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CREDIT OPINION

8 September 2026

Update

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RATINGS

Vonovia SE

Domicile	Germany
Long Term Rating	Baa1
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Vonovia SE

Update to credit analysis

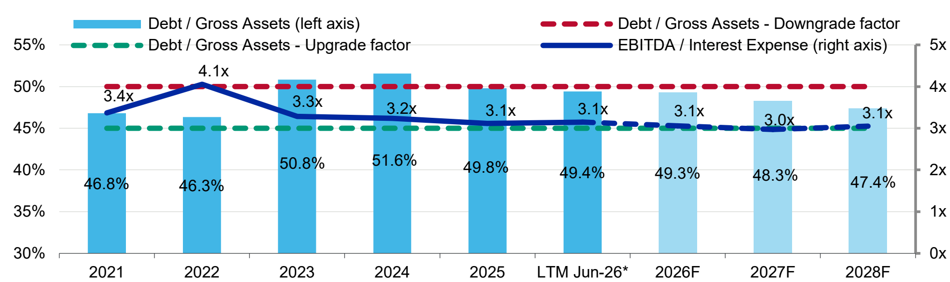
Summary

Vonovia SE's Baa1 rating with a stable outlook reflects the company's continued strong operating performance, resilient fundamentals in the German residential market and gradually strengthening financial profile. The rating continues to benefit from Vonovia's superior scale, high-quality and diversified portfolio within the German multifamily residential sector. These strengths are reflected in EBITDA-based credit metrics that position Vonovia solidly within the Baa1 rating category, although Moody's-adjusted debt-to-assets ratio remains at the upper end of our Baa1 guidance. We expect further deleveraging over time, supported by the company's more conservative financial policy and publicly communicated leverage targets, including an LTV of around 40%, net debt/EBITDA below 12x and interest coverage comfortably above 3x by 2028. Successful execution of these targets, supported by recurring disposals, balanced capital allocation and continued operating strength, could create positive rating momentum over time. The rating also reflects Vonovia's solid liquidity, diversified funding and well-staggered debt maturities. Higher funding costs continue to weigh on interest coverage, but resilient earnings growth, proactive liability management and excellent capital market access partly mitigate this pressure.

Balancing these strengths are elevated macroeconomic, geopolitical and regulatory risks. While not reflected in Moody's base case, higher rates, weaker valuations or funding pressures could weigh on credit metrics. The rating also remains constrained by regulatory uncertainty in the German residential sector, although recent federal proposals have reduced perceived socialization risks in Berlin.

Exhibit 1

Leverage is set to improve; interest coverage to remain stable



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months. *Based on the company's IFRS reporting, Moody's-adjusted Debt/Gross assets was 47.3% as of June 2026.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

» Superior scale and diversity, with an efficiently set up portfolio

» Continued solid operating performance through periods of economic contraction

» Focus on stable but highly regulated residential property rental markets

» A well-staggered debt maturity profile and very strong access to debt markets

Credit challenges

» A Moody's-adjusted debt-to-asset ratio at the upper end of our rating guidance, which we expect to come down over the next 12-18 months

» Interest coverage remains constrained by higher refinancing costs

» Sensitivity of the residential sector to social and political considerations, which leaves Vonovia prone to tightening rental regulation and increased investment requirements to address more stringent EU energy and sustainability requirements

Rating outlook

The stable outlook reflects our expectation that Vonovia will maintain credit metrics consistent with the Baa1 rating, supported by resilient German residential market fundamentals and a gradually strengthening financial profile. Low vacancy rates, persistent housing shortages, and limited new construction should continue to support rental growth.

The outlook also assumes that regulatory and political risks will not materially increase, despite elevated policy and legal uncertainty ahead of the Berlin election.

Factors that could lead to an upgrade

» Vonovia's Moody's-adjusted debt/total assets declines well below 45% and net debt/EBITDA declines well below the midteens in percentage terms, with most of the earnings coming from the stable rental business

» Its Moody's-adjusted fixed charge cover remains above 3x despite upcoming refinancing activity

» The company does not increase organisational complexity

» The regulatory, political and market conditions for the German rental housing sector remain stable

Factors that could lead to a downgrade

» Vonovia's Moody's-adjusted debt/total assets remains well above 50% or net debt/EBITDA increases above 17x

