



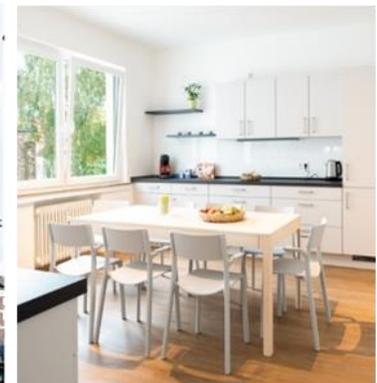
# @peach

PROPERTY GROUP

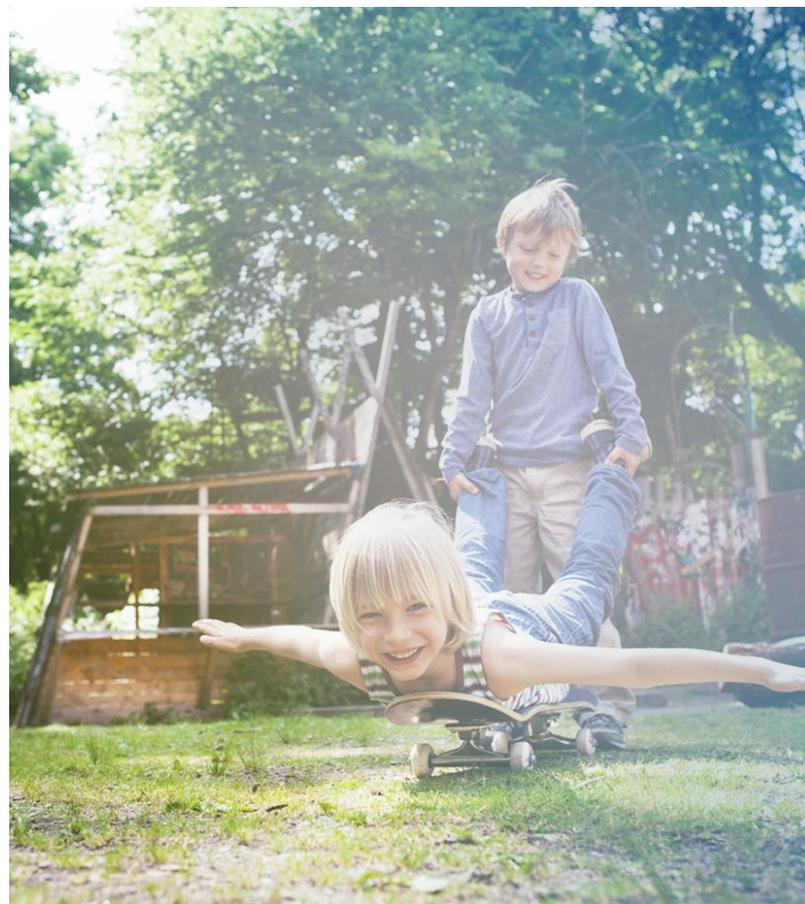
Company Presentation

June, 2021

Growing  
with values



These materials contain forward-looking statements based on the currently held beliefs and assumptions of the management of **Peach Property Group AG** (hereinafter also referred to as “PPG” or “Peach Property”), which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of **Peach Property Group AG**, or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. **Peach Property Group AG** disclaims any obligation to update these forward-looking statements to reflect future events or developments.



## Dr. Thomas Wolfensberger, Chief Executive Officer



- **>20 years of experience**, including Project manager for successful IPO, bond issuances and real estate transactions with total volume of more than EUR 3 billion
- Previously he formed and later sold **an international financial technology company** with 120 employees and a global client base.
- He holds a **doctorate in economics** from the University of Zurich.

## Thorsten Arsan, Chief Financial Officer



- **>19 years of experience in the German residential real estate market**; overseeing Equity and Debt Capital Markets transactions, credit ratings, and financing structures
- Former **Head of Corporate Finance/Deputy Head of Finance & Treasury** at Vonovia SE and former **Senior Vice President for Finance, Controlling, Investor Relations and M&A** at Adler Group SA

# Mandatory convertible bond offering

<b>Issuer</b>	Peach Property Group AG	<b>Early conversion</b> The Bonds may be converted at any time from and including 19 July 2021 until 23 July 2021 and from and including 20 September 2021 until 24 September 2021 at the conversion price
<b>Listing</b>	SIX Swiss Exchange	<b>Mandatory conversion</b> The Bonds shall be mandatorily converted on 23 December 2021 at the conversion price
<b>Nominal value</b>	CHF 120 000 000; with the option to increase to CHF 150 000 000	<b>Listing / Trade</b> The Bonds shall be listed on the SIX Swiss Exchange AG. Provisional admission to trading on the SIX Swiss Exchange is expected to take place on 23 June 2021; last trading day is expected to be on 21 December 21 2021
<b>Coupon</b>	2.50% p.a. from 23.06.2021, payable at the Maturity Date, calculated on a 30/360 basis	<b>Expected use of proceeds</b> The Company intends to use the net proceeds of the offering to finance the acquisition of 4,300 apartments in North Rhine-Westphalia and Bremen, Germany (as announced on 27 May 2021), as well as for the Company's further growth
<b>Subscription period</b>	11 June 2021 to 18 June 2021, 12.00 CET	
<b>Settlement</b>	23 June 2021	
<b>Term</b>	23 June 2021 to 23 December 2021	
<b>Conversion price</b>	CHF 55.00	
<b>Denomination</b>	CHF 100,000 principal amount and integral multiples of CHF 1,000 in excess thereof	
<b>Underlying shares</b>	Registered shares of the issuer from conditional share capital of the issuer with a nominal value of CHF 1.00 each	
<b>ISIN</b>	CH1119120751 (bond) CH0118530366 (registered shares)	

## The Acquisition “Project Eagle”

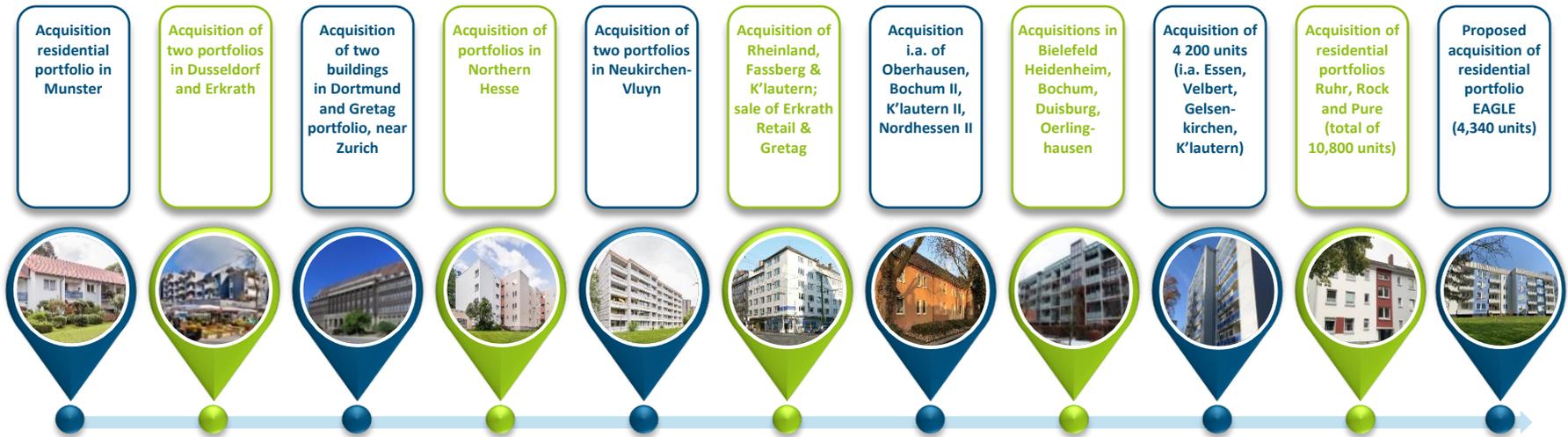
- Attractive German residential market fundamentals: growing number of households, considerable housing shortage (350,000 unmet annual demand for apartments) and significant yield markups in B-cities
- CHF 2.1bn German residential portfolio, focused on affordable housing in carefully selected B cities, anchored in NRW.
- Tenant satisfaction represents the core of the business model, as tenants that are respected and taken seriously, in turn promote a sense of community - a win-win situation
- Strong asset management platform with 53% average annual growth since 2011 (based on floor space)
- Strong operational performance in 2020 with 4.7% like for like rental growth on the back of 2.3% vacancy reduction, strong management capacity and efficient digital platform
- High cash flow generation potential from scalable, efficient platform allowing for further cost margin reduction from growth
- Reversionary potential of 16% and relatively low values of EUR 1,354 per m<sup>2</sup>
- Sound balance sheet with 57.8% LTV
- BB- rating and average cost of debt of 3.0%. Growth from the acquisition and further LTV reduction will likely improve corporate credit rating by at least one notch
- Attractive return profile and growing dividend
- Acquisition will further support ability to produce a dividend yield of 2.0%+ of NAV
- CHF 456m (4,340 units) highly complementary portfolio in the Ruhr region and Bremen
- Generating CHF 21m rental income, 5% vacancy and 21% reversionary potential
- Expecting significant economies of scale, 5% higher personnel cost for 20% higher rental income
- Balanced financing through debt and equity, hence reduced LTV expected going forward
- Immediate EPRA NTA per share uplift of 6% to CHF >60.00

