Biggeorge Property Nyrt.

Hungary, Business Services

Issuer

B+

Outlook

Stable

Senior unsecured debt

BB-

Rating composition

Business risk profile		
Industry risk profile	BB+	B+
Competitive position	B+	
Financial risk profile		
Credit metrics	BB	BB
Liquidity	+/-0 notches	
Standalone credit assessment		**B+**
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Parent/government support	+/-0 notches	
Governance & structure	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		**B+**

Key metrics

			Scope estimates	
Scope credit ratios	**2023**	**2024P**	**2025E**	**2026E**
Scope-adjusted EBITDA interest cover	26.5x	net interest	31.4x	47.8x
Scope-adjusted debt/EBITDA	1.7x	2.7x	1.1x	0.9x
Scope-adjusted funds from operations/debt	49%	33%	99%	125%
Scope-adjusted free operating cash flow/debt	35%	-29%	-74%	121%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenarios for the ratings and Outlook are (collectively):

- Scope-adjusted debt/EBITDA improving sustainably below 3.5x, supported by higher operating income and stable leverage.
- Biggeorge Property Nyrt. (BGP) successfully expanding its operations, increasing group size and diversification, leading to stronger cash flow generation from a broader asset base.

The downside scenarios for the ratings and Outlook are (individually):

- Scope-adjusted debt/EBITDA rising above 5x on a sustained basis, due to weaker operating income resulting from lower demand, rising costs, or delays in project execution.
- Deterioration in liquidity due to unforeseen capital outflows, weaker presales, or an inability to secure necessary project financing, limiting BGP's ability to launch new developments.

Lead Analyst

Patrick Murphy

+49 69 667738903

p.murphy@scoperatings.com

Related methodologies

General Corporate Rating Methodology, February 2025

European Business and Consumer Services Rating Corporates, January 2025

Table of content

1. Key rating drivers

Positive rating drivers	Negative rating drivers
• BGP forms an integral part of an integrated real estate group, Biggeorge Holding, owner of BGP • One of Hungary's largest funders of residential development • Successful fund manager with a broad group of co-investors and high levered return on own invested capital • Over HUF 255bn of assets under management spread over 38 funds • Three sources of income: investment returns (dividend income), service fees and development income • Interest rate and FX risk mitigated through fixed rate loans and currency matching	• Relatively small size by European standards • Significant development exposure, albeit with a strong track record and effective risk mitigation • High geographic and asset class concentration • High leverage at fund level, making dividend income potentially volatile • Management control but limited direct asset ownership, relying on capped investor returns

2. Rating Outlook

The **Stable Outlook** reflects our expectation that BGP will maintain solid credit metrics, with Scope-adjusted debt/EBITDA remaining well below 4x, supported by strong presales, a structured expansion strategy, and a more favourable macroeconomic environment. Long-term demand for residential real estate is expected to remain strong, driven by lower interest rates and improving investor sentiment.

3. Corporate profile

The rated entity, Biggeorge Property Nyrt. (BGP)[1], is directly owned by Tibor Nagygyörgy (92%), Tamás Nagygyörgy (5%), and Biggeorge Holding Ltd. (BGH) (3%), with BGH itself being 99% owned by Tibor Nagygyörgy. BGP is a Hungarian vertically integrated real estate group active in real estate development, ownership, fund management, services, financing, and construction. BGH was established in 1991 and is owned and managed by Tibor Nagygyörgy, the founder of the group.

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
13 Feb 2025	Affirmation	B+/Stable
19 Feb 2024	Affirmation	B+/Stable
17 Feb 2023	Affirmation	B+/Stable

[1] For clarification, Biggeorge Property Nyrt. is the Hungarian name of the issuer, which translated to English is Biggeorge Property Plc.

