

SunDell Estate Nyrt.

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	-1 notch
Governance & structure	+/-0 notches	
Parent/government support	-1 notch	
Peer context	+/-0 notches	
Issuer rating		B-

Key metrics

Scope credit ratios*	Scope estimates			
	2023	2024	2025E	2026E
Scope-adjusted EBITDA interest cover	5.0x	-1.3x	8.0x	13.0x
Scope-adjusted debt/EBITDA	7.9x	-35.6x	3.7x	3.0x
Scope-adjusted loan/value	29%	31%	22%	20%
Scope-adjusted free operating cash flow/debt	19%	14%	99%	-10%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenarios for the ratings and Outlook:

- Improved credit quality of the parent
- Increased visibility on sales beyond one year, especially for luxury apartments, or a significant portion of recurring EBITDA while credit metrics remain in line with our rating case (a scenario that is currently considered remote)

The downside scenarios for the ratings and Outlook:

- No improvement in operational performance, which continues to put pressure on credit metrics
- Weakening liquidity, either due to a delay in handovers or a further deterioration in the parent's (GOPD's) credit quality

*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

- Track record of HUF 69bn in completed residential projects in Hungary since 2017, four ongoing projects with HUF 119bn net value
- Moderate leverage with LTV of 30% in 2024 and debt/EBITDA between 3-8x depending on handovers
- Favourable financing conditions with low-cost bonds (3.25% and 3.65% interest) and green bond framework supporting access to sustainable funding
- Gradual build-up of recurring revenues from rental portfolio smoothing future cash flows

Negative rating drivers

- Small-sized company in a fragmented market leading to volatile cash flows and limited economies of scale
- Concentrated development pipeline with geographical cluster risk on Budapest
- High exposure to the cyclicity of the Budapest residential real estate market, with most revenues directly dependent on development activities and unit sales
- Affordability challenges in Budapest amid high interest rates, though partially mitigated the subsidized interest mortgage rate of 3% introduced by the Hungarian government for first-time buyers
- Execution risks on flagship SunDell Port with handovers expected until 2028–2029

2. Rating Outlook

The Stable Outlook reflects SunDell's recovering credit metrics in 2025, driven by current project handovers. Nevertheless, risks remain due to the concentrated project pipeline going forward, especially related to its flagship project, SunDell Port. However, successful delivery of the backlog and stabilizing costs should maintain debt/EBITDA below 5x for the next 2 years.

3. Corporate profile

Sundell Estate Nyrt. (SunDell) develops, sells, and increasingly leases residential assets in Budapest, complemented by select commercial components, and has completed seven projects since 2015 with four ongoing and additional projects in preparation through 2029.

SunDell's strategy is a multi-phase transformation from a Budapest-focused residential developer into a diversified, income-oriented REIT with stronger recurring cash flows and reduced exposure to cyclical residential sales. The roadmap rests on portfolio rebalancing, capital discipline, pipeline-driven growth, and enhanced financing capacity, with execution centred on SunDell Port and Budapest submarkets where the brand and supplier ecosystem are already established.

The long-term objective is to achieve a balanced REIT model with roughly half of assets held for lease, anchored in build-to-rent (BTR) and commercial developments, while retaining a disciplined build-to-sell engine to drive cash conversion and fund growth. By 2030, the targeted portfolio mix is 45% residential-for-lease, 20% commercial-for-lease, 25% residential-for-sale, and 10% commercial linked to residential projects. This ensures diversification of income streams, greater resilience through cycles, and uplift in valuation multiples.

The ultimate beneficial owners of SunDell are the Piukovics family through with GOPD Nyrt.

Date	Rating action/monitoring review	Issuer rating & Outlook
17 Oct 2025	Affirmation	B-/Stable
17 Oct 2024	Downgrade	B-/Stable
17 Oct 2023	Affirmation	B/Stable

