peach PROPERTY GROUP

Growing with Values.

Annual Report 2019

peachproperty.com

Key Figures

Peach Property Group AG is a real estate investor with an investment focus on residential real estate in Germany. Our tenants are at the center of our activities. With innovative solutions for modern living needs we offer clear added value. Our portfolio comprises high yielding investment properties, typically in German Tier II cities in the commuter belt of metropolitan areas. In addition we are developing selected projects to be sold as condominiums. Our services span the entire value chain, from location evaluation and acquisition to active asset management and the rental or sale of our properties. We have our registered office in Zurich; our German headquarters are based in Cologne.

The shares of Peach Property Group AG are listed on the SIX Swiss Exchange.

Peach Property Group (consolidated)		**31.12.2019**	31.12.2018
Operating income	in TCHF	160 734	119 717
Operating result	in TCHF	129 827	71 149
Result before tax	in TCHF	109 675	56 874
Result after tax	in TCHF	91 004	45 319
NAV IFRS	in TCHF	389 564	201 252
NAV Market Value	in TCHF	401 298	314 061
Equity	in TCHF	389 564	201 252
of which hybrid capital	in TCHF	91 696	112 841
Equity ratio (IFRS)	in %	32.3	36.7
Equity ratio (NAV market value) [1]	in %	32.9	37.7
Real estate portfolio 1 at market values	in TCHF	1 130 696	747 248
Number of FTEs		78	51
Number of shares (nominal value of CHF 1.00 each)		6 601 474	5 487 627
Share capital	in TCHF	6 601	5 487
Diluted earnings per share	in CHF	12.06	5.56
Diluted FFO II per share [2]	in CHF	-0.45	-0.65
NAV IFRS per share [3]	in CHF	43.34	34.02
NAV market value per share [1,3]	in CHF	45.11	36.36
Share price as of December 31, 2019	in CHF	39.50	27.90
Market capitalization as of 31 December, 2019 [4]	in TCHF	260 719	153 080

1 NAV market value based on the independent appraisal of Wüest Partner incl. assets held for sale.
2 Excluding the dilutive effect in the reporting and previous period.
3 Excluding hybrid capital and non-controlling interests.
4 Excluding treasury shares.

Content

Reto A. Garzetti
Chairman of the Board of Directors

Dr. Thomas Wolfensberger
Chief Executive Officer

Dear Shareholders,

During the 2019 financial year, our Group grew to a new dimension. We exceeded our medium-term target and expanded our real estate portfolio to now around 13 000 apartments with a market value of CHF 1.1 billion. This enabled us to significantly strengthen our market position as an established real estate owner in Germany. Our extended and improved tenant services, which now include seven tenant shops, set us clearly apart from other providers. The quality of this platform is reflected in more satisfied tenants and declining vacancy rates. In 2019, we invested over CHF 20 million in the modernization of our portfolio, renovating over 806 apartments. We were also able to set new records in terms of our key financial figures in the reporting period. We increased rental income by around 31 percent to CHF 38.9 million and achieved a new record profit after taxes of CHF 91 million. Finally, we broadened our presence on the capital market in 2019 and fully placed a corporate bond issue for EUR 250 million, giving us additional scope for further growth.

Portfolio increases to around 13 000 apartments with a market value of CHF 1.1 billion

In 2019, our portfolio passed the one billion Swiss Franc mark, bringing it to a whole new level of attention in the market – especially among investors. We achieved this growth largely due to a major transaction in September 2019 when we signed a purchase agreement for a portfolio of 3 672 apartments. The apartments are located in our core regions, namely the Ruhr area as well as in Bielefeld and Kaiserslautern. The transaction was completed as scheduled on December 31, 2019, and consequently did not yet have any effect on our rental income until 2020. The annual actual rent of the new portfolio currently amounts to CHF 14.5 million, which corresponds to more than a third of our total rental income in 2019 and means that we can expect an additional growth spurt in 2020. As with our other portfolios, we will also leverage the potential offered by the new apartments by making targeted investments in modernization, improving tenant service and reducing vacancy rates.

The acquisition took our overall residential portfolio to 12 424 units with a lettable living space of 786 287 square meters as of December 31, 2019. This corresponds to a

47 percent increase in the number of residential units compared to previous year's reporting date. The market value of the portfolio at the end of 2019 was around CHF 1.1 billion, compared to CHF 0.7 billion a year earlier.

In addition, in November 2019 we notarized a purchase agreement for an additional residential portfolio of 528 apartments in North Rhine-Westphalia, with a focus on Essen and Dortmund. Following the completion of this transaction - in the first quarter of 2020 - our portfolio will be expanded by a further 36 000 square meters of living space. The new portfolio generates an actual rent of CHF 2.5 million per year.

Including the apartments acquired at the end of 2019, we now own 12 952 residential units with a living space totaling over 822 000 square meters.

Actual rental income rises 31 % to CHF 38.9 m, vacancy rate falls significantly

Thanks to the expansion of our portfolio and the successful development of our properties, we were able to increase rental income by around 31 percent to CHF 38.9 million during the course of 2019. „Like-for-like" growth was around 4.5 percent - a record figure within the industry, reflecting the high level of satisfaction of our tenants with our services. This figure does not yet include the residential portfolios acquired in 2019, with actual rents totaling around CHF 17.0 million. At the same time, we were able to reduce the vacancy rate of our residential units by around 26 percent in 2019, down from 12.5 percent in the previous year to 9.3 percent. If we exclude the apartments under renovation as well as the units that are scheduled for renovation and hence not currently being offered on the market, the effective vacancy rate is a very low 2.3 percent.

By further optimizing the management of our apartments through insourcing and taking advantage of economies of scale in managing the units, we were able to achieve a further increase in efficiency. The operating margin, which compares direct costs to actual rental income, is now at 73 percent, compared with 71 percent a year before. In particular, we were able to significantly reduce administrative costs from 13.2 percent to the current level of 8.8 percent.

Expansion of tenant services – opening of further tenant shops

In 2019, we continued to work on improving the services for our tenants. For example, we expanded the digital communication opportunities through our tenant app and the web-based tenant portal, which is now available to all our tenants. In addition, most of our tenants and interested parties now have seven tenant shop available as their main contact point. In addition to the two Peach Points in Oberhausen and Heidenheim, which had already been operating in the previous year, we opened further shops at our core locations in Ostwestfalen, Kaiserslautern and Nordhessen in the reporting year. As part of the further growth and integration of the portfolios acquired at the end of 2019, two more shops followed at the beginning of 2020, in Düsseldorf-Erkrath and Gelsenkirchen.

Further highlights of the year were once again the planting campaign in spring, during which we gave away thousands of plants to our tenants and planted them together as well as our „Peach on Tour" food truck event in fall. All of these measures support direct communication with our tenants and provide them with added comfort and convenience, which in turn has a positive effect on the occupancy rate of our properties.

Equity increased to CHF 385 m and net asset value of CHF 45 per share

This positive operational development is also reflected in our key financial figures. We doubled our profit after tax compared to the previous year to CHF 91.0 million. At the same time, our profit before tax of CHF 109.7 million is also significantly higher than the prior-year level of CHF 56.9 million. In the process, we increased total equity from CHF 301.3 million to CHF 389.6 million. On a per share basis, the Net Asset Value (NAV) at market value amounts to CHF 45.11– an increase of more than 24 percent relative to the CHF 36.36 at the end of 2018. The equity ratio at market value amounts to a solid 32.9 percent – despite the significant increase in the balance sheet total by almost 47 percent. The net LTV („loan to value") was within the target range of 55-60 percent despite the strong growth – thus underlining the cautious financial policy of our Company.

As expected, the strong growth will not have its full impact on operating cash flow until 2020. Accordingly, FFO II („Free Funds from Operations") per share was only slightly positive in 2019, at CHF 0.21 adjusted for non-period tax effects. With the integration of the new apartments, we expect a significant increase in 2020.

Outlook for 2020

Rental income will be significantly increased

Our focus in 2020 will be on integrating the portfolios acquired in 2019 as we push ahead with further operational improvements. We expect this to further reduce vacancy and to lead to an attractive like-for-like increase in. We are very well positioned for this growth; with a team of more than 90 employees, we are very close to our tenants. We have also increased our financial clout by issuing a Euro-bond with a volume of EUR 250 million allowing us to pursue our ambitious refurbishment and letting program without new capital market transactions in the coming years. Our service model centred around our Peach Points and the newly strengthened, larger back office in Berlin will allow us to continue achieving economies of scale.

How do we deal with the challenges of the corona crisis?

Of course, the rapid spread of the Coronavirus also presents us with extraordinary challenges. Public life in Germany was severely restricted since mid-March. The need to feel safe and comfortable in your own four walls takes on a new meaning. As landlords, we are aware of this responsibility and do everything we can to ensure that we respond promptly to all inquiries from our tenants through the various channels. Even if, for security reasons, we closed our Peach Points to the public right at the beginning of the crisis in Germany in order to do our part to contain the virus, our tenants can rest assured that they will continue to receive a high quality of service. We have prepared ourselves extensively for such a case by consistently digitizing all customer-relevant processes over the past few years.

This enabled a smooth (partial) switch to home office operation, which we enacted out like many other companies to protect employees.

Peach Property Group – strong market position even in the current market environment

Peach Property Group has probably never been as strongly positioned as it is today. We have adequate funds available to implement our goals without further capital market measures; the next maturity date on the capital market is only in three years. Nevertheless, as with all real estate stocks, our share fell sharply as a result of the selling pressure that has been seen on the stock exchanges since February 19, 2020. Our share closed at CHF 27.00 on March 20, 2020, with an intrinsic value (NAV market value) of CHF 45.11. While it is not yet foreseeable what impact the current market environment in the corona crisis will have on the valuations of our properties, the experts agree that the residential segment is the most stable one within the real estate market.

Within the residential market, we focus on affordable housing with good service, which makes us even less vulnerable in the event of an economic downturn. Finally, e.g. in the United States recently decided to cut interest rates further, which historically had a positive impact on the market values of real estate. We are currently assuming that our portfolio will remain relatively stable. In our view, the discount on intrinsic value (NAV) that we see today is hence of a technical nature.

Thanks

We would like to thank all our investors for the trust they have placed in us. We know that this is not a given in times like these. We trust that as you read this annual report, you will see how enthusiastically and motivated we are looking to the future. With your help, we have built a Group over the past few years that is „fit" in every respect to deal with such a crisis: financially and operationally.

We would like to express our greatest thanks to our team of employees, which has now grown to over 90 people: With your commitment, you are making it possible that our business model works so well and that we can fully realize our mandate in the service of our tenants.

Finally, we would like to thank our business partners for the trusting cooperation.

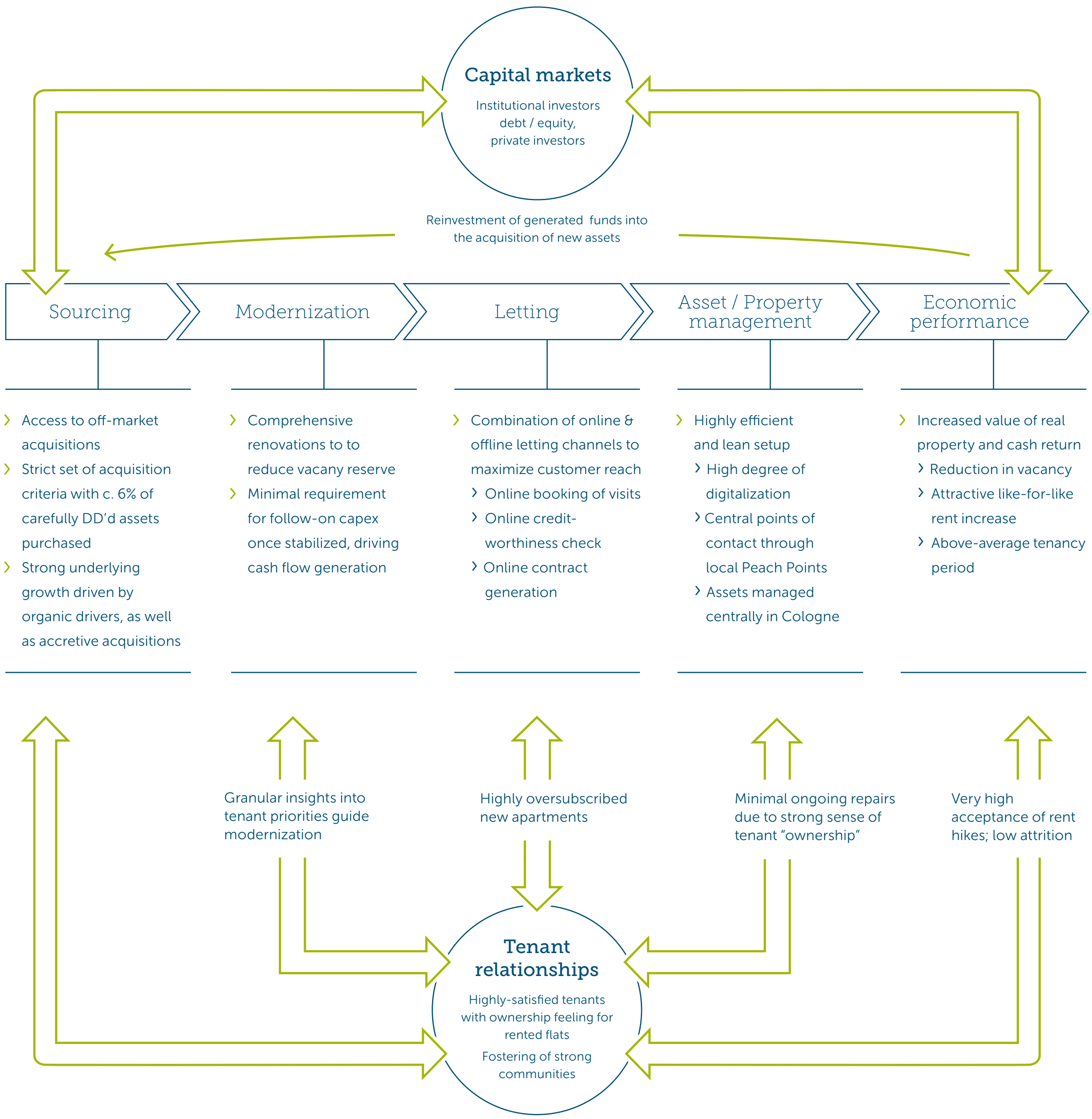
Reto A. Garzetti
Präsident des Verwaltungsrats

Dr. Thomas Wolfensberger
Chief Executive Officer

Business model

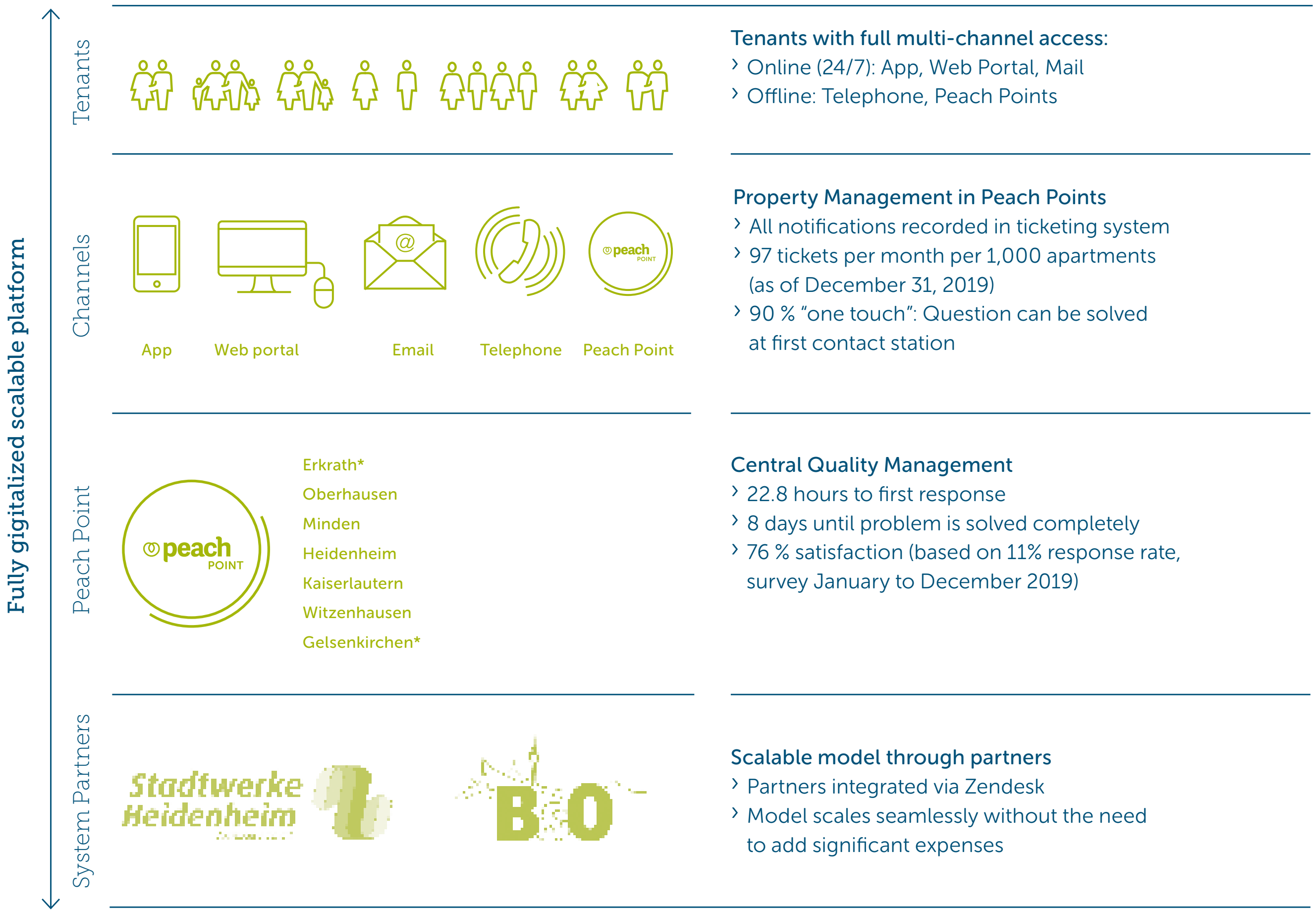
We are a successful, listed real estate investor with a focus on residential properties in Germany. We have many years of experience in the real estate sector and have greatly expanded our market presence as a property owner in recent years. At the beginning of 2020, our property portfolio comprises around 13 000 residential units. We invest in selected residential complexes in German 'Tier II' cities in the commuter belt of metropolitan areas. This enables us to achieve attractive returns from letting.

We offer modern and affordable housing and continuously invest in our portfolios and in the expansion of our tenant services in order to create both added value for our tenants as well as sustainable value for our investors. We offer a broad value chain – from sourcing, ongoing modernization and letting to our own property management. This results in high economic performance.



Thanks to the high degree of digitization along the entire value chain, we have made our service model more efficient and scalable which in turn generates many opportunities as we grow. We continuously measure efficiency at several central junctures, for example the time it takes to solve a query, which gives us valuable feedback and allows us to constantly refine our model. This operational strength is particularly important in today's competitive market environment, and contributed toward improved tenant satisfaction and a significant reduction in vacancy rates in 2019.

360 degree tenant service model: strong digital capabilities embedded in multi-region service hubs



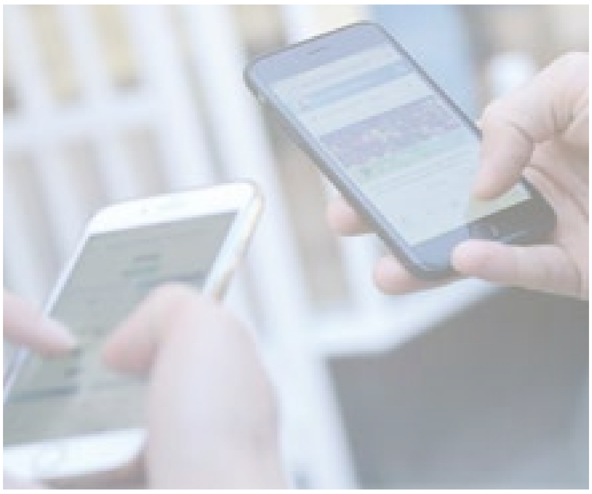
* Erkrath and Gelsenkirchen starting January 1, 2020

When acquiring additional portfolios, a key focus is that they are located close to our other holdings in order to achieve efficiently sized hubs in a region. In addition, the properties we acquire must have a high potential for appreciation and returns. For this purpose, we analyze the market and the available properties very carefully and only pursue the opportunities that offer the best possible match with our criteria. In 2019, we analyzed properties with over 4.5 million square meters of living space and acquired only about 6 percent of them. What sets us apart is our careful due diligence and structured acquisition process, combined with the necessary expertise and financial strength. We have a proven track record and extensive experience in real estate as well as capital market transactions, with a team of around 90 highly qualified employees.

Focusing on our tenants

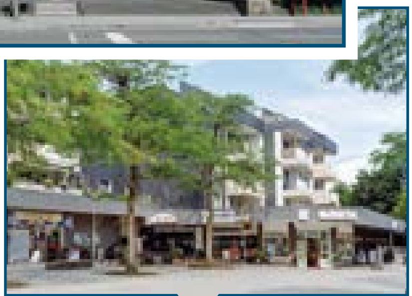
Our tenants and their satisfaction are at the center of our activities. We have aligned both our long-term corporate strategy as well as our operating focus towards this aim. By doing so, we are creating a win-win situation. The vacancy rate in our portfolios is falling, and rental income is rising since tenants who enjoy living in our properties and whose needs are taken seriously stay with us for longer, bring their friends and family and contribute to a positive living environment. This helps to create communities where tenants pay attention to maintaining a safe and friendly ambience. And we do our utmost to support this. In May 2019, for example, we have organized our largest planting campaign so far, which included giving away around 15 000 plants to our tenants, who then planted them on their balconies or entrances – enhancing the entire atmosphere of our properties. In fall, we held our fourth „Peach on Tour" event and visited most of our portfolios with our own food truck. Both events contributed in further expanding our direct tenant contact and helped receiving valuable feedback on how to improve our services.