5. Financial overview (financial data in HUF m)

			Scope estimates	
Scope credit ratios	**2023**	**2024E**	**2025E**	**2026E**
Scope-adjusted EBITDA interest cover	26.5x	net interest	31.4x	47.8x
Scope-adjusted debt/EBITDA	1.7x	2.7x	1.1x	0.9x
Scope-adjusted FFO/debt	49%	33%	99%	125%
Scope-adjusted FOCF/debt	35%	-29%	-74%	121%
Scope-adjusted EBITDA				
Reported EBITDA	2,563	2,726	8,377	5,168
Recurring associate dividends received	103	210	-	-
Gains/losses on disposal	3,439	450	201	3,499
Other items (incl. one-offs)	(1,727)	-	-	-
Scope-adjusted EBITDA	**4,377**	**3,386**	**8,578**	**8,667**
Scope-adjusted funds from operations (FFO)				
Scope-adjusted EBITDA	4,377	3,386	8,578	8,667
less: Scope-adjusted interest	(165)	156	(274)	(182)
less: taxes paid	(512)	(455)	(810)	(744)
Other non-operating charges before FFO	-	-	1,687	2,025
Scope-adjusted FFO	**3,700**	**3,087**	**9,182**	**9,767**
Scope-adjusted free operating cash flow (FOCF)				
Scope-adjusted FFO	3,700	3,087	9,182	9,767
Working capital changes	(3,351)	2,754	621	(47)
Non-operating cash flow	268	277	-	-
less: Capex (net)	2,329	(8,495)	(16,661)	(261)
Other items	(268)	(277)	-	-
Scope-adjusted FOCF	**2,678**	**(2,655)**	**(6,858)**	**9,459**
Scope-adjusted interest				
Interest paid	361	362	447	380
Interest received	(196)	(518)	(174)	(198)
Scope-adjusted interest	**165**	**(156)**	**274**	**182**
Scope-adjusted debt				
Reported financial debt	7,565	9,286	9,286	7,786
less: cash and cash equivalents	-	-	-	-
Scope-adjusted debt (SaD)	**7,565**	**9,286**	**9,286**	**7,786**

6. Environmental, social and governance (ESG) profile[2]

Environment	Social	Governance	
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)	credit-neutral
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)	credit-neutral
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)	credit-negative
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)	credit-neutral

ESG factors: credit-positive credit-negative credit-neutral

ESG profile: adequate

BGP has an adequate ESG profile. Business services companies like BGP tend to be especially affected by reputational risk and its impact on long-term income. This risk for BGP is mitigated by its good standing with customers and co-investors. Due to higher public scrutiny in terms of energy savings in new projects, the group adopted strict building standards regarding, for example, geothermal heating, heat pump, green roofs, and AA or AA+ energy-saving ratings.

However, it is important to note that BGP operates within a complicated corporate structure that could pose challenges to effective governance and oversight. This complexity may impact the transparency and efficiency of its operations, potentially affecting stakeholder trust and complicating ESG efforts. However, the investment fund management company, Biggeorge Alapkezelo Plc is supervised by the National Bank of Hungary (NBH) since its establishment in 2005 and the managed real estate funds were created in each case upon their registration by the NBH. The operation of the investment funds is supervised by multiple international external appraisers, fund custodian banks and by an independent auditor (BDO), which jointly guarantee security and prudency at an institutional level.

Moreover, being listed on BSE's XTEND platform with Biggeorge Property Plc and on BSE's standard platform with Biggeorge REIT Plc and the operational and reporting obligations associated with the presence on the stock exchange also implements additional layers of transparency and accountability. In conclusion, BGP maintains an adequate ESG profile, underscored by its commitment to stringent building standards aimed at promoting energy savings and environmental sustainability in its projects. Despite operating within a complex corporate structure, the company demonstrates strong oversight and accountability through supervision by regulatory bodies such as the National Bank of Hungary. Furthermore, its listing on the BSE's XTEND and standard platforms enhances transparency and reliability, ensuring that BGP remains steadfast in its adherence to ESG principles.

[2] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

7. Business risk profile: B+

Industry risk profile: BB+

We classify BGP as a business services provider within the real estate sector, an industry we assess as BBB based on its medium level of cyclicality, medium risk of substitution, and medium barriers to entry. As a provider of real estate development and investment services, BGP operates in an asset-light model, relying on its expertise in managing assets and its specialised workforce to deliver value. The business's performance is closely tied to the assets under management by BGP and the demand for residential and logistics real estate in Hungary, where its skilled team plays a crucial role in driving project success and navigating market dynamics.