4. Financial overview (financial data in HUF m)

	Scope estimates					
Scope credit ratios	2022	2023	2024	2025E	2026E	2027E
EBITDA interest cover	3.9x	5.0x	-1.3x	8.0x	13.0x	5.4x
Debt/EBITDA	8.4x	7.9x	-35.6x	3.7x	3.0x	7.6x
Loan/value	27%	29%	31%	22%	20%	16%
Free operating cash flow/debt	-73%	19%	14%	99%	-10%	13%
Liquidity	18%	1359%	659%	390%	271%	48%
EBITDA						
Reported EBITDA	1,957	2,065	-559	3,491	4,059	1,624
EBITDA	1,957	2,065	-559	3,491	4,059	1,624
Funds from operations (FFO)						
EBITDA	1,957	2,065	-559	3,491	4,059	1,624
less: interest	-501	-412	-432	-437	-312	-303
less: cash tax paid	-	-7	-15	-	-	-
Other non-operating charges before FFO	-861	-67	589	11,078	-2,382	15,509
Funds from operations	595	1,579	-417	14,132	1,365	16,830
Free operating cash flow (FOCF)						
Funds from operations	595	1,579	-417	14,132	1,365	16,830
Change in working capital	4,788	2,162	6,366	-14,680	-2,331	-15,029
less: capital expenditures (net)	-17,476	-549	-3,089	13,265	-250	-257
Free operating cash flow	-12,093	3,192	2,860	12,716	-1,216	1,543
Interest						
Net cash interest per cash flow statement	501	412	432	437	312	303
Interest	501	412	432	437	312	303
Debt						
Reported financial (senior) debt	17,193	16,395	19,909	12,889	12,339	12,339
less: cash and cash equivalents	-174	-	-	-	-	-
Debt	17,019	16,395	19,909	12,889	12,339	12,339
Market value of total assets						
Total assets	60,669	57,249	65,391	64,105	60,917	75,709
less: cash and cash equivalents	-174	-92	-2,078	-5,984	-391	-311
Market value of total assets	60,495	57,157	63,313	58,120	60,526	75,398

5. Environmental, social and governance (ESG) profile¹

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

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).

¹ 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.

6. Business risk profile: B-

As a residential real estate developer (homebuilder), SunDell is exposed to the highly cyclical real estate industry with its medium barriers to entry and low substitution risk. We view development as the riskiest real estate sub-segment but assign an industry risk of BB for homebuilder companies, giving credit for housing being a basic need.

Industry risk profile: BB

SunDell's business risk profile is driven by its position as a small, emerging developer in Hungary's fragmented residential market, with total assets of HUF 63bn at end-2024 (up 11% YoY) and limited diversification. The revision of the business risk profile is driven by lower expected profitability and increased cluster risk. As the fifth-largest Budapest residential developer, it has completed seven projects worth HUF 69bn (1,220 units) since 2017, but revenues are heavily exposed to cyclical demand in Budapest ('B' location), with the ongoing pipeline of four projects valued at close HUF 119bn (1,000 units).

Fifth-largest Budapest residential developer

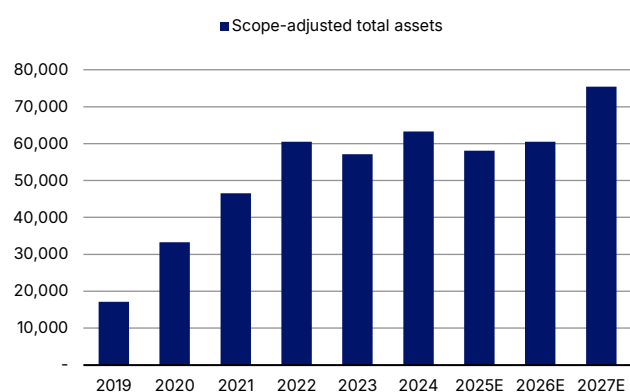
Diversification is constrained, with near-term revenues tied to the SunDell Port development (over 600 units through 2029), increasing cluster risks from execution delays or market shifts; the lease portfolio (39% of property value at end-2024) contributes under 5% of revenues and offers limited offsetting stability. Pre-sale rates exceed 80% in mass-market segments (e.g., 94% for Hun Street, 87% for Paskal Rose II as of September 2025), supporting visibility, though luxury apartment sales lag. The subsidized mortgage rate of 3% introduced by the Hungarian government for first-time buyers is expected to increase affordability and pre-sales for energy-efficient units developed by SunDell (ESG factor credit-positive).

Early pre-sales of the SunDell Port project to SD Development Fund I – a HUF 28bn closed-end private equity fund established in December 2024 by MFB Invest (70%) and GOPD Nyrt. (30%) – supports the smooth execution of the project.

EBITDA has been volatile and was negative in 2024 due to handover delays. Recovery is forecasted with margins stabilising above 16% mid-term, driven by 2025-2026 handovers. However, we note expected lower internal rates of return (IRRs of close to 5% for ongoing projects) reflect early pre-sales discounts, primarily due to sales to the SD Development Fund.

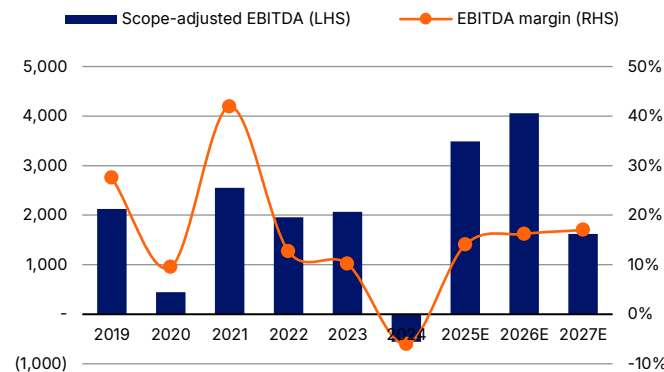
Project profitability is expected to decrease

Figure 1: Scope-adjusted total assets (HUF m)



Sources: SunDell, Scope estimates

Figure 2: Scope-adjusted EBITDA margin (%)



Sources: SunDell, Scope estimates

7. Financial risk profile: B+

SunDell's financial risk profile is underpinned by the volatile credit metrics given the 2024 underperformance but with expectations of improvement in 2025.

