

Research Update:

# Vivion Outlook Revised To Stable On Expected Ratio Stabilization After Recent Transactions; 'BB' Rating Affirmed

June 12, 2026

## Rating Action Overview

- We anticipate that Vivion Investments S.à r.l.'s credit metrics will strengthen as a result of its recent strategic actions--including equity injections, the refinancing of secured notes and bank debt at more favorable rates, and the issuance of perpetual notes.
- Over the next 12 months, we therefore anticipate the S&P Global Ratings-adjusted EBITDA interest coverage ratio will improve to about 1.6x-1.8x from 1.2x as of Dec. 31, 2025. We also forecast debt to EBITDA will improve to 8.5x-9.0x (versus 9.5x at year-end 2025), and the debt-to-debt-plus-equity ratio to 42%-43% (versus 44.4%).
- We therefore revised the outlook on commercial real estate company Vivion to stable from negative. The stable outlook reflects our expectation that cash flow from Vivion's income-generating property portfolio will improve slightly over the next 12 months as we expect occupancy to improve, despite current market uncertainty. In our base-case scenario, we assume that the company will improve its occupancy rate to about 94%-95% from 93% as of March 31, 2026, and expect overall credit metrics to be aligned with the current 'BB' rating.
- We also affirmed our 'BB' long-term issuer credit rating on Vivion, our 'BB+' issue rating on its senior secured notes, and our 'B' rating on its subordinated perpetual notes.

## Rating Action Rationale

### **Vivion's recent credit enhancement measures will improve its credit metrics by year-end 2026.**

We understand that the company has implemented the following strategic actions and intends to execute further credit measures that we believe would strengthen its credit metrics over the next 6 to 12 months, driven by expected deleveraging and a reduction in absolute interest expenses.

Recently completed strategic actions:

- Debt refinancing: In December 2025, Vivion successfully executed the refinancing of existing debt by issuing €505 million in new 2030 secured notes and €252.5 million in subordinated

### Primary Contact

**Manish Kejriwal**

Dublin  
353-0-1-568-0609  
manish.kejriwal  
@spglobal.com

### Secondary Contact

**Nicole Reinhardt**

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

perpetual notes. These proceeds, alongside institutional investor class C equity issued in August 2025, were used to redeem the €768 million of existing 2028 secured notes out of about €900 million outstanding as of June 30, 2025. This transition significantly reduced interest costs, as the new 2030 notes carry a 5.625% coupon--substantially lower than the 8.250% (6.50% cash and 1.75% payment in kind (PIK)) in the 2023 issuances (see "[Vivion's Proposed Subordinated Euro Hybrid Notes Rated 'B' With Intermediate Equity Content](#)," Nov. 19, 2025).

- Equity injections: In March 2026, Vivion's main shareholder injected €60 million of common equity, which will be used to reduce leverage.
- Liability management: In May 2026, a €140 million tap of existing 5.625% secured notes was completed to repay the remaining balance of the 2028 notes, further lowering absolute interest expenses.
- In June 2026, Vivion has issued £150 million in U.K. secured debt to repay existing secured debt of about £123 million, reducing the margin to 2.8% plus SONIA from approximately 4.75% plus SONIA.
- Vivion has signed leases on Essen office assets, which we understand improved the occupancy in the office portfolio to 82% as of March 31, 2026. The company expects this to improve to 88%-90% in the next six months, based on current lease negotiations.

Events and measures that should further improve credit metrics:

- Early refinancing of the other existing higher-cost debt at more favorable rates over the next three months.
- Projected recovery in EBITDA from the delivery of a hotel asset and an expected improvement in German office occupancy in the next six months.

Based on the above, we anticipate the average cost of debt will decrease to approximately 6.0%-6.3% over the next six months from 7.5%-8.0% as of Dec 31, 2025, contributing to lower absolute interest expenses. Together with higher EBITDA generation, we expect Vivion's EBITDA interest coverage ratio will improve to 1.6x-1.7x in 2026 and 1.7x-1.8 x in 2027 from 1.2x as of December 2025.

**We expect Vivion's leverage to remain relatively low.** As of Dec. 31, 2025, adjusted debt to EBITDA was 9.5x and debt to debt plus equity was 44.4%. We anticipate that the company's debt-to-EBITDA ratio could improve to about 9.0x over the next 12 months, driven by an expected full contribution to rental income from the acquired hotel asset, an improvement in the German office occupancy level, and lower leverage. We anticipate that debt to debt plus equity could improve to 42%-43%, incorporating our assumption of a flat portfolio valuation in 2026 and onward. Despite potential pressure from rising interest rates due to geopolitical uncertainties, we believe the risk of negative portfolio valuation will be mitigated by increased inflation and occupancy rates, benefiting the company's rental income. Our projections also assume slightly lower net debt levels, reflecting the anticipated use of cash proceeds from credit enhancement measures.

