

16/10/2026 - Scope Ratings GmbH

Scope changes SunDell's Outlook to Negative, downgrades senior unsecured rating

The Negative Outlook reflects the two-year cure period triggered by the downgrade of the senior unsecured debt rating below B+ and uncertainty over SunDell's ability to restore the rating or refinance the bonds within this period.

The latest information on the rating, including rating reports and related methodologies, [is available on this LINK](#).

Rating action

Scope Ratings GmbH (Scope) has today affirmed the issuer rating of Hungarian residential developer SunDell Estate Nyrt. (Sundell) at **B-** and revised the Outlook to Negative from Stable. Scope has also downgraded the senior unsecured debt rating to **B** from **B+**.

The issuer rating reflects SunDell's conservative asset leverage, strong presales and positive forecast free operating cash flow. Constraints include volatile profitability, concentration on a small number of projects, limited liquidity headroom and cash upstreaming to parent GOPD. The Negative Outlook reflects the two-year cure period triggered by the downgrade of the senior unsecured rating below B+ and uncertainty over SunDell's ability to restore the rating or refinance the bonds within this period.

The full list of rating actions and rated entities is at the end of this rating action release.

Key rating drivers

Business Risk Profile: B- (unchanged). SunDell's Business Risk Profile reflects its position as an emerging developer in Hungary's fragmented residential market with energy-efficient units (ESG factor credit-positive). The company remains concentrated in Budapest, with limited geographic and income diversification and increasing dependence on the SunDell Port development. The entity is majority owned by GOPD Nyrt. (GOPD, rated by Scope at CCC/Negative¹).

Scope-adjusted total assets* increased to around HUF 85bn at end-2025 from around HUF 65bn at end-2024. The enlarged asset base and project pipeline support market positioning but also increase execution requirements, especially related to its main project the SunDell Port. This project is expected to generate a large share of medium-term revenue and cash flow, increasing cluster risk. The lease portfolio continues to provide only a modest recurring revenue contribution and offers limited protection against volatile residential handovers. Hungarian housing demand remains supported by wage growth, household savings and subsidised mortgages. However, affordability constraints and rising Budapest new-build supply may lengthen sales periods and increase competition.

Asset quality benefits from strong mass-market presales. The SunDell Port also benefits from apartments sold to SD Development Fund – a HUF 28bn closed-end private equity fund established in December 2024 by MFB Invest (70%) and GOPD (30%). These presales support revenue visibility and project funding. However, the backlog remains subject to construction, handover and cash-collection risk. Scope notes that early sales to SD Development Fund were completed at lower prices.

Profitability remains volatile and handover driven. EBITDA recovered to HUF 1.6bn in 2025 from negative HUF 0.6bn in 2024 but remained below Scope's previous forecast of around HUF 3.5bn. The 2025 EBITDA margin was around 10%. Scope forecasts EBITDA of around HUF 4.4bn in 2026, supported by planned handovers, followed by a decline to HUF 0.4bn in 2027 while SunDell Port remains under construction. EBITDA is expected to recover to HUF 2.1bn in 2028. The backlog provides medium-term visibility, but its concentration and lumpy handover schedule limit earnings predictability.

Financial Risk Profile: B+ (unchanged). The Financial Risk Profile continues to benefit from conservative asset leverage and positive forecast free operating cash flow. These strengths are offset by volatile earnings-based leverage, reduced forecast visibility and limited liquidity headroom.

The Loan to value (LTV) improved to around 16% at end-2025 from around 31% at end-2024. Scope expects LTV of around 19% in 2026, 13% in 2027 and 14% in 2028. These levels provide capacity to absorb moderate valuation pressure or raise secured funding, subject to asset availability and market conditions. Meanwhile, debt to EBITDA increased to 8.6x in 2025, compared with 3.7x in the previous rating case, primarily because EBITDA was weaker than expected. Scope forecasts leverage to improve to around 3.0x in 2026, rise to

around 31x in 2027 and recover to 6.2x in 2028. The elevated 2027 leverage reflects exceptionally low EBITDA rather than a material increase in nominal debt. Nevertheless, it highlights the sensitivity of credit metrics to project and handover timing.