» Its Moody's-adjusted fixed charge coverage declines towards 2.5x

» The company pursues an aggressive growth strategy

» Unfavourable changes to property regulation or market conditions in Germany

Key indicators

Exhibit 2
Vonovia SE

(in € billions)	2021	2022	2023	2024	2025	LTM Jun-26	2026F	2027F	2028F
Gross Assets	103.4	99.8	90.6	88.8	91.9	91.7	92.8	91.6	90.8
Debt / Gross Assets	46.8%	46.3%	50.8%	51.6%	49.8%	49.4%	49.3%	48.3%	47.4%
Net Debt / EBITDA	23.1x	17.7x	17.8x	16.3x	15.8x	15.8x	15.5x	14.7x	13.9x
EBITDA / Interest expense	3.4x	4.1x	3.3x	3.2x	3.1x	3.1x	3.1x	3.0x	3.1x

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Exhibit 3
Vonovia SE

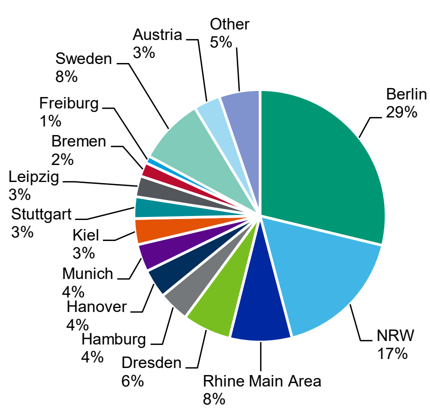
	2021	2022	2023	2024	2025	LTM Jun-26	2026F	2027F	2028F
Debt / Gross Assets (IFRS)	46.8%	46.3%	48.7%	49.3%	47.6%	47.3%	47.2%	46.1%	45.2%
Net Debt / EBITDA (IFRS)	23.1x	17.0x	17.0x	15.6x	15.0x	15.0x	14.8x	14.0x	13.2x

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. Moody's-adjusted metrics based on the company's IFRS reporting, that is, not taking into consideration adjustments linked to the minority stakes sold to investment vehicles managed by Apollo.
LTM = Last 12 months. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Vonovia SE is the largest listed residential landlord in Europe, with around 528,000 units in Germany, Sweden and Austria. As of 30 June 2026, the fair value of the company's portfolio was €85.7 billion (including Deutsche Wohnen). Vonovia is a member of the DAX 40, with a market capitalisation of around €16.8 billion as of 19 August 2026. It is the largest European listed property company by balance-sheet assets. The company also manages residential units for third-party owners.

Exhibit 4
Berlin is Vonovia's primary hub
Portfolio breakdown by region, based on fair value as of 30 June 2026



Source: Company data

Detailed credit considerations

Focus on the stable but highly regulated German rental residential property market

Around 88% of Vonovia's standing portfolio (by value) centres around German residential properties. The German residential sector is one of the most stable asset classes in the European real estate industry, with high demand and limited supply supporting rents and values.

The German rental market is highly regulated, with reletting rents and rent increases for existing tenants capped according to a local index (Mietspiegel), calculated by local authorities based on the location and quality of the units. Rent increases are typically capped at 20% over a three-year period, or 15% in tense markets, with allowances for modernisation capped at 8% annually. In the long term, prices and rents for residential properties in Germany have remained more stable than in other large developed economies, even after taking into account recent increases in market rents, with regulation limiting the company's ability to increase in-place rents.

Average rents across Vonovia's portfolio remain affordable despite recent rent increases. However, affordability fluctuates in tandem with the absolute amount of household income, which exposes lower-income households in particular to higher rental cost-to-income ratios. The sensitivity of the residential sector to social and political considerations leaves Vonovia vulnerable to a potential tightening of rental regulation. This potential for tighter regulation is a risk to property values and cash flow growth, and may exacerbate the supply-demand imbalance.

As of the end of June 2026, Vonovia owned 39,785 units in the Swedish market through its acquisitions of Victoria Park and Hembla. The market is also highly regulated and characterized by strong demand and prolonged undersupply, which supports stable rents and values. New residential construction remains subdued due to challenging development economics, further exacerbating supply shortages. At present, there is limited risk of regulatory tightening or a shift to market-based rents away from the current utility value-based rents. Rents are typically renegotiated every year between landlords and tenant associations, and have generally increased in line with inflation. If an apartment is refurbished, then a new utility value must be established, which is not part of the annual rent negotiation.

Superior scale and income diversification, with additional business from services and property sales

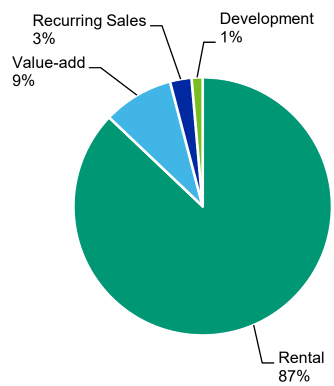
Vonovia is the largest residential landlord in Germany, with a large portfolio of residential units and substantial income diversification, resulting in highly predictable revenue and cash generation. The company also operates in Sweden and Austria, both largely regulated rental markets, providing additional diversification benefits, particularly from a regulatory perspective.

