

# Kopaszi Gát Zrt.

Hungary, Real Estate

## Rating composition

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

## Key metrics

Scope credit ratios*	2023	2024	Scope estimates	
			2025E	2026E
Scope-adjusted EBITDA interest cover		Net cash interest received	7.1x	239.6x
Scope-adjusted debt/EBITDA	22.5x	5.4x	23.0x	1.1x
Scope-adjusted loan/value	56%	41%	27%	63%
Scope-adjusted loan/value (netting of cash)	19%	10%	3%	-4%
Scope-adjusted free operating cash flow/debt	9%	20%	11%	33%
Liquidity	>200%	>200%	>200%	>200%

## Rating sensitivities

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

- A stronger business risk profile, driven by a significant increase in size. This scenario is currently considered remote.
- Debt EBITDA stabilised below 8x on a sustained basis.

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

- Debt/EBITDA remaining well above 12x and not offset by a high pre-sale rate of above 90%.
- Liquidity weakening, for example, due to reduced access to bank financing or higher-than-anticipated cash absorption from the execution of Kopaszi's development pipeline. This scenario is unlikely given the issuer's continued high level of cash.

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

Issuer

B+

Outlook

Stable

Senior unsecured debt

B+

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## Related methodologies

General Corporate Rating Methodology, Feb 2025

European Real Estate Rating Methodology, Jun 2025

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## 1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none"> <li>Focused on real estate development, mainly residential and offices, with strong demand in issuer's market of Hungary.</li> <li>High-quality development portfolio, with buildings that meet recognised standards, namely LEED (gold or above and Hungarian EPC level of BB).</li> <li>Strong sales over the past two years.</li> <li>Strong backlog (including the development of six office buildings for a local customer, totalling EUR 650m).</li> </ul>	<ul style="list-style-type: none"> <li>Small company in a fragmented market leading to more volatile cash flows and limited economies of scale.</li> <li>Exposure to development activities leading to volatile cash flow pattern, partially mitigated by stable recurring rental income and activities in homebuilding (less volatile than commercial development).</li> <li>Geographical cluster risk on Budapest combined with a concentrated development project pipeline (BudaPart comprising 26 buildings).</li> <li>Highly dependent on a single customer.</li> </ul>

## 2. Rating Outlook

The Stable Outlook reflects our expectation that Kopaszi will maintain adequate liquidity and successfully complete its development pipeline, including its planned office and residential developments, which are scheduled for completion in 2026. These projects are expected to materially strengthen operating performance and credit metrics following a transitional year in 2025 with limited EBITDA. The Outlook assumes no significant delays in construction milestones, continued strong pre-sale activity, and stable market conditions.

## 3. Corporate profile

Kopaszi Gát Zrt. is a Budapest-focused residential real estate developer engaged in sales and leasing. The company is among Hungary's top three real estate developers by number of apartments. Its operations encompass the full development process, including site evaluation, project planning, implementation and marketing. The company is focused on developing BudaPart, the largest real estate project in Budapest. In 2015, Kopaszi Gát Ltd. acquired the project site for BudaPart, with a total market value of about EUR 80m.

Budapest-focused residential developer

## 4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
11 Dec 2025	Affirmation	B+/Stable
12 Dec 2024	Affirmation	B+/Stable
12 Dec 2023	Affirmation	B+/Stable