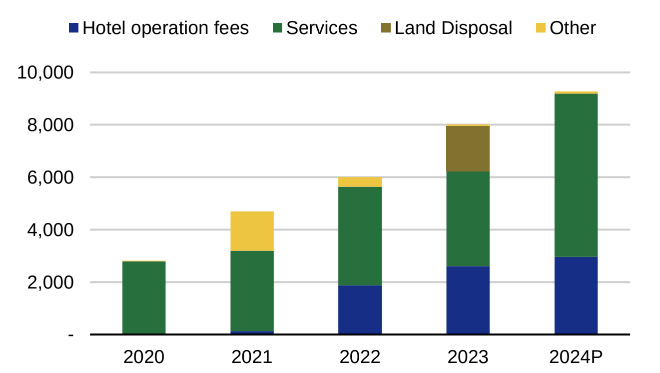
We maintain a blended industry risk profile to account for the growing exposure to homebuilding and construction, with the homebuilding industry assessed at BB and construction at B due to the acquisition of all shares in GroundUP in 2024. Importantly, BGP also serves as an incubator for future developments carried out by project funds, acquiring and holding the necessary land bank. This strategy contributes to the diversification of BGP's investment portfolio and supports its potential for long-term growth across both homebuilding and construction sectors

In 2023, the Hungarian real estate market was characterised by extremely high interest rates, even in a global comparison. After the steep rate hikes of 2022, base rates remained at very high levels for most of 2023, with the Hungarian Central Bank (MNB) eventually beginning to cut rates significantly towards the end of the year.

In 2024, as a result of the significant interest rate cuts, investors increased their interest in the real estate market once again, as lower interest rates and eroding government bond returns allowed real estate investments to once again offer an attractive alternative in terms of the risk-reward ratio. This environment is expected to further encourage investors to return to the real estate market, as other relatively low-risk assets such as government bonds will offer less competitive alternative opportunities. As a result, demand in the real estate market is expected to strengthen, which will have a positive impact on real estate-related investment opportunities.

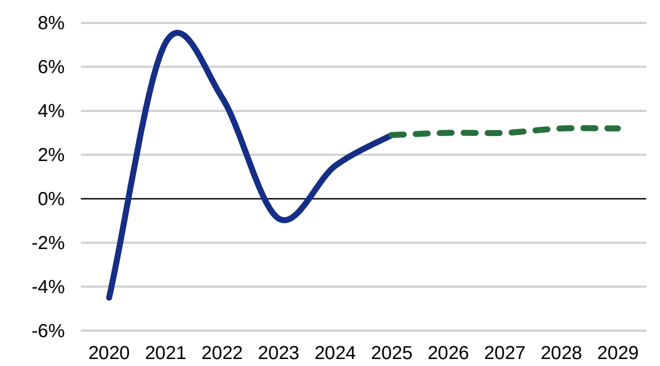
As of January 2025, the MNB has maintained the base rate at 6.5% since September 2024, following a series of rate cuts throughout 2024. In 2024, the consumer confidence index, while still in negative territory, has shown a positive trend compared to the past two to three years, reflecting a gradual improvement from previous lows.

Figure 1: Revenue breakdown in HUF m



Sources: BGP, Scope estimates

Figure 2: Real GDP growth (Annual percent change) - Hungary



Sources: IMF, Scope

BGP expands project pipeline with key developments and land acquisitions.

In 2024, BGP continued its focus on residential real estate developments, completing significant milestones and advancing key projects. During Q1 2024, handovers were completed for Spirit Residence (210 apartments) and Westside Garden (159 apartments). Throughout the year, pre-sales began for eight new residential projects – including Béke Garden, Árnyas 40 Villa Suites, Westside Grand I, Újbuda Garden, Újbuda Residence, Westside Grand II, Cosmo Residence, and Waterfront City V – with construction already underway for four of these developments. Collectively, these projects added nearly 1,000 apartments to the pipeline, with expected handovers stretching into 2026. Additionally, land purchases were finalised for future developments, and negotiations secured plots capable of accommodating over 3,500 additional units for 2026 and beyond.

BGP operates predominantly in the Hungarian market, making it highly susceptible to regional market dynamics, which are marked by fragmentation and intense competition. Nevertheless, BGP has established itself as a significant service provider in the Hungarian development sector. However, in a broader European context, the group remains relatively small. To diversify its operations and reduce reliance on the Hungarian market, BGP established Biggeorge Homes International Ltd. in 2024, targeting expansion into Poland, Spain, Portugal, and Germany through co-investment funds and external investors.

