S&P Global Ratings

RatingsDirect®

Tear Sheet:

TAG Immobilien AG

March 26, 2026

This report does not constitute a rating action.

TAG Immobilien AG's operating fundamentals in Germany and Poland remain resilient, supporting high occupancy levels and continued positive like-for-like rental growth. The company's occupancy rates remained high in 2025, at 96.8% versus 96.4% in 2024 within their German property portfolio and 95.2% versus 95.1% in 2024 within their Polish property portfolio. Additionally, like-for-like rental growth remained solid with 3.0% in Germany and 3.4% in Poland, supported by inflation and improved occupancy rates. We expect like-for-like rental growth of about 2.0%-3.0% over the next 12 to 24 months on the back of continued strong demand for residential units. Following the R4R Poland sp. z o.o. acquisition's closure, which is expected in the second quarter of 2026, TAG's market position should strengthen further in the Polish rental market, leading to a total of almost 9,000 units from the current 3,526.

We expect TAG's credit metrics to stabilize by the end of 2026. S&P Global Ratings-adjusted debt to debt plus equity temporarily declined to 48.7% in 2025 from 50.5% in 2024. Pro forma the R4R acquisition, we expect TAG's leverage to reach about 50%-52% over the next 12 to 18 months (in line with the company's financial policy target of a loan-to-value (LTV) of about 45%). The company's EBITDA interest coverage dropped to 2.9x from 4.0x in 2024, mainly due to early refinancing efforts well ahead of maturities and a later than expected closing of the R4R acquisition, reflecting some periods of double interest payment. Our adjusted interest expense calculation does not include any interest income, which would stand at 4.1x for 2025 or 5.2x in 2024. We expect the ratio to improve within the next 12 months to 3.1x-3.3x, with EBITDA growth benefiting from the R4R transaction. Debt to EBITDA should also remain stable between 9x and 10x over our forecast horizon.

Our current base case does not consider a potential dilution of ownership in TAG's Polish subsidiary Robyg S.A. TAG announced that it is contemplating a public offering and listing of Robyg. We understand that TAG would remain a controlling shareholder in such a scenario. Our current rating analysis does not reflect any dilution in ownership, given the uncertainty around outcome and timing. Once we have more visibility, we will update our analysis and any potential rating impact accordingly.

TAG's liquidity remains adequate with a large available cash balance covering sufficiently upcoming funding requirements. In 2025, TAG successfully secured about €916 million capital market issuances (debt as well as equity). As of Dec. 30, 2025, its unrestricted cash balance amounted to about €1.2 billion. This will be sufficient to cover its €470 million convertible debt

Primary Contact

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

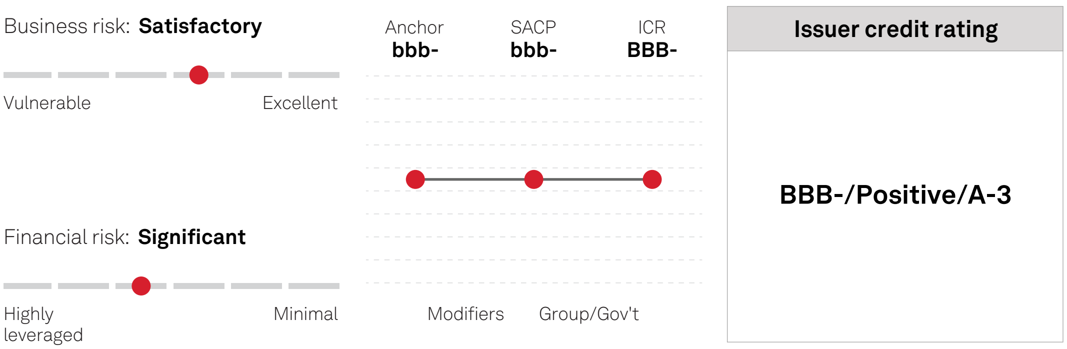
Secondary Contacts

Luis Peiro-camaro, CFA
Madrid
34-91-423-31-97
luis.peiro-camaro
@spglobal.com

Ethan Oloan
Dublin
ethan.oloan
@spglobal.com

maturity for August 2026 and the €565 million R4R acquisition. The company has a weighted average maturity of 4.5 years with 94% at fixed/hedged rates. We understand that covenant headroom remains adequate and we expect the company to maintain a solid headroom.