1. Overview Peach Property

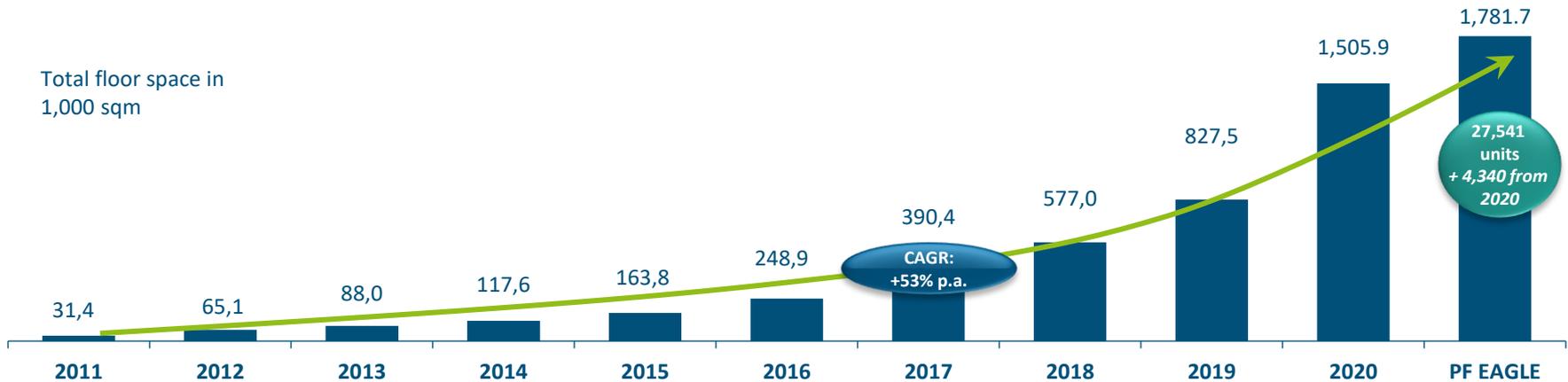
2. Project Eagle



# Strong track record in growing portfolio



Total floor space in 1,000 sqm



Source: Company information as of December 31, 2020

# Peach properties

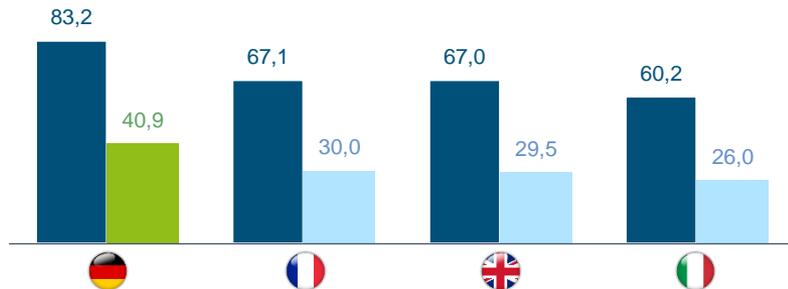


Affordable German residential properties in carefully selected B-cities

# Germany has the largest housing market in Europe and is structurally undersupplied

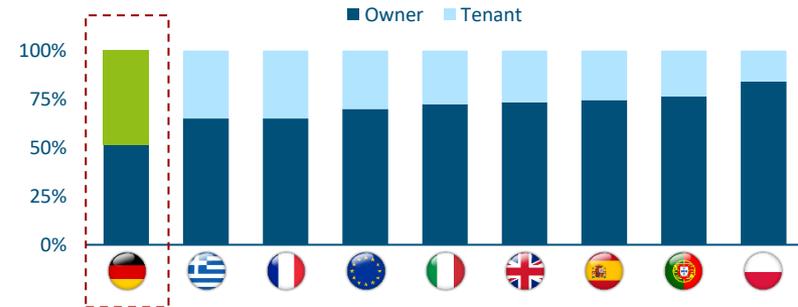
## Largest housing markets in Europe...

■ Total population per country<sup>1</sup> ■ Total households<sup>1</sup>



## ...with a strong rental culture...

Distribution of population between owner occupiers and tenants<sup>3</sup>



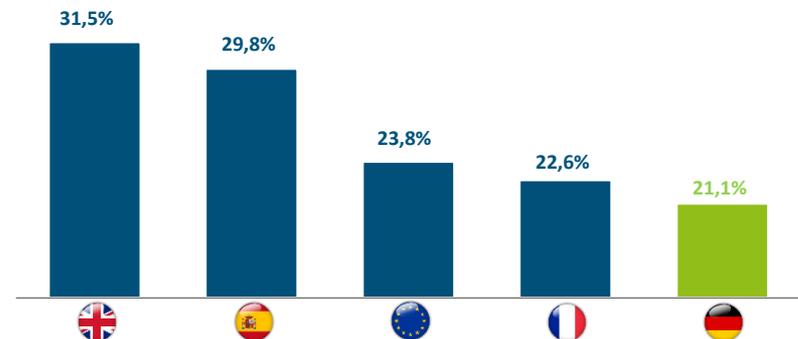
## ...in which demand is structurally undersupplied..

Structural supply/demand imbalance for residential stock<sup>2</sup>



## ...while rent affordability remains healthy

Share of rent as % of disposable household income<sup>4</sup>



Sources:

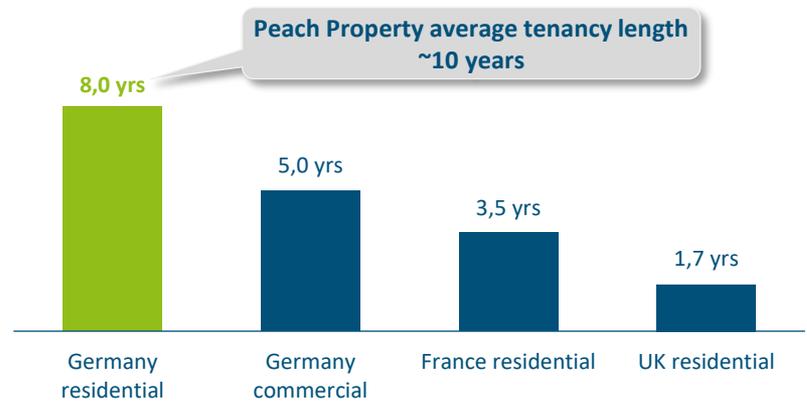
- (1) Eurostat; Population (2020), Number of households (2019)
- (2) Federal Statistics Office (Completions 1991-2019), German Government (Target 2018-2021; Federal Ministry of the Interior, Building and Community)
- (3) Eurostat, Distribution of population between owner occupiers and tenants (2018)
- (4) Eurostat, Share of rent as % of disposable household income (2018)

# Germany's affordable housing segment is extremely stable...

## Low, stable vacancy rate through the cycle...



## ... with exceptionally high average tenancy length<sup>3</sup>



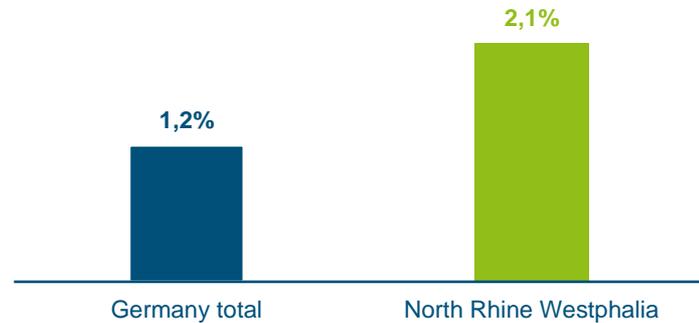
## Rent evolution has virtually no volatility...