Furthermore, BGP's strategic ownership structure, including a significant stake in its primary umbrella fund, highlights its ability to leverage local market insights while navigating the competitive Hungarian market. With its recent steps towards international expansion through Biggeorge Homes International Ltd., BGP is broadening its focus beyond Hungary. However, the impact of this international expansion is likely to remain limited in 2025 and 2026 until the group establishes the right partnerships and secures suitable development opportunities. While smaller in scale compared to larger multinational corporations, BGP's local expertise and strategic initiatives position it as an emerging player within the broader European real estate landscape.

Despite its modest size, BGP’s niche strength is reinforced by its diverse activities, including hotel operations, fund services, and residential developments. The Emerald Hotel remains a stable revenue contributor, with its new 5-year investment period commencing in 2024, attracting both renewed and new investors. The group's unique fund structure continues to provide a stable revenue base, offering protection against market fluctuations, albeit with a focus increasingly shifting to international diversification and new project opportunities.

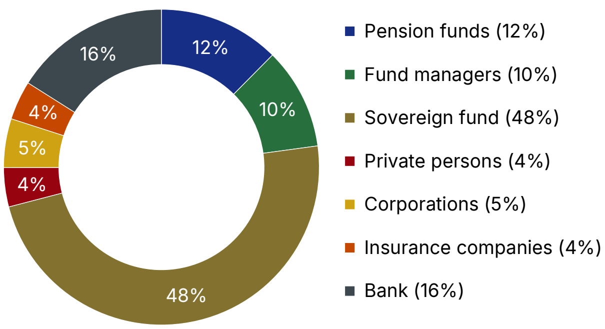
BGP’s scalability challenges are evolving as the company expands beyond the Hungarian market. With the establishment of Biggeorge Homes International Ltd. in 2024, BGP is targeting new markets like Poland, Spain, and Germany. While the impact of this expansion may be limited in 2025 and 2026 as the company builds key partnerships, it marks a shift towards diversifying operations and overcoming past geographical constraints.

BGP’s operations remain focused on Budapest

BGP's operations are primarily concentrated in Hungary, with a strong focus on Budapest. While the Silverbay Residence (69 apartments) in Siófok and the Szemesbay Resort (153 apartments) in Balatonszemes, both located at Lake Balaton, introduce some geographic diversification within Hungary, the company's overall geographic footprint remains relatively narrow. However, revenue generation has primarily been driven by developments around Budapest. The limited geographic diversity remains a significant constraint, particularly in terms of mitigating risks associated with regional economic fluctuations.

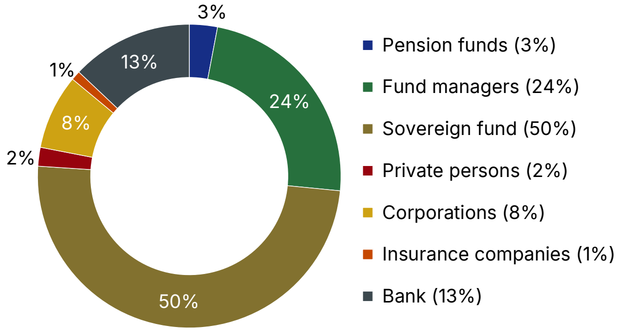
BGP’s customers are primarily the funds managed by the company, with 38 different funds operating under its umbrella. BGP follows a one fund, one project model, where the minimum investment amount per investor is EUR 100,000. While BGP has its own sales team and channels, the company is also well positioned to leverage its sales efforts in the residential segment via its sister company, Otthon Centrum – one of the leading real estate and mortgage brokerage firms in Hungary – with a database of over 30,000 potential residential real estate investors.

Figure 3: Profile of co-investors as of YE 2023



Sources: BGP, Scope

Figure 4: Profile of co-investors as of YE 2024



Sources: BGP, Scope

BGP’s fund business sources capital from a diverse range of institutional investors, including pension and sovereign funds, which provide a healthy degree of customer diversification. These investors tend to have long investment horizons, which prevent sudden withdrawals during economic downturns and adding a level of stability to BGP’s funding. Moreover, the lock-up periods in BGP’s fund management contracts provide an additional layer of financial stability, offering some protection against market volatility.