Debt protection follows a similarly volatile path. EBITDA interest cover is forecast at around 10.5x in 2026, around 1.0x in 2027 and around 5.4x in 2028. The weak 2027 coverage highlights the dependency of debt protection on timely project completion and revenue recognition.

Free operating cash flow (FOCF) is forecast to remain positive at around HUF 2.9bn in 2026, HUF 4.4bn in 2027 and HUF 1.5bn in 2028. However, cash generation remains exposed to significant working-capital movements, particularly customer advances, construction expenditure and the timing of final purchase-price collections. The positive free operating cash flow forecast partly mitigates volatile EBITDA-based metrics. Nevertheless, uncertainty remains regarding the conversion of customer advances and contract liabilities into recognised revenue and unrestricted cash.

Preliminary Credit Assessment: B. The Preliminary Credit Assessment reflects SunDell's stronger Financial Risk Profile relative to its Business Risk Profile. The financial assessment is supported by conservative loan/value and the expectation of positive free operating cash flow. However, the overall assessment remains constrained by SunDell's small scale, limited diversification, concentration on a few residential developments and significant volatility in earnings and cash flow arising from the timing of project completions and handovers.

Supplementary Rating Drivers: -1 notch. Supplementary Rating Drivers result in a one-notch negative

adjustment to the issuer rating. This reflects the financial interdependence between SunDell and its controlling shareholder, GOPD, whose limited recurring standalone cash generation creates an incentive to upstream cash through dividends, related-party loan repayments or other transfers. Such distributions could weaken SunDell's liquidity and reduce funds available for construction expenditure and debt service.

Liquidity: adequate (unchanged). Liquidity benefits from expected proceeds from presold apartments, positive forecast free operating cash flow, access to project-related funding and the EUR 7m revolving working-capital facility signed in July 2026. SunDell's conservative loan/value ratio and largely unencumbered asset base also provide some capacity to raise additional secured funding if required.

Liquidity headroom nevertheless remains limited. Cash declined to around HUF 0.4bn at end-June 2026 from HUF 1.1bn at year-end 2025, while the company faces substantial and timing-sensitive working-capital requirements. Scheduled bond repayments increase from HUF 0.55bn in 2026 to HUF 3.85bn in 2027, coinciding with a forecast decline in EBITDA. The HUF 3.22bn dividend paid in the first half of 2026 and funding provided to the ultimate parent further constrain available liquidity.

The downgrade of the senior unsecured debt rating to B places the bonds below the B+ covenant threshold, triggering a two-year cure period. Unless the bond rating is restored to at least B+ within this period, the outstanding bonds could become subject to accelerated repayment. Liquidity could therefore come under material pressure if SunDell is unable to implement a credible covenant-remediation plan or refinance or repay the bonds before the cure period expires. The adequate liquidity assessment consequently depends on continued access to external funding and timely action to address both scheduled maturities and the potential covenant-related acceleration.

External Rating Drivers: credit-neutral. External Rating Drivers do not affect the issuer rating.

One or more key drivers of the credit rating action are considered an ESG factor.

Outlook and rating sensitivities

The **Negative Outlook** reflects uncertainty over SunDell's ability to restore the bond rating to at least B+ or secure sufficient refinancing or repayment capacity before the two-year cure period expires. It also captures limited liquidity headroom, earnings volatility and reliance on the SunDell Port project. Continuous monitoring is required, as liquidity could deteriorate rapidly if project cash flows are delayed, external funding becomes unavailable or further cash is distributed to shareholders.

