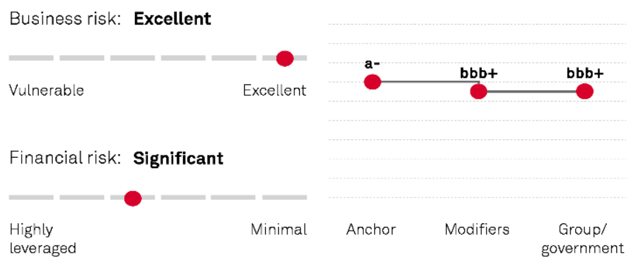
Vonovia SE

August 26, 2022

Ratings Score Snapshot



BBB+/Positive/A-2

Issuer credit rating

PRIMARY CONTACT

Franck Delage
Paris
33-14-420-6778
franck.delage
@spglobal.com

SECONDARY CONTACT

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

Credit Highlights

Overview

Key strengths	Key risks
Very large portfolio of income-producing residential property assets, worth about €98.8 billion as of June 30, 2022.	High reliance on Germany and its economy, despite some exposure to Austria and Sweden.
Good asset localization in regions that enjoy healthy economic and sociodemographic trends, mostly in Germany (89% of asset value), Sweden (8%), and Austria (3%).	Rising affordability risk in the German residential market on the back of rising inflation and rents, which could lead to political pressure to introduce further regulation.
Strong track record of like-for-like rental income growth, supported by a highly diversified asset and tenant base, continuously high occupancy rates, and long tenant stays.	A relatively weak debt-to-EBITDA ratio of 19x-20x (excluding revenue from recurring sales and developments), owing to the low-yielding nature of the German residential market and the integration of recent acquisitions.
Market leadership in Germany and a track record of successful integration of acquisitions, supporting growth in Germany, Austria, and Sweden.	Somewhat high debt leverage, with debt to debt plus equity of about 55% (54.9% as of June 30, 2022), due to the company's significant investments constraining debt reduction.

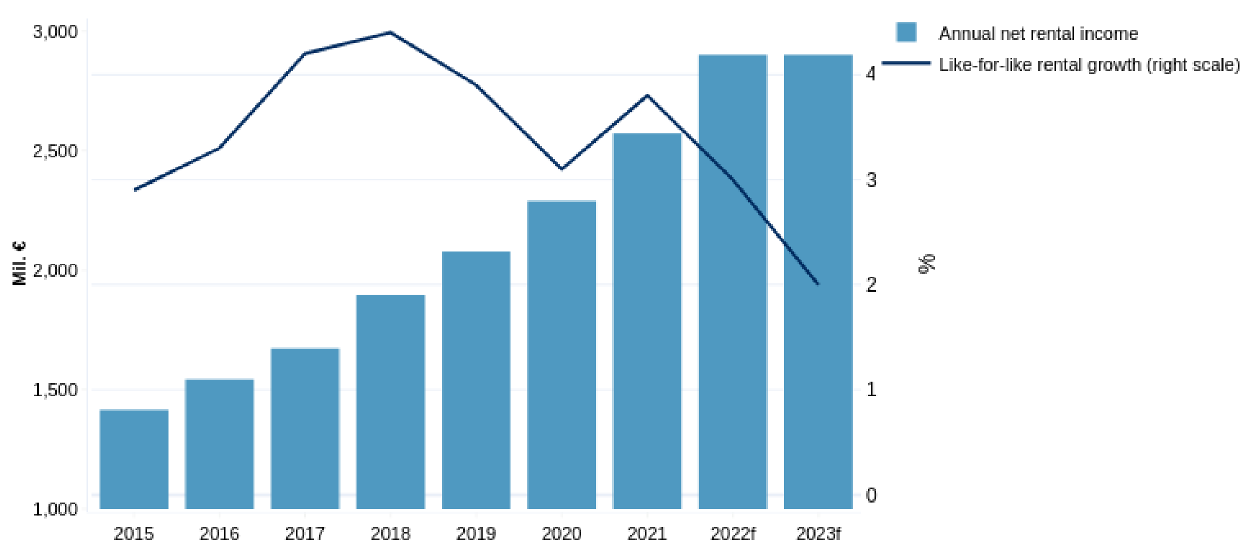
Low cost of debt at 1.2%, and solid EBITDA interest coverage above 3x (4.5x as of June 30, 2022, rolling 12 months), with good access to diversified funding sources.