Ratings Score Snapshot



ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Recent Research

- Industry Credit Outlook: Industry Credit Outlook 2026: Real Estate, Jan. 14, 2026
- TAG Immobilien AG Outlook Revised To Positive On Increasing Scale And Moderate Leverage; 'BBB-' Affirmed, Aug. 20, 2025

Company Description

TAG is a German real estate company that manages multifamily residential real estate properties, particularly in north and east Germany. Since 2020, the company has been active in the Polish market, following the acquisition of residential property developers Vantage Development and Robyg S.A. TAG owns 83,504 units in Germany and 3,526 in Poland, with a total portfolio value of €6.3 billion as of Dec. 31, 2025.

TAG was founded in 1882 as a railway business and became a listed real estate management company in 1998. It is headquartered in Hamburg, Germany. Since 2012, the company has been listed on the MDAX at the Frankfurt Stock Exchange.

On Feb. 28, 2026, TAG's largest shareholders were BlackRock Inc. (6.0%), BNP Paribas Asset Management Europe (4.9%), Resolution Capital Ltd. (4.4%), and Ameriprise Financial Inc. (4.3%). Free float is 73.9%.

Outlook

The positive outlook reflects our view that we could raise our ratings within the next 12 to 18 months if TAG continues to grow its income-generating asset base, enhancing cash flow visibility and predictability while further diluting the contribution of development activities to overall EBITDA generation. The upgrade would also be contingent on TAG maintaining moderate leverage such that adjusted debt to debt plus equity remains at about 50%, debt to EBITDA trends toward 9.5x, and EBITDA interest coverage is close to 3.8x over the next 12-18 months.

Downside scenario

We could revise the outlook back to stable if TAG significantly increased its development activities to the detriment of rental income, resulting in higher earnings volatility and overall lower cash flow resilience.

We will take a negative rating action if TAG undertakes additional debt-funded acquisitions or higher shareholder distributions than expected, resulting in a deviation from its reported LTV target of 45%, such that:

- Debt to debt plus equity fails to improve to close to 50%;
- Consolidated interest coverage fails to remain close to 3.8x (at least 2.4x excluding the development activities in Poland); and
- Debt to EBITDA remains well above 9.5x.

We would also take a negative rating action if the company failed to maintain a sufficient liquidity cushion to cover its liquidity needs.

Upside scenario

A positive rating action would hinge on TAG's ability to deliver its growth plans while maintaining leverage in line with our base case and in accordance with the company's financial target of 45% reported LTV. This would mean, on a prolonged basis:

- S&P Global Ratings-adjusted debt to debt plus equity of about 50%;
- Consolidated debt to EBITDA trending toward 9.5x; and
- EBITDA interest coverage remaining close to 3.8x.

A positive rating action is also contingent on TAG maintaining robust operating performance; sustaining cash flow generation by generating most of its EBITDA from rental income and not further increasing its exposure to inherently more cyclical development activities; and maintaining a sufficient liquidity buffer.

Key Metrics

TAG Immobilien AG--Forecast 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	380	390	430-450	460-480	470-500
EBITDA	297	308	380-400	~400	420-450
Funds from operations (FFO)	185	199	200-230	220-240	~260
Interest expense	75	107	120-140	120-135	130-140
Capital expenditure (capex)	132	188	~210	230-250	230-250
Dividends	1	56	52	97	99
Debt	3,167	3,151	~3,800	3,900-4,000	4,000-4,200
Equity	3,100	3,322	~3,500	3,500-3,600	3,700-3,800
Adjusted ratios					
Debt/EBITDA (x)	10.7	10.2	9.9	9.5-10.5	9.0-10.0
EBITDA interest coverage (x)	4.0	2.9	3.1-3.3	3.0-3.5	3.0-3.5

TAG Immobilien AG--Forecast summary

EBITDA margin (%)	78.1	79.0	~90	85-90	~90
Debt/debt and equity (%)	50.5	48.7	~52.0	51.0-52.0	51.0-52.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