**We expect Vivion's operating performance will improve over the next 12 months, primarily due to an expected rise in German office occupancy.** As of Dec. 31, 2025, occupancy in Vivion's German office portfolio increased to 82% from 75% in June 2025. This improvement was largely attributable to an increase in occupancy in the Essen assets, with overall occupancy rising to 93% in December 2025, from 91% in June 2025. We understand Vivion is in advanced negotiations with potential tenants to sign new leases and extend existing leases. We therefore anticipate

German office occupancy levels could improve gradually to approximately 88%-90% over the next six months, reaching about 91%-92% by 2027. This projected improvement could be supported by the trend of more staff returning to the office, less supply of new office space in key German cities, and moderate upcoming lease maturities of about 10%-11% in 2026 and 2027. Furthermore, we understand that the hotel in Berlin, acquired in 2024, should begin contributing to rental income in the next three months.

We forecast Vivion's like-for-like rental income will increase by approximately 3.0%-4.0% in 2026, primarily reflecting the impact of improving occupancy in the German office portfolio and our expectation of positive indexations (all Vivion's U.K. leases and more than 90% of its German leases are indexed to inflation or include step-up rent components). We project like-for-like growth of 1.5%-2.0% and overall revenue growth of about 4.0%-4.5% in 2027, assuming a slight improvement in German office occupancy rates, positive indexation, and the incremental contribution from the acquired hotel asset.

**Vivion's liquidity remains adequate, supported by a strong cash position and limited short-term debt maturities for the next 12 months.** As of March 31, 2026, Vivion's cash and liquid assets stood at about €332 million (including about €3.0 million in marketable securities), which is ample to cover its next 12 months of debt maturity of about €141 million. The company recently issued a tap on its existing 2030 secured notes of about €140 million to repay the balance outstanding on the 2028 secured notes and also refinanced the U.K. secured debt of about £123 million at a margin of 2.8% plus SONIA from approximately 4.75% plus SONIA previously.

Of its debt, 95% is fixed or hedged, which limits volatility risk arising from interest rate movements. The company had sufficient headroom under its covenants as of Dec. 31, 2025. A high proportion of its cash is held at Vivion's subsidiary, Golden Capital Partners, but we understand there are no restrictions limiting Vivion from accessing this cash, if needed, via intracompany loans or dividend payments (though the latter would result in some cash leakage). As of Dec. 31, 2025, Vivion's weighted-average debt maturity (WAM) stood at 3.4 years, very close to our rating requirement of a minimum of three years. That said, we understand that Vivion is planning to refinance other existing debt to ensure a WAM of comfortably above three years.

## Outlook

The stable outlook indicates that we expect operating performance from Vivion's income-generating property portfolio to remain relatively stable over the next 12 months, despite current market uncertainty. In our base-case scenario, we assume that the company will improve its occupancy rate to about 94%-95% from 93% as of March 31, 2026, and expect overall credit metrics to be aligned with the current 'BB' rating.

### Downside scenario

We could lower our rating on Vivion if:

- If Vivion fails to improve EBITDA interest coverage to close to 1.8x in the next 12 months; or
- Debt to EBITDA increases above 9.5x; or
- Debt to debt plus equity increases toward 60%.

We could also lower the rating if Vivion's operating performance deteriorates such that occupancy rates decline or rental growth is lower than anticipated, or if the company experiences further asset devaluation.

## Upside scenario

We could raise the rating if:

- EBITDA interest coverage improves to above 2.4x; and
- Debt to EBITDA improves toward 7.5x; and
- Debt to debt plus equity remains below 50%; and
- Liquidity remains adequate and Vivion's operating performance--including occupancy rates, rental growth, and asset values--remains stable.

## Company Description

Vivion is a privately owned, Luxembourg-registered, commercial real estate company with a gross asset value (GAV) of about €4.1 billion as of Dec. 31, 2025. Its GAV is split between the U.K. (54%) and Germany (46%). Vivion's portfolio mainly comprises U.K. hotel assets with a GAV of €2.2 billion and German commercial real estate assets with a GAV of €1.8 billion. About 55% of its U.K. hotel assets are in or around London. Most of its German office assets are in or near metropolitan cities: 53% are in Berlin or the state of Brandenburg and 28% are in the Rhein-Ruhr metropolitan region.