Vonovia's robust half-year operating performance will support stable and predictable cash flows for the next 12-24 months. Vonovia posted a solid 3.4% like-for-like increase in rental income as of June 30, 2022, (after 3.8% in 2021, 3.1% in 2020, and 3.9% in 2019) and a steadily low vacancy rate of 2.2% (2.7% a year before). Most of Vonovia's rental uplift came from modernization capital expenditure (capex), which allows it to demand higher rental prices, and market rent adjustments.

In the first six months, the company recorded €3.8 billion of revaluation gains (1%) and a €1.5 billion of S&P Global Ratings' adjusted debt reduction over the same period. This resulted in debt to debt plus equity of 54.9% and debt to EBITDA of 20.2x as of June 30, 2022, compared with 56.4% and 25.5x, respectively, as of Dec. 31, 2021.

The company should sustain at least 2%-3% rental growth in 2022-2023, in our view, despite rising utility costs denting tenants' capacity to afford rent increases*.* Rental increases will likely not be in line with current inflation, due to Vonovia's regulatory requirements to follow the German rental index (Mietspiegel), but supported by a persistent supply-demand imbalance. At the same time, we expect the company's own development activity (8% of reported EBITDA in 2021) will be hit by the significant rise in raw materials costs.

Vonovia SE's Annual Rental Income And Like-For-Like Annual Rental Growth



Source: S&P Global Ratings and company reports. f--S&P Global Ratings´ forecast.

The revised asset-rotation strategy should help generate more internal cash flow, given the sharp deterioration of financial market conditions this year. The company appears committed to reducing its leverage metrics (both the loan-to-value [LTV] ratio and debt to EBITDA) and using more internal cash flow to fund capex and repay debt maturities (about €4 billion in 2023). As a result, it has reduced investments, shifted build-to-rent developments into build-to-sell, and identified assets for disposals of up to €13 billion, although the timing remains uncertain.

Vonovia's pace of deleveraging depends on several factors, some of which are out of its control. Deleveraging will depend on Vonovia's asset sales and final decisions around Adler shares and health care assets, which will depend on market conditions. The volume of large transactions dropped significantly in recent months, and disposing of large portfolios, either directly or through shares, at or above book value, could prove challenging now. Moreover, while we understand the company would use most proceeds from disposals to repay debt and fund ongoing investments, but it may also buy back shares, which would delay leverage improvement.

We expect Vonovia's credit metrics will remain consistent with the current 'BBB+' ratings, despite our conservative assumptions. Debt to debt plus equity (54.9% as of June 30, 2022) and debt to EBITDA (20.2x) should remain at about 55% and 19x-20x in 2022-2023, respectively. This is mainly thanks to asset disposals--€3 billion assumed in 2022, followed by €400 million in recurring sales in 2023--and flat asset revaluations. We believe these levels are consistent with our 'BBB+' ratio requirements, such as debt to debt plus equity below 60%. Upside still hinges on Vonovia sustainably restoring debt to debt and equity below 55% and debt to annualized EBITDA to 15x-17x. Assuming Vonovia refinances its upcoming debt maturities at 3.3% (equivalent to its current five-year yield to worst), its EBITDA to interest ratio (4.5x as of June 30, 2022, rolling 12 months) would still remain at about 3x, which is acceptable at the current rating level.

Vonovia's liquidity needs remain manageable. The company has enough liquidity to cover more than a year of needs, with a multiple of 1.5x for the next 12 months. In particular, it had about €5.0 billion of cash and available revolving credit facility (RCF) as of June 30, 2022, backing its €2.6 billion of short-term debt maturities. Moreover, the company has the potential to raise €8 billion of additional secured debt while remaining compliant with its bond covenants and our thresholds for equalizing the issue rating with the issuer credit rating.