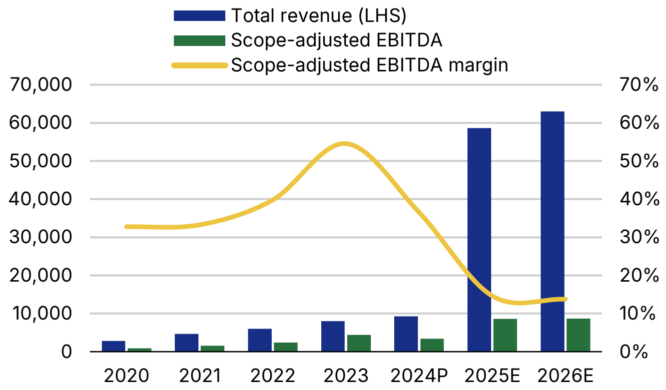
BGP boasts a diverse range of services, encompassing various aspects of real estate development, fund management, and hospitality operations. However, these services exhibit a high degree of correlation, which limits its cross-selling potential.

BGP's primary focus is residential development, which represents a significant portion of its services. While this concentration within the real estate sector provides stability and expertise, it also means that the various services offered are inherently tied to the real estate market's performance. BGP generates a substantial portion of its fee income from development services, including project management, sales, marketing, and engineering control. These services are closely aligned with its core real estate development activities and are subject to similar market dynamics.

BGP sustains strong EBITDA performance in 2024 with growth projected through 2026

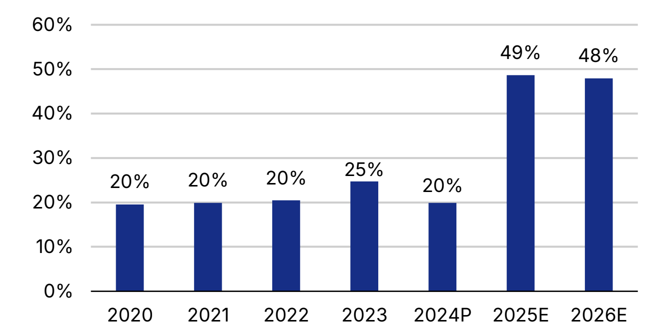
In 2024, the Scope-adjusted EBITDA margin remained strong at 37% (2023: 55%), generating HUF 3.4bn in Scope-adjusted EBITDA, despite no significant gains from investments which benefitted the company in 2023. The increase in operating profitability was driven by a stronger-than-expected market environment, reflected in high presales and successful project execution. The Scope-adjusted EBITDA is projected to rise to above HUF 8.0bn in 2025 and in 2026, supported by an expanded project pipeline and sustained demand. However, margins are expected to decline to around 15% due to the consolidation of GroundUp, which, while operating at a lower EBITDA margin, enhances cost control and ensures greater oversight of construction projects.

Figure 5: Evolution of the Scope-adjusted EBITDA margin (HUF m)



Sources: BGP, Scope estimates

Figure 6: Scope-adjusted return on capital employed



Sources: BGP, Scope estimates

The construction industry benefitted from interest rate cuts in 2024

The significant interest rate cuts in 2024 played a key role in reviving investor interest in the real estate market, as lower borrowing costs and declining government bond yields made real estate investments a more attractive alternative. With government bonds offering less competitive returns, this environment is expected to further strengthen real estate demand, supporting investment activity and contributing to the sector's continued recovery.

Construction activity remained elevated throughout 2024, with four new developments commencing and seven projects at various stages of completion as of January 2025. Two developments are set for completion in Q1 2025, with another one to be finalised in Q2. Residential sales in 2024 exceeded expectations, reaching 636 units, compared to the 381 units originally projected. Reservations continue to support revenue visibility, with strong demand expected to drive sales activity in 2025 and 2026.

Development momentum remains strong, with five new projects commencing in Q1 2025, followed by two in Q3 and Q4. In 2026, two developments will launch in Q2, with one more in Q3, while three further projects are scheduled for Q2 2027. The expanding development pipeline reflects sustained market demand.

Historically, co-investor returns were capped at 8-9% but increased to approximately 15% at the end of 2022 to maintain competitiveness and appeal to co-investors. They have since been adjusted to a range between 9% and 11%. As a result of this capped return mechanism for external investors, most of the individual projects' profits are realised by and attributable to BGP's own investments.

Co-investors are not involved in managing the assets, with their investment typically committed for a five-year period in case of income generating assets and a two-year period in case of residential development projects. Investors are only allowed to withdraw at the end of the investment period and need to submit the notifications 6-12 months prior to the end of period.