Vivion is ultimately owned by founder Amir Dayan, who owns about 87% of Vivion Investments S.à r.l. through Vivion Holdings S. à r.l. Vivion holds its German portfolio under its subsidiary Golden Capital Partners. It owns 51.5% of Golden Capital Partners; the remainder is owned by a pool of institutional investors.

## Our Base-Case Scenario

### Assumptions

- Real GDP growth in the U.K. and Germany of 1.0%-1.3% and 0.8%-1.0% in 2026, followed by 1.3-1.5 % and 1.2%-1.4% in 2027.
- Consumer price index (CPI) inflation in the U.K. and Germany of about 2.0%-2.5% in 2026 and 1.8%-2.2% in 2027.
- We forecast like-for-like rental income growth of approximately 3.0%-4.0% in 2026, primarily reflecting the impact of improving occupancies in the German office portfolio. We then expect like-for-like rental growth of 1.5%-2.0% and overall growth of 4.0%-4.5% in 2027, assuming a modest improvement in German office occupancy rates and the incremental contribution from the newly acquired hotel asset
- We assume overall occupancy to improve to 93%-95% in 2026. We expect the office occupancy levels will improve modestly to approximately 88%-90% over the next six months, with hotel occupancy remaining near 100%.
- We assume flat portfolio valuation in 2026 and thereafter consistent with the nearly flat valuation reported as of the 2025, as we assume yields will stabilize this year.
- EBITDA margin to remain stable at just over 76%-78% for the next two years, bolstered by Vivion's triple-net leases in its hotel portfolio and double-net leases in its German office portfolio.

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- We assume annual capital expenditure (capex) of €60 million-€70 million (including maintenance and renovation capex) annually over the next few years.
- Acquisitions of about €90 million-€100 million and disposals of about €40 million-€50 million within the next 12 months, in line with the company's current strategy.
- We understand that company will take more measures, such as refinancing of other secured bank debts or existing secured notes, in the next three months to support the credit metrics.
- No material dividend distributions over the next 12-24 months.
- We assume the adjusted weighted-average cost of debt will improve to about 6.0%-6.3% from 7.5%-8.0% in the next 12 months (including PIK interest on the senior bonds).

## Key metrics

### Vivion Investments S.à r.l.--Financial summary

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f
Revenue	259	249	265	278	287
Gross profit	236	224	239	251	259
EBITDA (reported)	204	193	206	216	223
EBITDA	197	195	206	216	223
Funds from operations (FFO)	53	63	72	82	88
EBIT	229	209	212	222	228
Interest expense	159	165	131	131	131
Cash flow from operations (CFO)	19	44	71	82	89
Capital expenditure (capex)	50	40	65	65	65
Debt	1,896	1,851	1,854	1,836	1,811
Equity	2,227	2,317	2,445	2,522	2,602
Cash and short-term investments (reported)	441	349	306	294	250
<b>Adjusted ratios</b>					
EBITDA margin (%)	76.1	78.6	77.5	77.6	77.7
Debt/EBITDA (x)	9.6	9.5	9.0	8.5	8.1
EBITDA interest coverage (x)	1.2	1.2	1.6	1.7	1.7
Debt/debt and equity (%)	46.0	44.4	43.1	42.1	41.0

a--Actual. e--Estimated. f--Forecast.

## Liquidity

We assess Vivion's liquidity as adequate and expect liquidity sources to cover uses by more than 2x for the 12 months starting April 1, 2026. Our liquidity assessment is supported by the company's substantial cash and liquid assets of about €332 million (including €3.0 million marketable securities). While quantitatively the liquidity assessment could be better, we do not consider that Vivion meets enough qualitative factors for a higher assessment.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"> <li>• €329.8 million in available unrestricted cash;</li> <li>• €2.9 million of marketable securities;</li> <li>• Our cash funds from operations forecast of about €90 million-€95 million; and</li> <li>• €140 million bond tap on existing 2030 secured notes, completed in May 2026.</li> </ul>	<ul style="list-style-type: none"> <li>• About €141 million in debt maturing in the 12 months from April 1, 2026; and repayment of about €125 million of the existing balance of secured 2028 notes.</li> <li>• Maintenance and development capex of €60 million-€70 million, most of which is not committed.</li> <li>• Transaction fee of about €10 million-€15 million, including some penalties for early repayment of a bond in May 2026.</li> </ul>

## Covenants

Financial covenants apply to the secured notes. No additional debt may be incurred if the loan-to-value (LTV) ratio is above 53%, and the net LTV ratio may not exceed 65%. In addition, the cash interest coverage ratio must be at least 1.15x until the end of 2026; it steps up to 1.20x in 2027.

As of Dec. 31, 2025, the company was compliant with all its covenants, and we expect it to maintain sufficient headroom under its debt covenants for at least the next 12 months.