Outlook

The positive outlook indicates that we could upgrade Vonovia if it decreases debt leverage further than we currently expect over the next 12-18 months, as a result of more asset disposals, equity, or revaluation uplifts, for example. It also reflects that we expect Vonovia will limit acquisitions to comply with its publicly stated financial policy (with a reported LTV of 40%-45%, comparable with adjusted debt to debt plus equity of 50%-55%). We believe the group will continue to generate robust and stable cash flow while maintaining access to debt funding, supported by strong demand for affordable housing in Germany and its strong credit reputation.

We could raise our rating on Vonovia by one notch if:

- The company is able to dispose sufficient assets or development projects, improve its asset value, or raise enough equity such that its debt to debt plus equity would sustainably stay below 55% while maintaining EBITDA interest coverage (excluding revenue from recurring sales and development) at 3x or above;
- Vonovia increases the amount of income available for paying down debt, so that its debt-to-EBITDA ratio (excluding revenue from recurring sales and development sales) returns to its historical average (15x-17x) sustainably; and
- The company further diversifies into markets with strong fundamentals and favorable demand trends, significantly decreasing its concentration on the German economy and mitigating the potential further tightening of domestic regulation, leading to stronger free cash flow.

Downside scenario

We could consider a negative rating action if:

- Debt to debt plus equity remains above 55% and debt to EBITDA remains above 17x over the next 12-18 months, because of unexpected debt-funded acquisitions or an inability to proceed with the planned asset disposals;
- The company's performance and overall asset liquidity significantly deteriorates as a result of more stringent social rent regulation from weakening rent affordability, or increasing environmental requirements, for example; or
- The liquidity cushion decreases, because of a decreasing free operating cash flow base, additional cash-funded transactions, or late refinancing of upcoming maturities, for example.

Our Base-Case Scenario

Assumptions

- Real GDP growth in Germany of 1.9% in 2022 and 2.0% in 2023. We forecast a rising consumer price index growth in the country of 7.6% in 2022, reducing afterward to about 4.1% in 2023.
- Total revenue of about €3.2 billion-€3.3 billion for 2022-2023, and about €2.1 billion-€2.2 billion of EBITDA for the same period, excluding recurring sales from development activities.
- Like-for-like rental income growth of 2%-3% in 2022-2023, supported mainly by modernization capex and progressive growth in indexation, partly offset by weaker rent affordability limiting rent uplifts.
- Occupancy to remain stable at 97%-98% for 2022-2023.
- About €1.0 billion-€1.1 billion per year of modernization and development capex and about €0.3 billion-€0.4 billion of spending in new space creation.
- About €280 million-€300 million of maintenance capex per year.
- Conservative assumption of about €3.0 billion of asset disposals in 2022 and €1.7 billion in 2023.
- Flat portfolio revaluation in second-half 2022 and 2023, conservatively assuming that a continuous rise in interest rates would negatively impact market transactions.
- Refinancing of debt maturities at 3%, reflecting elevated yields in the sector

Key metrics

Vonovia--Key Metrics*

(Mil. €)	2021a	2022e	2023f
EBITDA to interest (x)	4.5	3.0-3.5	3.0-3.5
Debt to debt and equity (%)	51.9	55-56	55-56
Debt to EBITDA (x)	25.5	20-21	19-20

*All figures adjusted by S&P Global Ratings. A--Actual. E--Estimate. F--Forecast.

Interest coverage (excluding sales from developments) should be affected by higher interest rates on new financings, despite rising revenue, although remain in the 3.0x-3.5x range, which is acceptable for the current rating.

Absent large asset disposal or unexpected material revaluation gain, we expect debt to debt plus equity should plateau in the 55%-56% range until 2023.

Debt to EBITDA (excluding recurring sales and developments) should gradually improve to 19x-20x, thanks to growing revenue and decreasing debt.

