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Research Update:

Branicks Group AG Upgraded To 'CCC-' From 'SD' On Approved Maturity Extension; Outlook Negative

August 19, 2026

Primary Contact

Hugo Casteran
Paris
33140752576
hugo.casteran
@spglobal.com

Additional Contact

Nicole Reinhardt
Frankfurt
49-693-399-9303
nicole.reinhardt
@spglobal.com

Rating Action Overview

- On Aug. 18, 2026, real estate company Branicks announced it has gained approval from more than 75% of its noteholders to extend the maturity of its €400 million senior unsecured bond.
- We understand the approval includes a waiver of certain termination rights and allows the company to delay repayment of the bond, due on Sept. 22, 2026, until the planned comprehensive restructuring is completed--to be resolved via a further vote by the noteholders. Furthermore, the noteholders approved an extension of the bond maturity to Dec. 31, 2026, with an option to extend it again to March 31, 2027.
- We therefore raised our long-term issuer credit rating on Branicks Group AG to 'CCC-' from 'SD' (selective default) and raised our issue rating on its €400 million senior unsecured bond to 'CCC-' from 'D' (default), considering the amended terms have received required bondholder approval.
- The negative outlook indicates that we could downgrade Branicks in the near term if the company implements a capital restructuring that we consider to be equivalent to another default on its debt obligations.

Rating Action Rationale

Branicks' lenders have approved the waiver of certain termination rights and allowed the company to delay repayment of the bond, due on Sept. 22, 2026. We understand that the noteholders approved an amendment to the bond terms, which extends the maturity of the bond to Dec. 31, 2026, with an option to extend it to March 31, 2027. Branicks will still pay interest on the notes in cash. In our view, this extension mitigates the risk of an immediate liquidity shortfall, allowing stakeholders time to negotiate a comprehensive capital restructuring. We expect these negotiations to reach an agreement in the near term. We view the current forbearance agreement as an amendment to the existing terms and expect the restructuring process to be settled by year-end 2026, and no later than first-quarter 2027.

Now the maturity extension has reached sufficient approval of its noteholders (at least 75%), we have raised our issue rating on the bond in line with the issuer credit rating, since we no longer consider the instrument to be in default. The '3' recovery rating is unchanged.

We consider it highly likely that the capital restructuring will be distressed and tantamount to a default. The company has been undergoing restructuring discussions for several months. While the post-restructuring business scope and capital structure remain uncertain, we view a distressed restructuring as highly likely, and expect lenders to receive less than the original promise on their respective obligations. In such a case, we could lower the issuer credit rating to 'D' or 'SD', and the defaulting instrument(s) to 'D'. We will reassess the credit ratings once we have clarity regarding the new post-restructuring terms.

Outlook

The negative outlook indicates that we could downgrade Branicks within the next six months if it implements a debt restructuring that we consider equivalent to a default. We expect this could happen in a matter of weeks or months following the formal announcement at the end of July.

Downside scenario

We could lower our rating on Branicks upon the implementation of a distressed restructuring transaction, or if it fails to meet any future principal or interest payment obligations.

Upside scenario

We could raise our rating on Branicks if we no longer view a default scenario as highly probable over the next six months. This could occur, for example, if the company secures alternative financing that we think significantly mitigates its refinancing and is not viewed as tantamount to default per our criteria.

Company Description

Branicks is a listed company specializing in the management of commercial real estate properties in Germany. As of Sept. 30, 2025, it managed a portfolio totaling €10.7 billion, split into two segments:

- Commercial portfolio: Comprising about 125 properties with a market value of €2.3 billion, generating about 92% of annualized EBITDA; and
- Institutional business: Comprising 148 properties with a value of €8.4 billion, generating about 8% of annualized EBITDA.

Related Criteria

- Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers, March 31, 2026
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Branicks Group AG Downgraded To 'SD' On Maturity Extension, Aug. 5, 2026
- Industry Credit Outlook: Industry Credit Outlook 2026: Real Estate, Jan. 14, 2026
- Branicks' Credit Quality Unchanged On Standstill Agreement, April 7, 2026
- Tear Sheet: Branicks Group AG, July 28, 2025

Ratings List

Ratings List		
Upgraded; Outlook Action		
	To	**From**
Branicks Group AG		
Issuer Credit Rating	CCC-/Negative/--	SD/--/--
Upgraded; Recovery Ratings Unchanged		
	To	**From**
Branicks Group AG		
Senior Unsecured	CCC-	D
Recovery Rating	3(60%)	3(60%)