MOODY'S
RATINGS

Rating Action: Moody's Ratings upgrades TAG's ratings to Baa2; outlook stable

18 May 2026

Frankfurt am Main, May 18, 2026 -- Moody's Ratings (Moody's) has today upgraded TAG Immobilien AG's (TAG or the company) long-term issuer rating to Baa2 from Baa3, as well as the rating on its senior unsecured notes to Baa2 from Baa3. The company's short-term issuer rating has been upgraded to P-2 from P-3, and, accordingly, its commercial paper programme has been upgraded to P-2 from P-3. The outlook has been changed to stable from positive.

RATINGS RATIONALE

"The upgrade to Baa2 reflects TAG's sustained solid operating performance, including solid rental growth and modest vacancy rates, in Germany and Poland, alongside disciplined financial management and continued progress in strengthening its funding diversification," says Ana Silva, Moody's Ratings VP-Senior Credit Officer and lead analyst for TAG. "We expect TAG's credit metrics to remain supportive of the higher rating over the next 12 to 18 months, with Moody's-adjusted net debt to EBITDA below 10x, gross debt to assets trending towards 45% on a normalized cash basis, and interest coverage stabilising just below 3x following refinancing activities in 2026 –2027, underpinned by resilient rental performance and incremental earnings contributions from the homebuilding business." adds Ms. Silva.

The Baa2 rating continues to be supported by TAG's stable earnings base, primarily generated from its German residential rental portfolio, and further reinforced by its expanding and earnings-accretive Polish residential operations. The latter benefits from strong long-term demand fundamentals and TAG's established position as a Tier 1 homebuilder as well as an owner, and operator within Poland's private rental sector (PRS), further strengthened by the planned acquisition of the Resi4Rent (R4R) portfolio, which the company expects to complete during May 2026.

We note that TAG continues to evaluate strategic options regarding its stake in Robyg S.A. While our current rating case does not incorporate any potential reduction in this exposure, we acknowledge that a partial monetisation could provide incremental liquidity to support continued investment in TAG's residential platform. At the same time, it would contribute to de-risking the group's business profile through a reduced homebuilding exposure, while still allowing TAG to retain control and benefit from ongoing cash distributions.

Furthermore TAG has also demonstrated prudent liquidity and refinancing risk management, supported by long-standing banking relationships in Germany and an increasingly strong track record of successful benchmark issuances in the public debt markets.

Against this backdrop of improving financial flexibility, the rating remains constrained by higher asset encumbrance relative to higher-rated German multifamily residential peers and elevated marginal funding costs compared with the in-place cost of debt. The latter is expected to weigh on interest coverage, particularly in light of upcoming refinancing needs in 2026–2027. While this pressure reflects a broader sector challenge, it is partly mitigated in TAG's case by the stronger profitability of its Polish operations.

At the same time, TAG's exposure to residential development in Poland introduces earnings and cash flow volatility, reflecting the inherently cyclical nature of the homebuilding sector. The group's increasing exposure to a less regulated market than Germany may also result in greater valuation and earnings variability, although these risks are partly mitigated by Poland's solid macroeconomic fundamentals and persistent housing undersupply.

Further downside risks stem from macroeconomic and geopolitical uncertainty, which could slow earnings growth. Renewed valuation pressure or tighter financial conditions could increase refinancing costs and further constrain interest coverage and leverage, although these downside risks are not incorporated in our base case.

This rating action reflects our baseline expectation of a contained impact on energy markets despite ongoing oil supply disruption and limited damage to production or infrastructure. However, TAG remains exposed to a more adverse conflict scenario through the macro financial conditions transmission channel.

RATIONALE OF THE OUTLOOK

The stable outlook reflects our expectation that TAG will maintain solid operating performance and disciplined financial management, with leverage and coverage metrics strengthening within levels consistent with the Baa2 rating guidance over the next 12 to 24 months.

In addition, we anticipate that TAG will continue to proactively address refinancing requirements well ahead of maturities, consistent with a prudent liquidity management approach and a funding strategy aligned with investment-grade standards.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The rating guidance is calibrated to a credit profile in which earnings are predominantly generated by TAG's rental housing business.

A rating upgrade may occur if the company:

• Continues to strengthen financial flexibility by materially expanding its pool of high-quality unencumbered investment properties across its two core jurisdictions, providing stronger collateral coverage for unsecured creditors.

• Maintains Moody's-adjusted debt/assets below 40% and Moody's-adjusted net debt/EBITDA well below 9x on a sustained basis with financial policies supporting that lower level of leverage

• Further diversifies its funding mix toward a more balanced split between secured and unsecured debt, while maintaining interest coverage ratio well above 3x.

• The operating environment for its German and Polish businesses remains supportive.

A rating downgrade may occur if:

• TAG pivots to an aggressive growth strategy in Poland, materially increasing development exposure without commensurately prudent funding and thereby raising earnings and cash flow volatility.

• Moody's-adjusted debt/assets is sustained above 45%, Moody's-adjusted net debt/EBITDA rises above 10x, or interest coverage ratio falls below 2.75x on a sustained basis.

• The group's liquidity profile deteriorates materially, including a meaningful reduction in unencumbered assets supporting financial flexibility and coverage for unsecured creditors.

• Property market fundamentals weaken sharply in either (or both) of TAG's core jurisdictions.

LIQUIDITY

We expect TAG to maintain good liquidity over the next 12-18 months. As of March 2026, the company had access to €1.27 billion in cash and cash equivalents (incl. ST deposits), €289million in undrawn committed RCF, and a pool of €1,543 million in unencumbered properties, primarily located in Poland.

The high cash balance, combined with around €230 million in annual funds from operations (FFO) and around €70 million in annual net proceeds from home sales in Poland, provide solid coverage for the company's upcoming cash needs. These include the €565 million payment for the acquisition of R4R, debt maturities in 2026, which will be partially rolled over; capital expenditure (including modest land bank acquisitions in Poland); and moderate discretionary outflow that includes the proposed dividend of around €0.40 per share, representing a payout ratio of 40% based on FFO I (as defined by the company). Shareholders have the option to receive the dividend either as cash or as a scrip dividend and around 31% of the dividend-bearing shares opted to receive a scrip in FY2025.

We expect upcoming debt maturities to be at least partially refinanced, alongside continued strengthening of the company's unencumbered asset base. This will be supported by the organic expansion of income-generating PRS assets in Poland and selective repayment of secured debt, leading to improved financial flexibility and a more balanced secured versus unsecured funding mix.

ESG CONSIDERATIONS

From a governance perspective, the upgrade reflects our expectation of continued prudent capital allocation and a sustained commitment to a business strategy and capital structure aligned with high investment-grade requirements.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was REITs and Other Commercial Real Estate Firms published in March 2026 and available at https://ratings.moodys.com/rmc-documents/460886. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

CORPORATE PROFILE

TAG Immobilien AG owns and manages a large and diversified multifamily German residential rental portfolio, of about 84,094 units as of 31 March 2026, mainly located in the east and north of Germany. The company entered the Polish market via the acquisitions of the developers Vantage Development S.A. in 2020 and Robyg S.A. in 2022 . As of 31 March 2026, TAG's total gross asset value amounted to around €7.0 billion, of which €5.45 billion was in Germany. Headquartered in Hamburg, the company is listed in the MDAX at the Frankfurt Stock Exchange. It had a market capitalisation of around €2.77 billion as of 12 May 2026.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

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