Company Description

Vonovia is the leading listed residential real estate holding company in Germany, and largest listed real estate landlord by portfolio size in Europe. Its portfolio was worth about €93.4 billion as of June 30, 2022. The company owned about 549,500residential units in Germany, Austria, and Sweden and managed another approximately 71,200 units for third parties as of June 30, 2022.

The company is listed on the German stock index (DAX) with an average market cap of about €17.83 billion as of June 30, 2022. The largest shareholders are Norges Bank (11.1%), BlackRock (7.9%), and APG (4%), with 77% in and free float.

Vonovia SE--Portfolio Summary

Segment focus	Residential
Total portfolio value	~€98 billion
Total residential units owned	549,484
Portfolio occupancy	97.6%
Tenant turnover rate (p.a.)	~8%
Gross yield	3.5%
In-place monthly rent	€7.44 per sqm

Source: S&P Global Ratings estimates based on June 30, 2022, company results. SQM--Square meter.

Peer Comparison

Vonovia SE -- Peer Comparison

	Vonovia SE	Vesteda Residential Fund FGR	Deutsche Wohnen SE	Grand City Properties S.A.	Heimstaden Bostad AB
Foreign currency issuer credit rating	BBB+/Positive/A-2	A-/Stable/A-2	BBB+/Positive/A-2	BBB+/Stable/A-2	BBB/Stable/--
Local currency issuer credit rating	BBB+/Positive/A-2	A-/Stable/A-2	BBB+/Positive/A-2	BBB+/Stable/A-2	BBB/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Revenue	2,731	347	1,110	525	899
EBITDA	1,850	239	670	299	458
Funds from operations (FFO)	1,315	206	489	202	186
Interest expense	490	40	173	59	168
Cash flow from operations	1,394	199	465	158	319
Capital expenditure	1,730	204	778	71	523
Dividends paid	1,516	186	359	54	464
Cash and short-term investments	1,315	109	677	1,107	1,897
Debt	47,186	2,121	9,256	4,026	15,213
Equity	36,545	7,553	17,203	5,178	13,955
Valuation of investment property	95,074	9,717	30,553	9,339	29,230
Adjusted ratios					
EBITDA margin (%)	67.8	68.9	60.3	56.9*	50.9
EBITDA interest coverage (x)	3.8	6.0	3.9	5.1	2.7
FFO cash interest coverage (x)	4.0	7.4	4.2	4.4	1.9
Debt/EBITDA (x)	25.5	8.9	13.8	13.5	33.2
Debt/debt and equity (%)	56.4	21.9	35.0	43.7	52.2

*Based on gross margin.

Business Risk

Vonovia's excellent business risk is underpinned by the company's very large portfolio of income-producing residential assets, mostly in Germany (89% of total portfolio value as of June 30, 2022) and, to a smaller extent, in Sweden (7.8%) and Austria (3.2%). It has become the largest residential property holding company and listed real estate owner in Europe. We view residential property as less cyclical and volatile than most other commercial real estate segments and believe the German market provides strong fundamentals to landlords. These include a long average tenant stay (12-14 years versus less than five years in the U.K. or France), and a cultural preference for renting rather than owning, despite a good average affordability ratio. Moreover, Vonovia enjoys significant asset and tenant diversity, with more than 565,300 units owned.

The company´s business model has proven highly resilient over the past years, notably throughout the COVID-19 pandemic, with very few rent defaults, little occupancy impact, and solid like-for-like rental income growth exceeding 3%.

The company's strategic portfolio (about 84.3% of the total German portfolio value as of June 30, 2022) is well spread across different regions of Germany and, more specifically, in cities and regions with positive economic and demographic trends. These include Berlin

(10.4% of Vonovia's German portfolio on June 30, 2022), the Rhine Main area (6.8%), Southern Ruhr area (6.8%), Rhineland (6%), Dresden (5.8%), and Hamburg (4.6%). Austria and Sweden make up 11% of the total portfolio, and we believe both markets offer similar fundamentals to Germany.