While the vast majority of earnings continue to be generated by the highly stable rental business (Exhibit 4), Vonovia has gradually increased the contribution from non-rental activities to enhance profitability and diversify earnings sources. By 2028, the company targets rental income to account for 75%-80% of company-adjusted EBITDA, with the remainder generated by complementary businesses. The value-add business is closely linked to the rental platform and supports overall profitability. The recurring sales business has developed into a sustainable EBITDA contributor, benefiting from targeted gross margins of around 30%-35%, although earnings remain more cyclical than those of the rental segment. Within development, Vonovia aims to achieve gross margins of around 20% in its development-for-sale activities, which also help fund selected developments retained on the balance sheet. While development earnings are inherently more volatile and dependent on market and financing conditions, the expansion of these activities supports greater earnings diversification and higher overall profitability over time. Nevertheless, our rating continues to reflect the expectation that the company's earnings profile will remain anchored by its highly stable and predictable rental business, which will continue to generate the majority of EBITDA.

Exhibit 5

Most of the EBITDA is derived from the rental segment

Company-adjusted EBITDA breakdown by segment (year-to-date June 2026)



Source: Company data

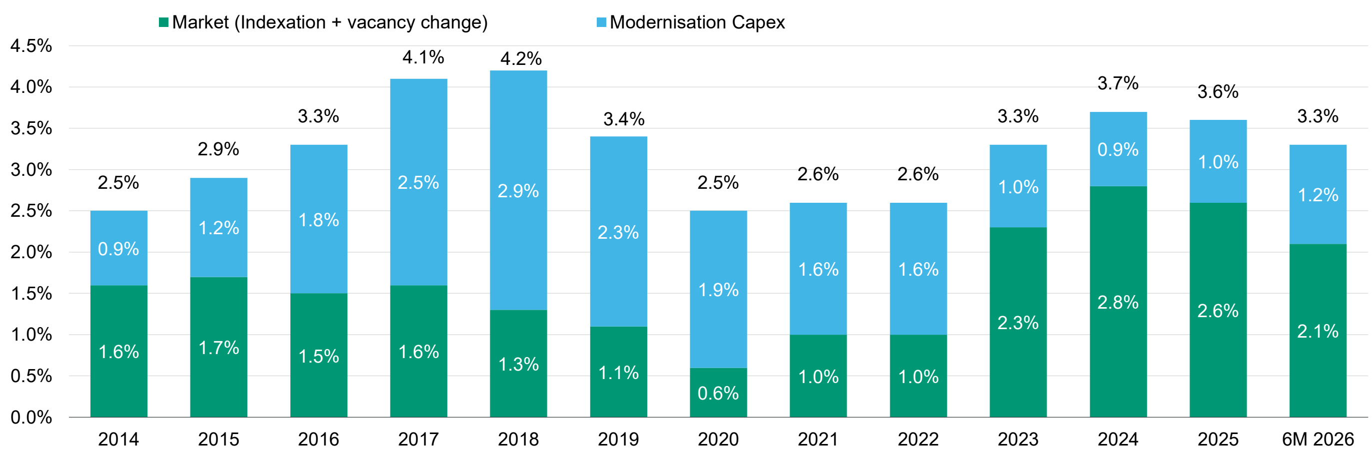
Stable operating performance with low correlation to economic cycles, further supported by investments

Vonovia continues to demonstrate resilient operating performance across economic cycles, supported by its leading scale, broad geographic diversification and the defensive characteristics of the German residential market. Demand for affordable housing remains strong, as reflected in like-for-like rental growth (excluding new construction) of 3.3% in the first half of 2026 (Exhibit 5) and a very low vacancy rate of 2.3%. The company expects rental growth of around 4% for full-year 2026, driven by rent increases under applicable rent tables, modernization measures and the contribution from newly completed units.