Financial Summary

TAG Immobilien AG--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	336	349	357	369	380	390
EBITDA	222	230	252	295	297	308
Funds from operations (FFO)	171	150	193	212	185	199
Interest expense	55	54	56	73	75	107
Operating cash flow (OCF)	254	162	131	290	142	226
Capital expenditure	13	10	6	156	132	188
Dividends paid	124	134	140	6	1	56
Cash and short-term investments	314	89	235	129	603	1,198
Debt	2,766	3,028	3,605	3,208	3,167	3,151
Common equity	2,682	3,130	3,308	2,964	3,100	3,322
Valuation of investment property	5,873	6,612	6,757	5,943	5,892	6,256
Adjusted ratios						
EBITDA margin (%)	66.1	66.0	70.7	79.8	78.1	79.0
EBITDA interest coverage (x)	4.0	4.3	4.5	4.0	4.0	2.9
Debt/EBITDA (x)	12.5	13.1	14.3	10.9	10.7	10.2
Debt/debt and equity (%)	50.8	49.2	52.1	52.0	50.5	48.7

Peer Comparison

TAG Immobilien AG--Peer Comparisons

	TAG Immobilien AG	Grand City Properties S.A.	Heimstaden Bostad AB	Grainger PLC	D.V.I. Deutsche Vermögens- und Immobilienverwaltungs GmbH
Foreign currency issuer credit rating	BBB-/Positive/A-3	BBB/Stable/A-2	BBB-/Stable/--	BB+/Positive/--	BB+/Stable/--
Local currency issuer credit rating	BBB-/Positive/A-3	BBB/Stable/A-2	BBB-/Stable/--	BB+/Positive/--	BB+/Stable/--
Period	Annual	Annual	Annual	Annual	Semiannual
Period ending	2025-12-31	2025-12-31	2025-12-31	2025-09-30	2025-06-30
Revenue	390	599	1,664	301	130
EBITDA	308	337	987	154	96
Funds from operations (FFO)	199	211	320	77	36
Interest expense	106.8	117.9	582.6	63.9	28.0
Capital expenditure	188	85	410	21	31

TAG Immobilien AG--Peer Comparisons

Dividends paid	55.8	0.0	34.2	66.6	15.3
Cash and short-term investments	1,198	1,623	248	75	78
Debt	3,151	3,528	16,215	1,754	1,576
Equity	3,322	5,314	13,834	2,615	1,575
Valuation of investment property	6256.1	8940.3	29875.0	4255.0	3068.8
Adjusted Ratios					
EBITDA margin (%)	79.0	56.2	59.3	51.0	74.2
EBITDA interest coverage (x)	2.9	2.9	1.7	2.4	1.8
Debt/EBITDA (x)	10.2	10.5	16.4	11.4	16.4
Debt/debt and equity (%)	48.7	39.9	54.0	40.1	50.0

Environmental, Social, And Governance

Environmental, social, and governance factors are an overall neutral consideration in our credit rating analysis of TAG. We think German residential companies, including TAG and its peers, are exposed to social and political debates on rent affordability that arise from strongly increasing rents and property prices over the past decade. This could increase regulation and reputation risk for German residential real estate companies. Although we do not anticipate any further tightening in rent regulations in Germany, additional regulation could hinder TAG's like-for-like rental growth. The company also operates in secondary locations in north and east Germany, where the increase in rents and real estate prices was less pronounced than in large metropolitan areas. From an environment perspective, TAG aims to reduce the carbon emissions of its German portfolio to below 7 kilograms per square meter (kg/sqm) by 2045 compared with 2019 levels, which stood at 31.9 kg/sqm. About 63% of the portfolio had an energy certification of C or better at year-end 2025 and carbon emissions stood at 27.1 kg/sqm. We understand that the company will invest about €100 million of modernization capital expenditure in Germany per year over 2026-2028 to keep improving the portfolio's quality and energy performance.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB-/Positive/A-3**
Local currency issuer credit rating	**BBB-/Positive/A-3**
Business risk	**Satisfactory**
Country risk	Low
Industry risk	Low
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb-**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb-**

Related Criteria

- 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
- 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
- General Criteria: Principles Of Credit Ratings, Feb. 16 2011