BGP's stable revenue stems from diversified sources including fund management fees, real estate development, and hotel management. Despite challenging market conditions in Hungary, such as high interest rates and a real estate market downturn, BGP has shown consistent revenue growth and resilience. The duration of its fund management contracts (i.e. its lock up periods) and a robust real estate project pipeline provide good visibility of future cash flows. The 'one project, one fund' model, with at least 20% of the total equity provided by BGP Group or related entities in each project, ensures that its interests are closely aligned with those of external investors, instilling trust and confidence, contributing to revenue predictability and stability.

BGP's service integration is evident through its range of offerings, including project management, asset management, and construction services. This is complemented by vertical integration in construction via GroundUP Ltd., ensuring control over the real estate development process and potentially increasing efficiency and revenue stability. The integration of BGP's services into client operations implies that switching providers would be costly and inconvenient, securing BGP's position in the market. Its ability to offer tailored solutions, evidenced by specific projects in green finance and energy-efficient real estate, highlights a high level of service customisation. BGP's approach not only aligns with clients' interests but also becomes an integral part of their investment strategies.

Scope-adjusted ROCE has remained stable over the past several years, fluctuating within a range of 19% to 25%, reflecting the company's consistent ability to generate returns from its capital base. This stability is largely driven by the resilience of Scope-adjusted EBITDA, which has remained steady despite fluctuations in market conditions.

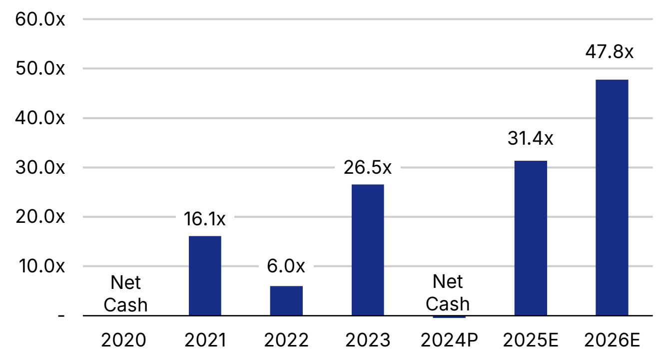
Scope-adjusted ROCE is forecast to improve significantly in 2025 and 2026, driven by a sharp increase in Scope-adjusted EBITDA, supported by an expanding project pipeline, strong presales, and higher construction activity. The full integration of GroundUP will enhance cost efficiencies and improve project execution, further supporting profitability. Additionally, investment gains expected in 2026 and 2027, primarily from BG32, could further accelerate ROCE improvement.

8. Financial risk profile: BB

Interest cover expected to remain stable

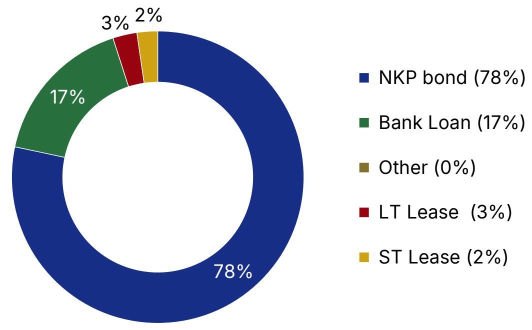
As of YE 2024, interest-bearing debt consists primarily of a single bond issued in February 2022 under the Hungarian Bond Funding for Growth Scheme (NKP), along with some minor shareholder loans. The NKP bond accounts for 78% of total debt outstanding and carries a fixed coupon of 5.1%. In addition, following the consolidation of GroundUP in December 2024, the issuer will also hold a HUF 1.5bn construction loan, due for repayment in Q1 2026. The high proportion of fixed-rate debt insulates the company from market volatility, particularly from fluctuating interest rates as seen in Hungary over the past 24 months, providing better visibility on future interest payments and allowing for more predictable cashflows.