Exhibit 6

Vonovia's like-for-like rental growth continues

Rental growth (%) excluding growth from new construction



Source: Company data

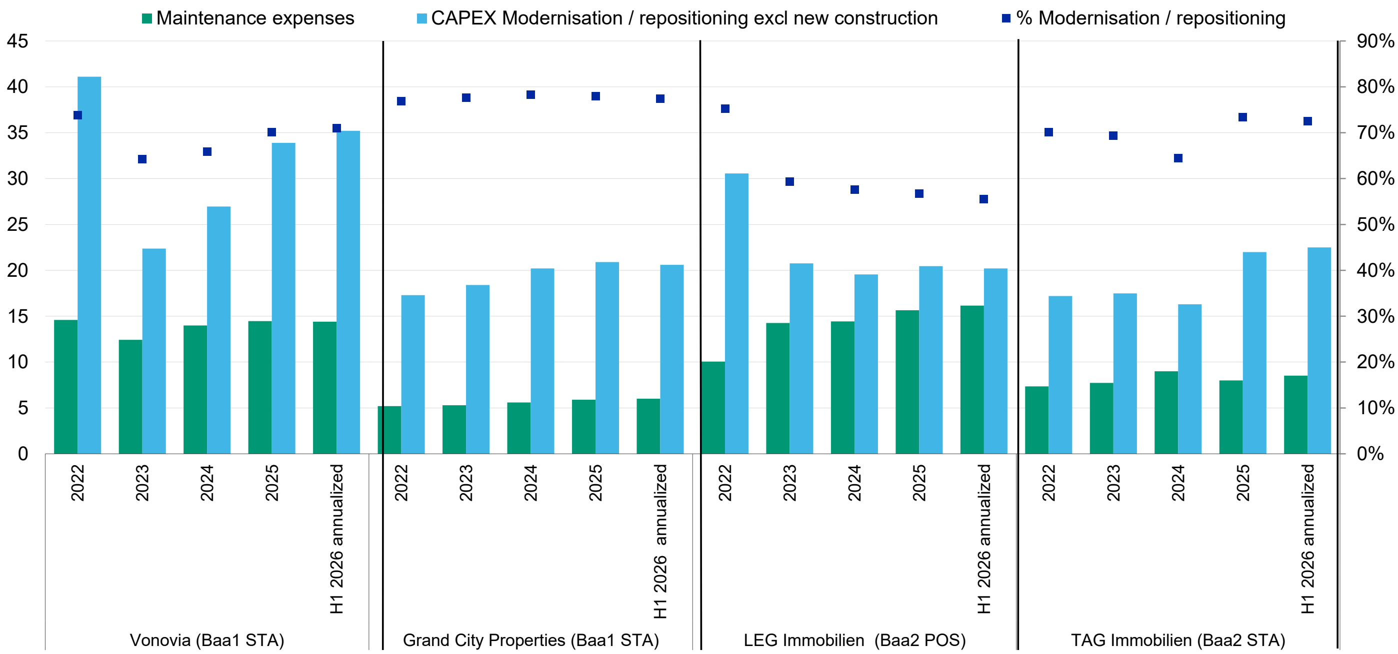
The strength of Vonovia's operating platform is further supported by its continued investment in its housing stock. The company expects investment spending of around €1.4 billion in 2026 and we expect around €1.5 billion in 2027, excluding approximately €0.5 billion of capitalized maintenance annually. Investments include apartment refurbishments upon tenant turnover, decarbonization initiatives, building modernization, development-to-hold projects and photovoltaic installations. We understand that a substantial portion of these investments will be self-funded through internally generated cash flow, supplemented by recurring residential sales and proceeds from non-core disposals.

Historically, Vonovia has invested more heavily in asset quality and energy efficiency than many peers, supported by its in-house refurbishment capabilities, which provide operational expertise and cost advantages. As a result, the company is well positioned to address increasingly stringent environmental requirements while maintaining the attractiveness and competitiveness of its portfolio.

Exhibit 7

Vonovia's investments per square metre remain above those of peers

Maintenance (expensed and capitalised) and modernisation capital spending



Source: Companies' data

We view these investments as supportive of the long-term sustainability of rental growth, portfolio quality and asset values. However, a key sector challenge remains the growing tension between housing affordability objectives and the substantial capital required to modernize and decarbonize the residential housing stock. If future regulations increasingly limit landlords' ability to recover modernization and energy-efficiency investments through rents, returns on capital expenditures will likely decline, weakening earnings growth and income-based credit metrics over time. While this risk remains an important consideration in our assessment of the German residential sector, we believe Vonovia is better positioned than most peers to navigate these challenges given its scale, operational capabilities and proactive investment approach.