(Rebased to 100)<sup>4</sup>



## .. while population growth in Peach regions has been stronger than national average

Population growth (2008-2018) in selected metropolitan regions<sup>5</sup>



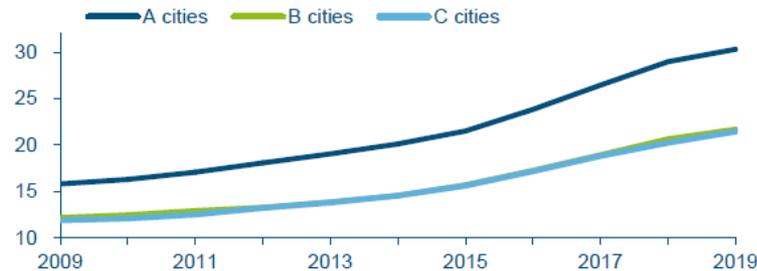
Sources:

(1) CBRE; median for Berlin, Munich, Frankfurt and Hamburg; (2) GreenStreet, CBRE (median of Berlin, Munich, Frankfurt, Hamburg and Dusseldorf); (3) CBRE (median of Berlin, Munich, Frankfurt and Hamburg), Haus&Grund, Clameur, Your Move; (4) IHS (Real GDP growth), CBRE (Rents as median of Berlin, Munich, Frankfurt, Hamburg, Cologne and Dusseldorf); (5) Destatis, Population growth (2008-2018); North Rhine Westphalia includes: Düsseldorf, Duisburg, Essen, Mönchengladbach, Mülheim, Oberhausen, Wuppertal, Bonn, Cologne, Leverkusen, Aachen, Gelsenkirchen, Münster, Bielefeld, Gütersloh, Minden-Lübbecke, Paderborn and Dortmund

# ... especially in secondary (“B”)-cities that offer an attractive risk/return profile

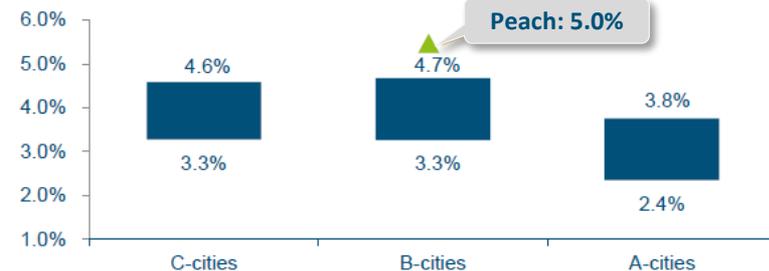
## Multiplier in B and C-cities significantly lower...

Average multiplier multi-family buildings<sup>1</sup>



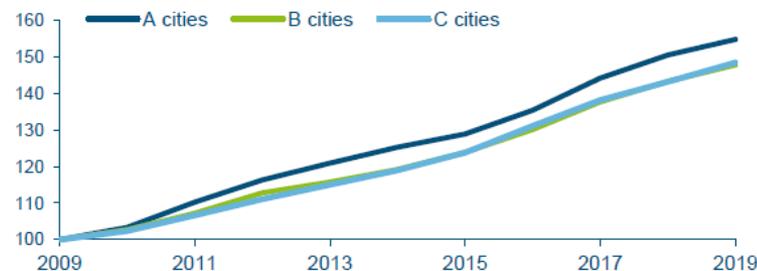
## ... offering an attractive initial return profile

Net initial yield 2019 in German Secondary Locations<sup>2</sup>



## Rent increase in A/B/C-cities historically stable...

Rental price index in Germany<sup>3</sup>



## ... resulting in a consistent price momentum

Strong price momentum in the German residential market<sup>4</sup>



- B-cities with attractive yields
- Growth prospects on the basis of population growth and space consumption
- Lower exposure to external shocks due to significantly lower cost ratios

(1) Bulwiengesa, Multifamily house, apartment building, average (weighted average)  
 (2) Bulwiengesa, Net initial yield in A, B and C cities (2019); Peach NIY 5.1% (company information)  
 (3) Bulwiengesa, Rental prices in A, B and C cities (2019)  
 (4) Empirica, Rental prices change from previous year.

# More than 60% of portfolio in NRW – Germany’s economic engine

## Key economic regions in Germany...

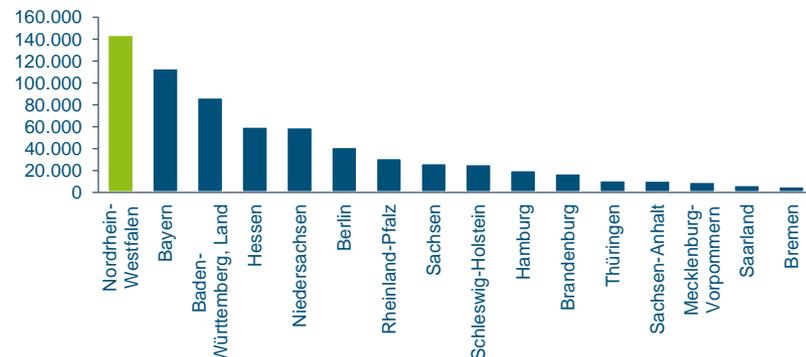
- Key metropolitan area in Germany, and one of the largest in Europe (17.9m inhabitants<sup>1</sup>)
- Germany’s economic hub, generating approx. 21% of German GDP<sup>2</sup>
- More than one third of the largest companies in Germany are based in NRW, and highest number of new business registrations
- Robust labour market with decreasing rate of unemployment since 2004
- NRW receives 27.0%<sup>3</sup> of foreign investments into Germany

## ...and home to a high number of large German corporates



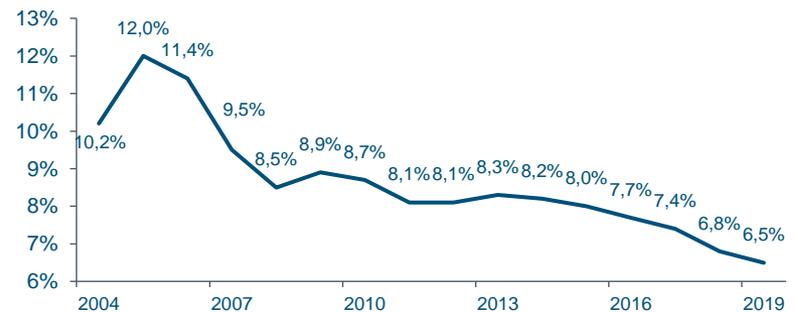
## Highest number of new German business establishments...

Business registrations in 2019<sup>2</sup>



Sources: (1) Eurostat; (2) Destatis; (3) NRW.INVEST, last available.

