds, assuming the remaining debt is refinanced at prevailing market rates, Fitch forecasts SBB Holding's end-2028 net debt/EBITDA at about 23.0x, loan-to-value (LTV) at about 65% and EBITDA net interest cover at about 1x. Fitch believes this high leverage to be unsustainable, and expects SBB Holdings to monetise part of its equity investments and repay most of its remaining unsecured bonds.

PPI Investment: PPI's pan-Nordic NOK52 billion (SEK51 billion) portfolio of community service assets generated annualised rental income of about NOK3.5 billion at end-1Q26. The portfolio benefits from long CPI-indexed leases backed by government-linked tenants, with a 6.8-year weighted average unexpired lease term and 94% occupancy. Fitch treats PPI as deconsolidated and includes only its recurring rental-derived cash dividends within SBB Holding's EBITDA.

Sveafastigheter Investment: Sveafastigheter's SEK29.4 billion residential-for-rent portfolio is located in expanding regions around Sweden, including Stockholm-Mälardalen, and university cities, like Malmö-Öresund and Gothenburg. This stable business profile is combined with moderate standalone leverage and forecast interest cover above 2.0x. Fitch deconsolidates Sveafastigheter and includes only its potential recurring rental-derived cash dividends in SBB Holding's EBITDA.

Nordiqus Investment: SBB Holding also owns 49.8% of Nordiqus, with Brookfield owning the rest. Nordiqus has a SEK42 billion portfolio of Nordic educational assets benefiting from long-term rents that are mostly backed by government funding. Fitch deconsolidates Nordiqus and includes its cash dividend payments in SBB Holding's EBITDA. SBB Holding has also provided Nordiqus with a vendor loan of SEK5.3 billion (nominal value), due in January 2029. The loan is not currently generating any cash interest income.

SBB Residential Property AB: This SEK6.1 billion residential-for-rent joint venture portfolio is partly funded by preference shares held by Morgan Stanley, which constrain

dividend distributions to the parent. Currently, net of its expensive coupon, limited 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 the sale of assets to PPI and the exchange of some of Aker's PPI shares for shares in SBB Parent. Aker now holds 8.9% of SBB Parent's equity and about 29.1% of the voting rights. Aker also injected equity into PPI and owns 33.8% of it following the sale of SBB Holding's community service assets to PPI. In our view, Aker's presence as a shareholder in SBB Parent could help improve the group's capital structure.

PEER ANALYSIS

SBB Holding, as an investment holding company (IHC), is comparable to Heimstaden AB (B-/Negative), which has a single concentrated investment in Heimstaden Bostad AB (BBB-/Stable), whereas SBB Holding has a more diverse portfolio of three main equity investments across 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. By contrast, we believe SBB Holding has access to stable and growing dividends from PPI and Nordiqus to cover its annual interest costs.

SBB Holding's community service portfolio peer is Assura Limited (BBB+/Negative), which develops and owns modern general practitioner (GP) facilities in the UK, with approved rents indirectly paid by the state-funded National Health Service and a long weighted average unexpired lease term. At GBP3.1 billion (EUR3.6 billion), Assura's portfolio is smaller than SBB Group's consolidated group portfolio of SEK50 billion (EUR4.6 billion). Its net initial yield at end-March 2025 was 5.23%, reflecting its UK community service activities, compared with SBB Group's 5.7% for its Nordic community service assets at end-2025.

Sveafastigheter's SEK29.0 billion (EUR2.7 billion) Swedish residential-for-rent portfolio provides stable rental income and has a similar profile to portfolios in other heavily regulated jurisdictions, such as Germany and France, including those owned by Heimstaden Bostad AB, 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

- Cash flow received from joint ventures of about SEK680 million-750 million a year, mostly comprising PPI and Nordiqus dividends

- Total capex to average about SEK300 million annually to 2028
- Disposals of about SEK900 million of development assets in 2026

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): Management (bb+, Lower), Portfolio Credit Characteristics (bbb, Moderate), Portfolio Diversification (bb+, Moderate), Risk Appetite and Investment Track Record (bb+, Moderate), Transparency and Execution of Investment Strategy (b, Lower), Access to Capital (bb-, Moderate), Financial Structure (ccc, Higher), and Financial Flexibility (b+, Higher).
- The Governance assessment of 'Good' results in no adjustment.
- The Operating Environment assessment of 'aa' results in no adjustment.
- The SCP is 'b-'.

To derive the IDR:

- Application of Fitch's Parent and Subsidiary Linkage Rating Criteria results in a consolidated approach.

RECOVERY ANALYSIS

The Corporate Recovery Ratings and Instrument Ratings Criteria guide senior debt for an IHC to be rated at the same level as the IDR, with its Recovery Rating capped at 'RR4'. This reflects the lower predictability of recoveries based on equity valuations of investments, which can deteriorate rapidly as an investment approaches financial distress, and the lack of control over those 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 LTV (as an IHC) consistently above 60%

-- Increased volatility in dividends from PPI and Nordiqus, 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 LTV (as an IHC) consistently below 50%

-- Lower net debt/EBITDA and higher interest cover

LIQUIDITY AND DEBT STRUCTURE

SBB Holding's consolidated accounts showed available cash at end-2025 of about SEK2.5 billion, of which SEK500 million was attributed to Sveafastigheter. A further SEK1.8 billion of cash is held at SBB Parent. Liquidity is further supported by an undrawn SEK2.5 billion asset-backed facility. SBB Holding's next significant debt maturity, about SEK5.4 billion, is due in August 2026 and should be covered by cash and availability under its asset-backed facility.

SBB Holding's end-2025 average cost of debt on its fixed-rate bonds was a low 1.8% excluding the higher-coupon Morgan Stanley preference shares (13% cost) in SBB Residential Property AB. Fitch believes the cost of debt would increase substantially if the maturing bonds were refinanced at prevailing market rates.

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.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for SBB Holding.

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 Affirmed		B- Rating Outlook Stable
senior unsecured	LT B- Affirmed	RR4	B-

[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 \(pub. 09 Jan 2026\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 09 Jan 2026\)](#)

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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