

Studentbostäder i Norden AB (publ)

Rating Action Report

LONG-TERM RATING

SD

OUTLOOK

N/A

SHORT-TERM RATING

SD

PRIMARY ANALYST

Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.com

SECONDARY CONTACTS

Yun Zhou
+46732324378
yun.zhou@nordiccreditrating.comSean Cotten
+46735600337
sean.cotten@nordiccreditrating.com**Studentbostäder i Norden AB (publ) long-term issuer rating lowered to 'SD' due to distressed exchange on bond**

Nordic Credit Rating (NCR) said today that it had lowered its long-term issuer rating on Sweden-based residential property manager [Studentbostäder i Norden AB \(publ\)](#) to 'SD' from 'C' due to the distressed exchange on its outstanding senior unsecured bond, which we define as a selective default ('SD') by the issuer. The short-term issuer rating was also lowered to 'SD'. NCR does not rate Studentbostäder's outstanding debt.

Rating rationale

On 11 Oct. 2023, Studentbostäder announced it had received approval from a qualified majority of its bondholders of the written procedure for its outstanding bond, published on 22 Sep. 2023. Effective 11 Oct. 2023, the terms of the company's SEK 600m bond were amended with a maturity extension of 2.5 years (to 15 Nov. 2026 from 14 May 2024) and a downward revision of the bond's interest coverage covenant, among other changes. According to our definition, the revisions qualify as a distressed exchange and an event of default on the bond, given that we consider the amendments were necessary to avoid a near-term default by the issuer. Although we do not rate the unsecured bond, we define the default by an entity on parts of its debt obligations as a selective default, warranting an 'SD' long-term issuer rating, where such entity continues to fulfil its other financial commitments, which Studentbostäder does.

We do not assign an outlook to an 'SD' rating, but expect to revise our issuer ratings in the coming weeks. This will follow a full review of Studentbostäder's new capital structure and liquidity coverage, and an assessment of the company's ability to fulfil its debt commitments, including, but not limited to, avoiding further covenant breaches and repaying the bond according to the revised amortisation schedule.

Depending on the outcome of our review, we could raise the long-term issuer rating to within the 'CCC'–'CC' range if we think an additional event of default is likely or believe that the capital structure remains unsustainable. Alternatively, we could raise the rating to 'B-' if our default concerns are more moderate, but we are unlikely to raise the rating higher than 'B-' at this time, given the continued strain on Studentbostäder's short-term liquidity.

Related publications:

- i) [Corporate Rating Methodology](#), publ. 8 May 2023
- ii) [Rating principles](#), publ. 24 May 2022
- iii) [Studentbostäder i Norden AB \(publ\) long-term issuer rating lowered to 'C'; Rating on Watch Negative](#), publ. 22 Sep. 2023
- iv) [Studentbostäder i Norden AB \(publ\) long-term issuer rating lowered to 'CC'; Rating on Watch Negative](#), publ. 18 Jul. 2023
- v) [Studentbostäder i Norden AB \(publ\) long-term issuer rating lowered to 'CCC'; Rating on Watch Negative](#), publ. 24 May 2023
- vi) [Studentbostäder i Norden AB \(publ\) long-term issuer rating lowered to 'B+'; Outlook negative](#), publ. 19 Jan. 2023

Rating list	To	From
Long-term issuer credit rating:	SD	C
Outlook:	N/A	
Watch:		Watch Negative
Short-term issuer credit rating:	SD	N6

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating
Publication date:	The rating was first published on 13 Jan. 2022.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
Primary analyst:	Ylva Forsberg, +46768806742, ylva.forsberg@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Sean Cotten, +46735600337, sean.cotten@nordiccreditrating.com
Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Corporate Rating Methodology published on 8 May 2023 NCR's Rating Principles published on 24 May 2022 NCR's Group and Government Support Rating Methodology published on 18 Feb. 2022 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies . The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA) .
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Data provided by external data providers, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test was performed. Standard cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies .
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
Legal exemption from liability:	Disclaimer © 2023 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com