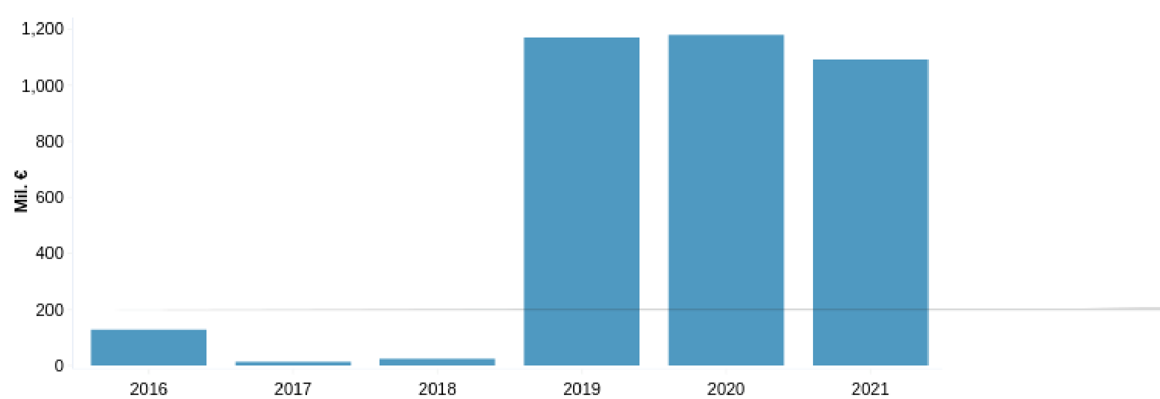
Our business risk assessment is also supported by the company's strong and long track record of market leadership and executing a clearly articulated strategy, consistent with its capabilities and the market environment. In the last years, Vonovia has established a strong track record of successfully integrating large portfolio acquisitions, realizing synergies, and benefiting from economies of scales. Vonovia's strong growth path over recent years and geographical expansion outside Germany was within the company's capabilities and acquisition policy of investing in regulated residential real estate markets with fundamentals comparable with its core German market. Vonovia's focus on long-term holdings with limited asset rotation and continuously high occupancy rates provides good cash flow predictability.

Vonovia refurbishes and renovates approximately 3%-4% of its portfolio per year to comply with the latest standards in terms of thermal insulation and energy efficiency. Through energetic renovation since 2015, Vonovia has improved the carbon dioxide profile of the portfolio compared to emissions 9.2% by 2020.

The company has some exposure to more risky development and asset arbitrage activities (17% of total reported EBITDA as of June 30, 2022), through different forms: recurring unit sales (5.3%), property development (6.1%), and value-add sales (5.6%). While they provide Vonovia with a recurring source of cash flow to fund its future investments, we believe those activities are more volatile and less predictable than rental income. This is why we exclude them from our EBITDA calculation and adjusted EBITDA metrics in line with our methodology for REITs. Moreover, the development of residential assets exposes the company to risks of cost overruns and vacancy. That said, we understand the company runs a cautious approach with proactive leasing and selling processes during the construction cycles.

Vonovia SE's Capital Expenditure Development

Capex including maintenance and modernization (excl. construction)



Source: S&P Global Ratings based on company annual reports.

That said, our rating analysis includes a one-notch downward adjustment through our comparable rating analysis to reflect the company's relatively small cash flow generation compared with other similar sized residential real estate holding companies operating in less regulated, and therefore higher yielding, markets such as the U.S. This is reflected in a relatively high ratio of debt to EBITDA of about 20x, against less than 10x for some U.S. peers. That said, we take into account the company's expansion strategy in recent years, which generally leads to a distortion of this ratio and the exclusion of revenue from property developments.

In addition, we believe that Vonovia's high concentration on Germany, with about 89% of assets, leaves it strongly exposed to Germany's economy and regulation, in particular with regard to social, regulatory, and reputational uncertainties, compared with globally more diversified residential real estate peers in the same business risk category. Although landlords in Germany have supported their tenants during COVID-19, abstaining from any rent increases, social and political debates on rent affordability in Germany's metropolitan areas remain intact. In addition, the German government's new climate protection law ("Klimaschutzgesetz") sets high hurdles for CO2 reduction in coming years, which is likely to result in high ongoing investments, potentially reducing profitability.