In order to provide our tenants with even better local support, we have opened additional tenant shops. A total of three new Peach Points were added in 2019 – Witzenhausen for our Nordhessen portfolios, Minden for the Ostwestfalen portfolio and Kaiserslautern. With our further growth, Peach Points in Gelsenkirchen and Düsseldorf-Erkrath have followed in early 2020, taking the total number of shops we operate to seven. By opening our latest shops, we have successfully expanded our Peach Point presence to all our major locations. The Peach Points are available when tenants want to reach out to us – and equally promote dialogue among themselves. They are open from Monday to Friday during normal shop hours and serve not only as a contact point in the event of problems, but also as inviting meeting places which tenants can use as co-working areas with modern iMacs, or simply to come and recharge their mobile phones or to borrow useful tools for their homes.



We have also further expanded our digital services. All our tenants and prospective tenants now have the opportunity to communicate with us conveniently from home or on the go, 24 hours a day. This starts with a WhatsApp or Facebook chatbot when renting the property, which is now used by over a third of the interested parties, providing them with round-the-clock information on the apartments or a real-time view of available appointments. In addition, our tenant app and the web-based tenant portal provide the option of contacting us or other tenants, while they allow tenants to track the status of an inquiry in real time. When contacting us by e-mail or telephone, tenants will get through to the relevant Peach Point staffed by people who know the facilities and tenants. This 360-degree tenant service model enables us to quickly respond to the needs of our tenants. In 2019, for example, we also set up direct digital interfaces to our partner companies at almost all of our locations – this has resulted in low-level maintenance being carried out even more quickly and without interruption. Our centralized quality management system proves that our efforts are bearing fruit. On average, our tenants received an initial response after 22.8 hours, and we were able to achieve complete resolution of an issue after an average of 8 days. At the same time, 90 percent of all inquiries were resolved at "one touch". And most importantly: our tenants keep rating our services better and better. In 2019, Google has awarded us an average rating of 4.3 stars – and our internal satisfaction survey reveals a satisfaction level of over 75 percent for all interactions.

Peach Property Group AG – growing with values – residential portfolio reaches 13 000 units



Acquisition of two portfolios in Düsseldorf-Erkrath with **142 apartments** and of two buildings in Dortmund

Acquisition of **Gretag-Areal** near Zurich

2011 2012 2013 2014 2015

Acquisition of residential portfolio in Munster with **376 apartments**

Acquisition of a portfolio in Nordhessen with **336 apartments** and a hotel in Bad Reichenhall

Acquisition of almost **570 apartments** in Neukirchen-Vluyn

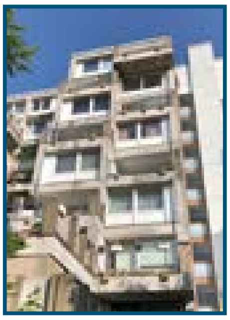
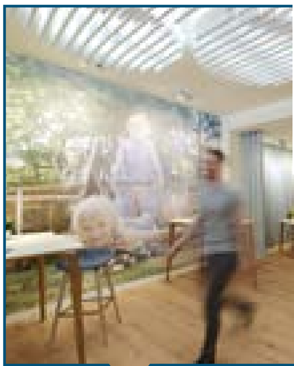
Acquisition of almost **1 700 apartments**: Rhineland, Eschwege, Fassberg and Kaiserslautern; sale of Erkrath Retail and Gretag-Areal

Acquisition of **2 899 apartments:** including 1 247 units around Bielefeld, 1 061 units in Heidenheim, 273 units in Kaiserslautern and Saarbrücken and 213 units in Bochum

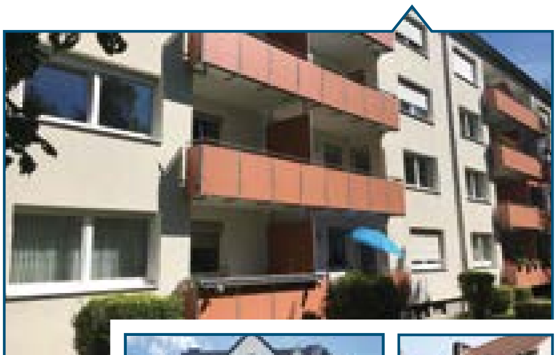
Expansion of tenant communication: Opening of Peach Points in Heidenheim and Oberhausen, further development of tenant app, launch of tenant internet portal



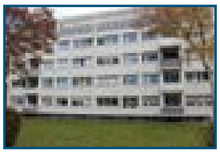
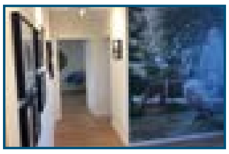
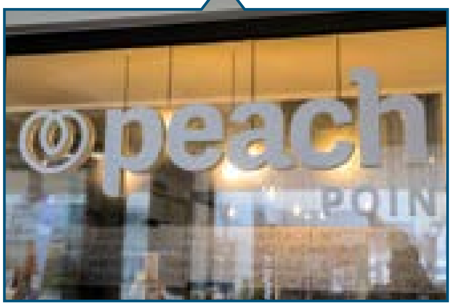


2016 — 2017 — 2018 — 2019 — 2020





Acquisition of more than **2 400 apartments**, among others in Oberhausen, Nordhessen and Bochum; sale of the property in Bad Reichenhall

Portfolio increases to around 13 000 residential units with a market value of over CHF 1.1 billion

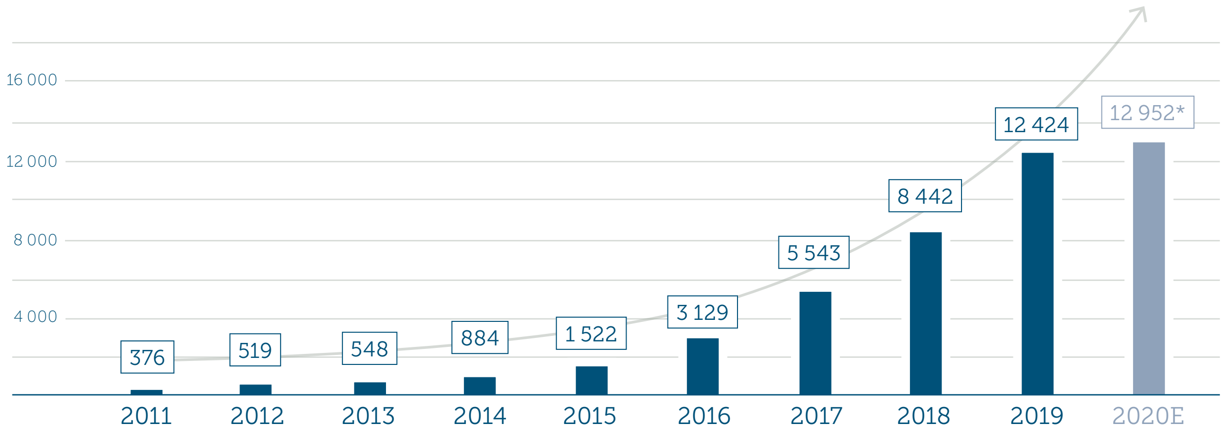
Acquisition of 3 672 apartments in the Ruhr area, Bielefeld and Kaiserslautern as well as a portfolio of **528 apartments** in North Rhine-Westphalia

Transfer of ownership of **421 apartments** in Marl and Kaiserslautern

Opening of three further Peach Points in Nordhessen, Ostwestfalen and Kaiserslautern

Opening of two further Peach Points in Gelsenkirchen and Düsseldorf-Erkrath (in total Peach now operates **7 rental shops in Germany**)

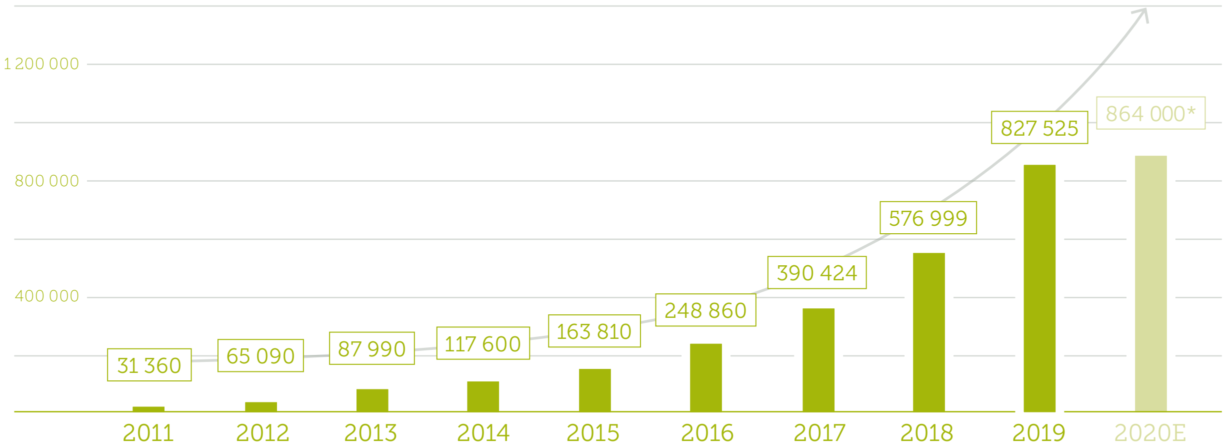
Number of residential units



* As at March 2020

Total area in the real estate portfolio considerably expanded

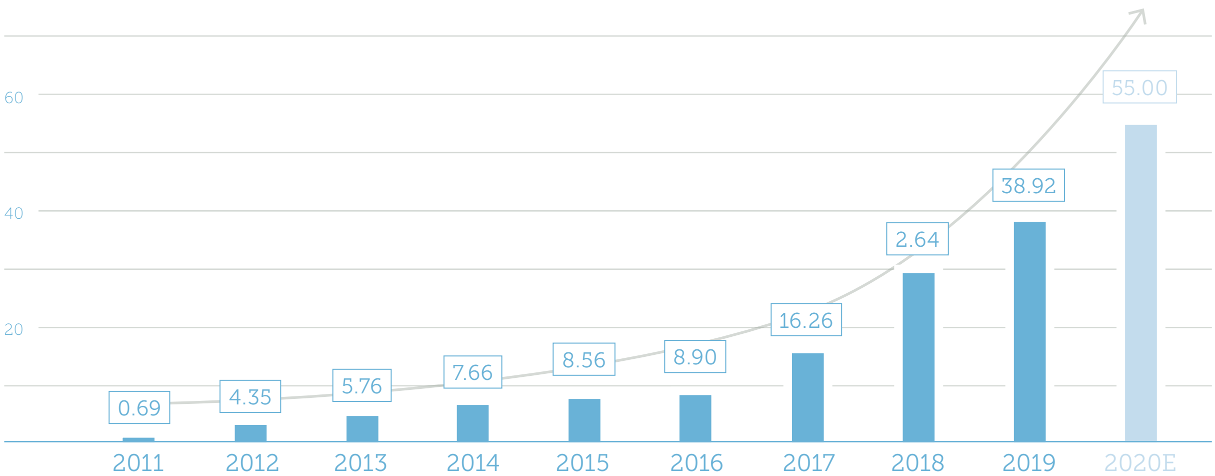
Total area in m²



* As at March 2020

Actual rental income increased significantly

Actual rental income in CHF million



* As at March 2020

Highlights 2019

13 000
apartments (+50 %)

822 000 m²
Living area

Portfolio

CHF 1.1 billion
Market value of investment portfolio (+54 %)

73 %
Operating margin (after 71 % in 2018)

91 %
Occupancy rate (after 87.5 % in 2018)

7
Peach Points operating (after 3 at the same time last year)

CHF 38.9 million
Actual rent (+31 %)

Corporate

CHF 110 million
Result before tax (+93 %)

CHF 91 million
Result after tax (+101 %)

EUR 250 million
New corporate bonds issued

CHF 390 million
Equity (+29 %)

1.4 x
ICR (interest coverage ratio)

32.3 %
Equity ratio under IFRS (after 36.7 % in the previous year)

CHF 45.11
Net asset value per share at market values (+24 %)

59.6 %
LTV (loan-to-value)

Portfolio

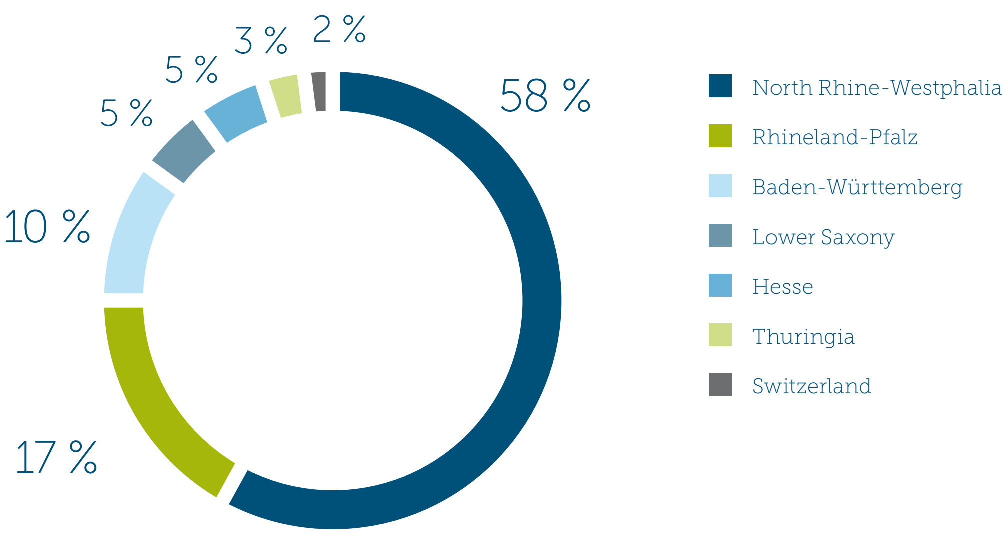
At Peach Property Group, we specialize in real estate in Germany. With an investment focus on German Tier II cities in the commuter belt of metropolitan areas, we are active in a stable real estate market with high demand for affordable housing. We have greatly expanded our property portfolio in recent years, developing into a relevant player in the market. Following the completion of a major transaction closed at the end of the reporting year, we now hold almost 13 000 apartments in our portfolio with a market value of over CHF 1.1 billion, and we manage more than 822 000 square meters of residential space. This will generate actual rental income of around CHF 55 million in the year 2020.

In 2019, we again scaled up our property portfolio and strengthened our presence on the market. The majority of our apartments are located in North Rhine-Westphalia, Rhineland-Palatinate, Baden-Württemberg and the Ruhr area. We also have residential units in Nordhessen and Lower Saxony. 98 percent of our portfolio consists of residential units in Germany. The remaining two per cent are in Switzerland, specifically on the Wädenswil peninsula near Zurich.

Portfolio structure

Breakdown by federal state as of December 31, 2019

% target rental income



Our portfolio comprised a total of 12 424 residential units as of the balance sheet date. In addition, in the fourth quarter of 2019 we notarized a purchase agreement for a further 528 units in North Rhine-Westphalia, with focus areas in Essen and Dortmund. The deal will close by the end of March 2020.

One of the key milestones in 2019 was the acquisition of a large residential portfolio at the end of the reporting year, with 3 672 apartments at several locations in the Ruhr area as well as in Bielefeld and Kaiserslautern.

In 2019, we invested a total of over CHF 20 million in the modernization of our apartments and implemented specific tenant-oriented measures at the individual properties. We have also further expanded the service we offer, and now manage our existing portfolios entirely by ourselves, including from a total of seven tenant shops in city centers, called Peach Points. A digitalized communication system allows us to respond rapidly to tenant requests, providing our tenants with added comfort and convenience. Together with our renovation program and an active letting management, these are the central pillars of our strategy to further reduce vacancy rates. We were able to reduce vacancy rates by around 26 percent in 2019 to the current level of 9.3 percent of all apartments, and we are working hard to ensure that it will continue to fall significantly in the months and years ahead.

Portfolio key figures

		31.12.2019		31.12.2018
Number of residential units		12 424		8 442
Total area in m²		827 525		576 999
Living space in m²		786 287		543 773
Commercial space in m² (GF DIN 277)		38 736		30 724
Office space in m² (GF DIN 277)		2 502		2 502
Actual rental income in TCHF *		38 915		29 644
Maintenance costs in TCHF *		5 275		3 301
Administrative and operating costs in TCHF *		3 555		4 070
Vacancy costs *		1 917		1 616
Target rent in TCHF p.a.		62 059		43 939
Vacant residential units (# residential units as a percentage of all residential units) *	1 158	9.3 %	1 054	12.5 %
Vacant residential units (# residential units as a percentage of all residential units) excluding redevelopment properties Neukirchen L and Fassberg *	754	6.1 %	649	7.9 %
Average letting potential (Lost income due to vacancies in percent of target rent) / excluding redevelopment properties Neukirchen L and Fassberg *	12.6 %	9.1 %	13.6 %	9.6 %
Market value in TCHF		1 071 465		693 740
Gross return[1] / excluding redevelopment properties Neukirchen L and Fassberg *	5.4 %	5.4 %	5.6 %	5.6 %
Net return[2] / excluding redevelopment properties Neukirchen L and Fassberg *	3.5 %	3.7 %	3.8 %	4.0 %

* Excluding new Portfolio acquired as of 31.12.2019.
1 Annualized actual rental income 1.1. - 31.12.2019 (net cold, excl. incidental expenses) in relation to the average value of the portfolios.
2 Annualized actual rental income 1.1. - 31.12.2019 (net cold, excl. incidental expenses) less administration and maintenance costs in relation to the average value of the portfolios.

Another positive effect of the further in-sourcing of the administrative structure is that we were able to reduce administrative costs significantly in 2019, from CHF 4.1 million to CHF 3.6 million – despite the significantly expanded portfolio. Overall, the operating margin increased from 71 to 73 percent.

Lower Saxony

Munster
376 apartments

Fassberg
287 apartments

Other
125 apartments

NRW

Gelsenkirchen
1 260 apartments

Oberhausen
1 067 apartments

Bochum
1 047 apartments

Velbert
761 apartments

Minden
638 apartments

Neukirchen-Vluyn
567 apartments

Bielefeld
356 apartments

Herford
238 apartments

Dusseldorf
224 apartments

Marl
221 apartments

Essen
189 apartments

Other
756 apartments

Hesse

Eschwege
250 apartments

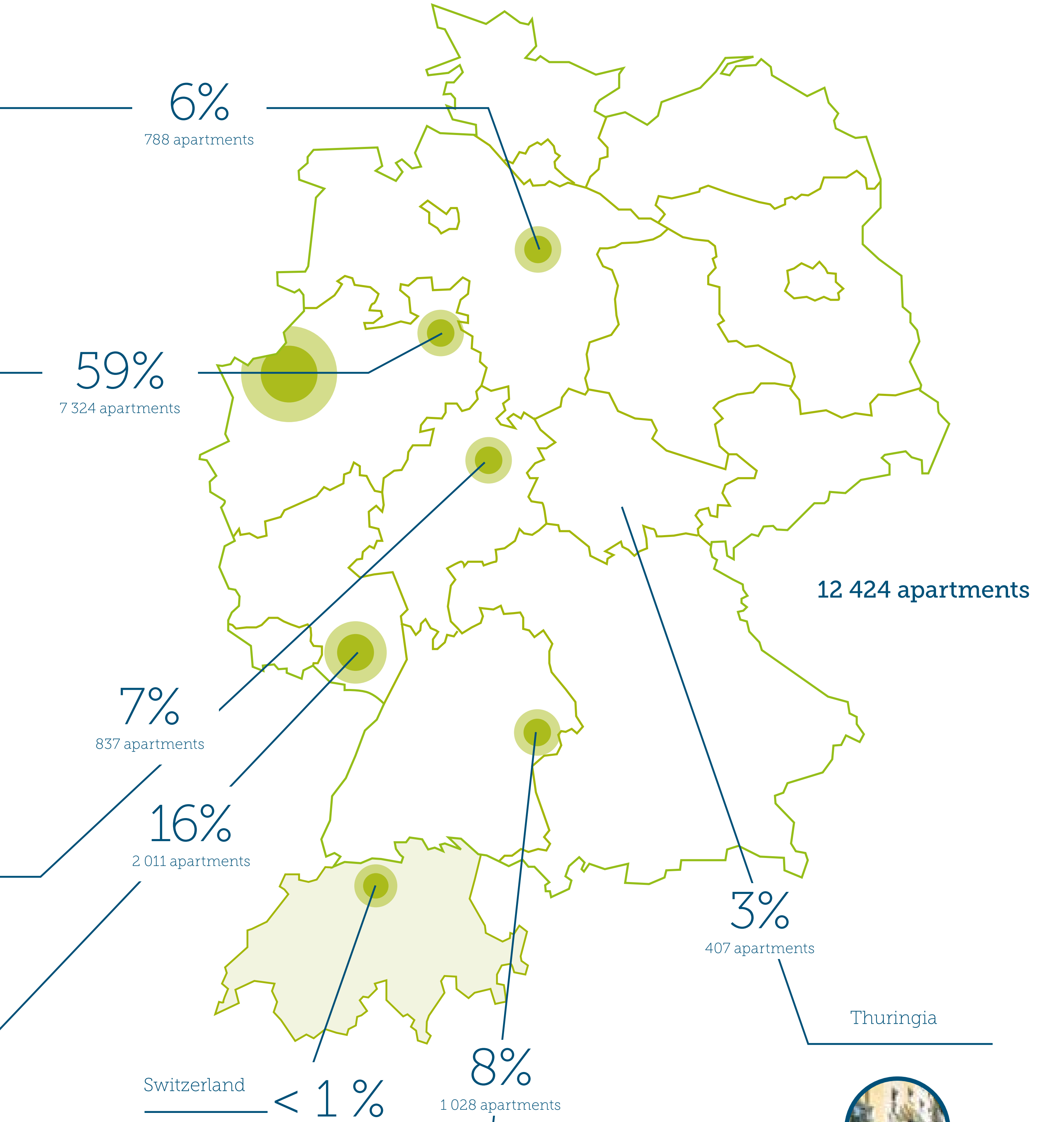
Bebra
251 apartments

Other
336 apartments

Rhineland & Saarland

Kaiserslautern
1 965 apartments

Saarbrücken
46 apartments



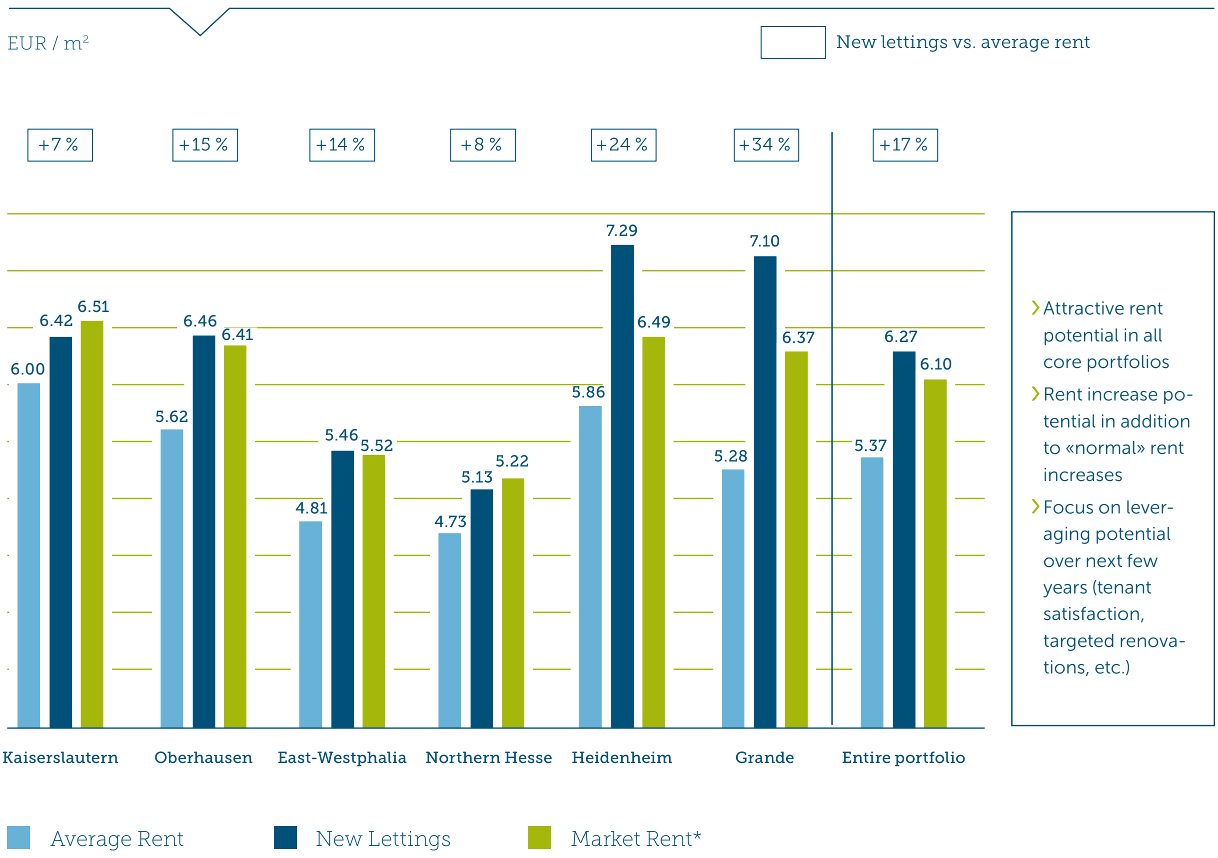
29 apartments

Heidenheim
1 028 apartments

407 apartments

During 2019, we again invested significantly in tenant satisfaction. This enabled us to increase the „like-for-like“ rent by around 4.5 percent compared to the previous year. In 2018 the increase amounted to 3.2 percent. In addition, we continued to achieve significantly higher rents in new leases – in most cases even above the market rents determined by our property valuators. Viewed across the entire portfolio, we have attractive potential for rent increases of around 17 percent or EUR 9.4 million at the end of 2019.