## ... coupled with decreasing unemployment in NRW<sup>2</sup>

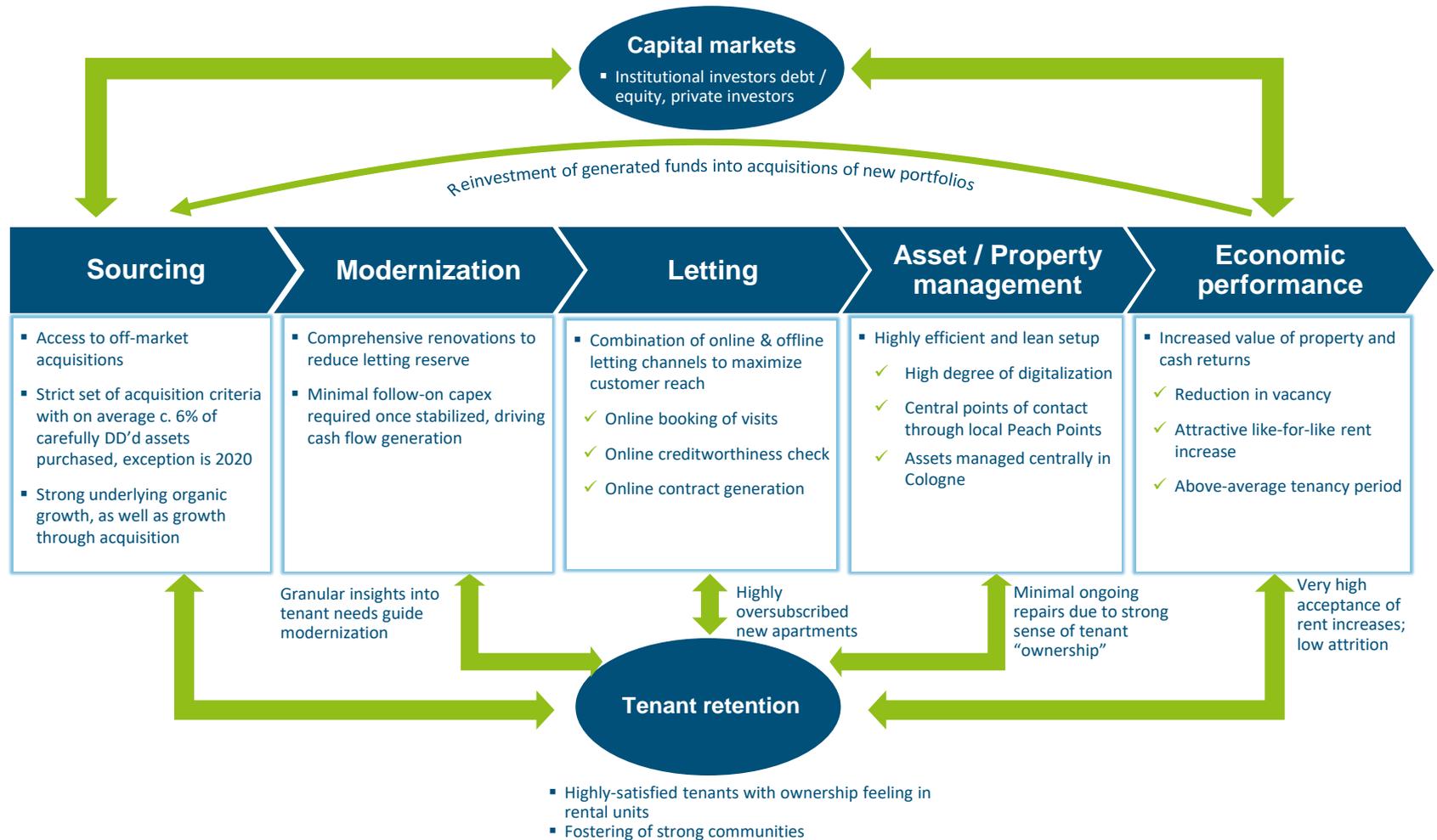


# Structured acquisition process that results in strategically sound acquisitions...



Selective acquisitions of properties (100,000 – 250,000 sqm/year (= 2-5%))

# ... building on a strong digital platform...



Source: Company information

# ... with satisfied tenants as central focus point



# Peach Points: Client service excellence delivered through regional service hubs

Digital capabilities



Regional service hubs

Tried and tested service model that forms the basis for Peach Property Group's high regard by tenants, ultimately resulting in vacancy reduction and rent optimization

# 360 degree tenant service model: strong digital capabilities embedded in regional service hubs



## Tenants with full, multi-channel access:

- Online (24/7): App, Web Portal, E-Mail
- Offline: Telephone, Peach Points

## Property Management in Peach Points

- All tenant interaction in unified ticketing system
- 155 tickets per month per 1 000 apartments (as of December 31, 2020)
- 88% “one touch”: Queries solved during first interaction

## Central Quality Management

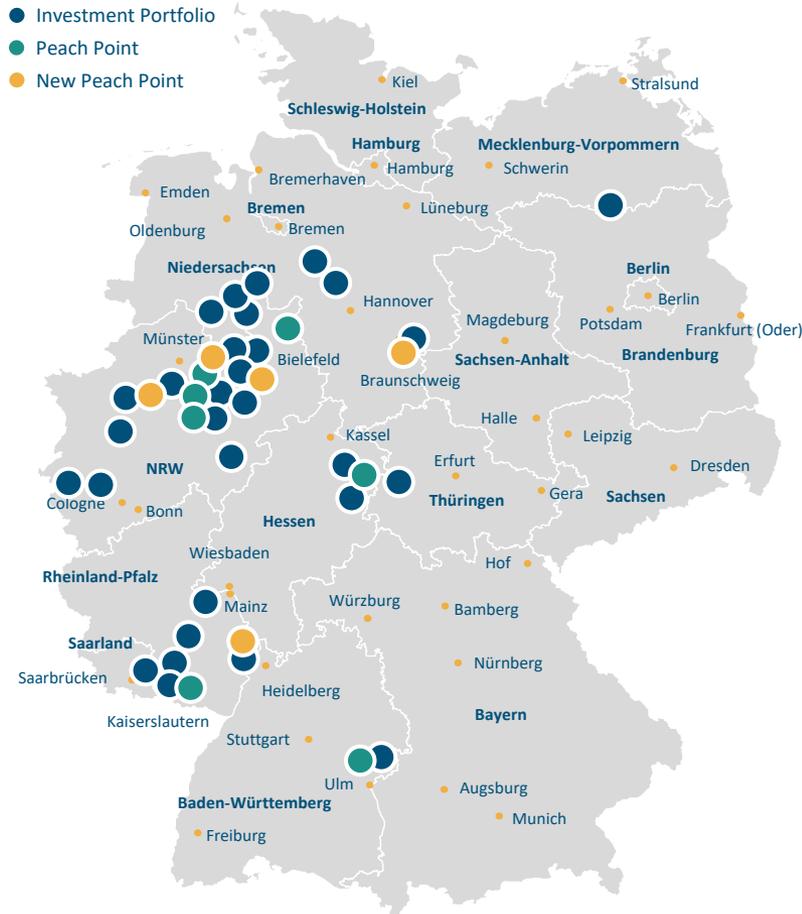
- 18.8 hours on average to first response
- 7 days until problem is solved completely
- 74% satisfaction (based on 15% response rate, survey 2020)

## Scalable and fully digital partner engagement

- Partners integrated via Zendesk (e.g. online damage reporting)
- Model adapts to scale seamlessly, without additional expenses

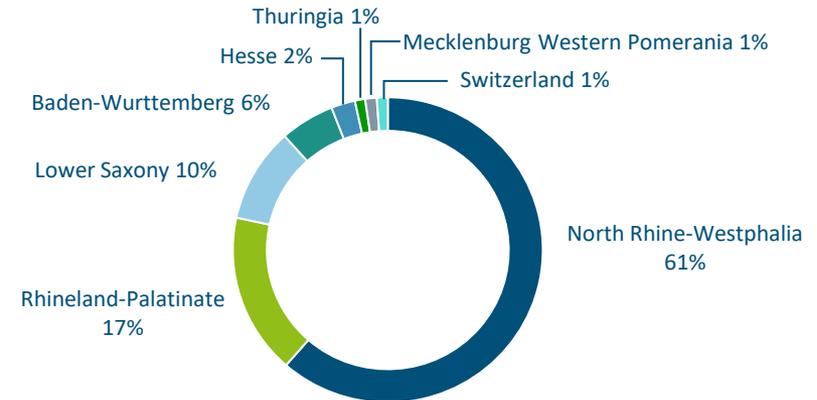
# Acquisitions complement existing focal areas and strengthen market position in core regions

## Well-located portfolio with relevant scale

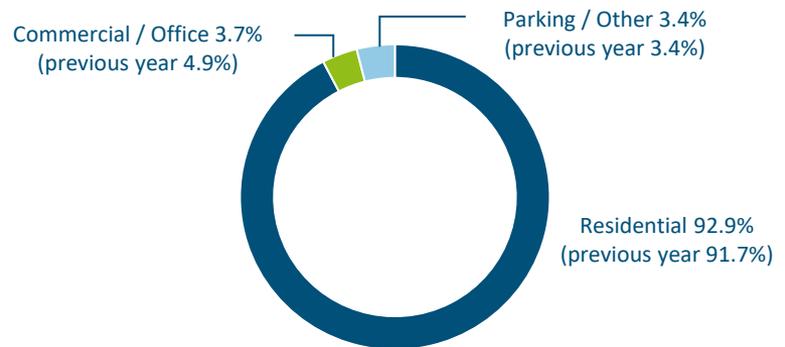


## Optimum supplement for existing locations

### Split by location (% of market value)



### Split by usage (% of rental income)



Source: Company information as of December 31, 2020, excluding EAGLE portfolio.