Stable operating environment for the German multifamily residential sector

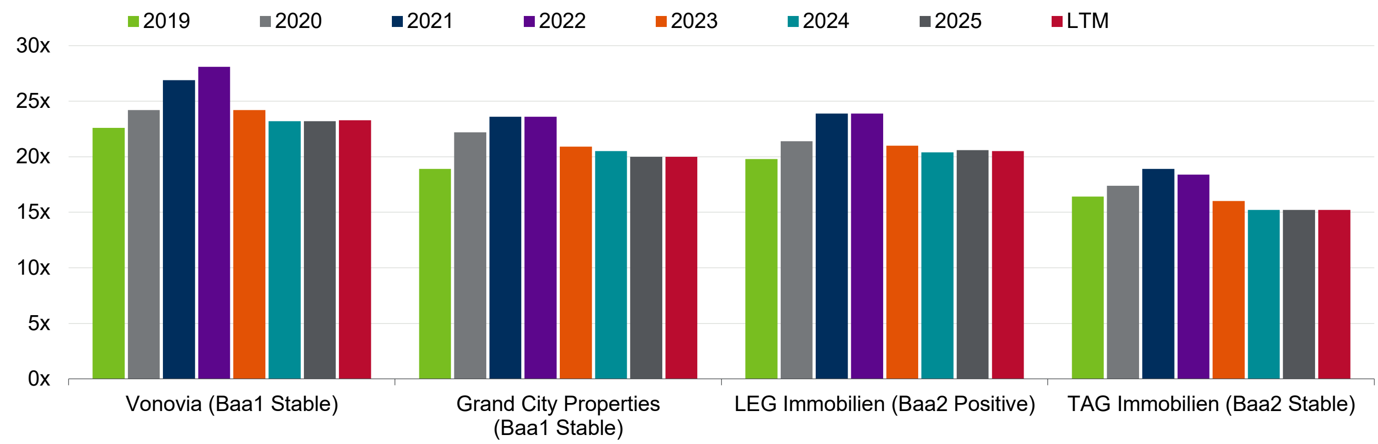
The German multifamily residential sector is supported by its strong long-term fundamentals and defensive profile. Demand for residential property remains high, particularly in metropolitan areas where structural undersupply and limited new construction continue to exert upward pressure on rents. This trend is supported by enduring structural drivers — urbanisation, immigration, shrinking household sizes and broadly stable labour market conditions — which underpin sustained housing demand and contribute to the upward trajectory of rents.

Over the next 12-18 months, the operating environment for residential real estate companies we rate is likely to remain stable, supported by solid rental growth and high occupancy rates. Rent regulation creates a considerable gap between in-place and market rents, offering positive rent reversion potential. However, this potential cannot be realised immediately because of regulatory constraints. Nonetheless, we expect rental growth across our rated German multifamily residential issuers to reach at least 3% annually, supported by the gradual alignment of in-place rents with updated rent tables and potential additional uplift from modernisation investments. Cash flow stability is further reinforced by consistently high rent collection rates and low tenant churn.

Residential real estate has historically been among the most liquid asset classes in Germany, supported by strong lender appetite. Mortgage banks benefit from access to covered bond markets at affordable terms to refinance German multifamily exposures.

Balancing these strengths are elevated macroeconomic and geopolitical uncertainties, which could put further pressure on the interest rate environment, property valuations and funding costs, although such downside risks are not incorporated into Moody's base case assumptions. In addition, the rating remains constrained by regulatory risks inherent in the German residential sector. Moody's continues to monitor developments related to the socialization debate in Berlin. While we continue to view the likelihood of any material socialization measures affecting Vonovia's credit profile as remote, political and legal uncertainty remains elevated ahead of the Berlin election. Recent federal proposals aimed at limiting state-level socialization initiatives are credit positive because they reduce the perceived likelihood of implementation and help alleviate investor concerns regarding expropriation risk.

Exhibit 8
German residential in-place rent multiples



LTM data for Vonovia, Grand City Properties, LEG and TAG Immobilien are as of June 2026.
Source: Companies' data

Gradual deleveraging supported by tighter financial policy and balanced capital allocation

Vonovia's financial profile continues to gradually strengthen, although its Moody's-adjusted debt-to-assets ratio of 49.4% as of June 2026 remains at the upper end of our Baa1 guidance. We expect further deleveraging over the next 12-24 months, driven by ongoing asset disposals, continued earnings growth, stable portfolio values and incremental value creation from investments.

Management has adopted a more conservative financial policy, underpinned by medium-term targets of an LTV around 40%, net debt/EBITDA below 12x and interest coverage comfortably above 3.0x by year-end 2028. Despite elevated investment spending to support portfolio modernization, decarbonization and growth initiatives, we expect the company to maintain a balanced financial stance, with a meaningful portion of disposal proceeds directed toward debt reduction.

Accordingly, we expect Moody's-adjusted debt-to-assets to improve towards 47% over the next 12-24 months. Our metric incorporates a €2 billion debt adjustment related to the minority stakes sold to investment vehicles managed by Apollo in 2023, which are first callable in 2028. We also expect net debt/EBITDA to improve from 15.7x as of June 2026 to around 14x, reflecting continued earnings growth, disciplined capital allocation and further balance sheet optimization. While these metrics remain above management's 2028 targets, they are consistent with a solid Baa1 credit profile and demonstrate a clear trajectory of financial strengthening.