Rent potential in core portfolios



* According to Wüest Partner valuation as per December 31, 2019.

We attribute this to the higher levels of tenant satisfaction and the correspondingly high number of leases concluded based on the recommendation of existing tenants. Together, these two factors will pave the way for sustainable rental growth in the future.

in CHF thousands 31.12.2019

Place	Number of residential units	Area in m²	Year of construction (renovation)	Market value [1]	Target rent p.a. net cold	Letting potential	Rental gross return [2]	Rental net return [3]
Bakery, Wädenswil	0	4 401	1833 (1966)	9 940	651	3.0 %	6.5 %	5.5 %
Mews, Wädenswil	16	1 100	1874 (1991)	7 680	297	10.4 %	3.3 %	2.6 %
Gardens, Wädenswil	13	769	1874 (1991)	5 740	200	0.4 %	3.5 %	3.1 %
Munster	376	25 759	1959 / 1967	24 756	1 730	7.0 %	6.7 %	4.8 %
Fassberg [5]	287	19 733	1958	12 145	1 241	33.0 %	7.0 %	0.6 %
Erkrath Wohnen	142	13 055	1978	24 779	1 322	7.1 %	5.0 %	3.9 %
Dortmund Rheinische Str. 167-171	0	2 502	1922 (1997)	2 329	220	20.6 %	7.9 %	5.9 %
Dortmund Rheinische Str. 173 [4]	0	12 772	1922	5 970	7	n. a.	n. a.	n. a.
Neukirchen-Vluyn L [5]	513	34 790	1974 / 1981	28 276	2 650	57.9 %	3.8 %	-1.7 %
Neukirchen-Vluyn S	54	3 130	1974 / 1981	2 449	197	10.6 %	7.7 %	5.1 %
Oberhausen	1 695	108 384	1899 - 1990	164 310	9 087	6.6 %	5.1 %	3.6 %
Bochum II	172	11 079	1958 - 1999	18 778	988	4.2 %	5.1 %	4.2 %
Bochum III [6]	462	6 416	1973	18 896	373	n. a.	n. a.	n. a.
Gelsenkirchen I [6]	973	67 631	1921 - 1978	78 588	4 652	n. a.	n. a.	n. a.
Gelsenkirchen II [6]	134	8 701	1920 - 1952	12 873	649	n. a.	n. a.	n. a.
Gelsenkirchen III [6]	71	4 864	1949 - 1971	5 490	321	n. a.	n. a.	n. a.
Gelsenkirchen IV [6]	82	5 380	1902 - 1954	6 023	400	n. a.	n. a.	n. a.
Essen I [6]	68	5 725	1962 - 1964	8 324	391	n. a.	n. a.	n. a.
Essen II [6]	107	6 680	1976	11 136	487	n. a.	n. a.	n. a.
Essen III [6]	14	3 542	1982	2 895	375	n. a.	n. a.	n. a.
Velbert [6]	761	53 358	1967 - 1975	69 855	3 472	n. a.	n. a.	n. a.
Marl	221	16 120	1966 / 1978	19 982	1 325	11.8 %	5.9 %	4.0 %
Bielefeld I [6]	212	15 045	1969 / 1973	19 179	797	n. a.	n. a.	n. a.
Bielefeld II [6]	144	10 447	1970 - 1973	13 621	611	n. a.	n. a.	n. a.
Ostwestfalen	1 247	81 534	1923 - 1975	77 808	5 422	7.4 %	6.6 %	4.3 %
Rhineland	376	27 808	1960 - 1978	46 381	2 679	17.0 %	4.7 %	3.9 %
Kaiserslautern I	31	4 097	1950 / 1966	5 668	374	35.0 %	4.4 %	3.1 %
Kaiserslautern II	1 137	71 263	1973	94 666	5 484	9.0 %	0.0 %	3.4 %
Kaiserslautern III	200	11 364	1926 - 1950	21 794	1 088	10.5 %	4.6 %	2.6 %
Kaiserslautern Betzenberg IV [6]	343	25 921	1972 - 1973	40 574	1 945	n. a.	n. a.	n.a.
Kaiserslautern Betzenberg V [6]	242	13 591	1972 - 1973	24 215	1 183	n. a.	n. a.	n. a.
Kaiserslautern VI [6]	59	2 105	1972	5 277	295	n. a.	n. a.	n. a.
Nordhessen	336	22 830	1956 - 1974	18 371	1 357	11.7 %	6.4 %	3.1 %
Nordhessen II	789	43 895	1950 - 1979	39 170	2 973	13.0 %	6.5 %	3.8 %
Eschwege	116	8 309	1994	10 085	625	5.1 %	5.9 %	4.2 %
Heidenheim I	919	63 629	1905 - 2006	101 431	5 261	8.6 %	5.0 %	3.5 %
Heidenheim II WEG Sale	83	7 222	1958 - 2004	10 476	681	6.5 %	4.5 %	3.3 %
Wertgrund / Small-scale letting	29	2 573	1920 / 1975	1 535	248	22.3 %	7.5 %	4.8 %
Total	**12 424**	**827 525**		**1 071 465**	**62 059**	**12.6 %**	**5.4 %**	**3.5 %**
Total excluding the Neukirchen L and Fassberg renovation projects						**9.1 %**	**5.4 %**	**3.7 %**

1 Based on the valuation by Wüest Partner as of 31.12.2019.
2 Annualized actual rental income 1.1. - 31.12.2019 (net cold, excl. incidental expenses) in relation to the average value of the portfolios.
3 Annualized actual rental income 1.1. - 31.12.2019 (net cold, excl. incidental expenses) less administration and maintenance costs in relation to the average value of the portfolios.
4 Development property / available for sale.
5 Redevelopment property.
6 Purchase as of 31.12.2019.

Interview with Management

Dr. Thomas Wolfensberger, Chief Executive Officer (CEO)
Dr. Marcel Kucher, Chief Financial Officer (CFO) and Chief Operating Officer (COO)
Dr. Andreas Steinbauer, Head of Letting and Sales

First of all, the question that is currently on everyone's mind: the corona crisis. How does it affect the Peach Property Group?

Dr. Thomas Wolfensberger: First, as a Group we have probably never been as well positioned as we are today –financially, operationally as well as technologically. We also assume that with our portfolio we offer a product that is increasingly in demand, especially in uncertain times: Your own four walls are of great importance today. Accordingly, ensuring a good living experience for our tenants is constantly on top of our to-do list. It has always been a central acquisition criterion that the tenants in our apartments do not have to spend too much of their disposable income on rent. We are therefore well prepared for a situation in which household incomes decline e.g. due to a recession. In such a situation, it is probable that tenants are more likely to give up more expensive locations and look for an apartment that fits their budget better. In addition, with our strong digital approach, we do have the great advantage that we can ensure the high quality of services that our tenants can expect from us even when our employees are in their home offices.

The switch to predominant home office operations went smoothly for us. And digitization also helps very directly in marketing: For example, we have started to provide prospective tenants with short videos providing a virtual tour of the apartment in order to keep the number of visits as small as possible. Finally, we are also financially strongly positioned: The next capital market maturity date is only in about three years' time, and additionally a significant part of our portfolio is currently unencumbered. This represents a financing reserve that can be drawn at any time.

You set new profit records in 2019, as well as in the year before. What does 2020 have in store?

Dr. Marcel Kucher: One thing is already certain: in 2020, merely resulting from the recent acquisitions, actual rental income will rise by at least 40 percent compared to 2019 to over CHF 55 million. This calculation doesn't include possible further acquisitions and operational progress – which we are also planning for 2020.

We will see how this extra growth affects profits. A key point certainly is that we will continue to make progress in reducing vacancy rates and increasing rents, meaning that, going forward, we aim towards further generating value from our properties. Alongside profits, the FFO will surely be a key area of focus next year. Having reached an efficient size of approximatively 13 000 apartments which are now fully operational on our digital platform, we intend to significantly increase our FFO and become one of Germany's leading real estate companies in this area in the medium term.

You delivered impressive growth in 2019. Do you intend to maintain this pace in the future?

Dr. Thomas Wolfensberger: We broke new ground in 2019 in every respect. Apart from our record profit, our real estate portfolio reached approximately 13 000 residential units, which is 50 percent more than at the end of 2018. Our residential portfolio reached a market value of more than CHF 1.1 billion – a growth of around 54 percent compared to the end of 2018 and more than double the size of 2017. While we do envisage further growth in the future, we want to grow sensibly and not at any price. Our focus is always on tenant satisfaction. Therefore, a major focus in 2020 will be on successfully integrating the newly acquired units, the active management of the portfolios and the continuous optimization of our tenant services. In this context, continuing and completing the renovation work is also one of our top priorities.

Dr. Andreas Steinbauer: Over the past few years, we have created resilient operational processes and structures, and thus achieved scalability in the management of apartments. This means we can integrate new portfolios quickly and efficiently and hence create immediate value. While these advancements have already started paying off, they will in particular be benefiting our future growth and enabling additional opportunities.

How did you reorganize your operational structures?

Dr. Andreas Steinbauer: We have moved towards self-managing and self-administering all apartments in

Dr. Thomas Wolfensberger

Dr. Marcel Kucher

Dr. Andreas Steinbauer

our portfolio and do no longer outsource these important operational areas to external service providers. This alone creates completely new possibilities for managing our portfolios more efficiently. We have also set up a highly digitalized and standardized service model. All our employees – from letting agents to janitors – access the same data and are always fully informed and up to date. This improves the dialog with our tenants and enables us to quickly react to their needs. In addition, we have also optimized our on-site support and now have a total of seven tenant shops in convenient city center locations, known as Peach Points. All of this helps us to manage our properties more systematically, creates greater proximity to our customers and results in higher tenant satisfaction, which ultimately has a positive effect on reducing vacancy rates even further.

Aren't on-site shops much too expensive in the long run? Or do they pay off?

Dr. Marcel Kucher: The Peach Points are all rented within our own properties and serve as a workspace for our local employees, too – so there are minimal additional costs involved. But much more importantly, we offer real added value for our tenants, which pays off for us as well. On top of digitizing our core processes, we consider the Peach Points to be an excellent way of fostering direct contact with our tenants. They enable us to tailor not only our services but also our investments in the properties more specifically to customer requirements. This is reflected in declining vacancy rates and higher rental income. Last year we took a major step in this direction and were able to reduce vacancy rates by around 26 percent, from 12.5 to 9.3 percent. In fact, if we exclude the apartments which we are currently renovating or which are scheduled for renovation, the effective vacancy rate is just around two percent. At the same time, we were able to increase rents by around 4.5 percent in 2019 – a remarkable figure in our sector. This shows that satisfied tenants also benefit the landlord.

How does the topic of improving efficiency translate into the operating business?

Dr. Marcel Kucher: Insourcing administration and optimizing the entire process workflow has had a direct impact on our operating margin. In particular, I would like to highlight the administrative costs, which we were able to reduce from 13 to 9 percent in 2019. Overall, the operating margin increased from 71 percent in the prior year to 73 percent in the reporting period. We expect further improvements in this respect in 2020, as we are now managing the entire portfolio ourselves and everything is running on standardized systems. The introduction of our new SAP S/4HANA platform, which we have rolled out across the Group at the beginning of 2020 after an introductory phase of only 15 weeks, will play a key role in this regard. This state-of-the-art platform will continue to enable various new services for our tenants as well as further increases in efficiency over the coming years.

How much of the portfolio growth to over CHF 1.1 billion was due to acquisitions?

Dr. Thomas Wolfensberger: The acquisitions in 2019 accounted for a significant proportion of this. In total, we acquired ownership of 4 093 apartments with a market value of CHF 359 million in 2019. This makes up around 92 percent of the increase in value of our portfolio in 2019. However, we also made important progress with the apartments that had already been in our portfolio, thanks to renovations and successful lettings.

The rent cap in Berlin – and, along with it, the question of the affordability of housing – was one of the key issues in the German housing industry in 2019. What effect is this having on Peach?

Dr. Marcel Kucher: The affordability of quality housing is something that we have been thinking about for years. This is why we have concentrated on Tier II cities, where the proportion of disposable income that the average tenant spends on housing is significantly lower than in Tier I cities. In our locations, tenants spend 20-25 percent of their income on rent – as opposed to 35 percent or more in many Tier I cities. It is precisely this „affordable" segment that we are focusing on, with the aim of offering a significantly better tenant service than our competitors. This in turn also means that the rent cap topic is of less importance for us and the cities we are focusing on.

Do you still see enough potential to find new portfolios on the market?

Dr. Thomas Wolfensberger: There is no doubt that prices have continued to rise in recent months, especially in the locations we are targeting in Tier II cities in the commuter belt of metropolitan areas, where the demand for modern and affordable housing remains high. There are now many investors that also target this particular segment.

We stand out in this market because we have developed a model for managing residential portfolios which differs from other models thanks to the degree of digitalization achieved and the customer benefits offered. This enables us to manage residential portfolios in the catchment area of our Peach Points better than other owners. The tenants notice this through quicker response times from our property management teams, simpler communication and, for example, access to a tenant shop where most questions can be answered during normal opening hours. As a result of this approach, we see very good growth opportunities in the current market.

What was the significance of the corporate bond issue in 2019 with a volume of EUR 250 million?

Dr. Marcel Kucher: Gaining access to the European bond market for the first time was a significant step for us in various ways. Firstly, it meant we were able to reach a whole new group of investors, which in turn has given us a broader base on the capital market and enabled us to attract new investors in Europe and North America. Secondly, the access to capital markets allows us to react quickly and flexibly and to take advantage of market opportunities. The good ratings from S&P, Moody's and Fitch also played a key role here.

What is the current status regarding your last project development? Is there any progress to report?

Dr. Andreas Steinbauer: We have made progress in this area as well. In our last remaining project development „Wädenswil Peninsula", south of Zurich directly on the lake, we have reached an important milestone and have been granted the construction permit. Now the detailed planning begins, and we hope to be able to announce further details soon.

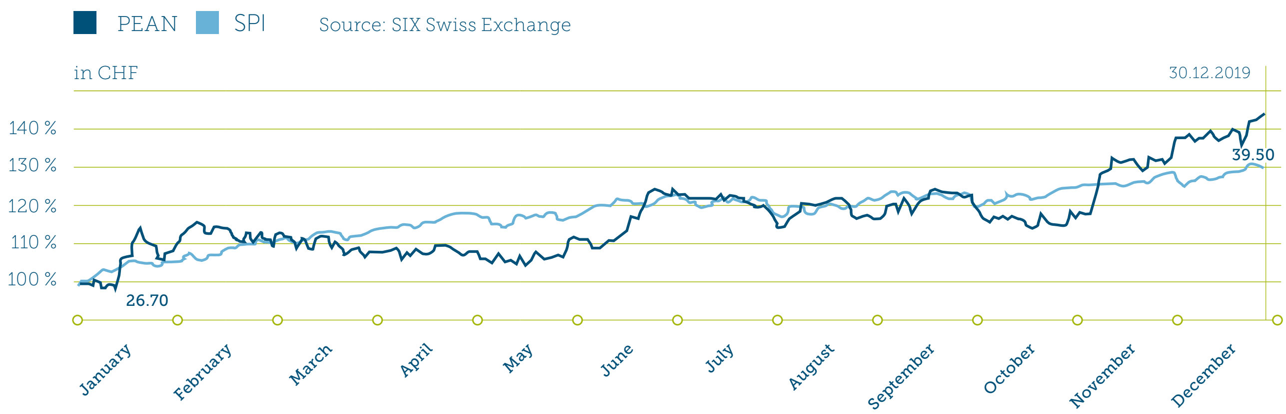
Information for investors

The registered shares of the parent company of our Group, Peach Property Group AG (PEAN, ISIN CH0118530366), are listed on the SIX Swiss Exchange. The EU Commission did not extend the stock exchange equivalence of the Swiss stock exchanges for the period after June 30, 2019 and, as a result, EU trading centers were no longer allowed to offer trading in Swiss equity instruments with effect from July 1, 2019; until mid-2019, the shares could be traded in Germany on the Frankfurt, Stuttgart, and Berlin stock exchanges.

In the first three quarters of 2019, the performance of our shares ran largely parallel to the Swiss Performance Index (SPI), which comprises almost all listed Swiss stock corporations. In the fourth quarter, however, our share price broke free significantly and was able to increase noticeably more strongly. The 2019 trading year ended with a 48 percent increase in value, while the SPI gained around 30 percent during this period. The development of our Company's market value on the stock exchange was even more pronounced, as we increased the number of shares by around 20 percent during the same period by issuing new shares from conditional capital due to the exercise of option rights and conversions. Market capitalization increased by about 70 percent compared to the previous year.

In 2019, an average of 7 487 shares per day (previous year: 5 377 shares) in Peach Property Group AG were traded on the Zurich stock exchange (SIX Swiss Exchange).

In comparison with the Swiss Performance Index (SPI), our registered share developed as follows during the reporting period from January to December 2019:



1 Information about the share

1.1. Number of shares

As at December 31	2019	2018
Share capital in CHF	6 601 474	5 487 627
Number of shares issued	6 601 474	5 487 927
Nominal value per share in CHF	1.00	1.00
Number of treasury shares	986	906
Number of outstanding shares	6 600 488	5 486 721

1.2. Key stock exchange data

Security no.: 11 853 036 ISIN: CH0118530366 Ticker symbol: PEAN | Bloomberg: PEAN:SW | Reuters: PEAN	**2019**	2018
High in CHF	39.50	34.00
Low in CHF	26.70	25.10
Year-end closing rate in CHF	39.50	27.90
Market capitalization (excluding treasury shares) at year-end	260 719 276	153 079 516

1.3. Key share data

As at December 31	**2019**	2018
Undiluted earnings per share in CHF	14.68	7.48
Diluted earnings per share in CHF	12.06	5.56
Undiluted FFO I per share in CHF	-0.54	-0.65
Diluted FFO I per share in CHF [1]	-0.54	-0.65
NAV/IFRS per share in CHF [2]	43.34	34.02
NAV market value per share in CHF [2]	45.11	36.36

1 Excluding the dilutive effect in the reporting as well as the previous period.
2 Excluding hybrid capital.

1.4. Significant shareholders

The following shareholders held three percent or more of all issued shares of Peach Property Group AG as at December 31, 2019:

Shareholders		**Number of shares**	**in percent of all shares**
Dr. Thomas Wolfensberger		757 149	11.47
Gerd Schepers, through: Val Global Inc.		552 450	8.37
Kreissparkasse Biberach, through: LBBW Asset Management Investmentgesellschaft mbH [1] BayernInvest Kapitalverwaltungsgesellschaft mbH [2]	 426 627 11 000	 437 627	 6.63
Other		*4 854 248*	*73.53*
Total shares issued		**6 601 474**	100.00

1 The beneficial owner is Kreissparkasse Biberach. The investment is held in the two special funds LBBW AM-WWH (211,350 shares) and LBBW AM-WSG (215 277 shares). The management and independent exercise of voting rights (if exercisable) are both performed by the capital management company LBBW Asset Management Investmentgesellschaft mbH. Of the 426 627 shares, 275 000 are entered in the share register with voting rights and 151 627 without voting rights.
2 The beneficial owner is Kreissparkasse Biberach. The investment is held in BayernInvest HIG-Fonds, a special AIF. The 11 000 shares are entered in the share register with voting rights. Also held in BayernInvest HIG-Fonds, with Kreissparkasse Biberach as the beneficial owner, are 5 419 bonds with a nominal value of CHF 1 000 each of the 2.5% subordinated mandatory convertible bond of Peach Property Group AG with a term until April 14, 2020 (mandatory conversion into registered shares of Peach Property Group AG with a nominal value of currently CHF 1.00 each at a conversion price of CHF 33.04 at maturity). The management and independent exercise of voting rights (if exercisable) are both carried out by BayernInvest Kapitalverwaltungsgesellschaft mbH.