## Ethical values in daily dealings with one another

- Proportion of employees with Code of Conduct training: 100%
- Violations of the Code of Conduct: 1
- Regional sponsoring projects: 1

## Responsible property management

- CO2 emissions: 27.5 kg/ m<sup>2</sup> (peer comparison\*\*: 34.9 kg/ m<sup>2</sup>)
- Total energy intensity: 147.8 kWh/ m<sup>2</sup> (peer comparison\*\*: 152.8 kWh/ m<sup>2</sup>)
- Waste recycling rate: 30%
- Share of electric vehicles in the total fleet: 20%

## ENVIRONMENT

## GOVERNANCE



## Responsibility towards all shareholders

- EPRA NTA per share: CHF 57.29 (plus 13%)
- FFO I per share: CHF 0.59 (negative value in 2019)
- Equity ratio (NAV market value): 34.2% (plus 4%)
- LTV: 57.8% (following 59.6% in 2019)

## A place with satisfied tenants

- Number of Peach Points: 12 (2019: 7)
- Vacancy rate (LFL): 7.0% (2019: 9.3%)
- Tenant satisfaction after damage report: 74% (2019: 73%)
- Time until 1st response to inquiries: 18.75 hr (2019: 22.80 hr)
- Time until final problem solution: 7 days (2019: 8 days)

## SOCIAL

## Engaged and reliable employees

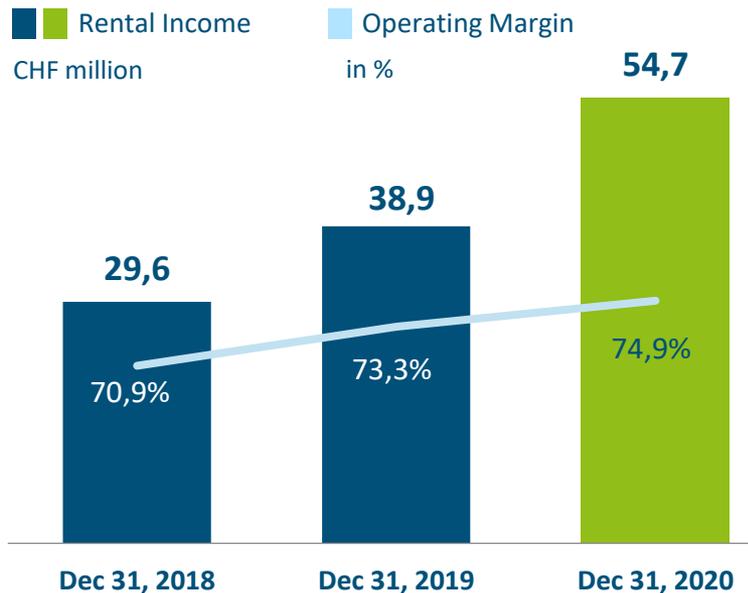
- Total proportion of women: 56%
- Proportion of women in managerial positions: 31%
- Female-male wage ratio: 1.0: 1.0\*
- Share of women on the board of directors and in executive management: 0%
- Turnover rate: 8%
- Average sick days per year: 8 days

\* Total compensation (incl. Bonus) Germany, excluding Management Team

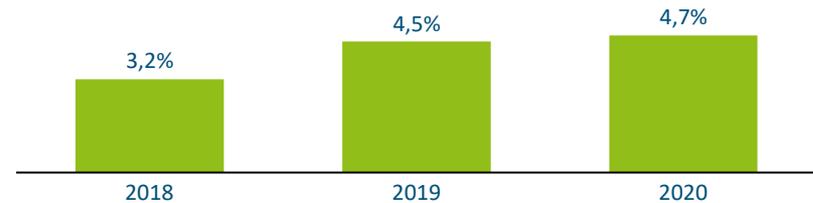
\*\* Peer group comprises apartment-weighted values from Adler Group, Deutsche Wohnen, Grand City and Vonovia. Last available figures have been taken into account.

# Increase in Rental Income and Margin; over 96% of Rental Income from residential

## Development of Rental Income and Operating Margin

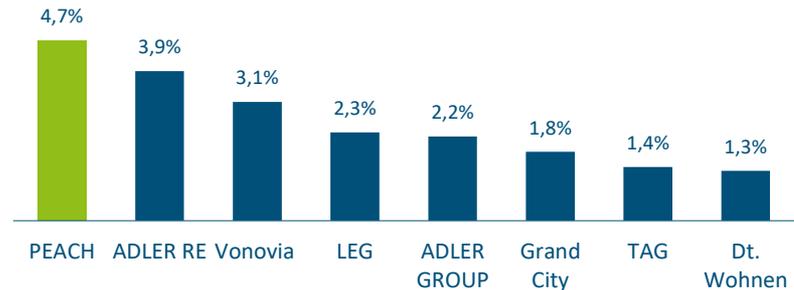


## Strong like-for-like rental growth



## Outperforming peers

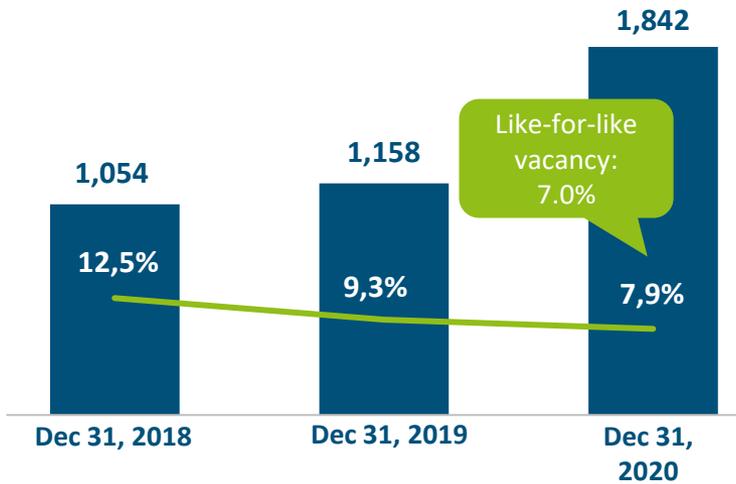
### Like-for-like rental growth



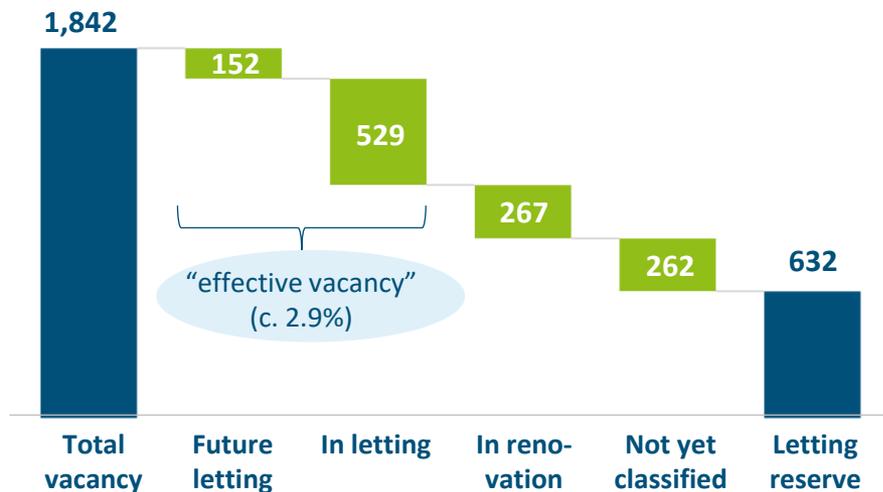
- **Rental income increased with approx. 41%**
- **Operating Margin** increased with approx. 1.6% due to the unlocking of economies of scale and further insourcing
- **High quality income with >96% income from residential units**
- **“Like-for-like” rental increase of 4.7%** of in place rents