Financial Risk

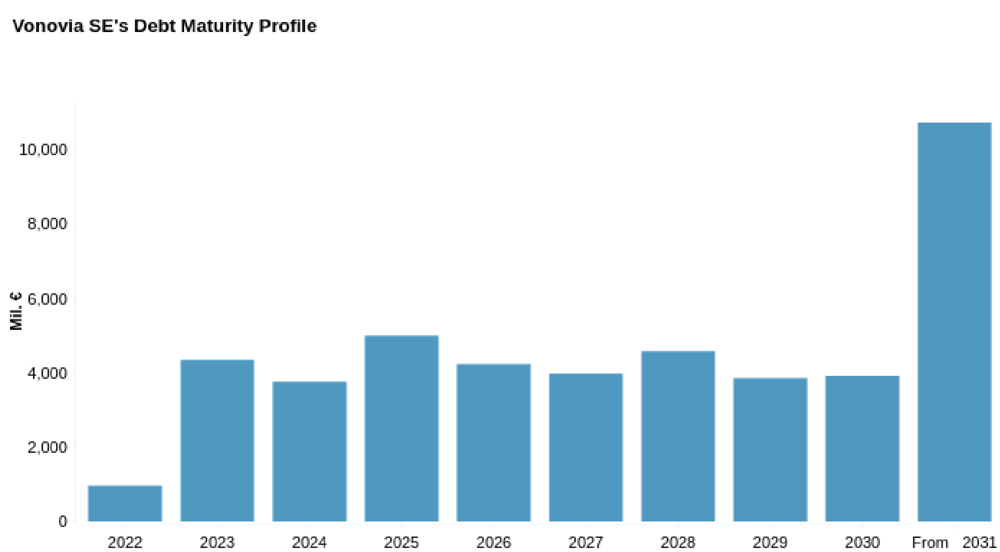
Vonovia's debt leverage remains high relative to industry standards and that of peers at the same rating level, with a ratio of debt to debt plus equity of about 55% (54.9% June 30, 2022, corresponding to a reported LTV of 43.3%) following multiple acquisitions. We understand the company is committed to restore the ratio to the 50%-55% range (translating into an LTV of 40%-45%).

Moreover, Vonovia has high debt to EBITDA (excluding recurring sales and developments) of about 20x, which we expect will decrease to 19x-20x. This is high compared with that of peers, which enjoy stronger debt to EBITDA for similar debt to debt plus equity ratios. This discrepancy stems from the low-yield nature of low-risk German residential assets and the company's track record of acquiring other companies. We acknowledge the company's strong willingness to reduce this ratio by a further 1x-2x turns.

The company generates solid interest coverage, with a ratio of EBITDA to interest at 4.5x, as of June 30, 2022. This is due to its still-low cost of funding (1.2%) as the company raised substantial refinancing at the beginning of the year, before interest rates started rising. We forecast that the ratio will weaken along with new refinancings, given higher rates, but is likely to remain above 3x over the next two-to-three years. Vonovia's debt is largely fixed or hedged (99%), with a long average debt maturity of 7.7 years.

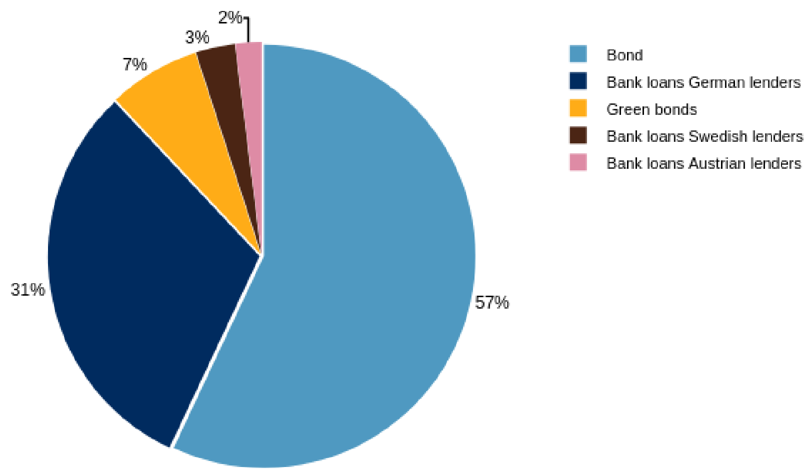
Debt maturities

Vonovia's weighted average debt maturity was 7.7 years as of June 30, 2022.



