FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms SBB Parent at 'CCC'

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Fitch Ratings - Stockholm - 08 May 2026: Fitch Ratings has affirmed SBB - Samhallsbyggnadsbolaget i Norden AB's (SBB Parent) Long-Term Issuer Default Rating (LT IDR) at 'CCC' and its senior unsecured rating at 'CC', with a Recovery Rating of 'RR6'. A full list of rating actions is below.

Following the disposal of the group's community service portfolio in December 2025, SBB Parent no longer holds any assets other than cash and generates no revenue, but it still holds about SEK8.4 billion of non-performing hybrid debt. SBB Parent does not plan to resume interest payment on these hybrids.

We now rate SBB Parent as an investment holding company (IHC) with equity investments held indirectly through Samhallsbyggnadsbolaget i Norden Holding AB (publ) (SBB Holding; B-/Stable).

KEY RATING DRIVERS

Dividends Constraints: Headroom exists under SBB Holding's unsecured bond covenants to allow the upstreaming of cash (or restricted distributions, as defined in the bond documentation) to SBB Parent. However, any dividend payment by SBB Parent to its shareholders is possible only if interest payments on the hybrids resume. As a result, there is no incentive to upstream cash from SBB Holdings.

IHC Criteria: In assessing SBB Parent as an IHC, Fitch considers the investments held by its wholly owned subsidiary, SBB Holding. The latter indirectly has three main equity interests: Nordiqus AB (49.8% ownership; education sector), Sveafastigheter AB (publ) (63%; residential-for-rent; BBB-/Positive) and Public Property Invest ASA (PPI; 40.6%, community service; BBB+/Stable). Under our criteria, SBB Parent's IDR reflects a business profile supported by its investments in these quality portfolios and its reliance on cash dividends, balanced against its own weak financial profile.

SBB Parent Debt: SBB Parent has about SEK8.4 billion of hybrids remaining after using the group's 4Q25 asset sale proceeds for debt repayments. These deeply subordinated instruments are non-performing, after coupon deferral was triggered. Fitch does not apply equity credit to the hybrids retained by SBB Parent due to their lack of permanence under Fitch's Corporate Hybrids Treatment and Notching Criteria. These non-performing instruments are rated 'C', three notches below the IDR. Additionally, SBB Parent has an EUR40 million Schuldschein loan and a SEK3 million unsecured bond outstanding.

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 voting rights. Aker also injected equity into PPI and will own 33.8% of it, pro forma for this transaction. Fitch believes that Aker, as a shareholder, could help improve the group's capital structure.

Weak Credit Profile: SBB Parent's ratings reflect its reliance on dividends from SBB Holding, the absence of directly held property assets generating rental income, high leverage and the lack of other standalone liquidity resources. Fitch differentiates SBB Parent's weaker credit profile from that of its stronger subsidiary, SBB Holding; it also takes into account the structural subordination of SBB Parent, which is rated two notches below SBB Holding's IDR.

PEER ANALYSIS

SBB Parent, as an IHC, is comparable to Heimstaden AB (B-/Negative), which has a single concentrated investment holding in Heimstaden Bostad AB (BBB-/Stable), compared with SBB Parent's more diverse, albeit indirectly held, portfolio of three equity investments across different asset classes.

Heimstaden AB has not been receiving cash dividends from its main investment in Heimstaden Bostad. Absent these cash dividends, Heimstaden AB's management income is insufficient to cover its annual interest costs, increasing its refinancing risk, although it has finite cash resources. Similarly, SBB Parent also does not have access to cash dividends, but its debt consists mainly of hybrids, which are non-performing and do not create refinancing risk.

The SBB group's community service portfolio is comparable to that of 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 the SBB group's consolidated 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 5.7% for the SBB group's 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

- Hybrid interest continues to be deferred

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 (ccc, Higher).

- The Governance assessment of 'Good' results in no adjustment.

- The Operating Environment assessment of 'aa-' results in no adjustment.

- The SCP is 'ccc'.

To derive the IDR:

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

RECOVERY ANALYSIS

Our recovery analysis assumes SBB Parent would be liquidated rather than reorganised as a going concern in a default. We assume no cash or assets are available for recoveries.

Fitch's principal waterfall analysis generates a ranked recovery for the senior unsecured debt of 'RR6', leading to a 'CC' rating of unsecured debt.

We estimate a ranked recovery of 'RR6' for SBB Parent's hybrids, given their structural subordination. As loss absorption has been triggered through the deferral of coupons, the instrument rating is 'C', three notches below SBB Parent's IDR.

RATING SENSITIVITIES

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

- Failure to execute, or provide visibility on, a plan to address near-term debt maturities

- Actions pointing to a widespread potential renegotiation of SBB Parent's debt terms and conditions, including a material reduction in lenders' terms sought to avoid a default

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

- Evidence that refinancing risk has eased, including improved capital-market access for the SBB group

- A material reduction in leverage

LIQUIDITY AND DEBT STRUCTURE

At end-2025, SBB Parent's available liquidity was about SEK1.8 billion, which we expect will be used to meet SBB Holding's bond maturity in August 2026. It also had access to a SEK2.5 billion asset-backed facility held at SBB Holding, which remained fully undrawn. It had no revolving credit facilities available for drawdowns.

SBB Parent's average cost of debt at end-2025 was 3.3% on its remaining hybrid instruments.

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 Parent.

ESG CONSIDERATIONS

SBB Parent has an ESG Relevance Score '4' for Financial Transparency, reflecting an investigation by the Swedish authorities into the application of accounting standards and disclosures. These considerations have a negative impact on the credit profile and are relevant to the ratings in conjunction with other factors.

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
SBB - Samhallsbyggnadsbolaget i Norden AB	LT IDR	CCC	Affirmed		CCC
	ST IDR	C	Affirmed		C
subordinated	LT	C	Affirmed	RR6	C
senior unsecured	LT	CC	Affirmed	RR6	CC

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)

Corporate Hybrids Treatment and Notching Criteria (pub. 08 Apr 2025)

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

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

SBB - Samhallsbyggnadsbolaget i Norden AB	EU Issued, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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