The notional free float based on the shares issued on December 31, 2019 is 80.16 percent. The shares held by LBBW Asset Management Investmentgesellschaft mbH and BayernInvest Kapitalverwaltungsgesellschaft mbH for Kreissparkasse Biberach are counted as part of the free float due to the exemption for investment companies in accordance with section 2.4.3 of the Rules Governing The SPI Index Family (link to the Rules: www.six-swiss-exchange.com/downloads/indexinfo/online/share_indices/spi/spifamily_rules_en.pdf).

1.5. Overview of shareholders

As at December 31 [1]	2019	2018
Registered shareholders	649	542
Registered shares	3 789 964	3 729 106
With voting rights	3 445 428	3 381 658
Shareholders with 1 to 1 000 shares	382	339
Shareholders with 1 001 to 10 000 shares	223	168
Shareholders with over 10 000 shares	44	35

1 According to the share register of Peach Property Group AG.

2 Information about the bonds

As at December 31, 2019, we had two bonds outstanding that were listed on SIX Swiss Exchange AG: a convertible hybrid bond issued on October 4, 2017, with an outstanding amount of approximately CHF 31 million, and a hybrid warrant bond issued on June 25, 2018, with an outstanding amount of approximately CHF 59 million and the possibility to increase it further to CHF 100 million.

In October 2019, we also issued an unlisted subordinated 2.5% mandatory convertible bond with a volume of CHF 5,4 Mio., which was fully subscribed by Kreissparkasse Biberach. The bond will run until April 14, 2020. On this date, the conversion into shares in the Company (ISIN 11853036/CH0118530366) will take place. The conversion price is CHF 33.04 and is based on the weighted average of the last 30 trading days prior to the issuance of the bond.

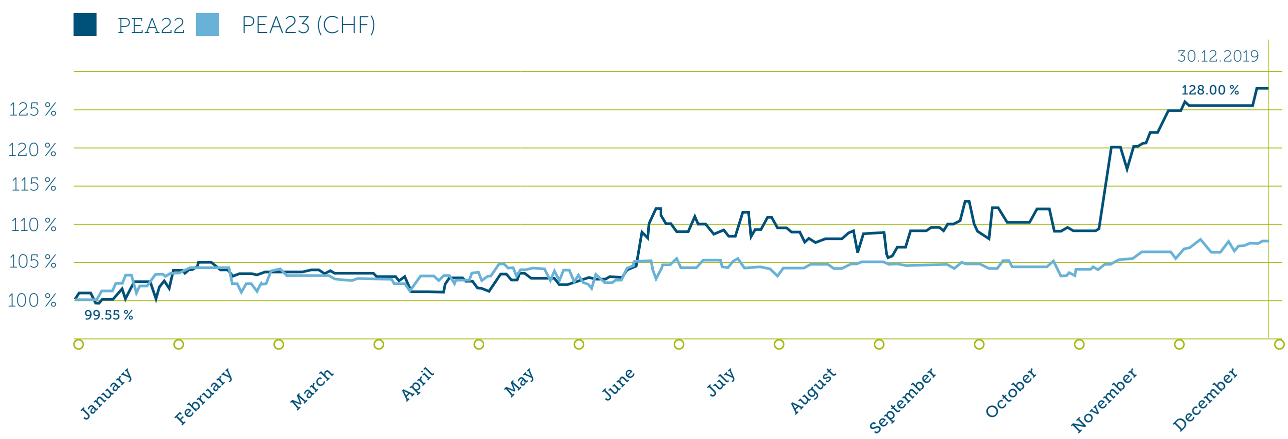
Finally, we issued a corporate bond for EUR 250 million on November 15, 2019 via our subsidiary Peach Property Finance GmbH. The interest rate is 3.5%. The bond will mature on February 15, 2023 and is listed on TISE – The International Stock Exchange. In addition, it is traded on the Berlin Stock Exchange on the Open Market (ISIN XS2010038060, https://www.boerse-berlin.com/index.php/Bonds?isin=XS2010038060). The bond was rated BB- by the rating agencies Standard & Poor's and Fitch, and Ba3 by Moody's. The obligations of the issuer of the bond are guaranteed by Peach Property Group AG.

2.1. Convertible hybrid bond 2017

Issuer	Peach Property Group AG, Zurich
Outstanding amount (after conversions)	CHF 30.90 million
Denomination	CHF 1 000
Interest rate p.a.	3.00% until September 30, 2022 / 3-month LIBOR +9.25% from October 1, 2022
Term	Unlimited; first callable by the issuer on September 30, 2022
Conversion period	October 16, 2017 to December 30, 2020
Conversion price	CHF 29.50
Listing	SIX Swiss Exchange, Zurich
Ticker symbol	PEA22
Security number	38195225
ISIN	CH0381952255

2.2. Hybrid warrant bond 2018

Issuer	Peach Property Group AG, Zurich
Outstanding amount (after exercise)	CHF 58.57 million
Denomination	CHF 1 000
Interest rate p.a.	1.75% until June 22, 2023 / capital market interest rate +9.25% from June 23, 2023
Term	Unlimited; first callable by the issuer on June 22, 2023
Warrant	Four (4) warrants per bond with a nominal value of CHF 1 000 to purchase registered shares of the issuer
Option right	Each warrant entitles the holder to purchase one share of the issuer
Exercise period	June 25, 2018 to June 25, 2021
Exercise price	CHF 25.00
Listing	SIX Swiss Exchange, Zurich
Ticker symbol	PEA23
Security numbers	41737602 (bond cum) 41737604 (bond ex) 41737606 (warrants)
ISIN	CH0417376024 (bond cum) CH0417376040 (bond ex) CH0417376065 (warrants)



Further information on the bonds and the current prices can be found on the website of the Peach Property Group at https://www.peachproperty.com/en/investoren/bond/ as well as on the website of the SIX Swiss Exchange at https://www.six-group.com/exchanges/bonds/security_info_en.html?id=CH0381952255CHF4 and https://www.six-group.com/exchanges/bonds/security_info_en.html?id=CH0417376024CHF4 and also on the website of the Berlin Stock Exchange at https://www.boerse-berlin.de/index.php/Bonds?isin=XS2010038060.

3 Information about the 2019 Annual General Meeting

The Annual General Meeting of our Company was held in Zurich on May 9, 2019. In total, around 39 percent of the total share capital or 63 percent of the shares registered with voting rights were represented. All the motions put forward by the Board of Directors were approved by a clear majority.

The Annual General Meeting confirmed Reto Garzetti as President and Peter Bodmer, Dr. Christian De Prati, and Kurt Hardt as members of the Board of Directors. The shareholders also elected Dr. Christian De Prati and Kurt Hardt to the Compensation Committee. Finally, it was decided to waive the dividend payment as proposed in order to use the financial resources for further expansion of the portfolio in Germany.

The shareholders also approved a general amendment of the Articles of Association by a large majority. As part of the general amendment of the Articles of Association, the object of the Company and the powers of the Annual General Meeting were revised or newly regulated. The minutes and other documents relating to the 2019 Annual General Meeting are available at https://www.peachproperty.com/en/investoren/corporate-governance/.

4 Capital market communication

We provide important and comprehensive information on the Company, its development, share, and bonds via www.peachproperty.com. In addition, we issue important corporate news and information on the performance of the business on an ongoing basis via press releases. Interested shareholders and third parties can subscribe to our press releases by clicking on the following link on our website: https://www.peachproperty.com/en/newsletter-registration/.

Every six months we publish annual financial statements and half-yearly reports based on the International Financial Reporting Standards (IFRS) – each with an integrated portfolio section that provides comprehensive information on the development of our real estate portfolio.

In addition, the Board of Directors and Executive Management of our Company maintain contact with investors, analysts, and business journalists in Switzerland and Germany. We attend capital market conferences and roadshows and explain our Group's business model as well as medium-term and long-term prospects.

We are planning investor calls in German and English for March 31, 2020, to which investors, analysts and media representatives will be invited.

Corporate Governance and Remuneration Report 2019

Section 1 - Corporate Governance

Section 2 - Remuneration Report

Peach Property Group acts in accordance with the principles of good corporate governance. We regard these as a core element of responsible business management and transparency towards our investors, tenants, and employees.

The Corporate Governance and Remuneration Report is based on the structure of the Directive on Information Relating to Corporate Governance (RLCG) of SIX Exchange Regulation and complies with the requirements of the Ordinance against Excessive Remuneration in Listed Companies (VegüV).

Section 1 - Corporate Governance

1 Corporate structure and shareholders

1.1. Corporate structure

We are an investor specializing in residential real estate in Germany. Our Group consists of the parent company, Peach Property Group AG, Zurich (the «Company»), and several direct and indirect subsidiaries ("Group companies").

The Company's Board of Directors comprises of Reto Garzetti (Chairman), Peter Bodmer, Dr. Christian De Prati, and Kurt Hardt. The Executive Committee is made up of Dr. Thomas Wolfensberger (Chief Executive Officer), Dr. Marcel Kucher (Chief Financial Officer and Chief Operating Officer), and Dr. Andreas Steinbauer (Head of Letting and Sales).

The Company has been listed on the SIX Swiss Exchange in Zurich since November 12, 2010.

Company name and registered office	Peach Property Group AG, Zurich
Business ID (UID)	CHE-101.066.456
Listing	SIX Swiss Exchange, Zurich
Trading currency	Swiss franc (CHF)
Market capitalization as of December 31, 2019	TCHF 260 719
Ticker symbol	PEAN
Security number	11 853 036
ISIN	CH0118530366

The Group companies are not listed on any stock exchange. A list of our Group companies can be found in note 21 of the consolidated financial statements. A diagrammatic overview of the Peach Group is available on our website at www.peachproperty.com under the following link: https://www.peachproperty.com/ueber-uns/organisation-struktur/.

1.2. Significant shareholders

The following shareholders held three percent or more of the issued shares of the Company as of December 31, 2019:

Shareholders		Number of shares	Percentage of all shares
Dr. Thomas Wolfensberger		757 149	11.47
Gerd Schepers, through: Val Global Inc.		552 450	8.37
Kreissparkasse Biberach, through:		437 627	6.63
LBBW Asset Management Investmentgesellschaft mbH [1]	426 627		
BayernInvest Kapitalverwaltungsgesellschaft mbH [2]	11 000		
Other		*4 854 248*	*73.53*
Total shares issued		**6 601 474**	**100.00**

1 The beneficial owner is Kreissparkasse Biberach. The investment is held in two special funds, LBBW AM-WWH (211 350 shares) and LBBW AM-WSG (215 277 shares). The management and independent exercise of voting rights (if exercisable) are conducted by the capital management company LBBW Asset Management Investmentgesellschaft mbH. Of the 426 627 shares, 275 000 are with voting rights and 151 627 without voting rights.
2 The beneficial owner is Kreissparkasse Biberach. The investment is held by BayernInvest HIG-Fonds, a special AIF. All 11 000 shares are with voting rights. Also held by BayernInvest HIG-Fonds, with Kreissparkasse Biberach as the beneficial owner, are 5 419 bonds with a nominal value of CHF 1 000 each of the 2.5 % subordinated mandatory convertible bond of Peach Property Group AG with a term through April 14, 2020 (mandatory conversion into registered shares of Peach Property Group AG with a nominal value of currently CHF 1.00 each at a conversion price of CHF 33.04 at maturity). The management and independent exercise of voting rights (if exercisable) are both carried out by BayernInvest Kapitalverwaltungsgesellschaft mbH.

As of December 31, 2019, no lock-up agreements existed.

According to the applicable capital market regulations, shareholdings in companies domiciled in Switzerland whose shares are at least partially listed on the SIX Swiss Exchange must be reported to the company concerned and to the Disclosure Office of the SIX Swiss Exchange if limits of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 33 1/3 %, 50 % oder 66 2/3 % of the voting rights are exceeded, fallen below, or reached. The positions to be reported, in accordance with Article 14(2) of the FINMA Financial Market Infrastructure Ordinance (FinfraV-FINMA), are to be calculated based on the total number of voting rights according to the entry in the Commercial Register (as of December 31, 2019: 5 487 627 registered shares at CHF 1.00 each). Upon receipt of such a notification, the company publishes the change in the shareholder base via the SIX Exchange Regulation publication platform.

In the reporting year, we published four notifications in accordance with Articles 120 ff. of the Financial Market Infrastructure Act (FinfraG). A further notification followed at the end of 2019 / beginning of 2020. These and other notifications from previous financial years can be found on the SIX Exchange Regulation website at https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=PEACHP.

As of December 31, 2019, the following persons held three percent or more of the voting rights of the Company as per the Commercial Register and were considered significant shareholders:

Beneficial owner / license holder or direct shareholder		Number of voting rights	Voting rights as percentage of the CR entry
Dr. Thomas Wolfensberger		757 149	13.80
Shares	*757 149*		
Gerd Schepers [1]		664 314	12.11
Val Global Inc., shares	*552 450*		
Val Global Inc., investment derivatives	*111 864*		
Kreissparkasse Biberach [2]		601 640	10.96
LBBW Asset Management Investmentgesellschaft mbH, shares	*426 627*		
BayernInvest Kapitalverwaltungsgesellschaft mbH, shares	*11 000*		
BayernInvest Kapitalverwaltungsgesellschaft mbH, investment derivatives	*164 013*		
UBP Asset Management (Europe) SA [3]		172 290	3.14
UBAM - Swiss Equity, UBAM Swiss Small and Mid-Cap Equity, shares	*172 290*		
Universal-Investment-Gesellschaft mit beschränkter Haftung [4]		168 793	3.08
Shares	*164 393*		
Investment derivatives	*4 400*		
Total as per the Commercial Register		**5 487 627**	**100.00**

1 As per disclosure notice dated June 22, 2019.
2 As per disclosure notice dated October 17, 2019.
3 As per disclosure notice dated January 4, 2020.
4 As per disclosure notice dated November 28, 2018.

The above table does not include the Company itself, which, in addition to the 986 treasury shares held as purchase positions, holds sale positions from the issued conversion and option rights as well as employee participation programs of approximately 31 % of the voting rights as per the Commercial Register. The exercise of conversion or option rights by the beneficiaries, in particular the bondholders of the convertible or warrant bonds, reduces the proportion of the Company's sale positions. Our latest disclosure notice as at the end of the reporting year is dated October 22, 2019 and can be accessed via the following link: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html#notificationId=TAJAL00037.

Once we register the capital increases from conditional capital effected from March of the reporting year to February of the current year in the Commercial Register, the proportion of voting rights of the significant shareholders is reduced ceteris paribus, which may result in a disclosure requirement for individual significant shareholders.

1.3. Cross-shareholdings

There are no cross-shareholdings.

2 Capital structure

2.1. Capital

Capital as of December 31, 2019	in CHF	in number of registered shares	Nominal value per share in CHF
Share capital	6 601 474	6 601 474	1.00
Authorized capital	0	0	n.a.
Conditional capital	1 626 153	1 626 153	1.00

2.2. Authorized and conditional capital

Authorized capital

Our Company had no authorized capital at its disposal as of December 31, 2019.

Conditional capital

As of December 31, 2019, Peach Property Group AG had conditional capital of CHF 1 626 153. In accordance with Article 3a of the Articles of Association as amended by the 2019 Annual General Meeting, the conditional capital may be used according to a) up to an amount of CHF 200 000 for the exercise of conversion and/or option rights granted to employees of the Peach Group and according to b) up to an amount of CHF 2 540 000 for the exercise of conversion and/or option rights in connection with convertible bonds, warrant bonds, and similar bonds.

The conditional capital according to a) in the amount of CHF 200 000 was reduced by CHF 140 100 to CHF 59 900 in the reporting year due to the exercise of conversion rights for the share components of the renumeration of the Board of Directors respectively of the variable renumeration of the Executive Committee and the employees as well as for the PSUs under the 2016-2018 PSU program that could be exercised after the 2019 Annual General Meeting.

The conditional capital according to b) in the amount of CHF 2 540 000 is available for the provision of registered shares of Peach Property Group AG upon exercise of conversion rights under the convertible hybrid bond issued in October 2017 and of options under the hybrid warrant bond issued in June 2018 as well as for the conversion rights of the 2.5 % mandatory convertible bond issued in October 2019. Due to the exercise of conversion rights and options, it was reduced by CHF 973 747 to CHF 1 566 253 during the reporting period.

The acquisition of registered shares following the exercise of option or conversion rights and the further transfer of registered shares are subject to the transfer restrictions set out in Article 5 of our Articles of Association.

In the Commercial Register and in the Articles of Association, we register the conditional capital retroactively once a year by March 31 at the latest (Articles 653g and 653h of the Swiss Code of Obligations).

2.3. Capital changes

Capital and changes in capital	in CHF	in number of registered shares	Nominal value per share in CHF
Share capital as of December 31, 2016	4 991 923	4 991 923	1.00
Capital increases in 2017 financial year [1]	451 465	451 465	1.00
Share capital as of December 31, 2017	5 443 388	5 443 388	1.00
Capital increases in 2018 financial year [2]	44 239	44 239	1.00
Share capital as of December 31, 2018	5 487 627	5 487 627	1.00
Capital increases in 2019 financial year [3]	1 113 847	1 113 847	1.00
Share capital as of December 31, 2019	6 601 474	6 601 474	1.00

1 Of which 422 554 shares from the authorized capital.
2 Of which 24 153 exercises of conversion or option rights under the convertible hybrid bond and the hybrid warrant bond.
3 Of which 973 747 exercises of conversion or option rights under the convertible hybrid bond and the hybrid warrant bond as well as 112 000 exercises under the 2016-2018 PSU program.

Further information on equity is given in note 7 to the consolidated financial statements.

2.4. Shares and participation certificates

The share capital of Peach Property Group AG amounts to CHF 6 601 474 and consists of 6 601 474 fully paid-up registered shares with a nominal value of CHF 1.00 each. The shares carry equal rights. Each share carries an entitlement to one vote at the General Meeting.

As of December 31, 2019, we held 986 treasury shares (previous year: 906). These do not entitle us to vote or receive dividends.

We have not issued any participation certificates.

2.5. Dividend rights certificates

We have not issued any dividend rights certificates.

2.6. Restriction on transferability and nominee registrations

The restriction on the transferability or registration in the share register is regulated in Article 5 of the Articles of Association.

The current Articles of Association (in German only) with the full text of Article 5 can be found on our website at https://www.peachproperty.com/en/investoren/corporate-governance/.

Further details, in particular on the registration restriction, are provided under «Shareholders' participation rights» in section 6.

2.7. Convertible bonds and options

Convertible bonds

As of December 31, 2019, we had one convertible hybrid bond of originally CHF 59 million with a conversion price of CHF 29.50 outstanding, which can be converted accordingly into a maximum of two million new shares. In the period from October 2, 2019 to October 18, 2019, the conversion price was reduced by CHF 1.00 to CHF 28.50. The conversion period will end on December 30, 2020. Conversion rights for 22 709 shares were exercised in June and August 2018 and for 960 971 shares in July, October, and November 2019. In 2018 and 2019, a total of 983 680 shares were thus created through the exercise of conversion rights under the bond. The outstanding bond amount at the end of the year was CHF 30.90 million.

In October 2019, we issued a subordinated 2.5 % mandatory convertible bond with a volume of CHF 5 419 000, which was fully subscribed by Kreissparkasse Biberach. The bond has its maturity on April 14, 2020. On this date, it will be converted into shares of Peach Property Group AG (ISIN 11853036/CH0118530366). The conversion price is CHF 33.04 and is based on the weighted average of the last 30 trading days prior to issuance of the bond.

Further information on the convertible hybrid bond and the mandatory convertible bond can be found in note 7 of the consolidated financial statements or on page 27 under «Information for investors».

Options

As of December 31, 2019, we had one hybrid warrant bond outstanding with an original listed amount of CHF 60 million and the possibility of a further increase up to CHF 100 million. With each bond with a nominal value of CHF 1 000, the bondholder receives four warrants to purchase shares of Peach Property Group AG. Each warrant entitles the holder to purchase one share at a price of CHF 25. The listed amount of CHF 60 million therefore includes 240 000 option rights to purchase 240 000 new shares. The exercise period lasts through June 25, 2021. In the previous year, a total of 1 444 warrants were exercised, and a further 12 776 warrants were exercised in 2019. Further information on the hybrid warrant bond can be found in note 7 to the consolidated financial statements or on page 28 under «Information for investors».

We also have an employee option plan and other employee participation plans. Information on the option plan and the participation plans can be found below in the Remuneration Report under section 3.4 and in note 14 to the consolidated financial statements.

3 Board of Directors

3.1. Members of the Board of Directors

The Board of Directors of Peach Property Group AG consists, including the Chairman, of a minimum of three and a maximum of five members (Article 13 of the Articles of Association). Since the 2018 Annual General Meeting, the Board of Directors has been made up of the following four members:

First name, last name	Position	On the Board of Directors since	Elected through
Reto Garzetti	Chairman	2015	2020 Annual General Meeting
Peter Bodmer	Member	2009	2020 Annual General Meeting
Dr. Christian De Prati	Member	2011	2020 Annual General Meeting
Kurt Hardt	Member	2018	2020 Annual General Meeting

Reto Garzetti (Chairman)

Born in 1960
Swiss and Italian citizen

Education

Business Administration at the University of Zurich, Master's Degree in Business Administration (lic. oec. publ.), and MBA

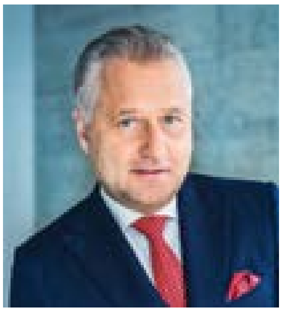
Professional history

Reto Garzetti has over 30 years of experience in the financial sector, specializing in reorganizations, mergers, M&A, analyses, and investment banking.

Since 1999 he is Partner at the Zurich based investment advisory firm SE Swiss Equities AG.

