MOODY'S
RATINGS

Rating Action: Moody's Ratings places Peach Property Group AG's ratings on review for upgrade

18 Aug 2025

London, August 18, 2025 -- Moody's Ratings (Moody's) has today placed the B3 corporate family rating (CFR) of Peach Property Group AG (PPG or the company), a Swiss-listed real estate company focused on German residential properties, on review for upgrade. Concurrently, we have placed the Caa2 backed senior unsecured rating of Peach Property Finance GmbH, a wholly-owned subsidiary of PPG, on review for upgrade. Previously, the outlook for both entities was negative.

On 14 August 2025, PPG announced it had signed a new long-term secured financing agreement with Castlelake L.P. (Castlelake) for €410 million. Upon completion, PPG will have secured all the funds necessary to fully repay the outstanding amount of €173 million on its €300 million backed senior unsecured bond maturing in November 2025. The closing of the new loan is anticipated before the end of October 2025 and remains subject to customary closing conditions.

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

Today's rating action reflects the reduction in refinancing risk following the new €410 million secured loan agreement, complementing a €120 million secured loan finalised in June 2025 and a CHF 50 million equity raise in July 2025. These funds will enable PPG to fully redeem the €173 million outstanding on its November 2025 bond, repay the €54 million convertible bond due in May 2026 and refinance approximately €340 million of existing secured loans maturing between 2026 and 2029. The rating action also incorporates our expectation that PPG will successfully extend its €200 million secured loan maturing in September 2025 and will maintain a resilient operating performance.

The review will focus on: the transactions concluding as planned; confirmation that the new loan proceeds will be deployed towards repayment of PPG's outstanding bond; and an assessment of the company's ability to sustain metrics indicative of stronger credit quality. The review will also assess the differences in expected loss between secured and unsecured creditors.

PPG's credit profile remains supported by its focus on regulated rental housing in Germany, which provides stable cash flow in medium-sized cities benefitting from favorable demographic trends; the company's customer-centric approach, which we expect will help reduce current high vacancy rates; and the company's proven track record of shareholder support.

However, PPG's ratings are constrained by refinancing risk associated with its 2025 debt maturities, although this risk is significantly mitigated by recent developments; the company's relatively small scale compared to its peers; high vacancy rates; and still weak credit metrics, including elevated leverage as measured by Net Debt/EBITDA, low Fixed Charge Coverage and a limited pool of unencumbered assets.

PPG's ratings could be upgraded following the successful refinancing of its debt maturities in 2025, coupled with the maintenance of adequate liquidity and credit metrics commensurate with a higher rating.

Conversely, downward pressure on the ratings could result from the company failing to secure proceeds to address its upcoming debt maturities; an increased likelihood of default and/or lower-than-anticipated expected recovery rates in the event of default or distressed exchange; or a weakening in operating performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Governance considerations are material to PPG's credit quality. The company exhibits an aggressive financial strategy, as demonstrated by a lack of early refinancing for its debt maturities and elevated leverage. Nonetheless, the recent track record of continued shareholder support is positive.

LIQUIDITY

PPG's liquidity is currently weak. As of 31 December 2024, the company's liquidity sources included €221 million in cash and cash equivalents, along with €55 million available under a revolving credit facility, which matured in April 2025. Following the refinancing activities completed since the beginning of the year and the equity raise in July 2025, we estimate that available liquidity has decreased to approximately €180 million. This amount is insufficient to cover the company's debt maturities over the next 12 months, making PPG reliant on external funding sources.

However, we anticipate that PPG's liquidity profile will improve with the new €410 million secured loan and the refinancing of its €200 million secured loan maturing in September 2025, which will significantly extend the company's maturity profile. Additionally, PPG has signed a new €30 million capital expenditure facility with Castlelake, which will further support its liquidity position.

STRUCTURAL CONSIDERATIONS

PPG's B3 CFR references its senior secured rating, as secured funding constitutes the majority of the company's capital structure. The backed senior unsecured rating is rated Caa2, with the two-notch differential from the B3 CFR reflecting: the limited unencumbered assets, which offer weak asset coverage for unsecured creditors; our expectation that the remaining unencumbered assets may be pledged to secure additional debt; and our assessment of differences in expected loss between secured and unsecured creditors.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was REITs and Other Commercial Real Estate Firms published in May 2025 and available at https://ratings.moodys.com/rmc-documents/443999. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

PPG's B3 CFR is two notches below the scorecard-indicated outcome of B1. This difference is primarily due to refinancing risk and currently weak liquidity stemming from the company's debt maturities in 2025, alongside weak credit metrics.

COMPANY PROFILE

PPG is a real estate company focused on residential investments throughout Germany. Headquartered in Zurich, PPG has been publicly listed on the SIX Swiss Exchange since 2010 and had a market capitalisation of CHF 378 million as of 15 August 2025. As of 31 December 2024, the company owned 21,947 residential units with a total market value of approximately €2.0 billion.

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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