## 5. Financial overview (financial data in EUR m)

Scope credit ratios	2022	2023	2024	Scope estimates		
				2025E	2026E	2027E
EBITDA interest cover		Net cash interest received		7.1x	239.6x	125.7x
Debt/EBITDA	-213.8x	22.5x	5.4x	23.0x	1.1x	9.3x
Loan/value	56%	56%	41%	27%	63%	60%
Loan/value (netting of cash)	26%	19%	10%	3%	-4%	1%
Free operating cash flow/debt	-13%	9%	20%	11%	33%	-13%
Liquidity	38%	>200%	>200%	>200%	>200%	>200%
<b>EBITDA</b>						
Reported EBITDA	-0.8	10.2	32.5	8.4	150.6	22.4
Other items (incl. one-offs and gains on disposals)	0.0	0.0	0.4	0.0	30.8	0.4
<b>EBITDA</b>	<b>-0.8</b>	<b>10.2</b>	<b>32.9</b>	<b>8.4</b>	<b>181.4</b>	<b>22.8</b>
<b>Funds from operations (FFO)</b>						
EBITDA	-0.8	10.2	32.9	8.4	181.4	22.8
less: interest	2.3	2.8	0.0	-1.2	-0.8	-0.2
less: cash tax paid	-1.1	-0.7	-4.2	-0.9	-20.4	-5.1
Other non-operating charges before FFO	0.0	0.0	0.0	311.4	-493.9	0.0
<b>Funds from operations</b>	<b>0.4</b>	<b>12.3</b>	<b>28.8</b>	<b>317.8</b>	<b>-333.6</b>	<b>17.5</b>
<b>Free operating cash flow (FOCF)</b>						
Funds from operations	0.4	12.3	28.8	317.8	-333.6	17.5
Change in working capital	4.3	29.9	10.4	-293.4	404.0	-27.9
Non-operating cash flow	0.0	0.0	0.0	0.0	0.0	0.0
less: capital expenditures (net)	-26.7	-22.5	-3.2	-3.2	-3.2	-3.2
less: lease amortisation	0.0	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free operating cash flow</b>	<b>-22.0</b>	<b>19.7</b>	<b>36.0</b>	<b>21.2</b>	<b>67.2</b>	<b>-13.6</b>
<b>Interest</b>						
Interest paid per cash flow statement	2.7	9.6	10.3	9.4	10.0	10.4
Interest received per cash flow statement	-5.0	-12.5	-10.4	-8.2	-9.2	-10.3
<b>Interest</b>	<b>-2.3</b>	<b>-2.8</b>	<b>0.0</b>	<b>1.2</b>	<b>0.8</b>	<b>0.2</b>
<b>Debt</b>						
Reported financial (senior) debt	162.7	230.4	178.7	193.8	202.4	211.0
<b>Debt</b>	<b>162.7</b>	<b>230.4</b>	<b>178.7</b>	<b>193.8</b>	<b>202.4</b>	<b>211.0</b>
<b>Market value of total assets</b>						
Total assets	375.7	563.6	570.0	891.8	535.2	560.0
less: cash and cash equivalents	-86.6	-151.0	-133.0	-169.3	-214.3	-209.0
<b>Market value of total assets</b>	<b>289.1</b>	<b>412.5</b>	<b>437.0</b>	<b>722.5</b>	<b>320.9</b>	<b>351.0</b>

## 6. Environmental, social and governance (ESG) profile<sup>1</sup>

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) 
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) 
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) 
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests) 

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

All completed office buildings at BudaPart have LEED Gold certification, and Kopaszi aims to obtain the highest possible energy performance certificate (EPC) standard in all future office developments. Residential buildings all conform to the EPC BB energy rating. For all new residential buildings, the issuer plans to introduce geothermal heat pump systems, making the buildings essentially energy-independent.

The company also strives towards efficiency during the development phase. Kopaszi estimates it will save 10-30 tonnes of CO<sub>2</sub> emissions per year through interior landscaping and limiting transport needs by utilising a local concrete plant.

We expect all initiatives to enhance the portfolio's attractiveness and the company's profitability because: i) work to attain certification improves energy efficiency and increases portfolio efficiency; and ii) environmentally friendly buildings attract not only high-quality prospective tenants, which are increasingly concerned about sustainability, but also prospective investors.

<sup>1</sup> 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+

Kopaszi's business risk profile remains stable, reflecting its current project pipeline and cash flow visibility. Revenue generation continues to be supported by real estate developments and, to a lesser extent, recurring income from commercial assets that reduce market cyclicity.

Kopaszi is a Budapest-focused real estate developer. Its activities comprise the development of properties built for sale – residential and office premises – and for leasing, mainly ground-floor shops in residential buildings. Kopaszi holds two office buildings and a hotel building on its balance sheet and benefits from recurring rental income.

Industry risk profile: BB-

Nevertheless, the company's core activity remains development (commercial and homebuilding). Kopaszi's activities in homebuilding address a basic human need and therefore partially mitigate the risk associated with its commercial development. To reflect the company's business model, we calculated a blended industry risk, considering the contribution of each business line to revenues, which led to a weighted average industry risk of BB-.