Peter Bodmer

Born in 1964
Swiss citizen



Business Administration at the University of Zurich and MBA from IMD Lausanne, Master's Degree in Business Administration (lic. oec. publ.), and MBA

Peter Bodmer has extensive national and international experience with various companies in the engineering, automotive supply, construction, and real estate industries.

Since 2011 Director of Beka-Küsnacht AG, which specializes in real estate services and business development.

Through the end of 2012 Senior Advisor for Implenia.

Through the end of 2011, Member of the Group Executive Committee and Director of Implenia Industrial Construction.

Dr. Christian De Prati

Born in 1970
Swiss citizen

Economics at the University of Zurich, PhD in Economics (Dr. oec. publ.)

Dr. Christian De Prati has had a lengthy career in investment banking.

Since 2017 Member of the Advisory Committee of SSVL (Monaco) SAM.

2011 to 2017 Supervisory Board Member of the investment company Sterling Strategic Value Ltd.

2009 to 2011 Country Head Switzerland at Bank of America Merrill Lynch.

1998 to 2008 CEO Merrill Lynch Capital Markets AG.

Kurt Hardt

Born in 1966
German citizen

Banking apprenticeship at Kreissparkasse Biberach, Verwaltungs- und Wirtschaftsakademie (VWA), Business Administration (VWA)

Kurt Hardt has worked for Kreissparkasse Biberach since 1989.

Since 2017 Management Board Member responsible for corporate customers and capital market business.

Previously Appointed Substitute for the Chairman of the Board (2015) and Deputy Board Member (2008).

1998 to 2008 Director of Capital Markets.

Mandates outside Peach Group

Reto Garzetti

Chairman of the Board of Directors

- AGI AG für Isolierungen, Dällikon, Switzerland
- Pioria SA, Zug, Switzerland
- Verlag Garzetti & Staiger AG, Zollikon, Switzerland

Member of the Board of Directors

- Chairos AG, Zumikon, Switzerland
- immo swiss assets AG, Zug, Switzerland [1]
- Lescan Immobilien AG, Zug, Switzerland [2]
- MiniNaviDent AG, Liestal, Switzerland
- Neugass Kino AG, Zurich, Switzerland
- Occlutech Holding AG, Schaffhausen, Switzerland
- Regar Immobiliare AG, Zug, Switzerland [2]
- RH Immobau AG, Baden, Switzerland [1]
- SE Swiss Equities AG, Zurich, Switzerland
- Siegfried Holding AG, Zofingen, Switzerland
- Silver Reel Pictures AG, Wollerau, Switzerland
- Südpack Medica AG, Baar, Switzerland

Reto Garzetti also has mandates outside Europe.

Peter Bodmer

Chairman of the Board of Directors

- Beka-Küsnacht AG, Küsnacht, Switzerland
- CF Calfor Finance AG, Baar, Switzerland [3]

Vice-Chairman of the Board of Directors

- Helvetica Property Investors AG, Zurich, Switzerland

Member of the Board of Directors

- Arbonia AG, Arbon, Switzerland
- Arealentwicklung IPZ AG, Dübendorf, Switzerland [4]
- Brütsch/Rüegger Holding AG, Urdorf, Switzerland
- Inovetica Holding AG, Baar, Switzerland [3]
- Klinik Schloss Mammern AG, Mammern, Switzerland
- Kuratle Group AG, Leibstadt, Switzerland

President of the Board of Trustees

- Profond Anlagestiftung, Zurich, Switzerland [5]
- Profond Vorsorgeeinrichtung, Zurich, Switzerland [5]
- Stiftung Innovationspark Zürich, Zurich, Switzerland [4]

Member of the Board of Trustees

- Wilhelm Schulthess - Stiftung, Zurich, Switzerland

Chairman of the Board

- Profond Vereinigung, Zurich, Switzerland [5]

Managing Director

- BB's Pure GmbH, Küsnacht, Switzerland

Member

- Board of the University of Zurich, Zurich, Switzerland

Dr. Christian De Prati

Member of the Board of Directors

- Cornèr Banca SA, Lugano, Switzerland

Managing Director

- dP Capital GmbH, Freienbach, Switzerland

Member of the Advisory Committee

- SSVL (Monaco) SAM, Monaco

Kurt Hardt

Member of the Board

- Kreissparkasse Biberach, Biberach an der Riss, Germany

Member of the Supervisory Board

- Genossenschaft für Wohnungsbau Oberschwaben eG (GWO), Laupheim, Germany

Managing Director

- Chancenkapital Beteiligungs-GmbH, Biberach an der Riss, Germany
- Chancenkapitalfonds der Kreissparkasse Biberach GmbH, Biberach an der Riss, Germany

1 Count as one mandate according to the provisions of the Articles of Association (affiliated companies, Article 20(3) of the Articles of Association).
2 Count as one mandate according to the provisions of the Articles of Association (affiliated companies, Article 20(3) of the Articles of Association).
3 Count as one mandate according to the provisions of the Articles of Association (affiliated companies, Article 20(3) of the Articles of Association).
4 Count as one mandate according to the provisions of the Articles of Association (affiliated companies, Article 20(3) of the Articles of Association).
5 Count as one mandate according to the provisions of the Articles of Association (affiliated companies, Article 20(3) of the Articles of Association).

None of the members of the Board of Directors is a member of the Executive Committee of Peach Property Group AG or any Group company. Reto Garzetti, Peter Bodmer, and Dr. Christian De Prati form the Supervisory Board of Peach Property Group (Deutschland) AG, based in Cologne, Germany. Reto Garzetti is the Chairman.

3.2. Additional activities and interests

With the exception of the positions mentioned in section 3.1 «Members of the Board of Directors», the members of the Board of Directors do not perform any activities in management and supervisory bodies or permanent management and advisory roles for key interest groups.

The members of the Board of Directors are required to abstain from voting if business is being discussed that affects their own interests or the interests of persons closely linked to them. See also section 7.2 of the Organizational Regulations. The current Organizational Regulations can be found on our website at https://www.peachproperty.com/en/investoren/corporate-governance/.

3.3. Number of activities permitted under Article 12(1)(1) VegüV

Pursuant to Article 20 of the Articles of Association, each member of the Board of Directors may hold a total of no more than fifteen mandates in the highest management or administrative bodies of non-charitable legal entities which are required to be registered in a commercial register outside the Group. No more than five mandates may be held in legal entities which are listed on a stock exchange. The number of additional mandates in legal entities not registered in a commercial register is limited to fifteen. Mandates in affiliated companies are regarded as one mandate.

3.4. Election and term of office

The members of the Board of Directors and the Chairman of the Board of Directors are elected individually by the General Meeting for a term of one year. They may be re-elected. If a member is replaced before his or her term ends, his or her successor will be appointed for the remainder of this term. If the seat of the Chairman of the Board of Directors is vacant, the Board of Directors will appoint a new Chairman from among its members for the remaining term of office.

The General Meeting also elects the members of the Compensation Committee individually for a period of one year. Re-election is also possible. This Committee consists of at least two members of the Board of Directors. The Chairman of the Compensation Committee is appointed by the Board of Directors.

In addition, the General Meeting elects the independent proxy annually. This person may be an individual or a legal entity or partnership. Re-election is possible. The independent proxy is obliged to exercise the voting rights assigned to him or her by the shareholders in accordance with their instructions. If the independent proxy has not received any instructions, he or she abstains from voting. If the Company does not have an independent proxy, or if the proxy is unavailable due to a lack of independence or for other reasons, the Board of Directors will appoint one ad interim for the period up to and including the next General Meeting; powers of attorney and instructions already given will remain valid for the new independent proxy, unless the shareholder has expressly instructed otherwise.

According to section 2.2 of the Company's Organizational Regulations, an age limit of 70 years applies to members of the Board of Directors. The Board of Directors does not propose to the General Meeting for election or re-election any persons who have reached the age of seventy. The Board of Directors may resolve to make an exception for the Chairman of the Board of Directors. Otherwise, there are no restrictions regarding the term of office for the Board of Directors.

3.5. Internal organization

With the exception of the Chairman and members of the Compensation Committee, the Board of Directors organizes itself. The Board of Directors appoints its own secretary, who does not need to be a member of the Board.

Reto Garzetti was re-elected as Chairman by the 2019 Annual General Meeting. In this position, he is responsible, among other things, for convening and preparing the meetings of the Board of Directors and the General Meeting, as well as for chairing the meetings. The Board of Directors convenes as often as business requires, but at least three times a year. In addition, any member of the Board of Directors and the Chief Executive Officer may request that a meeting be convened, stating the reasons.

The Board of Directors has a quorum as long as at least two thirds of its members are present (Article 18 of the Articles of Association). Resolutions are passed by a majority of the voting members of the Board of Directors. In the event that the votes are tied, the person chairing the meeting casts the deciding vote. Resolutions of the Board of Directors may also be passed by circular letter (including fax or email) by a simple majority of all Board members unless a member requests a verbal consultation. No quorum is required for resolutions relating to a capital increase report or for decisions amending and confirming resolutions in connection with capital increases.

The Company has Organizational Regulations, which were last amended on May 9, 2019. These regulations can be found at https://www.peachproperty.com/en/investoren/corporate-governance/ (in German only). The Organizational Regulations govern the duties and powers of the bodies entrusted with the management of the Company.

The Board of Directors may entrust individual members with the supervision and monitoring of certain specialist areas in a committee. These committees consist exclusively of members of the Board of Directors. The Board of Directors had three committees during the reporting year:

- The **Audit and Risk Committee** (ARC) is composed of at least two members of the Board of Directors. It supports the Board of Directors with supervision of the accounting and financial reporting processes, the internal control system (ICS), and the external group auditors as well as with monitoring compliance and legal requirements, as described in detail in the description of duties in the Organizational Regulations. The Audit and Risk Committee meets at least three times a year, including once to discuss the annual financial statements with the auditors.
- The **Compensation Committee** is composed of at least two members of the Board of Directors. It supports the Board of Directors with determining and implementing the remuneration policy as well as in general human resources matters, as described in detail in Article 22 of the Articles of Association and in the description of duties in the Organizational Regulations. The Compensation Committee meets at least twice a year. The Chairman of the Board of Directors and the Chief Executive Officer attend the meetings ex officio in an advisory capacity.
- The **Investment Committee** is composed of at least two members of the Board of Directors. It supports the Board of Directors with all investment matters and with assessing the associated risks, as described in detail in the description of duties and powers in the Organizational Regulations. The Investment Committee has decision-making authority primarily for investments and divestments requiring between CHF 1 million and CHF 5 million in equity. It meets as often as business requires. The Chief Executive Officer attends the meetings ex officio in an advisory capacity.

Committee meetings can be integrated into the meetings of the Board of Directors.

The committees had the following members in the reporting year:

Audit and Risk Committee (ARC)	Compensation Committee (CC)	Investment Committee (IC)
Peter Bodmer (Chairman)	Dr. Christian De Prati (Chairman)	Kurt Hardt (Chairman)
Reto Garzetti	Kurt Hardt	Reto Garzetti
		Peter Bodmer
		Dr. Christian De Prati

Calendar of meetings of the Board of Directors and committees, with details of duration and attendance

Meeting title	Nature	BoD	ARC	CC	IC	Duration in min.	Attendance
BoD 01	Conference call	X			X	35	Full attendance
ARC 01	Meeting		X			165	Full attendance
BoD 02 / ARC 02 / CC 01	Meeting	X	X	X		190	Full attendance
BoD 03 / ARC 03 / CC 02	Meeting	X	X	X		390	Full attendance
BoD 04	Circular resolution	X				n.a.	Full attendance
BoD 05	Circular resolution	X				n.a.	Full attendance
BoD 06 / CC 03	Meeting	X		X	X	195	Full attendance
BoD 07	Conference call	X			X	70	Full attendance
BoD 08 / CC 04	Meeting [1]	X		X	X	210	Full attendance
BoD 09 / ARC 04	Meeting	X	X		X	300	Full attendance
BoD 10	Conference call	X			X	90	Full attendance
BoD 11	Meeting	X			X	165	Full attendance
BoD 12	Circular resolution	X				n.a.	Full attendance
BoD 13	Circular resolution	X				n.a.	Full attendance
BoD 14	Circular resolution	X				n.a.	Full attendance
BoD 15	Conference call	X			X	45	P. Bodmer excused [3]
BoD 16	Meeting	X				245	P. Bodmer excused
Total number of meetings, conference calls, and circular resolutions		16	4	4	8		
Average duration [2]						175	

1 Meeting on the occasion of a two-day trip by the Board of Directors to Germany in July 2019.
2 Meetings and conference calls, excluding circular resolutions.
3 Votes cast by email.

The meetings were attended, without voting rights, by Dr. Thomas Wolfensberger (Chief Executive Officer), Dr. Marcel Kucher (Chief Financial and Operating Officer), and, as Secretary to the Board of Directors, Peter Slongo (General Counsel). Dr. Andreas Steinbauer (Head of Letting and Sales), Nicole Grau (Head of Group Accounting), and representatives of the external auditors and the property valuator also attended as required.

3.6. Powers

The Board of Directors is the highest management body of the Company. In accordance with the Organizational Regulations, it may delegate some or all of its duties and powers to its individual members or to third parties, unless otherwise provided by law (in particular Article 716a of the Swiss Code of Obligations) or the Articles of Association. The Articles of Association and Organizational Regulations are available on our website at peachproperty.com at http://www.peachproperty.com/en/investoren/corporate-governance/.

The Board of Directors has delegated the operational management of the Company and the related management duties to the Executive Committee within the limits of the law, the Articles of Association, and the Organizational Regulations, as described in detail in the description of duties and powers in the Organizational Regulations. Within this framework, the day-to-day business is managed by the Executive Committee. The Executive Committee also manages the Group companies. The Executive Committee elected by the Board of Directors consists of at least a Chief Executive Officer (CEO) and a Chief Financial Officer (CFO). However, additional executive board members can be elected.

The Board of Directors may at any time, on a case-by-case basis or within the framework of a general reservation of powers, intervene in the duties and powers of the Executive Committee and take charge of business.

3.7. Information and monitoring instruments vis-à-vis the Executive Committee

The Chairman of the Board of Directors meets regularly with the Chief Executive Officer and the Chief Financial and Operating Officer. Additional members of the Board of Directors or the Executive Committee participate as required. In addition, the Executive Committee informs the Board of Directors about developments with the investment properties by means of a monthly portfolio report. The full Board of Directors is also informed at least quarterly, via a Management Information System (MIS), about the following in particular: liquidity trends, progress with the investment properties, sales performance, and budget achievement. The Chief Executive Officer and the Chief Financial and Operating Officer attend the meetings of the Board of Directors and provide comprehensive information on business performance and any special events, report on matters on the agenda, and are available to answer questions and provide information.

4 Executive Committee

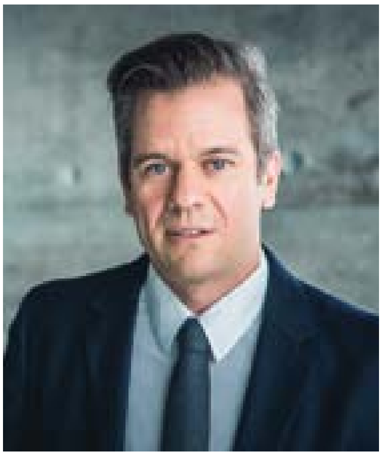
4.1. Members of the Executive Committee

The Executive Committee of Peach Property Group AG has been unchanged since the end of April 2016:

First name, last name	Position	With Peach since
Dr. Thomas Wolfensberger	Chief Executive Officer	2006
Dr. Marcel Kucher	Chief Financial Officer and Chief Operating Officer	2011
Dr. Andreas Steinbauer	Head of Letting and Sales	2009

Dr. Thomas Wolfensberger (Chief Executive Officer)

Born in 1972
Swiss citizen



Education

Economics at the University of Zurich / PhD in Economics (Dr. oec. publ.)

Professional history

With Peach Group since 2006, as CEO since 2007.

2000 to 2006 Founder and CEO of Swissrisk, a financial software provider, and active in due diligence appraisals for real estate funds.

He was previously employed by companies including Accenture and IBM.

Mandates outside the Peach Group

None

Dr. Marcel Kucher (Chief Financial Officer and Chief Operating Officer)

Born in 1971
Swiss citizen

Economics at the University of Zurich / PhD in Macroeconomics from the University of Zurich / LSE London

With Peach Group since 2011, as CFO since 2012, and additionally as COO since 2015.

2004 to 2011 CFO and Head of Corporate Development at the staffing company a-connect.

He was previously employed by companies including McKinsey & Company and the Credit Suisse Group.

None

Dr. Andreas Steinbauer (Head of Letting and Sales)

Born in 1975
German citizen

Diploma in Business Administration from Georg-Simon-Ohm University in Nuremberg / Master's Degree in Real Estate and PhD in International Real Estate Markets

With Peach Group since 2009, as Head of Sales and Marketing since 2013, as Head of Letting and Sales from Q4/2018.

Until 2009 he was responsible for the portfolio of luxury project developments of the Orco Property Group in Berlin.

None

4.2. Additional activities and interests

As of December 31, 2019, the members of the Executive Committee did not perform any activities in management and supervisory bodies or permanent management and advisory roles for key interest groups.

4.3. Number of activities permitted under Article 12(1)(1) VegüV

Pursuant to Article 24 of the Articles of Association, each member of the Executive Committee may hold outside the Group a total of no more than three mandates in the highest management or administrative bodies of non-charitable legal entities which must be registered in a commercial register. No more than one of those mandates may be held in legal entities listed on a stock exchange. The number of additional mandates in legal entities not registered in a commercial register is limited to ten. Mandates in affiliated companies are regarded as one mandate.

4.4. Management contracts

We have not concluded any management contracts with third parties.

5 Remuneration, shareholdings, and loans

All information and explanations relating to the remuneration and shareholdings of the members of the Board of Directors and Executive Committee can be found in the separate Remuneration Report, the second section of this Corporate Governance and Remuneration Report.

6 Shareholders' participation rights

The current Articles of Association are available on our website at http://www.peachproperty.com/en/investoren/corporate-governance/.

6.1. Proxy voting and voting restrictions

In relation to the Company, only the person or entity entered in the share register is recognized as the shareholder or usufructuary. Each share entitles the holder to one vote, and only those who are entered in the share register with voting rights can also exercise their voting rights at the General Meeting. Shareholders registered with voting rights may be represented at the General Meeting by another shareholder, a third party or the independent proxy under a written power of attorney. Shareholders can also issue powers of attorney and voting instructions to the independent proxy electronically. Powers of attorney and instructions may only be issued for the upcoming General Meeting.

Article 5 of the Articles of Association sets out restrictions on transfer and registration. For example, no changes are generally made in the share register from the 15th day before the General Meeting up to and including the day of the General Meeting. The voting rights of acquirers and related rights remain suspended during this period.

The Board of Directors may refuse to approve the transfer of shares to an acquirer or usufructuary and/or to register the new acquirer:

- if the acquirer, despite a request from the Company, does not expressly declare that he or she has acquired the shares in his or her own name and for his or her own account or, in the case of an application for registration as a nominee, does not expressly declare his or her willingness to disclose the names, addresses, and shareholdings of the persons for whose account he or she holds the shares (beneficial owners);

- if recognition of an acquirer as a shareholder, according to the information available to the Company, prevents or could prevent the Company from providing the proof of Swiss control required by federal laws, in particular the Federal Act on the Acquisition of Real Estate by Persons Abroad of December 16, 1983 (BewG) (as amended).

In order to prevent any foreign control within the meaning of the BewG, the Board of Directors only registers a person abroad (within the meaning of the BewG) as a shareholder with voting rights in the share register if this means that the total number of shares registered with voting rights of persons abroad does not exceed the limit of 25 % of all shares registered with voting rights. If this limit is exceeded, the Board of Directors will register the acquirer as a shareholder without voting rights, provided that, upon registration, the total number of shares of persons abroad entered in the share register (with and without voting rights) does not exceed the limit of 33 % of all issued shares.

During the reporting year, the limit under the Articles of Association of 25 % of voting rights for persons abroad was reached at times, in which cases persons abroad were only entered in the share register without voting rights.

6.2. Quorums prescribed by the Articles of Association

Our Articles of Association do not provide for any special quorums beyond the legal requirements for passing resolutions (Articles 703 and 704 of the Swiss Code of Obligations).

6.3. Convocation of the General Meeting

The Ordinary General Meeting of our Company is held annually within six months of the close of the financial year. Extraordinary General Meetings can be convened at any time as required. A General Meeting may be convened by the Board of Directors, auditors, or liquidators. The Board of Directors also convenes a General Meeting if shareholders who together represent at least 10 % of all shares request it, stating the items on the agenda and the motions (Article 7 of the Articles of Association).

General Meetings are convened at least 20 days prior to the date of the General Meeting, stating the agenda and the motions submitted, by means of a single publication in the Swiss Official Gazette of Commerce and in writing to all shareholders entered in the share register (Article 8(1) of the Articles of Association).

6.4. Putting items on the agenda

Shareholders who together represent at least 3 % of all shares may request that items be included on the agenda. The request for inclusion on the agenda must reach the Company at least 45 days before the General Meeting (Article 8(2) of the Articles of Association).

6.5. Entries in the share register

See section 6.1. “Proxy voting and voting restrictions”.

7 Change of control and defensive measures

7.1. Obligation to make an offer

According to the applicable capital market regulations, a person who directly, indirectly, and/or together with third parties acquires shares in a company listed in Switzerland and thereby exceeds the limit of 33 1/3 % of the voting rights of the company must submit a takeover bid for the acquisition of all shares.

Our Articles of Association do not provide for any relaxation of or exceptions to the obligation to make an offer (no opting-up or opting-out clause).

7.2. Change of control clauses

In the event of a change of majority control over our Company, there are no agreements that confer preferential treatment for members of the Board of Directors or the Executive Committee.

8 Auditors

8.1. Duration of mandate and period of office of the lead auditor

The auditors are elected annually by the General Meeting. Since the 2006 financial year, PricewaterhouseCoopers AG, Zurich, has been the statutory and Group auditor of Peach Property Group AG. The lead auditor since 2013 has been Mr. René Rausenberger.

The Audit and Risk Committee assesses the performance and independence of the auditor annually and periodically puts the mandate to tender based on the legal regulations, the usual corporate governance recommendations and European practice. The last call for tenders was conducted in 2013 with three leading providers.

PricewaterhouseCoopers AG, Zurich, has prevailed due to its tailor-made audit approach. In addition, there is a legal obligation that the lead auditor has to be replaced after 7 years.