Interest coverage remains exposed to the refinancing of maturing low-cost debt at higher market rates. However, resilient earnings growth, gradual deleveraging, proactive liability management and a well-staggered debt maturity profile should partially offset this pressure. As a result, we expect Moody's-adjusted EBITDA interest coverage to remain modestly above 3.0x over the next 12-24 months, despite higher refinancing costs.

Asset disposals remain a key lever for balance sheet improvement over the next 12 to 24 months

Asset disposals remain a key component of Vonovia's deleveraging strategy. Management has identified a sizeable disposal pipeline through 2028, including approximately €1.8 billion of remaining non-core assets in Germany, around €0.8 billion of non-core assets in Sweden, recurring residential sales of around €0.5 billion per year, for aggregate volume of around €1.5 billion and selective disposals of other assets, including landbank.

Following around €700 million of asset sales completed in the first half of 2026, we expect full-year volumes of approximately €1 billion. Beyond 2026, our forecasts broadly align with the company's identified disposal pipeline and incorporate around €3 billion of transactions in 2027, with further material disposals extending into 2028. The ultimate volume and timing of sales will depend on market conditions, valuation trends and progress towards the company's financial objectives.

Successful execution of the disposal programme, alongside continued earnings growth and stable-to-improving property valuations, would further strengthen Vonovia's financial profile and could support positive rating momentum over time. However, achieving these outcomes remains dependent on continued disposal execution and supportive transaction and capital market conditions.

Financial integration with Deutsche Wohnen on the back of the DPLTA

In September 2024, Vonovia initiated a DPLTA with Deutsche Wohnen, giving minority shareholders the choice to exchange their shares for Vonovia shares or receive a gross fixed annual payment of €1.22 per Deutsche Wohnen share. Approved in January 2025 and finalized in July, the DPLTA enhances Vonovia's credit profile by allowing it to gain full control and enjoy the benefits of fully integrating Deutsche Wohnen, which currently has moderate leverage, conservative financial practices, and improved liquidity following successful asset disposals

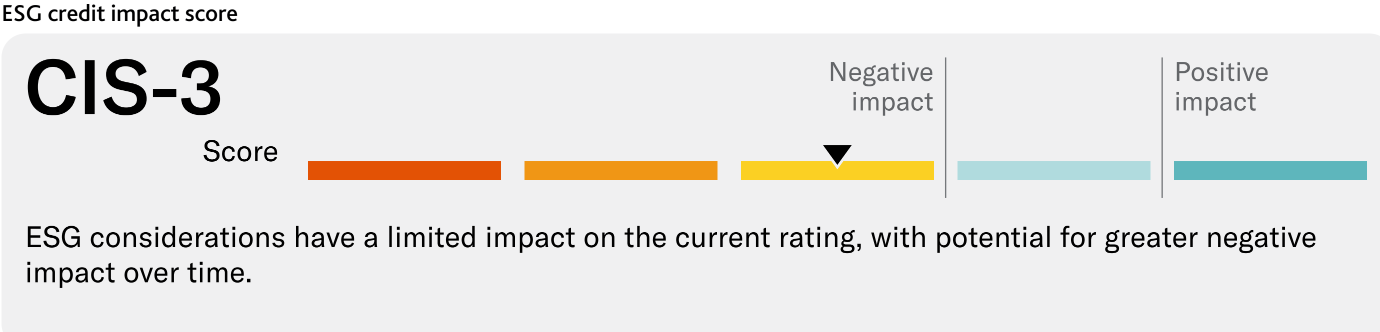
To implement the DPLTA, Vonovia established a holding company owning around 20% of Deutsche Wohnen's share capital, selling a 51% stake to Apollo for just over €1 billion; the transaction closed in Q3 2025. An important feature is that the structure includes a lock-up agreement, acting as a real estate transfer tax blocker, which requires at least a 10% minority stake to remain with an external investor—currently Apollo. This arrangement makes a future repurchase of the minority stake by Vonovia highly unlikely due to the loss of significant tax exemption.

Guaranteed payments to hold-out minorities in Deutsche Wohnen are reported under IFRS as a liability to non-controlling interests. The net present value of payments owed to Apollo amounted to approximately €311 million at FY2025. As this obligation is already recognized as a liability and is not material to Vonovia's credit profile, no debt adjustment was made. However, we qualitatively assess the negative impact on annual cash flow generation, with total compensation payments to hold-out minorities amounting to approximately €100 million per year, including around €70 million distributed to Apollo Management Holdings L.P. However, this is balanced by meaningful cash tax savings.