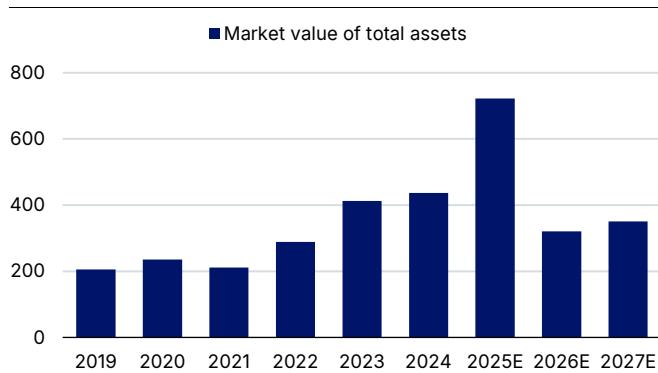
Kopaszi remains a relatively small property developer in a European context, with total assets of EUR 437m at YE 2024. Despite its modest size, the company is executing one of Budapest's largest mixed-use developments, BudaPart, in a fragmented Hungarian real estate market. The development pipeline includes more than 800 residential units and six office buildings, scheduled for delivery by mid-2026.

Small property company in a highly fragmented market

A key milestone was achieved in June 2023 when Kopaszi signed a binding forward-sale agreement with the Hungarian state for six office buildings with 135,000 square metres of gross lettable area in total, valued at around EUR 650m. Construction is progressing as planned, with all structures completed and phased handovers expected between January and July 2026. By October 2024, Kopaszi had received 31% of the purchase price (EUR 201m), rising to 75% (EUR 490m) by November 2025. This agreement significantly enhances cash flow visibility, mitigates execution risk and eliminates speculative exposure as the office pipeline is fully pre-sold.

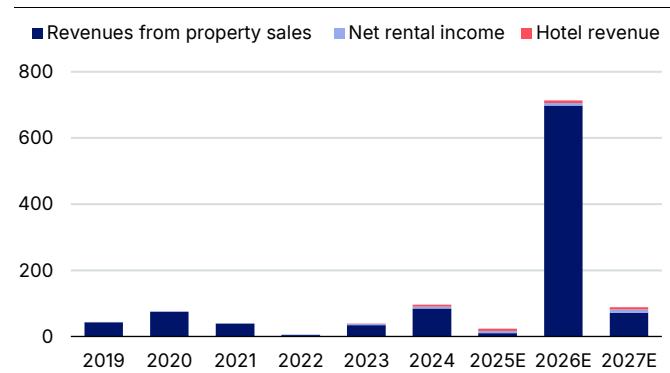
Residential developments provide additional diversification, albeit modest. The BRK project, launched in 2024, is practically complete with a valid occupancy permit and a 76% pre-sale ratio, with handover expected in Q1 2026. The BRJ project, launched in Q1 2025, has reached a favourable 42% pre-sale ratio and is scheduled for completion in 2027. Both projects are priced above the Budapest market average, supporting strong margins historically observed in Kopaszi's residential segment. However, no residential exits are planned for 2025, making the year a transitional period with limited EBITDA contribution.

**Figure 1: Total assets (EUR m)**



Sources: Kopaszi, Scope estimates

**Figure 2: Revenue breakdown by segment (EUR m)**



Sources: Kopaszi, Scope estimates

Geographic concentration and limited recurring income remain structural constraints. Kopaszi's activities are fully focused on Budapest, with no plans to expand beyond the BudaPart project. While demand for premium residential units remains robust, evidenced by historically high pre-sale rates, the exposure to a single market heightens vulnerability to adverse macroeconomic conditions. The forward-sale agreement reduces speculative risk but introduces cluster risk, as

Limited geographical and revenue stream diversification

future earnings rely heavily on a single counterparty. This risk is partially mitigated by the strong credit quality of the buyer – the Hungarian state – and contractual protections, including penalties in case of termination.

Asset quality is credit-positive. Developments are located in prime Budapest areas and meet high sustainability standards, supporting market liquidity and reducing distressed sale risk. Retained office assets exhibit strong occupancy – the BOE asset at 95% and the BOG at 90% – driven by demand for modern, energy-efficient offices. Tenant diversification remains weak, with the top three tenants accounting for 67% of rental income at BOE and 85% at BOG, though tenant quality is moderate, comprising international corporates and smaller retailers.