8.2. Auditor's fee

For the reporting year, we anticipate audit costs in the amount of CHF 733 thousand (previous year: CHF 290 thousand). The amount consists of the audit and the review of annual group and half-year reports as well as the audit work performed in the context of capital market transactions (corporate bond) which represents the major change compared to the previous year.

All amounts are exclusive of VAT.

8.3. Additional fees

For the reporting year, we paid additional fees to PricewaterhouseCoopers AG for consulting services in the amount of CHF 621 thousand (previous year: CHF 284 thousand). The costs are related to current tax advice (e.g. tax returns), consulting services with regard to the reorganization of the group structure and tax advice on acquisitions (tax due diligence).

Fees totalling CHF 748 thousand (previous year: CHF 642 thousand) were incurred for the property valuer Wüest Partner AG, Zurich and W&P Immobilienberatung GmbH, Frankfurt, respectively in 2019.

All amounts are excluding VAT.

8.4. Information tools pertaining to the external audit

The Audit and Risk Committee's responsibilities include regular monitoring of the effectiveness, activity, and reporting of the external auditors. It assesses the scope of the audit by the auditors and the relevant procedures and discusses the audit results with the external auditors. Representatives of the auditors attend meetings of the Audit and Risk Committee at least once a year, in particular to discuss the annual financial statements, explain their activities, and are available to answer questions.

The Audit and Risk Committee annually assesses the performance, remuneration, and independence of the external auditors. Based on its recommendation, the Board of Directors submits a proposal to the General Meeting for the election of the external auditors.

9 Information policy

We provide our shareholders and the capital market with open, timely, and transparent information. Financial reporting takes the form of annual and semi-annual reports. We prepare these in accordance with the International Financial Reporting Standards (IFRS). They comply with Swiss law and the regulations of the SIX Swiss Exchange.

We publish facts relevant to the share price in fulfilment of the obligation to provide ad hoc publicity in accordance with the provisions of the Listing Rules and the Directive on Ad Hoc Publicity (RLAhP). Our press releases can be viewed at any time on our website under the heading "Investors" or the link https://www.peachproperty.com/en/investoren/investor-news/. This section contains further continuously updated information about our Company and the Group. Ad hoc announcements and other press releases are also sent to interested parties by email on request. Interested parties can subscribe via our website at http://www.peachproperty.com/en/newsletter-registration/.

All communications from the Company to shareholders are sent in writing by regular letter to the last address of the shareholder, or of the person authorized to receive documents, as entered in the share register. The Swiss Official Gazette of Commerce is the Company's official publication medium (Article 38 of the Articles of Association).

Contacts
Peach Property Group AG
Neptunstrasse 96 | 8032 Zurich | Switzerland

Dr. Thomas Wolfensberger, Chief Executive Officer and
Dr. Marcel Kucher, Chief Financial Officer/Chief Operating Officer
Phone +41 44 485 50 00 | investors@peachproperty.com

Important dates
2020 Annual General Meeting: Wednesday, May 27, 2020, in Zurich
Publication of 2020 half-year results: Tuesday, August 25, 2020

Section 2 - Remuneration Report

1 Introduction

The remuneration policy is part of corporate governance. Both the Board of Directors and the Executive Committee are committed to good corporate governance to ensure the sustainable development of the Group. This includes a balanced and fair remuneration policy.

This Remuneration Report contains an overview of the content and procedures for determining the remuneration and the shareholding programs of the Board of Directors and Executive Committee as well as statements on the remuneration for the reporting year as well as a comparison with the previous year.

The Remuneration Report complies with the provisions of the Ordinance against Excessive Remuneration in Listed Companies (VegüV) and the Directive on Information Relating to Corporate Governance (RLCG) of SIX Exchange Regulation and is based in particular on the provisions of Articles 26 to 35 of the Articles of Association.

The Articles of Association can be viewed on our website at http://www.peachproperty.com/en/investoren/corporate-governance/.

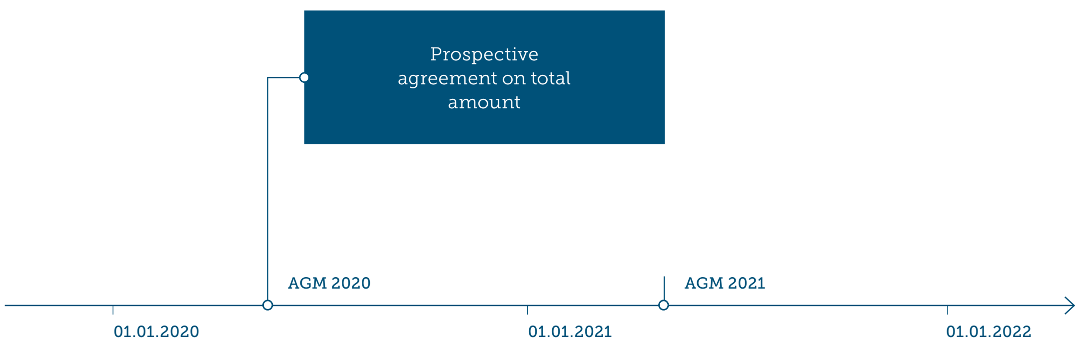
2 Responsibilities and determination procedures

The Compensation Committee, in collaboration with the Chief Executive Officer, prepares a proposal for the remuneration of the Board of Directors and the Executive Committee. On this basis, as a motion to put to the General Meeting, the Board of Directors decides on the total amounts of the remuneration for its members and the members of the Executive Committee.

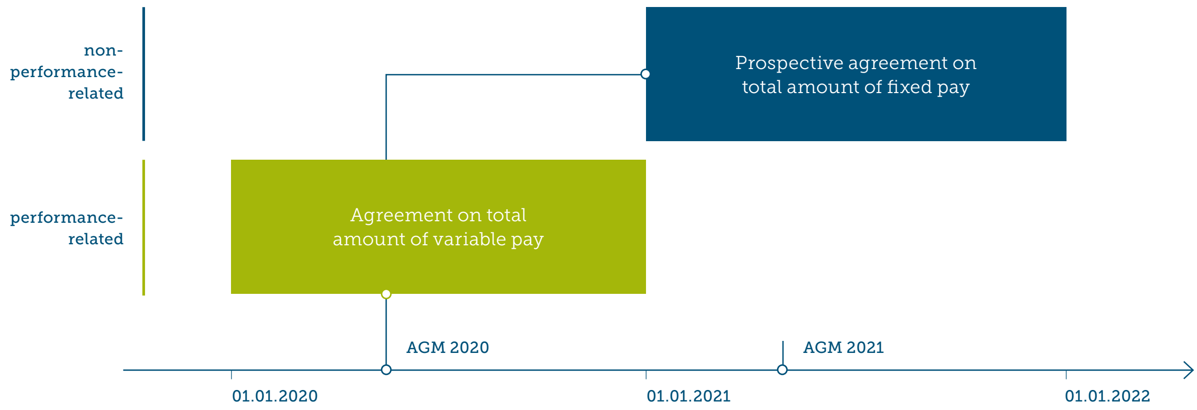
The General Meeting then, in accordance with Article 26(1) of the Articles of Association, approves the maximum total amounts for

- the remuneration of the Board of Directors for the period up until the next Ordinary General Meeting
- the non-performance-related remuneration of the Executive Committee for the next financial year
- the performance-related remuneration of the Executive Committee for the financial year in which the General Meeting is held.

Remuneration of the Board of Directors



Remuneration of the Executive Committee



If the General Meeting rejects a motion by the Board of Directors, the Board of Directors may, pursuant to Article 26(5) of the Articles of Association,

- either submit a new motion to the same General Meeting or
- convene an Extraordinary General Meeting within three months and submit a new motion or
- determine a maximum total amount or several maximum partial amounts, taking into account all relevant factors, and submit this or these to the next Ordinary General Meeting for approval.

On the basis of the proposal by the Chief Executive Officer and the motion by the Compensation Committee, the Board of Directors draws up the Remuneration Report on the remuneration paid and submits this to the General Meeting for consultative approval (Article 26(3) of the Articles of Association).

For details of the scope of the duties of the Compensation Committee and the allocation of powers, see also the Organizational Regulations, available at http://www.peachproperty.com/en/investoren/corporate-governance/.

3 Remuneration system

3.1. General principles

The remuneration system within our Group is intended to deliver a competitive and performance-oriented remuneration policy. Our aim is to promote long-term and sustainable business success. The remuneration of the Board of Directors and the Executive Committee should be in line with the market, commensurate with the effort and responsibility involved, and be appropriate for the size of the Group.

3.2. Remuneration of the Board of Directors

In accordance with Article 28 of the Articles of Association, the remuneration of the members of the Board of Directors is made up of

a) base remuneration based on position within the Board of Directors and membership in committees and

b) variable remuneration dependent on the achievement of corporate targets

plus the Company's social security contributions where applicable.

As in the previous year, the base renumeration is CHF 160 000 for the Chairman of the Board of Directors and CHF 50 000 for a member of the Board of Directors. The renumeration for chairing a committee remains unchanged at CHF 30 000 and the renumeration for a committee membership remains unchanged at CHF 20 000. All amounts are per year of office and exclude social security contributions.

The members of the Board of Directors receive between 20 % and 50 % of the remuneration as per a) above in the form of Company shares blocked for one year. For the 2019 financial year, the Board of Directors has decided on a share component of 50 % (previous year: 50 %). The number of shares is determined on the basis of the average share price of the last ten trading days in the past financial year and the first ten trading days in the new financial year («allotment price»). For the calculation of the amount of the remuneration according to VegüV, the number of shares determined by means of the allotment price is multiplied by the closing price at the date of the allotment decision of the Board of Directors («price at allotment»).

In the reporting year, as in the previous year, the members of the Board of Directors were also allotted Performance Stock Units («PSUs»). PSUs are entitlements to shares and represent variable remuneration dependent on the achievement of corporate targets. Information on the PSU programs can be found in section 3.4 and in note 14 to the consolidated financial statements.

3.3. Remuneration of the Executive Committee

In accordance with Article 31 of the Articles of Association, the remuneration of the members of the Executive Committee is composed of a non-performance-related base salary and a performance-related remuneration plus the Company's contributions to social security and pension schemes as well as other fringe benefits provided by the Company (in particular, company cars).

The fixed, non-performance-related part of the remuneration corresponds to the base salary agreed in the employment contract or the annual remuneration notification. The base salary takes into account the aspects of position, degree of responsibility, and individual experience as well as the market and internal wage structure.
The variable, performance-related remuneration paid to the members of the Executive Committee depends on the achievement of both corporate and personal targets. These are based on the qualitative and quantitative goals and parameters set by the Board of Directors.

The variable remuneration is limited to no more than 150 % of the total base remuneration. In justified cases, the Board of Directors may also decide on a higher proportion for the variable remuneration. For Dr. Andreas Steinbauer, Head of Letting and Sales, a special regulation applies with a lower fixed salary and commissions dependent on letting and sales success, which can be more than one and a half times the fixed salary. As part of the letting activities for which Dr. Andreas Steinbauer took over responsibility at the end of 2018, the commission model was also adjusted accordingly. It is based primarily on a share of one month's rent for newly let apartments, whereby the percentage varies depending on whether the letting is a fluctuation letting (letting of a previously let apartment) or a letting to reduce vacancy (letting of an apartment not previously let). Added to this are sales commissions for the few apartments being sold. In Dr. Steinbauer's case, the bonus that is dictated by the success of the Company and the continued achievement of personal targets is in turn relatively low.

For the Chief Executive Officer up to 60 %, and for the other members of the Executive Committee up to 50 %, of the bonus may be paid in the form of Company shares blocked for one year. The Board of Directors has decided on a uniform share component of 50 % for the Executive Committee bonus for the 2019 financial year. As with the Board of Directors, the number of shares is determined using the allotment price, and the number of shares thus determined is multiplied by the price at the time of allotment to calculate the amount of the remuneration in accordance with VegüV.

The members of the Executive Committee also participate in option and participation plans. At the end of the financial year, one member of the Executive Committee was entitled to an option plan. In the reporting year, all three members of the Executive Committee were allotted PSUs under a further PSU program. Further information is provided in section 3.4 below and in note 14 to the consolidated financial statements.

3.4. Option plans and other employee participation plans

Option plans

In 2014, the Board of Directors adopted an option plan for three members of the Executive Committee. The allotment was free of charge. The allotted options are fulfilled upon their exercise by means of the transfer of registered shares (delivery to a securities account designated by the beneficiary) or posting as book-entry securities in accordance with the Swiss Intermediated Securities Act (BEG) concurrent with the cash payment of the strike price. The subscription ratio is 1:1, and one option entitles the holder to purchase one share. The strike price is CHF 11.00.

The options will expire on October 1, 2025 at the latest. Options that are not exercised by the day before the expiry date will expire without further notice and without compensation on the expiry date. Likewise, options will expire without further notice and without compensation if the contractual relationship with the beneficiary ends before the exercise date, where options that have not yet been exercised will remain exercisable for the limited period of time specified in the option plan.

As of December 31, 2019, 40 000 options under the 2014 option plan were exercisable.

Performance Stock Unit programs

During the reporting period the Board of Directors approved a further framework plan for share-based remuneration: the «2019-2021 PSU program».

Under the new program, as with the first three PSU programs (2016-2018 PSU program, 2017-2019 PSU program, and 2018-2020 PSU program), entitlements were allotted to program participants in the form of PSUs (Performance Stock Units). The maximum number of PSUs that are allotted to program participants is determined by the Board of Directors. The PSUs are entitlements to up to two shares per PSU, depending on the achievement of corporate objectives over the performance period, provided that the beneficiary is still employed by the Peach Group at the time of vesting.

For the 2016-2018 PSU program, vesting took place during the reporting period with the approval of the 2018 financial statements by the 2019 Annual General Meeting. The vestings for the other programs will take place as follows: at the 2020 Annual General Meeting for the 2017-2019 PSU program, at the 2021 Annual General Meeting for the 2018-2020 PSU program, and at the 2022 Annual General Meeting for the new 2019-2021 PSU program. The shares will be allocated no later than six months after the respective vesting.

The Group has no legal or implicit obligation to repurchase or settle the entitlements in cash.

The targets to be achieved under the PSU programs are all corporate targets, namely the capital market sub-target and the consolidated earnings sub-target. These two sub-targets are weighted at 50 % each.

The capital market sub-target measures the share price after publication of the provisional annual results of the last financial year of the performance period. For the new 2019-2021 PSU program, an annual TSR (Total Shareholder Return, i.e. share price development plus any dividends or other benefits) of 12 % p.a. over the performance period was set as the target value, in line with the previous programs. The consolidated earnings sub-target measures the cumulative consolidated profit after tax compared to the budget and business plan adopted by the Board of Directors over the entire performance period.

Under the 2019-2021 PSU program, 41 500 PSUs have been allotted on May 10, 2019. As of December 31, 2019, no entitlements under this program had forfeited.

In the previous year, 37 500 PSUs have been allotted under the 2017-2019 PSU program on May 16, 2018 and 37 500 PSUs under the 2018-2020 PSU program on August 31, 2018. 2 000 PSUs under the 2017-2019 PSU program and a further 1 000 PSUs under the 2018-2020 PSU program forfeited at the end of 2018 as notice was given by the beneficiaries.

The allotted 56 000 PSUs under the first 2016-2018 PSU program have vested at the 2019 Annual General Meeting on May 9, 2019. In June 2019, 112 000 registered shares in Peach Property Group AG were allocated to the beneficiaries.

Further information on the PSU program can be found in note 14 to the consolidated financial statements.

3.5. Fringe benefits

Fringe benefits include, in particular, company cars which may also be used privately. All members of the Executive Committee are entitled to a company car.

3.6. Pension benefits

The pension benefits to which the members of the Executive Committee are entitled are based on the internal pension regulations applicable to all management employees. The Company as employer makes the usual equal contribution in the area of compulsory contributions. For the voluntary part, the employer's contribution made by the Company to the savings contributions is 60 %. The risk contributions as well as the contributions for other costs are paid for entirely by the Company.

In the case of the members of the Board of Directors, who settle accounts in person, the Company pays the usual employer's contributions to the social security schemes. Director Peter Bodmer settles his Board of Directors' fee through a company, which is why his fee is not subject to social security contributions.

3.7. Notice period for employment contracts involving the Executive Committee / severance payments

The notice period for members of the Executive Committee is three months.

There are no agreements relating to severance pay for the members of either the Executive Committee or the Board of Directors.

4

4. Remuneration for the 2019 financial year

4.1. Remuneration paid to the Board of Directors

The remuneration paid to the members of the Board of Directors for the reporting year, including social security contributions and a valuation of the share component at the price at allotment (closing price on February 14, 2020, the third day of trading after publication of the provisional annual results) as well as a fair valuation of the allotted PSUs, totals CHF 731 thousand and breaks down as follows:

Name, position	2019 remuneration					2018 remuneration				
in CHF	Fee in cash	Fee in shares [2]	PSUs at fair value [3]	Social sec. [4]	**Total**	Fee in cash	Fee in shares	PSUs at fair value	Social sec. [4]	**Total**
Reto Garzetti, Chairman	100 000	105 128	62 940	18 920	**286 988**	90 753	104 372	193 260	28 857	**417 242**
Peter Bodmer, Member	50 000	52 564	41 960	0 [5]	**144 524**	46 301	53 250	128 840	0 [5]	**228 391**
Dr. Christian de Prati, Member	50 000	52 564	41 960	10 404	**154 928**	46 301	53 250	128 840	16 969	**245 360**
Kurt Hardt, Member [1]	50 000	52 564	41 960	0 [6]	**144 524**	31 507	36 235	96 790	12 225	**176 757**
					730 964					1 067 750

1 As from the 2018 Annual General Meeting of May 15, 2018.
2 Valuation at the closing price on February 14, 2020 of CHF 41.00 per share, 50 % share component.
3 Valuation at allotment as of May 10, 2019 of CHF 20.98 per PSU.
4 Contributions by the Company.
5 Settlement via a company / no social security contributions.
6 No social security contributions are incurred in Switzerland.

The total remuneration of the Board of Directors is significantly lower than in the previous year. In the previous year, the allotment of PSUs was changed from retrospective to prospective in the interests of optimized corporate governance, and accordingly two PSU programs were adopted as a one-time exception in 2018. Only one PSU program, the 2019-2021 PSU program, was approved during the reporting year. Also the PSUs under this new program, which was adopted in May 2019, have only been allotted to date and, as entitlements, are dependent on the achievement of key corporate objectives (see section 3.4). If the targets are not met, the effective allocation of shares may also be zero. The PSUs were measured at their fair value on the issue date (May 10, 2019). The PSUs must be shown as part of the remuneration in the year of allotment in accordance with the provisions of Article 14(2) VegüV.

No further remuneration was paid to members of the Board of Directors and/or to persons closely linked to them.

4.2. Remuneration paid to members of the Executive Committee

The remuneration paid to the members of the Executive Committee for the reporting year, including fringe benefits (company cars), commissions, social security contributions, and a valuation of the share component of the bonus at the price at allotment (closing price on February 14, 2020, the third day of trading after publication of the provisional annual results) as well as a fair valuation of the allotted PSUs, totals CHF 2 750 thousand and breaks down as follows:

Name, position	**2019 remuneration**							
in CHF	Fixed remuneration in cash	Variable remuneration in cash	*of which commissions*	Variable remuneration in shares [1]	PSUs at fair value [2]	Fringe benefits [3]	Social sec. and occ. pension [4]	**Total**
Dr. Thomas Wolfensberger, CEO	400 000	235 000		247 051	157 350	10 733	137 033	**1 187 167**
Dr. Marcel Kucher, CFO and COO	300 000	131 625		138 375	125 880	8 024	110 412	**814 316**
Dr. Andreas Steinbauer, Head of Letting and Sales	180 000	395 946	*390 946*	5 256	62 940	9 165	95 670	**748 977**
								2 750 460

1 Valuation at the closing price on February 14, 2020 of CHF 41.00 per share, 50 % share component.
2 Valuation at allotment as of May 10, 2019 of CHF 20.98 per PSU.
3 Company cars.
4 Contributions by the Company.

The highest individual pay for the reporting year, in the amount of CHF 1 187 thousand, was paid to Chief Executive Officer Dr. Thomas Wolfensberger (previous year: Chief Executive Officer Dr. Thomas Wolfensberger, CHF 1 386 thousand).

In the previous year, the remuneration paid to the members of the Executive Committee totalled CHF 2 840 thousand and breaks down as follows:

Name, position	**2018 remuneration**							
in CHF	Fixed remuneration in cash	Variable remuneration in cash	*of which commissions*	Variable remuneration in shares [1]	PSUs at fair value [2]	Fringe benefits [3]	Social sec. and occ. pension [4]	**Total**
Dr. Thomas Wolfensberger, CEO	400 000	159 400	*0*	183 320	483 150	10 733	149 076	**1 385 679**
Dr. Marcel Kucher, CFO and COO	300 000	86 200	*0*	99 136	386 520	8 024	121 851	**1 001 731**
Dr. Andreas Steinbauer, Head of Letting and Sales	180 000	172 844	*170 188*	3 055	0	9 165	87 503	**452 567**
								2 839 977

1 Valuation at the closing price on February 12, 2019 of CHF 31.00 per share.
2 Valuation at allotment as of May 16, 2018 of CHF 32.05 and as of August 31, 2018 of CHF 32.37 per PSU.
3 Company cars.
4 Contributions by the Company.

The total remuneration of the Executive Committee fell slightly compared to the previous year. During the reporting year, only one PSU program was adopted in contrast to the previous year, during which the allotment of PSUs was changed from retrospective to prospective and accordingly two PSU programs were set up as an exception. With the new 2019-2021 PSU program, all three members of the Executive Committee are plan participants (vs. two in the previous year). The new PSU program has only been allotted to date and the PSUs, as entitlements, are dependent on the achievement of key corporate objectives (see section 3.4). If the targets are not met, the actual allocation of shares may also be zero. The PSUs were measured at their fair value on the issue date (May 10, 2019). The PSUs must be listed as part of the remuneration in the year of allotment in accordance with the provisions of Article 14(2) VegüV. The commission entitlement of Dr. Andreas Steinbauer, Head of Letting and Sales, increased significantly in the reporting year compared to the previous year as a result of letting successes.

No further remuneration was paid to members of the Executive Committee and/or to persons closely linked to them.

4.3. Loans and credits to the Board of Directors and Executive Committee

We have not granted any loans, credits, or similar instruments to any member of the Board of Directors or the Executive Committee and/or to persons closely linked to them.