Figure 7: Scope-adjusted EBITDA interest cover



Sources: BGP, Scope estimates

Figure 8: Interest bearing debt profile as at YE 2024



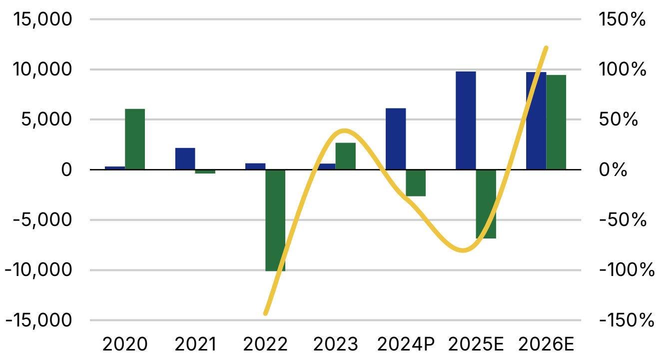
Sources: BGP, Scope estimates

In 2024, FOCF turned negative, as there was only limited realised gains (HUF 450m) compared to 2023 (HUF 3.4bn), although this was already expected last year. Additionally, BGP spent HUF 7.7bn in capex in 2024, primarily to purchase B-series shares from the BG 4 Fund for the BG

25 Fund. In 2025, FOCF is expected to remain negative, again with only limited investment gains forecasted, and due to the expected capex of HUF 16.4bn for various investments, including plot acquisitions, demolition, and pre-development costs, as well as capital allocations to different funds.[3]

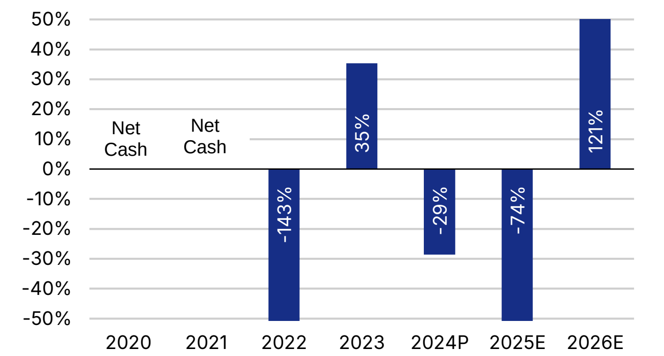
However, 2026 and 2027, FOCF is expected to turn positive, with realised gains of HUF 7.0bn in 2026, and HUF 14.0bn in 2027, from investments by BG 32. Further investment in other line items, such as CAPEX, is expected to have a minimal impact on the cash flow in these years.

Figure 9: Cash flow (HUF m)



Sources: BGP, Scope estimates

Figure 10: Scope-adjusted FOCF/debt



Sources: BGP, Scope estimates

Leverage expected to improve in 2025 and 2026

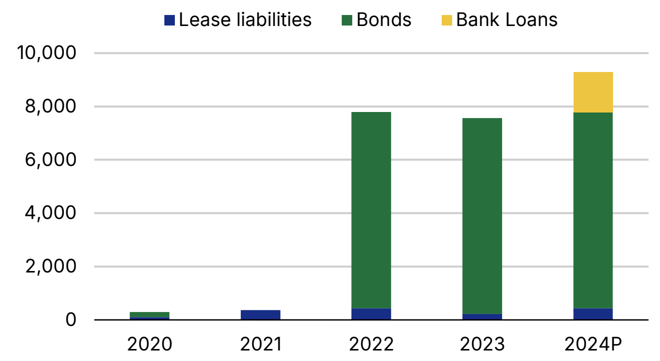
BGP's leverage, as measured by its Scope-adjusted debt/EBITDA ratio was bolstered in 2023 by a spike in Scope-adjusted EBITDA, due to gains on investments. In 2024, Scope-adjusted EBITDA normalised, while debt levels saw a marginal increase, primarily due to the 100% acquisition of GroundUP, which added HUF 1.5bn in debt to the balance sheet. As a result, leverage increased.

However, Scope-adjusted EBITDA is projected to rise sharply in 2025, scaling up operating income to HUF 58.9bn from HUF 9.2bn in 2024. This surge reflects an expanded project pipeline, with eight large developments commencing – double the number in 2024 – alongside heightened construction activity in response to strong demand.

In 2026, operating income is expected to rise further to HUF 63.2bn, though margin pressure is likely to increase due to higher costs and competitive dynamics. However, the year is also expected to benefit from significant investment gains from the BG32 holding fund, amounting to HUF 7bn, providing an additional boost to earnings. As a result, leverage is forecasted to improve significantly in the short to medium term, assuming no further debt is added. Given that the bond prospectus requires the issuer to consult Scope for any new debt issuance exceeding 10% of equity and no additional debt is planned, Scope-adjusted debt is expected to remain largely unchanged at approximately HUF 7-9bn.