Profitability rebounded in 2023 following a weak 2022, driven by the delivery of 77 apartments from the BRF, BRG and BRL projects, generating EUR 34m in revenue and EUR 10m in EBITDA. Margins strengthened further in 2024 with the completion and exit of BRG and BRL, delivering EUR 100m in revenue and EUR 33m in EBITDA, with strong project-level margins, consistent with historical returns. No residential revenue is expected in 2025, with the next major contribution anticipated in 2026 from BRK and the office project. BRK is projected to deliver strong margins in line with historical performance, while the office project – secured by the forward-sale agreement – will generate EUR 650m in revenue. As a result, we forecast EBITDA of around EUR 180m in 2025. Recurring rental income from retained assets (BOG, BOE and BHG) provides stability during transitional periods. Rental income is projected at EUR 14m in 2025, supported by high occupancy and inflation-linked leases. Expiring rent-free periods in 2025 will further boost rental profitability.

High asset quality to support portfolio liquidity

Strong profitability and stable on single project basis

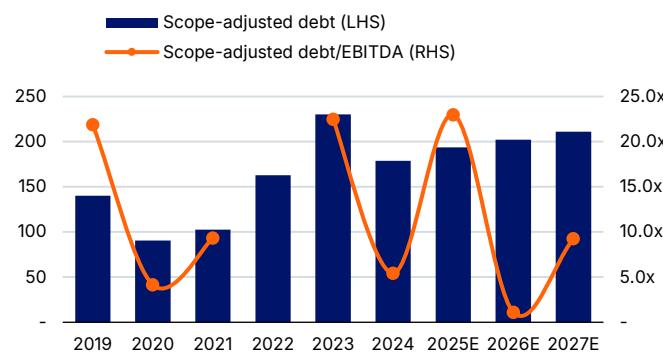
## 8. Financial risk profile: B+

The financial risk profile continues to reflect the inherently volatile credit metrics, given Kopaszi's project-driven cash flow and earnings profile. Volatility is, however, supported by strong liquidity.

Debt/EBITDA improved to 5.4x in 2024 following strong project completions but is expected to spike to around 23x in 2025, driven by the absence of handovers and EBITDA falling to EUR 8m. A sharp correction is anticipated in 2026, with leverage dropping to 1.1x as EBITDA rebounds to around EUR 181m on the back of BRK and office project completions. Despite this improvement, leverage remains inherently volatile, averaging around 11x for 2025–2027 under stressed scenarios, underscoring the issuer's project-driven business model.

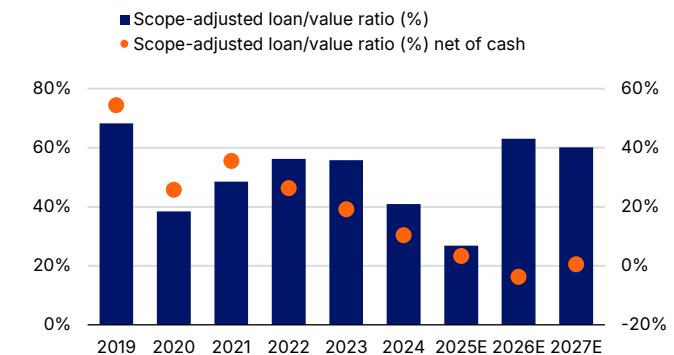
High leverage but mitigated by strong cash position

**Figure 3: Debt (EUR m) and leverage**



Sources: Kopaszi, Scope estimates

**Figure 4: Loan/value**



Sources: Kopaszi, Scope estimates

The loan/value ratio remains supportive at 27% in 2025, aided by asset values expected to peak at EUR 722m, providing a strong cushion against temporary spikes in debt metrics. The phased delivery of six office buildings under a binding forward-sale agreement mitigates execution risk and supports visibility on deleveraging. However, leverage could deteriorate if speculative commercial developments are launched post-2026, though such projects remain discretionary.

Overall, volatility in leverage is a key constraint on the rating, despite robust asset backing and the high visibility of contracted cash flows.

Debt protection benefited from positive net interest income between 2022 and 2024, supported by Kopaszi's strong cash position, which partially offset financing costs despite elevated leverage. From 2024, Kopaszi's debt protection is supported by a disciplined deleveraging path and a conservative debt structure. Interest-bearing debt declined to EUR 179m at YE 2024 and stood at EUR 187m as of September 2025, with a 76% fixed-rate exposure (86% including hedges) and an average fixed interest rate of 6% providing strong protection against interest rate volatility. Liquidity remains robust, with around EUR 170m in cash reserves as at mid-2025, largely held in risk-free deposits earning around 7%, continuing to generate meaningful interest income and mitigating financing costs.