4.4. Comparison of remuneration paid with remuneration approved by the General Meetings

A comparison of the remuneration paid during the reporting year with what was approved by the General Meeting requires a pro rata calculation for the Board of Directors as the approval was given for the office term while we report for the financial year (see footnote 1 below). No such conversion is required for the remuneration paid to the Executive Committee, as the General Meeting approves the remuneration for the financial year.

in CHF	Remuneration paid in the 2019 financial year	Remuneration approved for the 2019 financial year
Remuneration of the Board of Directors	730 964	882 329[1]
Remuneration of the Executive Committee		
Non-performance-related remuneration (fixed pay)	1 150 700	1 400 000
Performance-related remuneration (variable pay)	1 599 760	2 400 000
Total remuneration of the Executive Committee	**2 750 460**	**3 800 000**

1 Pro rata share up to 2019 AGM (May 9, 2019) = 35.34 % and pro rata share from 2019 AGM (May 9, 2019) to December 31, 2019) = 64.66 %. The approved remuneration per year of office amounts to CHF 850 000 for the term of office up to the 2019 Annual General Meeting and CHF 900 000 for the term of office from the 2019 Annual General Meeting onwards.

The remuneration paid to the Board of Directors and the Executive Committee during the financial year 2019 are both within the approved remuneration limits or significantly below the approved maximum amounts (Board of Directors – 17 %, fixed Executive Committee pay – 18 %, and variable Executive Committee pay – 33 %).

4.5. Remuneration paid to the Advisory Board

The Company does not have any advisory boards within the meaning of the VegüV.

5 Shareholdings of the Board of Directors and Executive Committee

5.1. Rights to option plans and other participation plans

As of December 31, 2019, the members of the Board of Directors and Executive Committee were entitled to the following option and other participation plans:

Name, position	Number of options [1]	Number of PSUs [2]
Reto Garzetti, Chairman of the Board of Directors	0	9 000
Peter Bodmer, Member of the Board of Directors	0	6 000
Dr. Christian De Prati, Member of the Board of Directors	0	6 000
Kurt Hardt, Member of the Board of Directors	0	5 000
Dr. Thomas Wolfensberger, CEO	0	22 500
Dr. Marcel Kucher, CFO and COO	40 000	18 000
Dr. Andreas Steinbauer, Head of Letting and Sales	0	3 000
Total	**40 000**	**69 500**

1 Under the 2014 option plan, fully exercisable.
2 After vesting of the 2016-2018 PSU program, PSUs under the 2017-2019, 2018-2020, and 2019-2021 PSU programs.

5.2. Share ownership

The members of the Board of Directors and the Executive Committee directly or indirectly held the following number of shares in the Company as of December 31, 2019:

Name, position	Number of shares	In % of all shares
Reto Garzetti, Chairman of the Board of Directors	126 661 [1]	1.92
Peter Bodmer, Member of the Board of Directors	18 230 [2]	0.27
Dr. Christian De Prati, Member of the Board of Directors	24 830	0.37
Kurt Hardt, Member of the Board of Directors	2 419	0.04
Dr. Thomas Wolfensberger, CEO	757 149	11.47
Dr. Marcel Kucher, CFO and COO	45 297	0.69
Dr. Andreas Steinbauer, Head of Letting and Sales	5 818	0.09
Total	**980 404**	**14.85**

1 Shareholding of a related person totaling 108 357 shares.
2 Shareholding of a related person totaling 11 415 shares.

Report of the statutory auditor

to the General Meeting of Peach Property Group AG

Zürich

We have audited the remuneration report of Peach Property Group AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) in paragraph 4 on pages 52 to 54 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
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Opinion

In our opinion, the remuneration report of Peach Property Group AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rene Rausenberger	Philipp Gnädinger
Audit expert Auditor in charge	Audit expert

Zürich, 27 March 2020

Consolidated financial statements of Peach Property Group AG 2019

In accordance with International Financial Reporting Standards (IFRS)

Consolidated financial statements

Notes to the consolidated financial statements

Consolidated income statement for the period

in CHF thousands	Notes	2019	2018
Rental income	2	38 915	29 644
Valuation gains from investment properties	5	113 565	59 425
Profit on disposal of investment properties	5	472	0
Income from development properties	3	7 255	28 378
Other operating income		527	2 260
Operating income		**160 734**	**119 707**
Expenses from leasing of investment properties	2	-10 747	-8 987
Valuation losses from investment properties	5	-141	-4 379
Expenses from development properties	3	-1 765	-20 805
Expenses from development and construction management services		0	-500
Personnel expenses	12	-11 322	-8 403
Marketing and sales expenses		-287	-247
Other operating expenses	16	-6 079	-5 040
Depreciation and amortization		-566	-197
Operating expenses		**-30 907**	**-48 558**
Operating result		**129 827**	**71 149**
Financial income	10	115	511
Financial expenses	10	-20 267	-14 786
Result from associates and joint ventures	20	0	0
Result before taxes		**109 675**	**56 874**
Income taxes	17	-18 671	-11 555
Result after taxes		**91 004**	**45 319**
– Equity holders of Peach Property Group AG		87 682	45 451
– Non-controlling interests		3 322	-132
Undiluted earnings per share in CHF	1	**14.68**	**7.48**
Diluted earnings per share in CHF	1	**12.06**	**5.56**

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

in CHF thousands	Notes	2019	2018
Result after taxes		**91 004**	**45 319**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Result on cash flow hedges	8	-6 793	-3 877
Currency translation differences		-5 838	-4 829
Tax effects	17	1 091	619
Other comprehensive result that may be reclassified to profit or loss		**-11 540**	**-8 087**
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	13	-340	96
Tax effects	17	72	-20
Other comprehensive result that will not be reclassified to profit or loss		**-268**	**76**
Total comprehensive income		**79 196**	**37 308**
– Equity holders of Peach Property Group AG		76 057	37 515
– Non-controlling interests		3 139	-207

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Consolidated statement of financial position

in CHF thousands	Notes	31.12.2019	31.12.2018
Assets			
Current assets			
Cash and cash equivalents	18	46 248	53 484
Trade receivables	18	4 977	4 421
Other receivables	18	7 886	1 351
Accrued income		1 255	765
Current financial receivables	18	6 934	0
Development properties	6	33 757	37 263
Investment properties held for sale	5	7 909	0
Total current assets		**108 966**	**97 284**
Non-current assets			
Investment properties	5	1 074 149	693 740
Advance payments for investment properties		1 977	9 403
Equipment		2 020	283
Intangible assets		675	252
Non-current financial receivables	19	92	50
Investments in associates and joint ventures	20	1	1
Deferred tax assets	17	18 497	19 552
Total non-current assets		**1 097 411**	**723 281**
Total assets		**1 206 377**	**820 565**

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Consolidated statement of financial position (continued)

in CHF thousands	Notes	31.12.2019	31.12.2018
Liabilities and equity			
Current liabilities			
Trade payables	18	4 222	1 800
Contract liabilities	3	0	861
Other payables and advance payments	18	5 613	4 168
Accrued expenses	18	12 091	10 983
Current income tax liabilities		612	1 984
Current financial liabilities	8	37 869	38 507
Current provisions	22	4 349	4 704
Total current liabilities		**64 756**	**63 007**
Non-current liabilities			
Non-current financial liabilities	8	703 446	424 402
Non-current provisions	22	607	558
Employee benefit obligations	13	1 274	904
Deferred tax liabilities	17	46 730	30 442
Total non-current liabilities		**752 057**	**456 306**
Total liabilities		**816 813**	**519 313**
Equity			
Share capital	7	6 601	5 487
Treasury shares	7	-29	-14
Share premium	7	120 217	90 973
Hybrid capital	7	91 696	112 841
Other reserves		-7 248	-1 275
Currency translation differences		-12 858	-5 783
Retained earnings		179 398	97 324
Equity attributable to the equity holders of Peach Property Group AG		**377 777**	**299 553**
Equity attributable to non-controlling interests		11 787	1 699
Total equity		**389 564**	**301 252**
Total liabilities and equity		**1 206 377**	**820 565**

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Consolidated cash flow statement

in CHF thousands	Notes	2019	2018
Result before taxes		109 675	56 874
Adjustment of non-cash expenses/income:			
– Depreciation and amortization		566	197
– Valuation result of investment properties	5	-113 424	-55 046
– Result on disposal of investment properties	5	-472	0
– Reversal of impairment loss on development properties	3	-2 456	0
– Adjustment of bad debt allowance	18	706	554
– Adjustment of lease liabilities	24	125	0
– Impairment of financial receivables	19	0	145
– Financial income	10	-115	-511
– Financial expenses (without change in bad debt allowance and adjustment of lease liabilities)	10	20 142	14 641
– Adjustment of employee benefit obligations	13	0	-52
– Share-based payment compensation	14	1 940	1 626
– Change in provisions	22	-169	415
– Other non-cash effective items		1 184	-883
Changes in working capital:			
– Trade receivables	18	-554	642
– Other receivables	18	-302	438
– Accrued income		-503	-369
– Contract assets	3	0	43 489
– Development properties	6	6 018	13 187
– Trade payables	18	1 727	-4 144
– Contract liabilities	3	-861	861
– Other liabilities and advance payments	18	-3 733	1 548
– Accrued expenses	18	910	-381
Interest and other financial expenses paid		-12 984	-8 836
Taxes paid		-4 447	-9 940
Net cash flow from operating activities		**2 973**	**54 455**

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Consolidated cash flow statement (continued)

in CHF thousands	Notes	2019	2018
Payments for real estate companies	21	-253 161	0
Payments for equipment		-574	-237
Payments for intangible assets		-512	-260
Investments in investment properties	5	-20 210	-207 857
Advance payments for investment properties		-1 493	-10 118
Disposal of investment properties	5	5 035	0
Financial receivables granted	18	-5 518	0
Repayment of financial receivables		0	1 411
Interest income received		18	18
Cash flow from investment activities		**-276 415**	**-217 043**
Proceeds from current financial liabilities	8	234	10 306
Repayment of current financial liabilities	8	-28 726	-66 815
Proceeds from non-current financial liabilities	8	292 928	219 437
Lease payments – amortization share	24	-456	0
Proceeds from issues of hybrid capital	7	5 568	33 856
Repayment of hybrid capital	7	0	-27 581
Acquisition of treasury shares	7	-343	0
Sale of treasury shares	7	363	0
Capital increase	7	185	1
Distributions to hybrid equity investors	7	-2 731	-1 989
Cash flow from financing activities		**267 022**	**167 215**
Change in cash and cash equivalents		-6 420	4 627
Cash and cash equivalents at January 1		53 484	49 157
Currency exchange impact on cash and cash equivalents		-816	-300
Cash and cash equivalents at end of period		**46 248**	**53 484**

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders' equity

	Notes	Share capital	Treasury shares	Share premium
December 31, 2018		5 487	-14	90 973
Adjustment due to adoption of IFRS 16	B	0	0	0
January 1, 2019		**5 487**	**-14**	**90 973**
Total comprehensive income				
Result after taxes		0	0	0
Total comprehensive result		0	0	0
Total comprehensive income		**0**	**0**	**0**
Transactions with owners in their capacity as owners				
Changes in the scope of consolidation	21	0	0	0
Mandatory convertible bond – addition	7	0	0	0
Hybrid warrant bond – addition	7	0	0	0
Hybrid warrant bond – exercise of warrants	7	13	0	307
Hybrid warrant bond – distribution	7	0	0	0
Hybrid convertible bond – conversions	7	961	0	26 468
Hybrid convertible bond – distribution	7	0	0	0
Issue costs	7	0	0	-134
Share-based compensation – increase of reserve	14	0	0	0
Share-based compensation – options exercised	7	28	0	729
Share-based compensation – exercise of Plan 2016	14	112	0	1 839
Total transactions with owners in their capacity as owners		**1 114**	**0**	**29 209**
Treasury shares				
Acquisition of treasury shares	7	0	-343	0
Disposal of treasury shares	7	0	328	0
Result on disposal	7	0	0	35
Total treasury shares		**0**	**-15**	**35**
December 31, 2019		**6 601**	**-29**	**120 217**

* Equity holders of Peach Property Group AG.

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Hybrid capital	Other reserves	Currency translation differences	Retained earnings	Total equity holders*	Non-controlling interests	Total equity
112 841	-1 275	-5 783	97 324	299 553	1 699	301 252
0	0	0	-3 631	-3 631	-11	-3 642
112 841	**-1 275**	**-5 783**	**93 693**	**295 922**	**1 688**	**297 610**
0	0	0	87 682	87 682	3 322	91 004
0	-5 950	-7 075	1 400	-11 625	-183	-11 808
0	**-5 950**	**-7 075**	**89 082**	**76 057**	**3 139**	**79 196**
0	0	0	0	0	6 957	6 957
5 419	0	0	0	5 419	0	5 419
241	6	0	0	247	0	247
75	-75	0	0	320	0	320
0	0	0	-1 025	-1 025	0	-1 025
-27 431	0	0	0	-2	0	-2
0	0	0	-1 723	-1 723	0	-1 723
551	0	0	-629	-212	0	-212
0	1 997	0	0	1 997	3	2 000
0	0	0	0	757	0	757
0	-1 951	0	0	0	0	0
-21 145	**-23**	**0**	**-3 377**	**5 778**	**6 960**	**12 738**
0	0	0	0	-343	0	-343
0	0	0	0	328	0	328
0	0	0	0	35	0	35
0	**0**	**0**	**0**	**20**	**0**	**20**
91 696	**-7 248**	**-12 858**	**179 398**	**377 777**	**11 787**	**389 564**

Consolidated statement of changes in shareholders' equity (continued)

in CHF thousands	Notes	Share capital	Treasury shares	Share premium
January 1, 2018		**5 443**	**-14**	**89 715**
Total comprehensive income				
Result after taxes		0	0	0
Total comprehensive result		0	0	0
Total comprehensive income		**0**	**0**	**0**
Transactions with owners in their capacity as owners				
Hybrid warrant bond – addition	7	0	0	0
Hybrid warrant bond – exercise of warrants	7	1	0	30
Hybrid convertible bond – conversions	7	23	0	647
Hybrid convertible bond – distribution	7	0	0	0
Hybrid bond – distribution	7	0	0	0
Hybrid bond – offset against hybrid warrant bond	7	0	0	0
Hybrid bond – repayment	7	0	0	0
Share-based compensation – increase of reserve	14	0	0	0
Share-based compensation – options exercised	7	20	0	581
Total transactions with owners in their capacity as owners		**44**	**0**	**1 258**
December 31, 2018		**5 487**	**-14**	**90 973**

*Shareholders of Peach Property Group AG.

The disclosures provided in the Notes form an integral part of the consolidated financial statements.

Hybrid capital	Other reserves	Currency translation differences	Retained earnings	Total equity holders *	Non-controlling interests	Total equity
106 822	**-1 045**	**-1 021**	**56 700**	**256 600**	**1 906**	**258 506**
0	0	0	45 451	45 451	-132	45 319
0	-3 174	-4 762	0	-7 936	-75	-8 011
0	**-3 174**	**-4 762**	**45 451**	**37 515**	**-207**	**37 308**
55 878	1 363	0	-15	57 226	0	57 226
8	-8	0	0	31	0	31
-616	0	0	-16	38	0	38
0	0	0	-1 730	-1 730	0	-1 730
0	0	0	-1 329	-1 329	0	-1 329
-23 063	0	0	-1 329	-24 392	0	-24 392
-26 188	0	0	-408	-26 596	0	-26 596
0	1 589	0	0	1 589	0	1 589
0	0	0	0	601	0	601
6 019	**2 944**	**0**	**-4 827**	**5 438**	**0**	**5 438**
112 841	**-1 275**	**-5 783**	**97 324**	**299 553**	**1 699**	**301 252**

Notes to the consolidated financial statements

A About us

Peach Property Group AG (the "Company"; together with our subsidiaries "Peach" or the "Group") is a real estate investor with an investment focus on residential real estate in Germany.

Our portfolio comprises high yielding investment properties, typically in German Tier II cities in the commuter belt of metropolitan areas. Our tenants are at the center of our activities. We want to create an attractive living experience for our tenants, and our services therefore span the entire value chain, from location evaluation and acquisition to active asset management and the rental or sale of our properties. In addition, with the Peninsula Project we are developing a final project to be sold as condominiums.

We have been listed on the SIX Swiss Exchange since 12 November 2010 (PEAN, ISIN CH0118530366) and have our registered office in Zurich. Our German group company, Peach Property Management GmbH & Co. KG, and the majority of our German property companies have their registered office in Cologne. The majority of our employees, totalling 78 at the end of the year, work there as well as in our local Peach Points and our Service Center in Berlin.

B Preparation of financial statements

We structured the financial statements around topics that we feel are of central importance to our investors: performance, our real estate portfolio, financing and capital structure, operating platform costs and other mandatory disclosures.
The accounting principles and estimates relevant to the reader are presented briefly at the beginning of each note. Policies are shown in blue, key assumptions and estimates in green.
The different sections of the report provide the following information:

- "Performance" provides disclosures on key figures per share, proceeds and information on segment reporting.
- "Real estate portfolio" provides information on changes in investment and development properties.
- "Capital structure and risk management" comprises disclosures on equity, financing and information regarding risk management.
- "Platform costs" covers personnel, other operating expenses and taxes.
- Further relevant information is provided under "Other disclosures".

We have applied the following significant accounting policies in the preparation of these consolidated financial statements:

B.1. Basis of preparation

- We have prepared the consolidated financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) as issued by the IASB. They comply with Swiss law.
- The Board of Directors approved the consolidated financial statements at its meeting on March 27, 2020 and released them for publication on March 31, 2020. The report is subject to approval by the Annual General Meeting on May 27, 2020.

- Consolidation is based on the separate financial statements of the Group companies prepared in accordance with uniform accounting policies. The reporting date for all Group companies is December 31.
- The consolidated financial statements were prepared under the historical cost convention and under the assumption that the company's ability to continue as a going concern is not impaired. Departures from this principle include, in particular, investment properties and derivative financial instruments which are measured at market value.
- Key estimates and assumptions used for the valuation of assets and liabilities are disclosed in the following notes:

	Notes
Investment properties and revaluation result	5
Development properties	6
Employee benefit obligations	13
Taxes	17
Provisions	22

B.2. Changes in the accounting principles applied in financial year 2019

We have adopted the following amended IFRS standards that took effect at the beginning of the 2019 financial year. With the exception of IFRS 16, these had no material impact on our results of operations or the financial position of the Group.

- IFRS 16 – "Leases"
- Amendments to IFRS 9 – "Prepayment features with negative compensation"
- Amendments to IAS 28 – "Long-term interests in associates and joint ventures"
- Amendments to IAS 19 – "Employee benefits"
- Annual improvements – 2015-2017 cycle
- IFRIC 23 – "Uncertainty over income tax treatments"

IFRS 16 – "Leases"

- Prior to financial year 2019, we treated all lease liabilities as operating leases under IAS 17.
- Adoption of IFRS 16 had a significant impact, mainly as a result of the leasehold agreements (building rights agreements) in Germany, in which we are leaseholders.

Effects of IFRS 16:

- As with investment properties, the right-of-use asset from the leasehold agreements is not depreciated but revalued semi-annually together with the investment properties. We have valued the right-of-use asset of the leaseholds for the first-time application at the discount rate defined by Wüest Partner for the respective investment properties as at December 31, 2018.
- We calculated the lease liabilities of the leasehold agreements by discounting the cumulated leasehold payments using the long-term interest rate for mortgage-backed financing in Germany. For the first-time application, we applied the average interest rate of 2.5 % for German mortgage-backed financing as at January 1, 2019.
- As the discount rate for property valuation and the long-term interest rate for mortgage-backed financing diverge, there was a difference of CHF 4 315 thousand between the right-of-use assets and lease liabilities at the time of initial recognition. We charged this amount directly to retained earnings, net of the tax using the modified retrospective approach. We have not adjusted the previous year's figures.
- The lease liabilities for our office premises in Zurich, Cologne, and now also Berlin were valued using the average corporate interest rate for the respective company. We treated the right-of-use assets as equivalent to this value.

- We used hindsight regarding options on rental agreements and included an option for an additional three-year extension in the rental agreement for the office premises in Zurich.
- The long term of the leasehold agreements (31-187 years) led to material interest rate effects totalling CHF 358 thousand and thus caused expenses to shift from expenses from leasing of investment properties to interest expenses.
- The segment assets increased in line with the capitalized right-of-use assets.
- The impact of IFRS 16 on undiluted and diluted EPS amounted to CHF 0.06 and CHF 0.05 respectively at the end of 2019, and results from the positive effects attributable to the equity holders of Peach from the value adjustments for right-of-use assets and lease liabilities, the amortization of the lease liabilities recognized in the balance sheet as well as depreciation of CHF 359 thousand, in each case after taxes.
- The impact of IFRS 16 on FFO I and FFO II for the financial year 2019 amounted to CHF -0.08, and results from the effect of the amortization of the lease liabilities of CHF 456 thousand recognized in the balance sheet.

The effect of initial application is as follows:

in CHF thousands	Leasehold agreements	Others
Recognition of right-of-use assets	Investment properties	Equipment
Recognition of lease liabilities	Financial liabilities	Financial liabilities
Operating lease liabilities as at December 31, 2018	33 336	1 128
Foreign currency adjustment (from average at balance sheet date)	-826	-19
Low-value and short-term leases < 1 year recognized directly in the income statement	0	-176
Operating lease liabilities as at December 31, 2018, adjusted	32 510	933
Discount rate	2.50 %	3.10 %
Average term in years	73.9	3.2
Notional present value of the lease liabilities	14 760	876
Consideration of options	0	370
Total lease liabilities recognized in the balance sheet at January 1, 2019	**14 760**	**1 246**
of which current	139	313
of which non-current	14 621	933
Total right-of-use assets recognized in the balance sheet at January 1, 2019	**10 445**	**1 246**
Negative effect on equity before taxes	4 315	0
Tax effect	-673	0
Negative effect on equity, adjusted for taxes as at January 1, 2019	**3 642**	**0**

Disclosures:

- Future income from leases — Result of leasing of investment properties - Note 2
- Right-of-use assets for leasehold agreements — Investment properties and result of revaluation - Note 5
- Lease liabilities — Mortgages and financial liabilities - Note 8
- Interest expenses from lease liabilities — Financial result - Note 10
- Further information on lease agreements as lessee — Leasing - Note 24

B.3. Upcoming changes in accounting policies

The following standards, amendments to standards and interpretations have been published, but are not yet effective and were not adopted early by us. We do not expect any material effect on the consolidated financial statements of the Group:

Standards/interpretations	Impact	Entry into force	Planned application
Amendments to IFRS 3 – "Definition of a business"	No significant effects are expected.	01.01.2020	Financial year 2020
Amendments to IAS 1 and IAS 8 – "Definition of materiality"	No significant effects are expected.	01.01.2020	Financial year 2020

B.4. Foreign currency translation

- Separate financial statements are prepared in the currency of the primary economic environment (functional currency). We prepare our consolidated financial statements in Swiss francs (CHF), which is our reporting currency.
- Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing on the balance sheet date and any change is charged to profit or loss. We show foreign exchange differences from cash flow hedges and intercompany loans with equity characteristics (net investments in a foreign business operation) in the statement of comprehensive income.
- We use the modified closing rate method for the translation of foreign Group companies. Assets and liabilities are translated at the closing rate, equity at the historical rate, and income and expenses at the average rate. Translation differences are carried forward in the statement of comprehensive income until disposal.