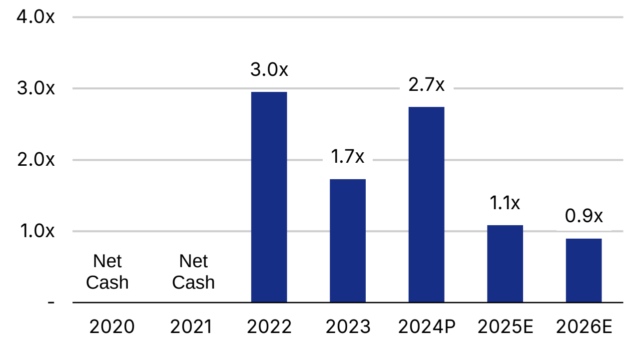
[3] The HUF 7.7bn capex in 2024 mainly comprised the purchase of B-series shares from BG 4 for the BG 25 Fund (HUF 4.7bn) and the BG 18 Fund (HUF 1.5bn), along with HUF 1.4bn allocated to funding new projects via the BG 32 holding fund. In contrast, the HUF 16.4bn planned for 2025 primarily consists of financing new residential plots via BG 32, including 85% of the Budafoki plot's purchase price (HUF 9.0bn), demolition and pre-development costs at the Bogdáni plot (HUF 2.3bn), and the acquisition of a new plot in final negotiations (HUF 2.5bn). Additional capex includes the subscription of B-series shares for various residential projects and the final capital instalment for BG 40 (HUF 1.5bn). Notably, 2025 investment plans are largely unrelated to BG 4.

Figure 11: Debt Profile (HUF m)



Sources: BGP, Scope

Figure 12: Scope-adjusted debt/EBITDA



Sources: BGP, Scope estimates

Adequate liquidity

Liquidity is adequate. Similar to 2024, the FOCF is anticipated to be negative again in 2025, as it is linked to funds in which BGP finance, which are earmarked for a number of investments. However, BGP holds HUF 18.0bn in cash on its balance sheet at year-end 2024, an increase from HUF 7.3bn at YE 2023. None of this cash is currently committed to specific projects, and the expenditure of the HUF 18.0bn will depend on future investment decisions made by the Board and management. As a result, the company has sufficient cash reserves to cover any short-term obligations.

BGP benefits from having no significant short-term debt repayments in the near term, along with relatively low capital expenditure requirements due to the asset-light nature of its business. It is anticipated that cash sources will adequately meet future cash needs, and liquidity is considered satisfactory.

The issuer has confirmed that there are no undrawn credit facilities available.

Table 1. Liquidity sources and uses (in HUF m)

	2024	2025E	2026E
Unrestricted cash (t-1)	7,322	17,964	9,933
Open committed credit lines (t-1)	0	0	0
Free operating cash flow (t)	(2,655)	(6,858)	9,459
Short-term debt (t-1)	309	309	1,809
Liquidity	**>200%**	**>200%**	**>200%**

Sources: BGP, Scope estimates

9. Debt rating

Senior unsecured debt rating: BB-

Biggeorge has issued one senior unsecured bond through the Hungarian Central Bank's Bond Funding for Growth Scheme. The bond was issued in February 2022 with a volume of HUF 7.0bn (ISIN: HU0000361365), a ten-year tenor and a fixed coupon of 5.1%, payable annually. Repayment is in five equal tranches (10% of the face value), commencing from February 2027, with a 50% balloon payment at maturity.

Our recovery analysis is based on a hypothetical default scenario in 2026, based on the liquidation value of the company's assets. we estimate the recovery for all senior secured debt to be 'above average', and therefore we reaffirm the senior unsecured debt rating of BB- (one notch above the underlying issuer rating).

We note that Biggeorge's senior unsecured bonds issued under the Hungarian bond scheme have an accelerated repayment clause requiring repayment of the nominal amount of the bond (total HUF 7.0bn) in case of rating deterioration (two-year cure period for a B/B- rating, repayment within 30 days after the bond rating falls below B-, which could have default implications).

This affirmation is driven by the above-average recovery rate due to the significant unencumbered asset position, which provides sufficient headroom against severe market value deterioration.

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

Scope Ratings UK Limited

52 Grosvenor Gardens
London SW1W 0AU
Phone: +44 20 7824 5180
info@scoperatings.com

in
Bloomberg: RESP SCOP
Scope contacts
scoperatings.com

Disclaimer