Interest income reduced interest burden

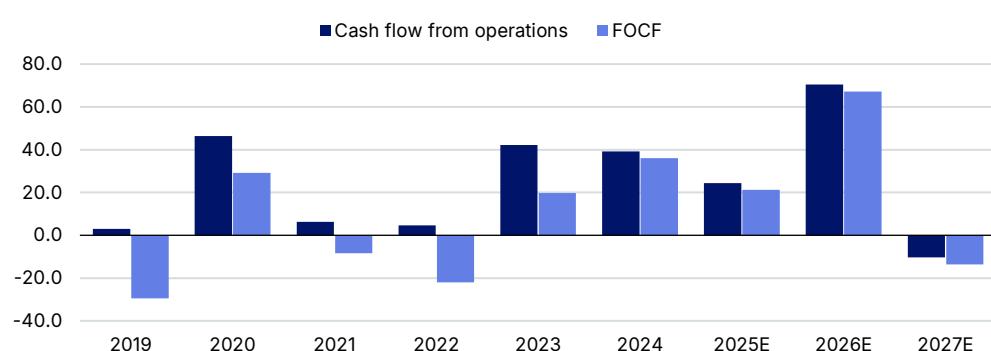
Pressure on coverage is expected in 2025 as EBITDA falls to EUR 8m, resulting in an EBITDA interest cover of 7.1x, reflecting the absence of project handovers and the reliance on rental income. Headroom to absorb volatility remains limited until completions resume. A sharp recovery is anticipated in 2026, driven by the phased handover of the office project and the BRK residential development, which would lift EBITDA to around EUR 181m and restore strong interest coverage. Metrics beyond 2026 are expected to remain highly sensitive to project timing, underlining the issuer's structurally cyclical credit profile.

Cash flow dependent on project milestones

Kopaszi's cash flow generation has historically been volatile due to the project-driven nature of real estate development, and this trend is expected to continue as large-scale projects require significant upfront funding. Cash inflows and outflows remain structurally mismatched, with milestone payments and revenue recognition concentrated around completion and handover dates.

Although 2025 has been a strong development year, pressure on free operating cash flow has been mitigated by robust pre-sales for the residential projects – BRK is 95% complete and 76% pre-sold, while BRJ has reached 42% of pre-sales – and by advance payments for the office project, where 75% of the purchase price has already been collected, leaving only the final instalment pending for each building.

**Figure 5: Cash flows**



Source: Kopaszi, Scope estimates

Liquidity is underpinned by cash reserves of around EUR 170m as of end-June 2025 and approximately EUR 50m in undrawn credit lines. The company benefits from a back-loaded debt maturity profile, with the next significant repayment of EUR 37m due in 2026. Refinancing risk remains limited given Kopaszi's robust liquidity position and proven access to funding.

Adequate liquidity

Even if free operating cash flow turns negative in the coming years due to higher working capital requirements, committed investments are expected to be financed through a combination of internal resources and dedicated credit lines earmarked for specific developments. Liquidity management remains a key priority, reflecting the substantial cash flow needs associated with large-scale projects.

**Table 1. Liquidity sources and uses (in EUR m)**

	2024	2025E	2026E
Unrestricted cash (t-1)	151.0	133.0	169.3
Non-accessible cash (t-1) <sup>2</sup>	0.0	-26.6	-33.9
Open committed credit lines (t-1)	0.0	38.9	54.3
FOCF (t)	36.0	21.2	67.2
Short-term debt (t-1)	12.4	2.5	36.6
<b>Liquidity</b>	<b>&gt;200%</b>	<b>&gt;200%</b>	<b>&gt;200%</b>

Source: Source

## 9. Supplementary rating drivers: +/- 0 notches

Supplementary rating drivers have no impact on the issuer rating.