ESG considerations

Vonovia SE's ESG credit impact score is CIS-3

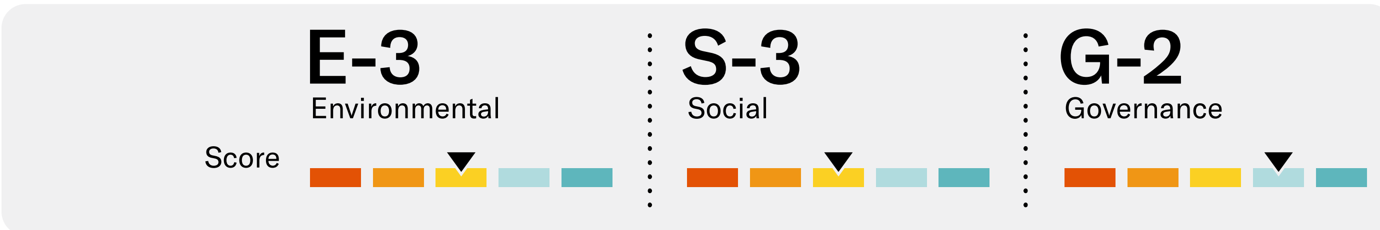
Exhibit 9
ESG credit impact score



Source: Moody's Ratings

The **CIS-3** reflects Vonovia's moderate exposure to carbon transition and regulatory risks, as well as risks from past significant M&A activity that increased leverage. Recent minority disposals have added organizational complexity and cash leakage, but these factors are balanced by Vonovia's continued commitment to its financial targets and the credit-positive integration of Deutsche Wohnen through the DPLTA.

Exhibit 10
ESG issuer profile scores



Source: Moody's Ratings

Environmental

E-3: Vonovia, alongside the German residential sector, has a moderate exposure to carbon transition risk through increasing investment requirements to improve the energy performance of its buildings from a regulatory, investors and tenant perspective. The company has identified a tangible path to net-zero carbon emissions and has been a frontrunner for increasing investments in its assets.

Social

S-3: Vonovia's moderate exposure to social risk arise from affordable living requirements and rental regulation. It affects rental growth potential for companies in the sector and interferes with investment requirements due to environmental regulation. Companies in the sector are also exposed to moderate customer relationship risk through the handling of sensitive private individual data.

Governance

G-2: Vonovia's governance risks arise from its higher leverage compared to similarly rated peers, following past significant M&A activity, and increased organizational complexity and cash leakage from recent minority disposals. These risks are mitigated by Vonovia's strong integration track record, ongoing commitment to financial targets, and the credit-positive implementation of the DPLTA with Deutsche Wohnen.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

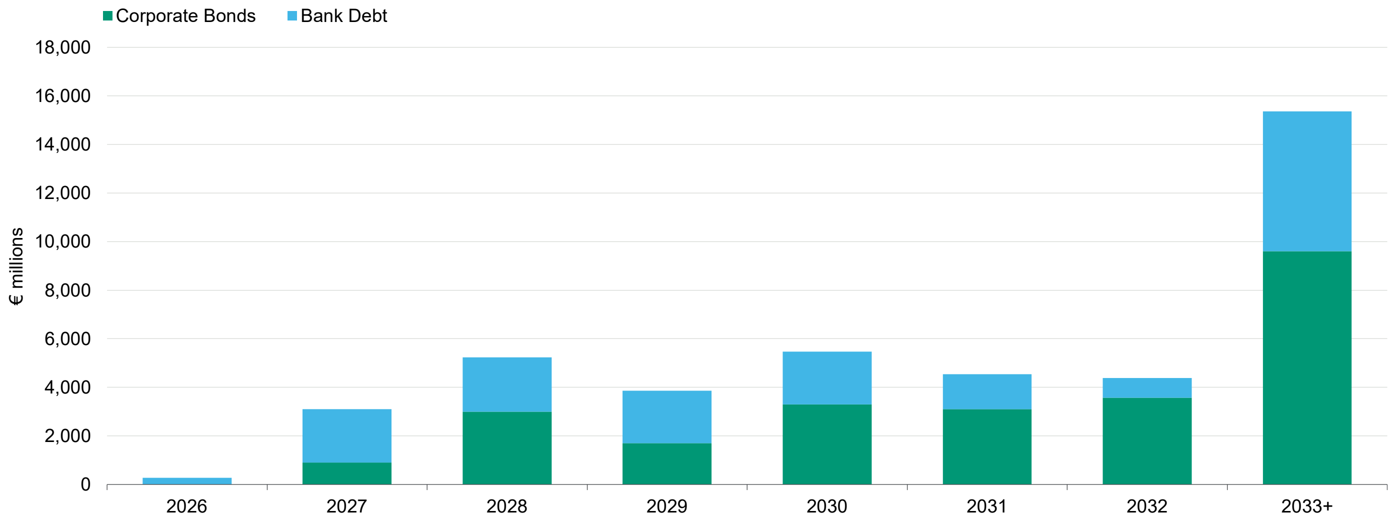
Solid liquidity but large refinancing needs ahead