# Vacancy ratio has been reduced significantly

## Development of vacant residential units and vacancy ratio

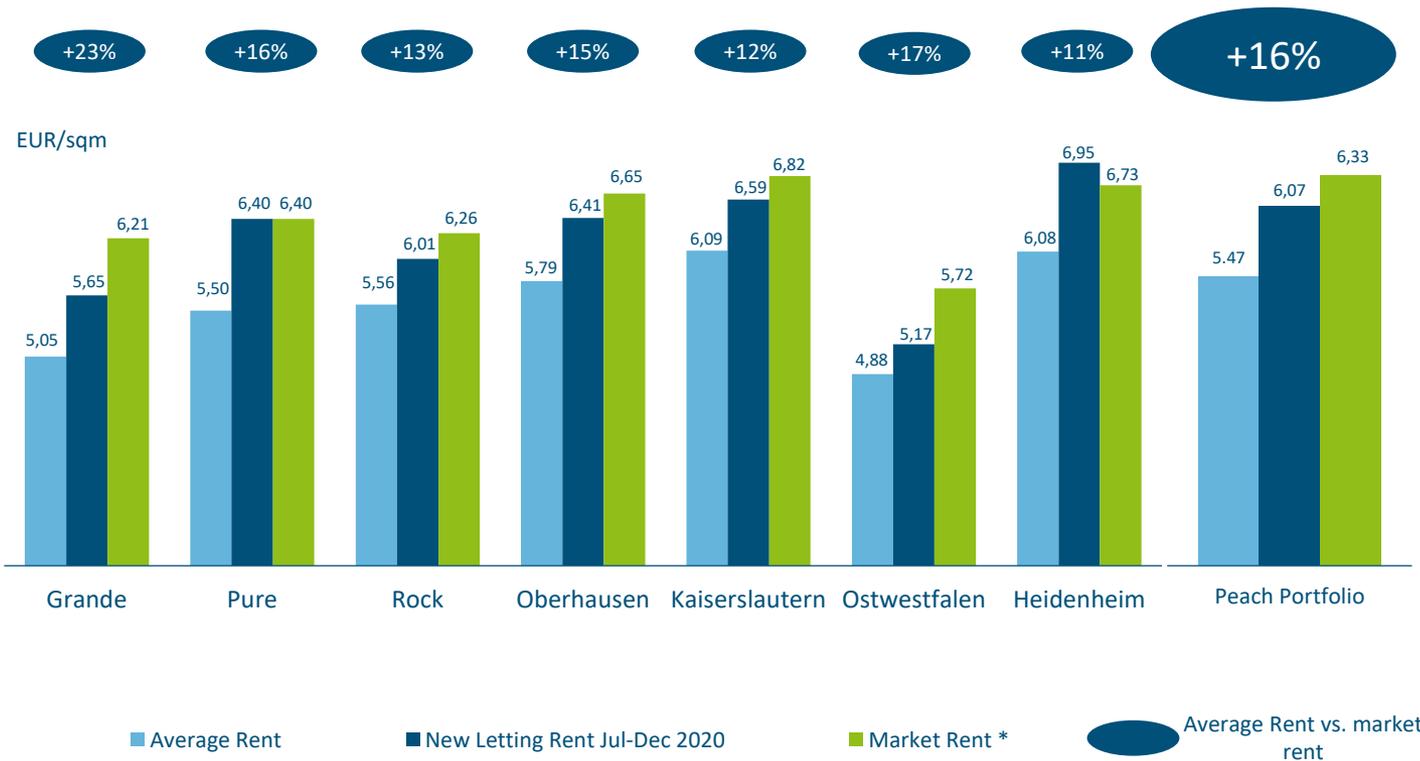


## Vacant residential units by vacancy category



- Vacancy rate reduced significantly in existing portfolio over the last 12 months (-25%)
- Effective vacancy of around 2.9% (rented in the future and in letting process)
- Letting reserve of 632 apartments; around 2.7%
- Only 262 newly acquired apartments were not yet classified as of January; c. 1.1%

# Attractive potential to further increase rent



- **Attractive rent potential** in all core portfolios
- **Focus on leveraging potential** over next quarters (tenant satisfaction, targeted renovations, etc.)

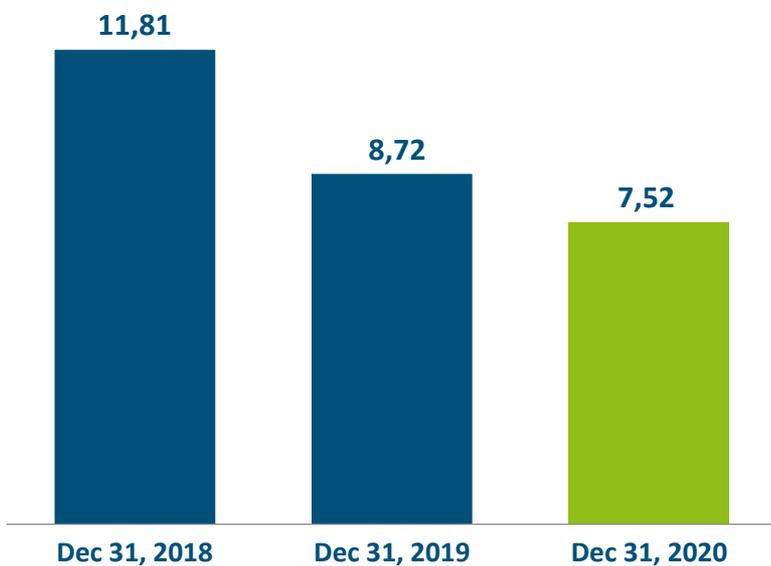
- **Current portfolio exhibits attractive rent potential of 16%**
- **Growth potential in addition to market growth of 3 to 4% p.a.**

\* According to Wüest Partner valuation as of December 31, 2020

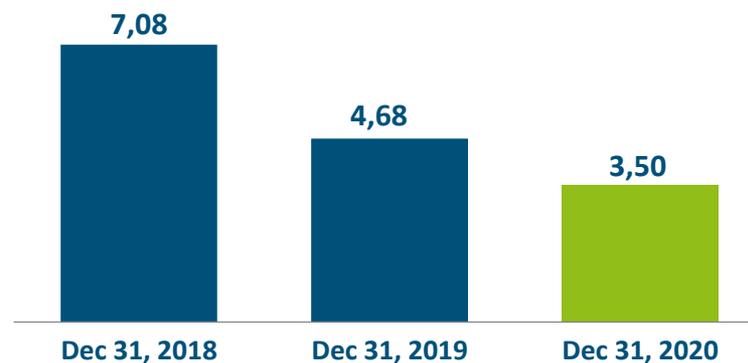
\* Excluding Zymma-concept

# Significant economies of scale in overhead cost

## Personnel expenses as % of operating result



## Other operating expenses as % of operating result



- **Insourcing of central steps** in the value chain (network of 12 Peach Points, facility management, construction management, central back-office in Berlin)
- Significant **efficiency gains driven by economies of scale**



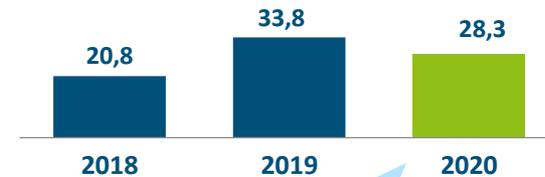
## Maintenance

OPEX (per sqm)



## Renovations

CAPEX (per sqm)



> 1 200 renovated apartments in 2020

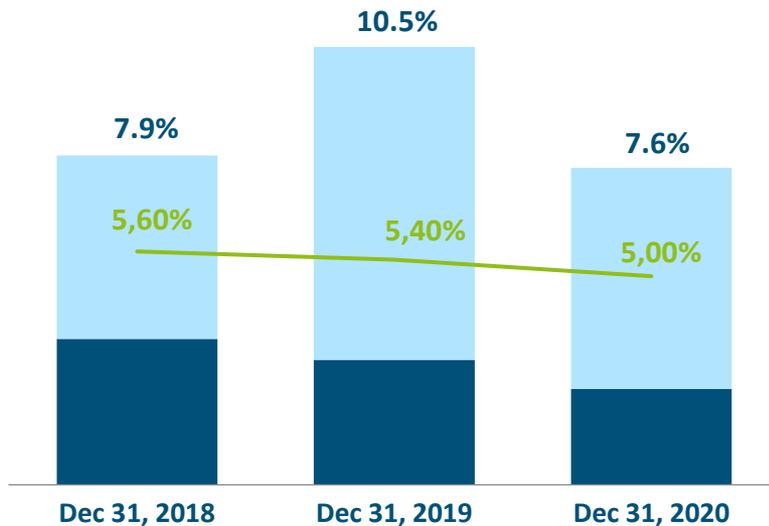
- Flat maintenance costs
- **Lower administrative and operating costs** due to insourcing
- **Operating Margin** increased from **73% to 75%**

- **Total capex of CHF 24.1 million** in apartment renovations and improvements (heating, staircases, facades, outdoor facilities, etc.)
- Basis for lowering vacancy rate and increasing rents