## 10. Debt ratings

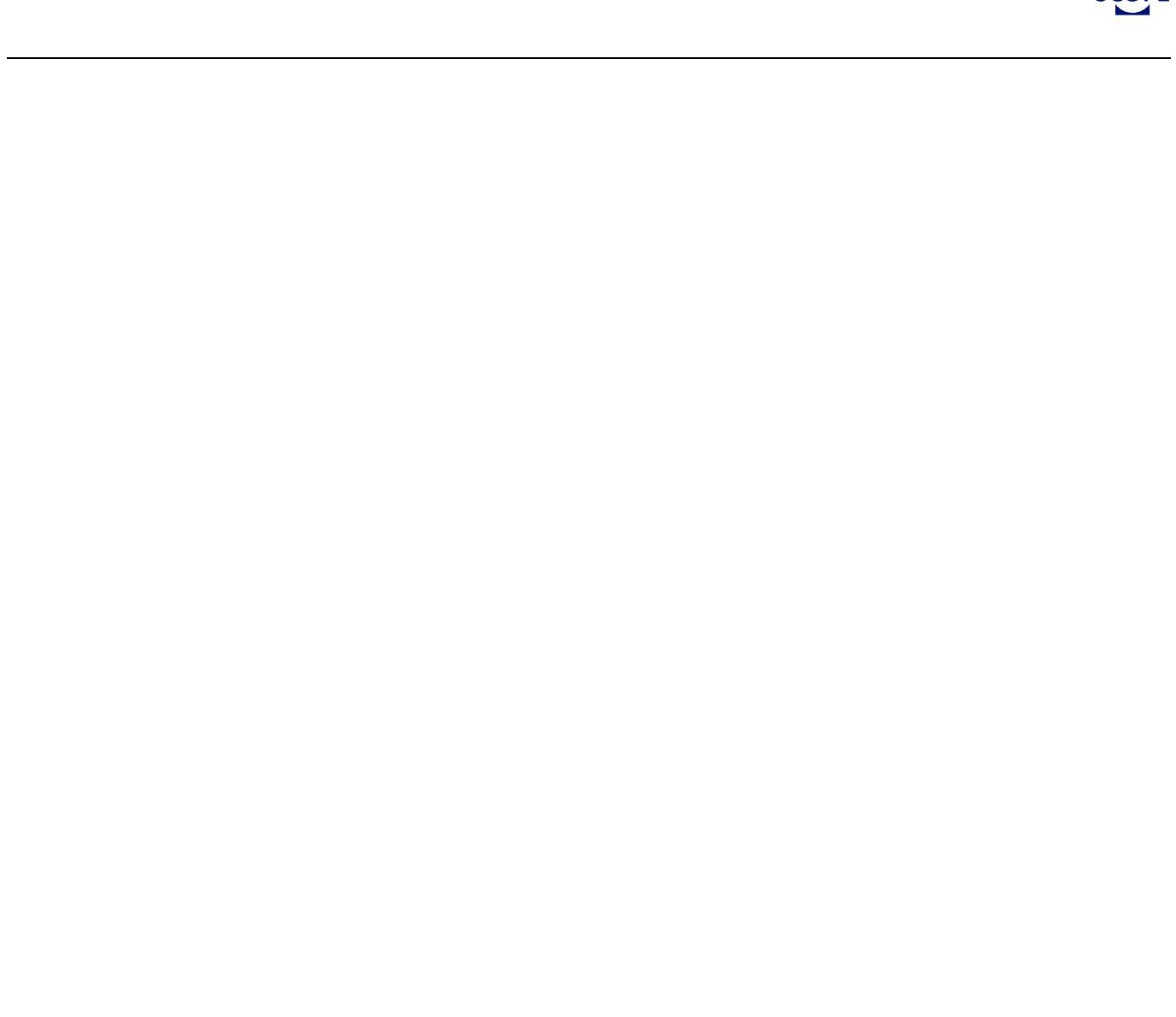
In January 2022, Kopaszi issued a HUF 34.5bn senior unsecured corporate bond (HU0000361308) under the MNB Bond Funding for Growth Scheme. The amortisation schedule of the 10-year, fixed-interest instrument assumes repayments of 10% of the face value annually from the 5th to 9th anniversaries, followed by a 50% balloon payment at maturity in 2032.

Senior unsecured debt rating: B+

Proceeds from the bond were allocated to finance future developments, refinance the first-ranking mortgage-backed loan provided by EXIM Bank, and partially refinance the second-ranking mortgage-backed shareholder loan. The bond carries a fixed coupon rate of 5.75%.

Our recovery analysis is based on a hypothetical default scenario at year-end 2025, assuming outstanding senior secured debt of EUR 54m, EUR 50m undrawn facilities, senior unsecured debt of EUR 86m (bond), and senior secured payables of approximately EUR 17m. The recovery estimate is assessed as "superior," but no uplift is granted due to the potential introduction of additional senior secured debt ranking ahead of the unsecured debt and the volatility of the capital structure on the path to default. The senior unsecured debt rating has been affirmed at B+ (equal to the issuer rating).

<sup>2</sup> A 20% haircut is applied to the company's cash position to reflect intrayear working capital fluctuations.

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