Source: Company latest report; S&P Global Ratings; and European Investment Bank.

Vonovia SE's Total Debt By Funding Source



Source: S&P Global Ratings based on company report as of June 30, 2022.

Vonovia SE--Financial Summary

Period ending	Dec-31-2016	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021
Reporting period	2016a	2017a	2018a	2019a	2020a	2021a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	1,582	1,720	1,958	2,148	2,366	2,731
EBITDA	999	1,151	1,294	1,422	1,614	1,850
Funds from operations (FFO)	551	778	802	1,057	1,096	1,315
Interest expense	327	321	395	406	444	490
Operating cash flow (OCF)	478	655	841	1,150	999	1,394
Capital expenditure	549	867	1,280	1,662	1,614	1,730
Dividends paid	482	314	437	442	531	1,516
Cash and short-term investments	1,489	230	491	403	453	1,315
Debt	12,682	14,799	20,778	24,784	25,706	47,186
Common equity	13,738	16,541	19,514	20,570	23,832	36,545
Valuation of investment property	27,012	33,325	43,904	53,229	58,807	95,074
Adjusted ratios						
EBITDA margin (%)	63.2	66.9	66.1	66.2	68.2	67.8
EBITDA interest coverage (x)	3.1	3.6	3.3	3.5	3.6	3.8
Debt/EBITDA (x)	12.7	12.9	16.1	17.4	15.9	25.5
Debt/debt and equity (%)	48.0	47.2	51.6	54.6	51.9	56.4

Reconciliation Of Vonovia SE Reported Amounts With S&P Global Ratings' Adjusted Amounts - EUR (Millions)

	Debt	Shareholder equity	Revenue	EBITDA	Operating income	Interest expense	SPGR adj. EBITDA	OCF	Dividends	Capex
Period date	2022-06-30									
Company reported amounts	45,694.2	34,173.7	3,496.8	2,558.6	4,854.4	468.9	2,264.6	2,170.9	1,740.9	1,812.3
Cash taxes paid	-	-	-	-	-	-	(143.5)	-	-	-
Cash interest paid	-	-	-	-	-	-	(523.5)	-	-	-
Lease liabilities	652.9	-	-	-	-	-	-	-	-	-
Debt-like hybrids	0.0	0.0	-	-	-	28.0	(28.0)	(28.0)	(28.0)	-
Postretirement benefit obligations/ deferred comp.	564.6	-	-	0.0	0.0	4.6	-	-	-	-
Accessible cash and liquid investments	(1,494.7)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	0.0	0.0	0.9	(0.9)	(0.9)	-	(0.9)
Nonoperating income (expense)	-	-	-	-	(204.4)	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(509.5)	-	-
Noncontrolling/ minority interest	-	3,349.3	-	-	-	-	-	-	-	-
Debt: Other	238.8	-	-	-	-	-	-	-	-	-
EBITDA: Gain/ (loss) on disposals of PP&E	-	-	-	(349.2)	(349.2)	-	-	-	-	-
EBITDA: Inventory	-	-	-	16.0	16.0	-	-	-	-	-
EBITDA: Other	-	-	-	39.2	39.2	-	-	-	-	-
D&A: Asset valuation gains/(losses)	-	-	-	-	(6,811.1)	-	-	-	-	-
D&A: Impairment charges/(reversals)	-	-	-	-	3,423.8	-	-	-	-	-
Total adjustments	(38.4)	3,349.3	0.0	(294.0)	(3,885.7)	33.5	(695.9)	(538.4)	(28.0)	(0.9)