# Significant valuation gains in light of attractive rental yield

## Valuation gains and gross rental yield in % of investment properties

- Initial valuation
- Gross rental yield
- Operational progress & discount rate



### Average discount rate:

2018: 4.1%

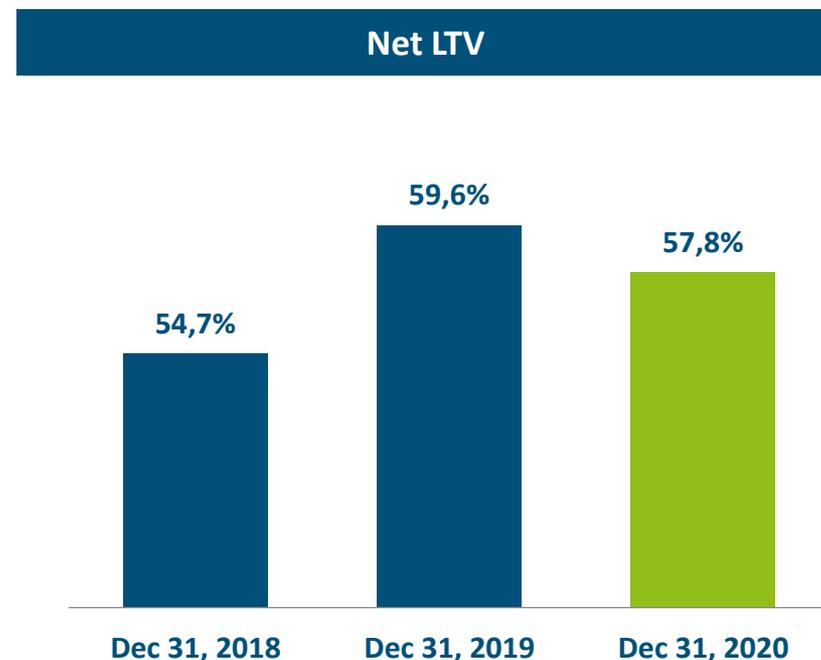
2019: 3.9%

2020: 3.9%

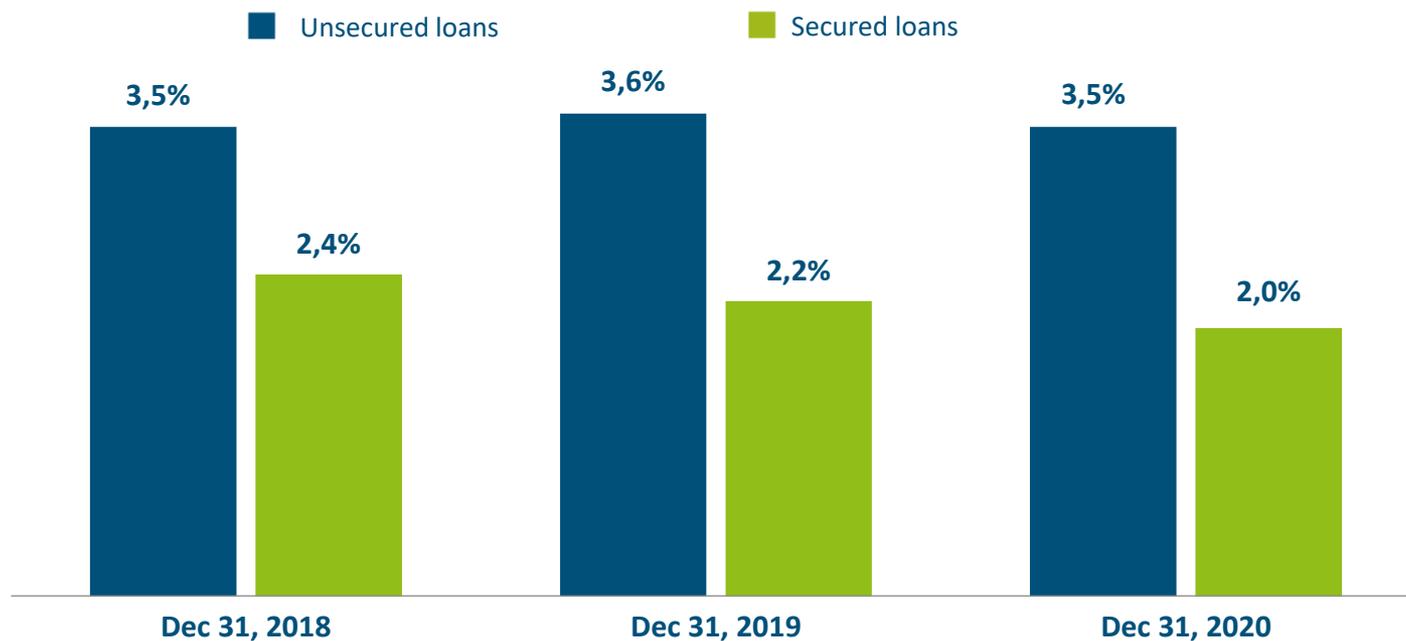
- Similar share of **initial valuation gains from acquisition** of new portfolios
- **Operational progress** (CHF 47 million) driven by 4.7% like-for-like **rent increase** in 2020 and **lower vacancy rate**
- **Attractive rental yield compared to industry peers**

# Balance sheet key figures

TCHF	2020	2019
Cash & cash equivalents	67,656	46,248
Development properties	38,969	33,757
Investment properties (incl. assets held for sale)	2,065,045	1,082,058
Current financial liabilities	177,354	37,869
Non-current financial liabilities	1,169,279	703,446



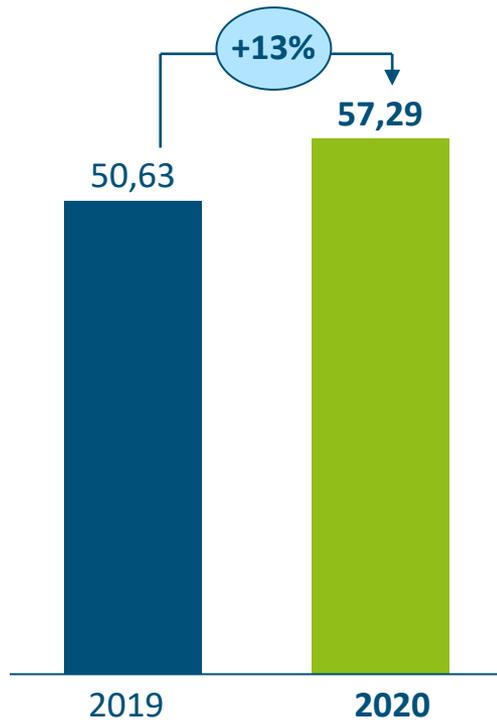
- Sufficient liquidity to support further growth
- Leverage has been reduced from 59.6% to 57.8% despite significant acquisition activities
- Target LTV ratio of 55% within reach



- Slight increase of financing cost **from 2.8% to 3.0%** due to EUR bond II
- Rates include **interest rate hedges** (mostly swaps)
- Financing for German portfolio in EUR (no currency risk)

# Strong NAV growth in 2020

## Strong EPRA NTA growth



## Equity values

	Dec 31, 2020	Dec 31, 2019
NAV IFRS (TCHF)	754,862	389,564
NAV market value (TCHF)	762,459	401,298
thereof hybrid bonds (equity) (TCHF)	90,682	91,696
Equity ratio (NAV IFRS)	33.9%	32.3%
NAV (IFRS) per share (CHF)	50.70	43.34
Equity ratio (NAV market value)	34.2%	32.9%
NAV (market value) per share (CHF)	51.31	45.11
Closing price per 31.12. (CHF)	46.00	39.50

1. Overview Peach Property

2. Project Eagle



# Peach's portfolio will grow to CHF 2.5 bn with EAGLE transaction

	Peach Portfolio as of YE 2020	Portfolio acquisition "EAGLE"	Pro Forma Peach plus Eagle
<b>Apartments</b>	23,201 apartments	4,340 apartments	27,541 apartments (+19%)
<b>Lettable area</b>	1,505,900 sqm	275,822 sqm	1,781,722 (+18%)
<b>Market value</b>	CHF 2.088 bn	c. CHF 456 mm	c. CHF 2.54 bn (+22%)
	↓	↓	↓
<b>Target rent p.a.</b>	CHF 112.3 mm	CHF 22.1 mm	CHF 134.4 mm (+20%)
<b>Rental income p.a.</b>	CHF 95.0 mm+	CHF 21.0 mm	CHF 116.0 mm (+22%)
<b>Gross rental yield*</b>	5.0%	c. 4.6%	c. 4.9%
<b>Vacancy</b>	7.9%	5.0%	7.4%

**Acquisition will be financed by raising a balanced mix of debt and equity capital**

\*based on valuation by Wuest Partner

## Basic Idea of Eagle:

- **Further growth** for Peach
- **Improve LTV & FFO** based on economies of scale and reduced average cost of finance
- **Improve rating** and hence future financing cost
- **Leverage digital platform** and achieve significant economies of scale
- **Expand PeachPoint concept** and continue leveraging Peach's data analytics capabilities