## Environmental, Social, And Governance

Governance factors are a moderately negative consideration in our credit ratings analysis of Vivion, given that the company is ultimately controlled by one principal shareholder, Amir Dayan, with an 87% stake. The eight members of the board of managers (board of directors) include one representative of Vivion's minority shareholders. The company has two independent members on the board of directors; the remaining six are not independent, including one minority shareholder's representative. Vivion also has an advisory board that has three members--one of which is independent and two are not.

Environmental and social factors are an overall neutral consideration in our credit analysis of Vivion. Although about a half of Vivion's portfolio comprises hotel assets, we view social factors as an overall neutral consideration, given that these assets have fixed leases.

## Issue Ratings--Recovery Analysis

### Key analytical factors

- Vivion's two senior secured bonds are rated 'BB+' with a recovery rating of '2'. They have a combined amount outstanding of €1.2 billion, mature in 2029 and 2030, and pay an interest rate of 6.5% plus PIK interest for 2029 and 5.625% for 2030.
- Our ratings reflect the company's robust asset base and the limited amount of prior-ranking debt.
- The '2' recovery rating on the secured debt reflects our expectation of substantial recovery (70%-90%; rounded estimate: 85%) for Vivion's secured lenders in the event of a default.

- Our recovery rating on the senior secured notes is capped at '2' to account for the risk that additional debt ranking at the same or a senior level could be raised on the path to default. It also reflects the omission from the collateral package of direct charges over property, which we regard as real estate companies' most valuable asset.
- Bondholders and noteholders benefit from a significant asset base comprising well-located properties that generate stable incomes in the U.K. and Germany. The German assets are held by Golden Capital Partners; for recovery purposes, we only give credit to Vivion's 51.5% stake in its subsidiary.
- The bond security mainly consists of share pledges, with 100% of shares pledged on several subsidiaries, including Vivion Capital Partners, which holds 51.5% of the shares in Golden Capital Partners.
- The note documentation includes limitations on total indebtedness--a maximum maintenance LTV ratio of 65% and an incurrence LTV ratio of 53%.
- Our hypothetical default scenario assumes a severe economic downturn in Germany and the U.K. that puts pressure on rents, exacerbated by an increase in competition and a material decline in asset values.
- We value Vivion as a going concern, reflecting its relationships with hotel operators and its solid German property portfolio. We use a distressed asset valuation to reflect Vivion's robust asset base, which is valued at €4.1 billion.

### **Simulated default assumptions**

- Simulated year of default: 2031
- Jurisdiction: U.K. and Germany

### **Simplified waterfall**

- Consolidated net enterprise value at default (after 5% administrative costs): €2.5 billion
- Priority debt linked to mortgages and the value available to minorities at Golden Capital Partners: €1.05 billion
- Value available for senior secured claims: €1.45 billion
- Senior secured debt: €1.34 billion
- --Recovery expectations: 70%-90%; rounded estimate: 85%, with the recovery rating at '2'

All debt amounts at default include six months of accrued prepetition interest and all accrued PIK interest.

**Rating Component Scores**

Component	
Foreign currency issuer credit rating	BB/Stable/--
Local currency issuer credit rating	BB/Stable/--
Business risk	
Country risk	Low risk
Industry risk	Low risk
Competitive position	Fair
Financial risk	
Cash flow/leverage	Significant
Anchor	bb

**Modifiers**

Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Moderately negative
Comparable rating analysis	Neutral
Stand-alone credit profile	bb

## Related Criteria

- [Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers](#), March 31, 2026
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Corporates | General: Methodology For Assessing Financing Contributed By Controlling Shareholders](#), May 15, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), 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 | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [General Criteria: Methodology For Companies With Noncontrolling Equity Interests](#), Jan. 5, 2016
- [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: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Vivion Investments 'BB' Ratings Affirmed; Outlook Remains Negative, Oct. 3, 2025](#)
- [Vivion's Proposed Subordinated Euro Hybrid Notes Rated 'B' With Intermediate Equity Content, Nov. 19, 2025](#)

## Ratings List

### Ratings List

#### Ratings Affirmed; Outlook Action

	To	From
<a href="#">Vivion Investments S.a.r.l.</a>		
Issuer Credit Rating	BB/Stable/--	BB/Negative/--

#### Ratings Affirmed

<a href="#">Vivion Investments S.a.r.l.</a>		
Subordinated	B	

#### Ratings Affirmed; Recovery Ratings Unchanged

<a href="#">Vivion Investments S.a.r.l.</a>		
Senior Secured	BB+	
Recovery Rating	2(85%)	

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