Reconciliation Of Vonovia SE Reported Amounts With S&P Global Ratings' Adjusted Amounts - EUR (Millions)

	Debt	Shareholder equity	Revenue	EBITDA	Operating income	Interest expense	SPGR adj. EBITDA	OCF	Dividends	Capex
S&PGR adjusted	45,655.8	37,523.0	3,496.8	2,264.6	968.7	502.4	1,568.7	1,632.5	1,712.9	1,811.4

Liquidity

We assess Vonovia's liquidity as adequate. We anticipate that liquidity sources will likely cover uses for the 12 months from June 30, 2022, by about 1.5x. In the following 12 months, Vonovia will face €4.4 billion of additional debt maturities, which we think will be well covered by at least the unused portions of cash and the committed RCF and proceeds from asset disposals.

Principal liquidity sources

- About €1.9 billion of unrestricted cash and equivalents as of June 30, 2022;
- €3 billion of undrawn credit lines available, maturing in more than 12 months; and
- Our forecast of about €1.2 billion of cash funds.

Principal liquidity uses

- About €2.6 billion of short-term debt maturities in the next 12 months;
- Committed capex of about €400 million for the next 12 months; and
- About €1.1 billion of dividend distributions, although the company is not obliged and part of it may be subject to share distribution, in line with previous years.

Covenant Analysis

Requirements

Most of the company's bank debt facilities were granted for the purpose of financing real estate assets. Loan agreements are therefore mostly secured by land charges and assignment of rental payments, and the majority include financial covenants, such as LTV ratios and a debt-service coverage ratio.

In addition, Vonovia has covenants under documentation for its outstanding corporate bonds, mainly relating to its:

- LTV ratio (at less than 60%, versus 43.1% as of June 30, 2022);
- Secured LTV (at less than 45%, versus 12% as of June 30, 2022);
- Interest coverage ratio (greater than 1.8x, versus 5.3x as of June 30, 2022); and
- Unencumbered assets to unsecured debt ratio (greater than 125%, versus 163% as of June 30, 2022).

Compliance expectations

We expect that Vonovia will maintain adequate headroom, greater than 10%, under all remaining covenants.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications," published Oct. 13, 2021.

ESG factors are a neutral consideration in our credit rating analysis of Vonovia. We consider Vonovia's exposure to social and environmental factors as on par with the German residential industry. That said, social and political debates on rent affordability in Germany's metropolitan areas may increase regulation and reputation risk for the largest German residential real estate company. Vonovia, together with its peers, has become a target of social protests, claiming the company for rising rents in German metropolitan cities as well as non-transparent utility costs (Vonovia in particular), charged to the tenants. We believe additional rent regulation may hinder like-for-like rental growth for Vonovia. We note that the company refurbishes and renovates approximately 3%-4% of its portfolio per year to meet latest standards in terms of thermal insulation and energy efficiency. We acknowledge the published climate package of the German government with the target of reducing the CO2 emission for buildings by 66% (compared to 1990) until 2030.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of June 30, 2022, the company's capital structure comprised 32% of secured debt and 68% unsecured debt.

Analytical conclusions

We rate Vonovia's senior unsecured bonds 'BBB+', in line with the issuer credit rating. The company's ratio of secured debt to total fair value assets as of June 30, 2022, was 12%, well below our threshold of 40%.

Rating Component Scores

Foreign currency issuer credit rating	**BBB+/Positive/A-2**
Local currency issuer credit rating	**BBB+/Positive/A-2**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Low
Competitive position	Excellent
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**a-**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Satisfactory (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**bbb+**

Related Criteria

- 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
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- 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
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of August 26, 2022)*

Vonovia SE	
Issuer Credit Rating	BBB+/Positive/A-2
Issuer Credit Ratings History	
17-Dec-2021	BBB+/Positive/A-2

Ratings Detail (as of August 26, 2022)*

10-Mar-2015	BBB+/Stable/A-2
01-Dec-2014	BBB/Watch Pos/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.