1. **Annual rental income to increase to CHF 116 mm+** which will further bring Peach on landscape in Germany
2. Higher revenues will allow **significant economies of scale** due to leverage of existing systems, processes and people: e.g. expect **5% higher personnel cost for 20% higher rental income**
3. Investors will benefit from **significant EPRA NTA per share uplift to >CHF 60** pro-forma post transaction
4. Portfolio size of CHF 2.5bn and further LTV reduction will likely push **corporate rating by at least one notch**
5. **Further company growth** and increased capital will generate **more liquidity in the stock** and attract new investors
6. **Combined entity can produce a dividend yield of 2.0%+ of NAV**

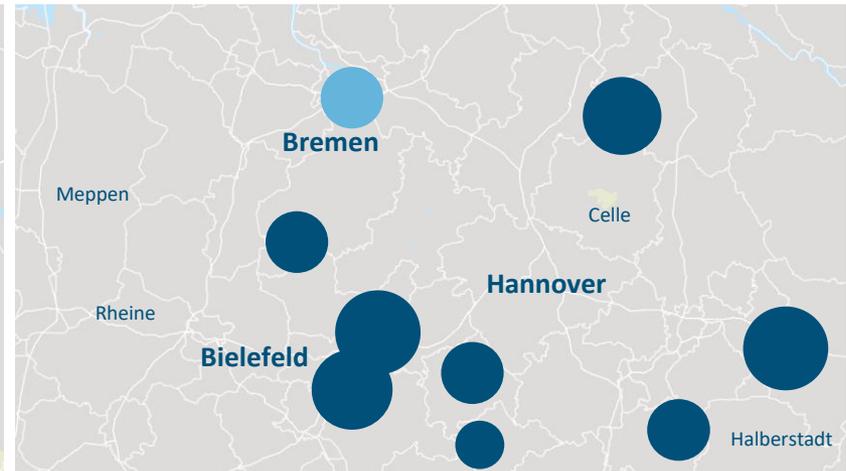
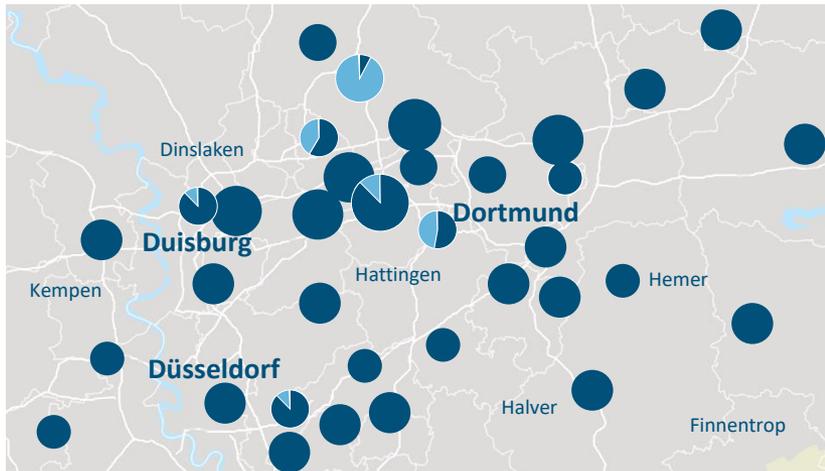
# The newly identified portfolio complements the existing portfolio

Perfect fit to current Peach portfolio

New Bremen cluster, basis for regional expansion

Ruhr region (+4,000 apartments)

Bremen (+340 apartments)



● Peach portfolio    ● Acquisition portfolio (Eagle)

# Impressionen Portfoliozugänge 2021

## Marl

Nordrhein-Westfalen



## Dortmund

Nordrhein-Westfalen



## Breme, Delmenhorst, Ganderkesee

Bremen/Niedersachsen



## Bochum

Nordrhein-Westfalen

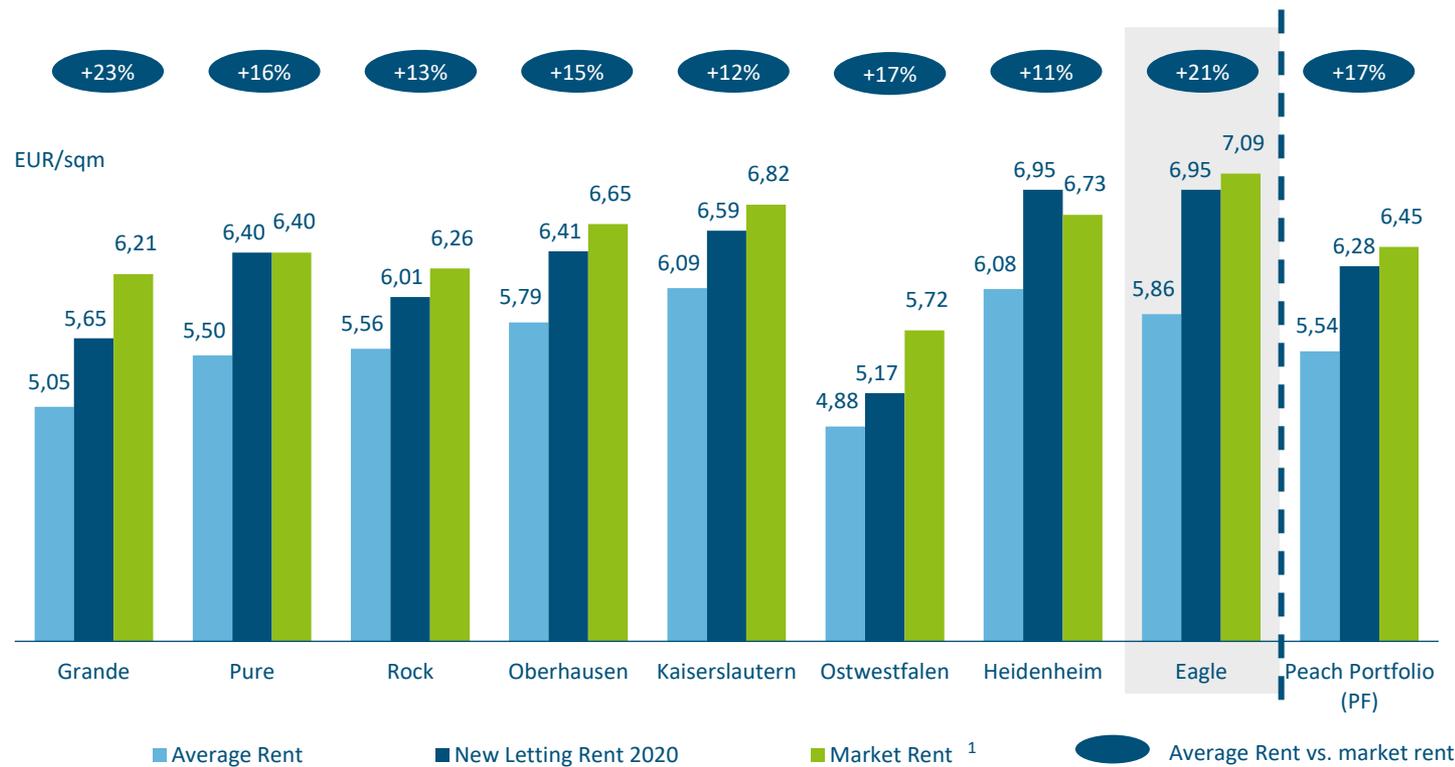


## Gelsenkirchen

Nordrhein-Westfalen



# Attractive potential to further increase rent



- **Attractive rent potential** in all core portfolios
- **Focus on leveraging potential** over next quarters (tenant satisfaction, targeted renovations, etc.)

- **Revisionary potential of Eagle portfolio of 21% bringing overall Peach potential to 17%**
- **Revisionary potential in addition to market growth of 3 to 4% p.a.**

Source: Company information

Notes: <sup>1</sup>According to Wüest Partner valuation as of December 31, 2020, excluding Zymma-concept

## Dividend policy – Principles

- **Continued growth** in order to consolidate position in the German residential property market and to make optimal use of the digital platform
- In parallel, **attractive dividend pay-out** to allow shareholders to participate in the expected cash flow

## Dividend policy - calculation

- Distribution is based on operating cash flow (FFO II), net of strategic portfolio adjustments
- Minimum 50% of distribution will come from tax-exempt statutory capital contribution; for coming years higher tax-exempt share expected

## Dividend policy - distribution

- In line with FFO generation
- Allows further above-average growth in the medium term
- Allows for a medium-term dividend yield of >2%



For 2020, the Board of Directors proposes a dividend of CHF 0.30 per share. Company expects this number to increase significantly over the next years.



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Wachsen  
mit Werten.