Vonovia's liquidity is robust, benefiting from around €1.9 billion in cash and equivalents as of 30 June 2026, €3.7 billion of committed revolving credit facilities, including a core €3.0 billion RCF maturing in July 2031 and three smaller facilities totalling €700 million with maturities in 2028 and 2029 and an additional €2 billion from bond issuances in July 2026. Over the next 12-24 months, we expect the company's liquidity sources to comfortably cover interest payments, capital spending requirements, dividend distributions and payments to minority shareholders (approximately €250 million as of June 2026), while also supporting partial debt repayment.

The company maintains a well-staggered debt maturity profile, with no more than 14% of total debt maturing annually. While this still represents a substantial refinancing requirement given the company's scale, we view the associated risk as mitigated by Vonovia's best-in-class and consistently demonstrated access to capital markets. The company has repeatedly raised sizeable funding across market cycles, supported by strong investor demand, broad instrument and multi-currency market access, and deep banking relationships. Combined with proactive liability management, these factors provide significant financial flexibility and underpin our confidence in the company's ability to address upcoming maturities, even during periods of market volatility.

As of 30 June 2026, Vonovia's funding mix was highly diversified, with bonds (including green and social bonds) accounting for 55% of gross debt, convertible bonds 5%, complemented by mortgage loans, structured loans, subsidised modernisation debt, and private placements. The weighted average maturity of its debt stood at approximately 6.3 years as of 30 June 2026, underscoring its proactive approach to liability management.

Exhibit 11
Vonovia has a well-staggered debt maturity profile
Debt maturities as of 30 June 2026*



*The maturity profile is as of 30 June 2026 but includes the issuance of three EUR bonds (€2.0bn), a bond repayment (€0.5bn) as well as liability management (€1.5bn) in early July 2026.
Source: Company data

Overall, Vonovia maintains sufficient covenant headroom. Although loan covenants vary, the most relevant bond covenants currently are 60% LTV (versus 45.4% reported as of June 2026) and unencumbered assets/unsecured debt exceeding 125% (versus 173% reported as of June 2026).

Rating methodology and scorecard factors

The principal methodology used to rate Vonovia was our REITs and Other Commercial Real Estate Firms rating methodology.

Vonovia's long-term issuer rating of Baa1 is one notch above the our scorecard-indicated rating under our current and forward view. The company's superior scale and market position, and focus on stable regulated rental housing activities in core real estate markets like Germany with a robust banking system support the assigned rating. In addition, a further improvement in credit metrics over the next 12 to 24 months is likely.

Exhibit 12

Vonovia SE

REITs and Other Commercial Real Estate Firms Industry Scorecard *	Current LTM June 30 2026		Moody's 12-18 Month Forward View **	
	Measure	Score	Measure	Score
Factor 1: Scale (5%)				
a) Gross Assets (USD Billion)	104.8	Aaa	106.0 - 108.0	Aaa
Factor 2: Business Profile (25%)				
a) Asset Quality	A	A	A	A
b) Market Characteristics	Aa	Aa	Aa	Aa
Factor 3: Access To Capital (20%)				
a) Access to Capital	Aa	Aa	Aa	Aa
b) Asset Encumbrance	Ba	Ba	Ba	Ba
Factor 4: Leverage And Coverage (35%)				
a) Debt / Gross Assets	49.4%	Baa	47.0% - 49.0%	Baa
b) Net Debt / EBITDA	15.8x	Ca	14.0x - 15.5x	Ca
c) EBITDA / Interest Expense	3.1x	Baa	3.0x - 3.1x	Baa
Factor 5: Financial Policy (15%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Ratings				
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned				Baa1

*All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
**Moody's forecasts are Moody's opinion and do not represent the views of the issuer (as applicable).
Source: Moody's Financial Metrics™ and Moody's Projections

Ratings

Exhibit 13

Category	Moody's Rating
VONOVIA SE	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
DEUTSCHE WOHNEN SE	
Outlook	Stable
Senior Unsecured -Dom Curr	Baa1

Source: Moody's Ratings

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