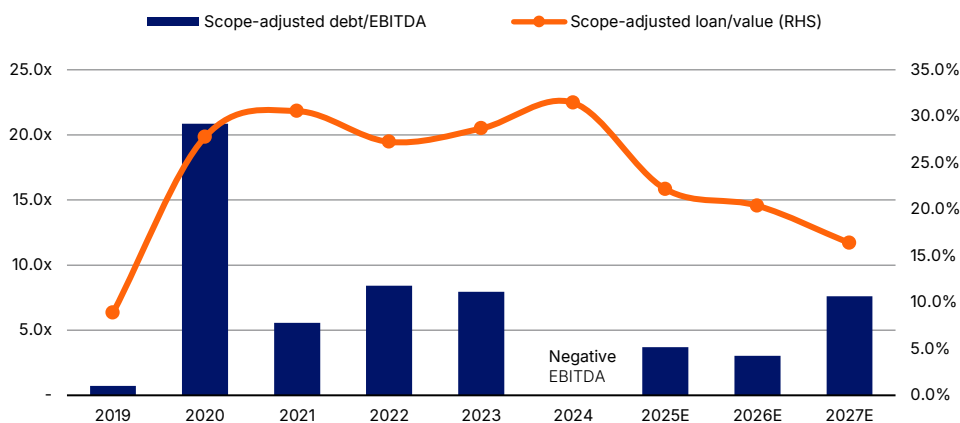
At the end of 2024, SunDell's loan/value (LTV) ratio stood at 31% (up 2pp YoY). Going forward, the LTV ratio is forecasted to stay around 16–22%, primarily due to repayment of other financial debt and an improved cash position in 2025 driven by project handovers. An LTV of below 30% is seen conservative for a developer. It leaves SunDell enough headroom to either: i) lease properties

Leverage to normalise with project handovers

at sufficient cap rates to cover financing costs; ii) tackle a moderate downturn in the properties' fair values; or iii) tap external financing sources to cover construction costs if needed

We expect debt/EBITDA will remain close to 4.0x in 2025 and down to around 3.5x in 2026, in line with the recovery in EBITDA to around HUF 3.5bn (2025) and HUF 4.0bn (2026) from negative levels in 2024, driven by the aforementioned project handovers in addition to the debt amortization. Nevertheless, we forecast leverage to rise in 2027 to around 7.6x, linked to lower operational activity as the company continues to construct its flagship project, SunDell Port.

Figure 3: Leverage



Source: SunDell, Scope estimates

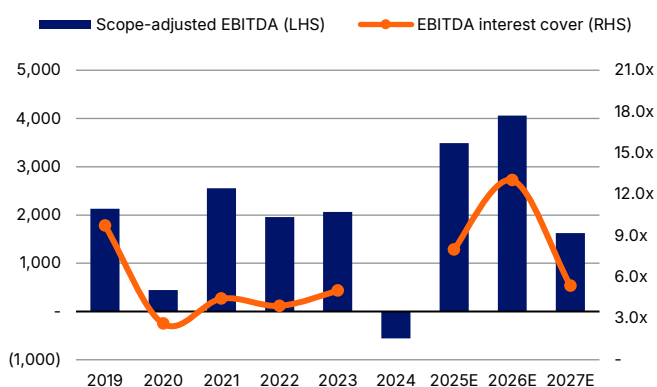
In line with leverage and improved EBITDA, debt protection is expected to rebound to above 8.0x in 2025 and 2026, before moderating to around 5x in 2027 amid SunDell Port construction.

Very strong debt protection metrics

Free operating cash flow (FOCF) is projected to improve markedly in 2025, bolstered by key project handovers like Paskal Rose II (completed April 2025, 87% pre-sold) and Hun Street (85% construction progress, 94% pre-sold, handover by end-2025). Despite this, FOCF volatility persists due to the ongoing development of flagship SunDell Port, with reliance on pre-sale advances, leaving cash flows vulnerable to Budapest residential market demand shifts.