The **upside scenario** for the ratings and Outlook is:

1. Restoration of the senior unsecured debt rating to at least B+ or the establishment of sufficient refinancing and repayment capacity to eliminate the covenant-related accelerated repayment risk before expiry of the cure period

The **downside scenarios** for the ratings and Outlook are:

1. Failure to restore the senior unsecured debt rating to at least B+ or to establish sufficient refinancing and repayment capacity before expiry of the two-year covenant cure period

2. A material weakening of liquidity and financial flexibility, including through delayed project deliveries, weaker customer collections, elevated cash outflows or increased cash upstreaming to the parent

Debt rating

In November 2020, SunDell issued a HUF 11.0bn senior unsecured bond under the Hungarian National Bank's Bond Funding for Growth Scheme. The bond carries a 3.25% fixed coupon and matures in 2030, with 30% repayments in 2025 and 2027 and a 40% balloon payment at maturity. The first HUF 3.3bn instalment was repaid in 2025.

In July 2021, SunDell issued a HUF 5.5bn senior unsecured green bond under the same scheme. It carries a 3.65% fixed coupon and matures in 2031, amortising by 10% annually from 2026, followed by a 50% balloon payment at maturity. Proceeds from both bonds financed residential developments and landbank acquisitions. The bonds contain rating-deterioration and other soft covenants.

Scope has downgraded the senior unsecured debt rating to **B** from **B+**, maintaining a one-notch uplift over the issuer rating. The downgrade reflects a more conservative recovery assessment. Scope's hypothetical default scenario at year-end 2027 indicates excellent recovery for senior unsecured creditors, supported by SunDell's low LTV, limited secured debt and largely unencumbered asset base.

However, recovery is constrained by the concentration of asset value in developments under construction, inventories, receivables and working capital, which may be difficult to monetise in a distressed scenario. It is also sensitive to project-completion costs, customer and priority claims, distressed-sale discounts and potential secured claims under the facilities. These risks limit the rating uplift to one notch.

The **B** debt rating is below the B+ covenant threshold, triggering a two-year cure period. Failure to restore the rating to at least B+ within this period could accelerate repayment of the outstanding bonds and materially increase refinancing and liquidity risk. For the SunDell 2030 bond, a downgrade below B- would trigger immediate acceleration, while for the SunDell 2031 bond the corresponding trigger is a downgrade below CCC.

Environmental, social and governance (ESG) factors

The housing units developed by SunDell are energy-efficient (ESG factor: credit-positive) and well above minimum legal requirements. There is more demand for this type of housing than for old or renovated housing and less energy-efficient projects. SunDell was one of the first in the market to develop environmentally conscious and sustainable residential buildings with low energy and water needs and a high share of green areas. Since SunDell constructs its buildings, its properties are guaranteed to have an energy performance certificate of at least 'BB' under Hungarian law, considered a nearly zero-energy building (nZEB).

All rating actions and rated entities

SunDell Estate Nyrt.

Issuer rating: **B-**/Negative, affirmation and Outlook change

Senior unsecured debt rating: **B**, downgrade

** All credit metrics refer to Scope-adjusted figures.*

Rating driver references

- 1. [GOPD](#)

Stress testing & cash flow analysis

No stress testing was performed. Scope Ratings performed its standard cash flow forecasting for the company.

Methodology

The methodologies used for these Credit Ratings and/or Outlook, (General Corporate Rating Methodology, 24 April 2026; European Real Estate Rating Methodology, 2 June 2026), are available on scoperatings.com/rating-governance/methodologies.

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at scoperatings.com/governance-and-policies/regulatory/eu-regulation. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): registers.esma.europa.eu/cerep-publication/. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on scoperatings.com/governance-and-policies/rating-governance/methodologies.

The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information

The Credit Ratings were not requested by the Rated Entity or its Related Third Parties. The Credit Rating process was conducted:

With Rated Entity or Related Third Party participation	YES
With access to internal documents	YES
With access to management	YES

The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity, the Rated Entities' Related Third Parties and

Scope Ratings' internal sources.

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Regulatory disclosures

These Credit Ratings and/or Outlook are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings and/or Outlook are UK-endorsed.

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The Credit Ratings/Outlook were first released by Scope Ratings on 30 October 2020. The Credit Ratings/Outlook were last updated on 17 October 2025.

Potential conflicts

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