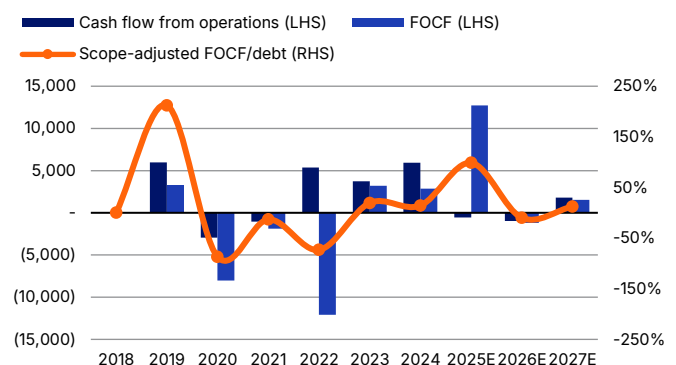
Volatile FOCF

Figure 4: Debt protection



Sources: SunDell, Scope estimates

Figure 5: Cash flows



Sources: SunDell, Scope estimates

Liquidity is adequate, supported by (i) available cash of HUF 837m on the balance sheet as of 30 June 2025; and (ii) expectations of strong FOCF in 2025, driven by handovers of ongoing projects. The latter will be sufficient to cover the HUF 3.3bn bond repayment due in November 2025 (arising

Adequate liquidity

from the amortization of SunDell's two issued bonds: HUF 11bn issued in 2020 at 3.25% interest and HUF 5.5bn issued in 2021 at 3.65% interest, along with minimal related financing amortization). In 2026, only a HUF 550m bond repayment is due.

In addition, the issuer is required to pay dividends (HUF 1.8bn paid in 2025) to its majority owner GOPD Nyrt. (B-/Negative) to enable debt service at GOPD's level regardless of SunDell's profits. The amount of dividends is expected to rise to close to HUF 4bn in 2026 and 2027.

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

	2024	2025E	2026E
Unrestricted cash (t-1) ²	73	1,662	4,787
Open committed credit lines (t-1)	-	-	-
FOCF (t)	2,860	12,716	-1,216
Short-term debt (t-1)	445	3,685	550
Liquidity	>200%	>200%	>200%

Sources: GOPD, Scope estimates

We highlight the fact that Sundell's senior unsecured bonds issued under the Hungarian National Bank's Bond Funding for Growth Scheme both have a covenant requiring the accelerated repayment of the outstanding nominal debt amount (HUF 5.5bn and HUF 11.0bn respectively) if the debt rating of the bonds stays below B+ for more than two years (grace period) or drops below B- (accelerated repayment within 30 days). Such a development could adversely affect the company's liquidity profile. The rating headroom to entering the grace period is 0 notches. Given the limited rating headroom, the company must at least maintain its current credit profile to avoid triggering the rating-related covenant.

8. Supplementary rating drivers: - 1 notch

While SunDell remains rated on a standalone basis, we acknowledge the rating differential between SunDell's standalone credit assessment of B and the B-/Negative issuer rating of its controlling shareholder GOPD Nyrt. We consider to be a strategic subsidiary of GOPD Nyrt., which holds close to 64% of SunDell's shares directly and through subsidiaries as of 30 June 2025. In this respect, we note the significant interdependencies between these companies, as the parent company has very limited cash generation other than that of SunDell and sells incubated land plots to SunDell for residential development. As such, GOPD is dependent on the cash generation at SunDell level and subsequent cash upstream, which in turn could lead to a weaker credit profile of SunDell. As a result, we have made a one-notch negative adjustment to SunDell's standalone credit assessment under parent support.

9. Debt rating

In November 2020, SunDell issued a HUF 11.0bn senior unsecured bond (ISIN: HU0000360078) through the Hungarian Central Bank's Bond Funding for Growth Scheme. The bond has a tenor of 10 years and a fixed coupon of 3.25%. The bond will be repaid in three tranches: 30% in 2025, 30% in 2027 and 40% balloon payment at maturity in 2030.

Senior unsecured debt rating: B+

In July 2021, SunDell issued a HUF 5.5bn senior unsecured bond (ISIN: HU0000360649) under the same bond scheme. The bond has a tenor of 10 years and a fixed coupon of 3.65%. The bond will be repaid in five tranches starting from 2026, with 10% of the face value payable yearly and a 50% balloon payment at maturity in 2031.

² 20% haircut to disclosed available cash applied.

The bond proceeds were used to develop residential housing projects and acquiring a landbank. In addition to the rating deterioration covenant, the bond covenants include a list of other soft covenants.

SunDell has issued two senior unsecured bonds totalling HUF 16.5bn. It has minimal outstanding senior secured bank debt. We assumed a hypothetical default at YE 2026 and applied reasonable discounts to assets. SunDell's assets are almost fully unencumbered. Total liquidation value covers the senior unsecured debt position resulting in a 'excellent' recovery expectation.

This translates into a B+ debt class rating for senior unsecured debt, two notches above the issuer rating.

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