We used the following exchange rates for currency translations:

CHF/EUR	**31.12.2019**	31.12.2018
Closing rate	1.0854	1.1263
Average rate	1.1125	1.1549

Performance

1 Performance per share

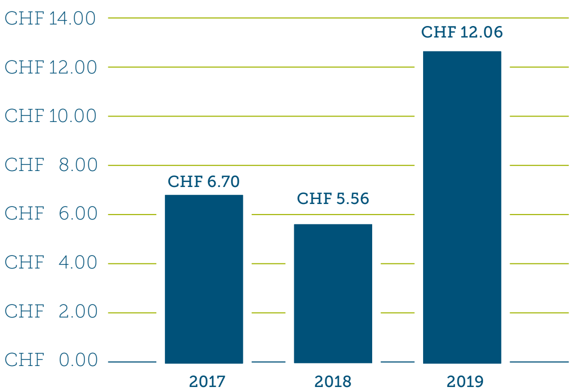
How we calculate the figures:

The result attributable to the owners of Peach was adjusted for the effects of the hybrid bond, hybrid convertible bond and hybrid warrant bond.

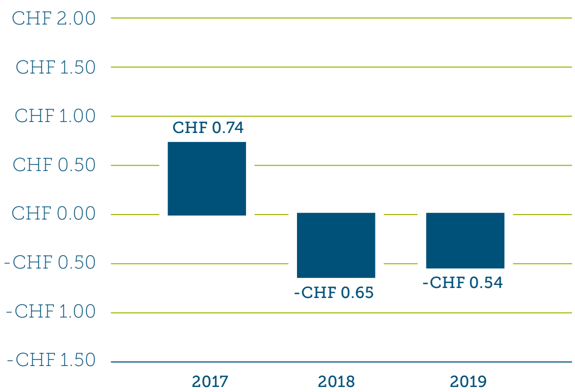
We took all outstanding warrants into account when calculating diluted earnings per share. There are further dilutive effects due to the hybrid convertible, hybrid warrant and mandatory convertible bonds issued.

We calculate operating results I and II (Funds from Operation – FFO I and II) based on operating cash flows and results including interest on hybrid capital. FFO II includes the result from the disposal of investment properties.

Diluted earnings per share



Diluted FFO I per share



1.1. Earnings per share

in CHF thousands	2019	2018
Result attributable to the equity holders of Peach	87 682	45 451
Payment of hybrid bond coupon	0	-1 329
Payment of hybrid convertible bond coupon	-1 359	-1 730
Payment of hybrid warrant bond coupon	-808	0
Hybrid bond buyback above par	0	-969
Issue of hybrid warrant bond below par	0	-15
Hybrid warrant bond coupon not recognized in the balance sheet, share attributable to the period	0	-533
Adjusted net profit or loss for the period attributable to Peach equity holders	**85 515**	**40 875**
Adjustments for diluted earnings		
Accumulated unrecognized hybrid capital coupon (convertible bond)	1 359	1 730
Adjusted net profit or loss for the period attributable to Peach equity holders including expected conversions	**86 874**	**42 605**
Average number of outstanding shares	**5 825 416**	**5 468 040**
Adjustment based on options issued [1]	209 450	190 904
Adjustment based on hybrid convertible bond issued [2]	1 047 424	1 977 288
Adjustment based on hybrid warrant bond issued [3]	52 253	20 327
Adjustment based on mandatory convertible bond issued [4]	71 193	0
Diluted average number of outstanding shares	**7 205 736**	**7 656 559**
Undiluted earnings per share in CHF	**14.68**	**7.48**
Diluted earnings per share in CHF	**12.06**	**5.56**

1 Options from 2014, 2017, 2018 and 2019 option programs (previous year: 2014, 2016, 2017 and 2018).
2 Shares from hybrid convertible bond after conversion of CHF 28 101 thousand (previous year: CHF 670 thousand).
3 220 052 (previous year: 231 166) options that have not yet been exercised from hybrid warrant bond.
4 Pro-rata shares of mandatory convertible bonds issued during the reporting year.

1.2. FFO per share

in CHF thousands	2019	2018
Operating result	129 827	71 149
Share-based compensation	1 940	1 626
Other non-cash personnel expenses	1 061	355
Depreciation and amortization	566	197
EBITDA	**133 394**	**73 327**
Reversal of impairment loss on development properties	-2 456	0
Valuation result of investment properties	-113 424	-55 046
Disposal of investment properties	-472	0
Adjusted EBITDA	**17 042**	**18 281**
Interest and other financial expenses paid	-12 984	-8 836
Interest paid on hybrid capital	-2 748	-3 059
Interest income received	18	18
Taxes paid	-4 447	-9 940
Operating result I (FFO I)	**-3 119**	**-3 536**
Result on disposals of investment properties	472	0
Operating result II (FFO II)	**-2 647**	**-3 536**
Undiluted FFO I per share in CHF	**-0.54**	**-0.65**
Diluted FFO I per share in CHF [1]	**-0.54**	**-0.65**
Undiluted FFO II per share in CHF	**-0.45**	**-0.65**
Diluted FFO II per share in CHF [1]	**-0.45**	**-0.65**

1 In the reporting year and the previous year, excluding the dilutive effect

- Compared to previous years, we have also taken into account non-cash share-based compensation as well as other non-cash items. The influence on previous year's figures was CHF 0.36 per share.
- In 2019, we made an additional payment of property gains taxes for the "Gretag Areal" from 2016 of CHF 4 132 thousand. Without this payment relating to a prior period, the diluted FFO II is CHF 1 485 thousand or CHF 0.21 per share.
- In the 2018 financial year, we settled tax liabilities resulting from the sale of the "Gretag Areal" in 2016 and property gains taxes for the "Wollerau Park" project. Adjusted for these payments, the previous year's FFO II was CHF 6 404 thousand or CHF 1.17 per share.

2 Result from leasing of investment properties

How we calculate the figures:

The leasing of our investment properties leads to a large number of rental agreements which all qualify as "operating leases". Income is recognized on a straight-line basis over the term of the lease in accordance with IFRS 16. Any rent-free periods are distributed on a straight-line basis over the contractual term.

We recognize collection losses from the leasing of investment properties as a deduction from the rental income, since most of the corresponding rental income to be paid in advance is classified as non-recoverable at the time of recognition.

How we calculate the key figures:

The gross return corresponds to the target rental income from leasing less lost income in relation to the average value of the portfolio.

The net return corresponds to the target rental income from leasing less lost income, administrative and maintenance costs in relation to the average value of the portfolio.

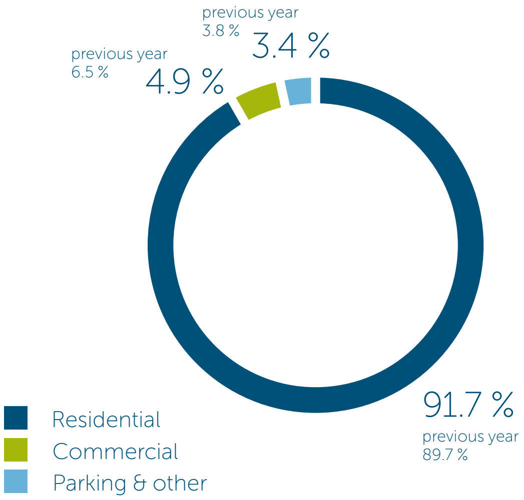
The average rental potential corresponds to the lost income due to vacancies in relation to the target rental income from leasing of investment properties.

The vacancy rate corresponds to the number of vacant residential units at the end of the reporting period in relation to the total residential units.

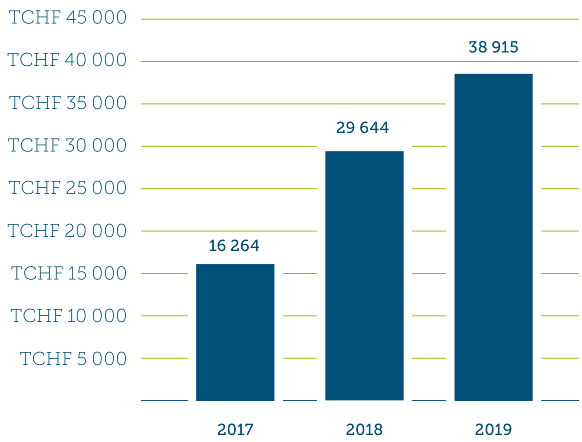
in CHF thousands	2019	2018
Target rental income from leasing of investment properties	46 107	36 084
Lost income due to vacancies	-5 793	-5 162
Lost income due to collection risks	-1 399	-1 278
Total rental income	**38 915**	**29 644**
Expenses from leasing of investment properties	-8 830	-7 371
- *of which ongoing maintenance expenses*	*-5 275*	*-3 301*
- *of which ongoing administrative expenses*	*-3 555*	*-4 070*
Expenses from unrented investment properties (vacancies)	-1 917	-1 616
Total expenses from leasing of investment properties	**-10 747**	**-8 987**
Gross return [1] / gross return excluding renovation projects [2]	5.4 % / 5.4 %	5.6 % / 5.6 %
Net return [1] / net return excluding renovation projects [2]	3.5 % / 3.7 %	3.8 % / 4.0 %
Average rental potential [1] / average rental potential excluding renovation projects [2]	12.6 % / 9.1 %	13.6 % / 9.6 %
Vacancy rate at December 31 [1] / vacancy rate at December 31 excluding renovation projects [2]	9.3 % / 6.1 %	12.5 % / 7.9 %

1 Calculation excluding the "RS 173" development project in Dortmund.
2 Calculation excluding the renovation projects "Neukirchen L" and "Fassberg".

Rental income by use category



Rental income



- The increase in rental income compared with the previous year is largely attributable to the acquisition of additional portfolios during the reporting year and over the course of the previous year. We were also able to increase income from various portfolios through vacancy reductions and rent increases. On a like-for-like basis, rental income increased by 4.5% in the financial year 2019.
- Around 99% of our units are apartments or parking spaces – these rental contracts do not include variable rent components. Commercial leases sometimes include index adjustments, but otherwise they have no other variable rent components.
- Through consistent collection management, we have been able to reduce collection losses from 4.1% to 3.5% of the target rent less lost income from vacancies.
- Further insourcing helped significantly reduce direct administrative expenses in relation to the previous period, down from 13.2% to 8.8% of net rental income before collection losses (target rental income less lost income due to vacancies). On the other hand, in the course of renovation efforts, we significantly increased expenditure for maintenance expenses from 10.7% to 13.1%. Overall, total direct expenses before collection losses decreased to 26.7% compared to 29.1% in the previous year.

Future rental income from fixed-term rental agreements

in CHF thousands	31.12.2019	31.12.2018
Up to 1 year	1 994	2 011
1-5 years	1 800	2 297
More than 5 years	372	422
Total	**4 166**	**4 730**

- The future rental income from fixed-term rental agreements primarily comes from commercial leases for the “Bakery” property in Wädenswil as well as the ground-floor use of “Erkrath Wohnen” and “Rheinland”.
- We generate most of our rental income by renting residential units. The contracts are concluded for an unlimited duration and can be terminated at short notice, usually within 3 months.

3 Result from development properties

How we calculate the figures:

- Income from the sale of units under construction is generally recognized on a pro rata basis over the construction period as construction progresses.
- We measure construction progress according to input factors based on costs incurred.
- The investment costs are allocated proportionally to the units based on the co-ownership share. The costs incurred for the units sold are charged to the income statement for the period.
- A contract asset arises for development properties sold while under construction when the construction progress exceeds the advance payment received. If the advance payment is higher than the progress of construction, a contract liability is recognized.
- Due to payment guarantees for contract assets (condominiums), there is no default risk.
- If the conditions for recognition over time are not met, we recognize revenue in the same way as for completed units.
- Income from the sale of completed units is recognized at the time of ownership transfer.

in CHF thousands	2019	2018
Income from development properties – completed units	3 987	703
Income from development properties – sold units under construction	3 281	27 676
Reductions in income	-13	-1
Total income from development properties	**7 255**	**28 378**
Expenses from development properties – completed units	-2 801	-821
Expenses from development properties – sold units under construction	-1 420	-19 984
Reversal of impairment loss on development properties	2 456	0
Total expenses from development properties	**-1 765**	**-20 805**

3.1. Sales of units under construction

Sales relate entirely to the "Wollerau Park" project in Switzerland with the "Wollerau Lofts" and "Wollerau Residenzen" subprojects. In the reporting year, we sold and handed over all units and, apart from the sale of 4 parking spaces, completed the project. Income from all the units sold was recognized over time:

- Notarization of the last unit in "Wollerau Lofts." In the previous period, this pertained to 5 units in "Wollerau Lofts" and 3 units in "Wollerau Residenzen".
- Weighted by co-ownership share, sale of 99.7%. In the previous period, 95.1% of "Wollerau Lofts" were sold and 99.8% of "Wollerau Residenzen".
- Both subprojects are at the 100.0% stage of completion. This figure was 99.0% in the previous period.

The following values were recorded for "Wollerau Park" as of the balance sheet date:

in CHF thousands	31.12.2019	Change	31.12.2018
Accumulated income from development properties – sold units under construction	88 549	3 281	85 268
Accumulated expenses from development properties – sold units under construction	-66 770	-1 420	-65 350
Accumulated profit from ongoing projects	21 779	1 861	19 918
Payments received for units handed over	88 549	2 420	86 129
Net contract liabilities	0	861	-861

3.2. Sales of completed units

- The proceeds and expenses from completed units pertain to the sale of the last units of "yoo berlin" and "Seelofts" in Rorschach. These two projects have now been completed and all apartments have been sold.
- In the previous period, these items were largely related to buyers' customization requests for the "Wollerau Park" project in the amount of CHF 686 thousand and CHF 650 thousand respectively.

3.3. Reversal of impairment loss on development properties

- With the grant of the building permit for the "Peninsula" area, we reversed an existing impairment in the value of CHF 2 456 thousand.

The income recognized at a point in time after earnings losses amounted to a total of CHF 3 974 thousand (previous year: CHF 703 thousand), of which CHF 3 204 thousand (previous year: CHF 17 thousand) was realized in Germany.

4

Segments

We have only one operating segment, which comprises investment activities in real estate for our portfolio or for further sale. It was defined on the basis of internal reporting to the Board of Directors, the chief decision-maker of our Company. Its main activities include site and portfolio evaluation, structuring and financing of the purchase, active asset management (including technical asset management to improve the quality or development of a site) and rentals and sales.

As in the previous year, there were no individual customers that made a significant contribution to sales.

Geographical breakdown of income

in CHF thousands				2019				2018
	Income from investment properties	Income from development properties	Other income	Total	Income from investment properties	Income from development properties	Other income	Total
Germany	150 910	3 204	17	154 131	87 998	7	1 569	89 574
Switzerland	2 042	4 051	510	6 603	1 071	28 361	691	30 123
Austria	0	0	0	0	0	10	0	10
Total	152 952	7 255	527	160 734	89 069	28 378	2 260	119 707

Geographical breakdown of non-current assets

in CHF thousands				31.12.2019				31.12.2018
	Investment properties [1]	Equipment and intangible assets	Investments in associates and joint ventures	Total	Investment properties [1]	Equipment and intangible assets	Investments in associates and joint ventures	Total
Germany	1 060 675	1 497	0	1 062 172	680 760	204	0	680 964
Switzerland	23 360	1 198	1	24 559	22 383	331	1	22 715
Total	1 084 035	2 695	1	1 086 731	703 143	535	1	703 679

1 Including advance payments for investment properties.

Real estate portfolio

5 Investment properties and revaluation result

How we calculate the figures:

Investment properties are self-constructed or acquired residential and commercial properties that are held to earn long-term rental income and achieve capital appreciation and are not used by us. Investment properties also include properties that we develop or convert with the goal of renting them out later.

Investment properties are initially measured at cost, including directly attributable transaction costs. Subsequent measurement is at market value; value adjustments are recognized through profit or loss.

Investment properties under development are properties that are currently being planned for conversion and do not yet generate any rental income.

Investment properties undergoing renovation are properties for which extensive renovation measures are necessary in order to achieve (full) occupancy. These portfolios are renovated in stages but have an above-average vacancy rate (> 35%).

We do not depreciate right-of-use assets from the leasehold agreements but revalue them semi-annually together with the investment properties. In doing so, we apply the discount rate defined by Wüest Partner for the respective investment properties.

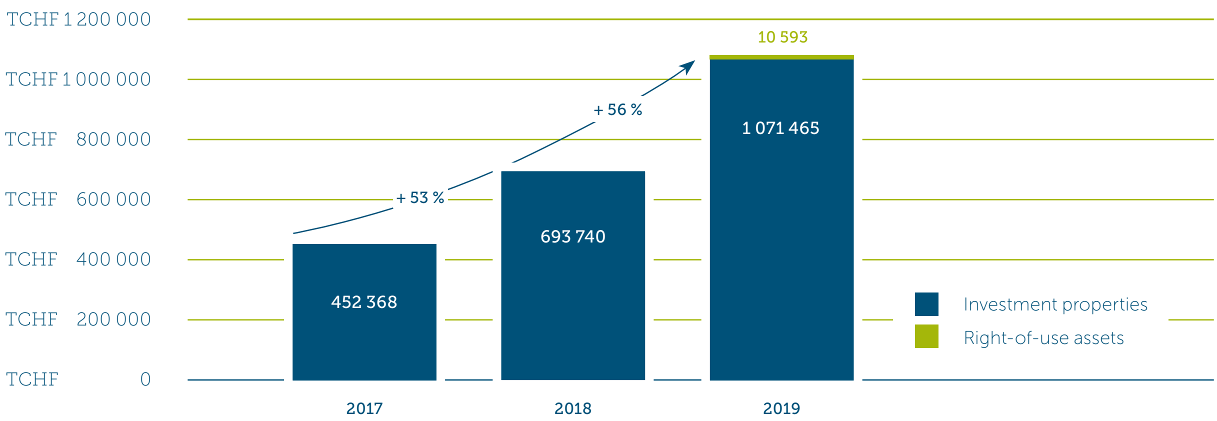
Key assumptions and estimates:

The market value of our investment properties is determined semi-annually by the external property appraiser Wüest Partner using the "highest and best use" concept based on the DCF method (discounted cash flow method). With this method, all expected future net income is discounted to its present value. Net income is discounted individually for each contiguous property cluster in line with market conditions and on a risk-adjusted basis, commensurate with the respective local and structural opportunities and risks.

The performance of the properties depends on various factors such as the local real estate market (rents, vacancies), changes in the capital markets (discount rate), management (renewal of rental income, vacancies, operating and maintenance costs) and value-enhancing investments (higher rental income, positive impact on vacancies).

The key input factors and assumptions used by Wüest Partner are reviewed by our Investment Management team and the CFO and discussed in detail with the independent appraiser.

5.1. Trend in fair value of investment properties and right-of-use assets for leasehold agreements



in CHF thousands	Investment properties 2019	Right-of-use assets 2019	Total 2019	Investment properties 2018
Market value as at January 1	**693 740**	**10 445**	**704 185**	**452 368**
Additions from purchases of real estate companies	276 082	114	276 196	0
Additions from purchases	0	0	0	195 852
Transfer from advance payments for investment properties	9 287	0	9 287	852
Transfer to receivables for maintenance reserves	-770	0	-770	0
Additions from investments eligible for capitalization	20 210	0	20 210	12 005
Disposals from sales	-5 662	0	-5 662	0
Valuation gains	113 138	427	113 565	59 425
Valuation losses	-141	0	-141	-4 379
Foreign currency translation	-34 419	-393	-34 812	-22 383
Market value as at December 31	**1 071 465**	**10 593**	**1 082 058**	**693 740**
of which investment properties held for sale	7 909	0	7 909	0
of which investment properties under development [1]	5 970	0	5 970	6 257
of which investment properties undergoing renovation [2]	40 422	0	40 422	34 238

1 This applied to the “RS 173” property in Dortmund in the reporting year and the previous year.
2 This applied to the “Neukirchen L” and “Fassberg” portfolios in the reporting year and the previous year.

5.2. Changes in portfolio in 2019

Purchases:

- January 1, 2019: 221 units in Marl through the purchase of 94.9 % of the shares of the holding company (see Note 21). Target rental income of around CHF 1 325 thousand per year.
- January 1, 2019: 200 units in Kaiserslautern through the purchase of 94.9 % of the shares of the holding company (see Note 21). Target rental income of around CHF 1 088 thousand per year.
- December 31, 2019: 3 672 units in Gelsenkirchen, Kaiserslautern, Velbert, Bochum, Bielefeld and Essen through the purchase of 94.9 % of the shares of the holding companies (see Note 21). Target rental income of around CHF 15 951 thousand per year.

Investments eligible for capitalization:

- Renovation costs of CHF 20 130 thousand, of which CHF 9 544 thousand are for the "Neukirchen L," "Kaiserslautern II" and "Rheinland" portfolios.

Sales:

- Sale of 33 units from the "Heidenheim II" portfolio. Profit of CHF 453 thousand.
- Sale of the "Bad Grund" sub-portfolio with 79 units. Profit of CHF 19 thousand.
- Compared with the balance sheet values, we achieved a profit of 8.3 % from the sales.

5.3. Changes in portfolio in 2018

Purchases:

- January 31, 2018: 273 units in Kaiserslautern and Saarbrücken. Target rental income of around CHF 1 074 thousand per year.
- January 31, 2018 / August 31, 2018: 1 096 units in East Westphalia. Target rental income of around CHF 4 671 thousand per year.
- September 30, 2018 / October 31, 2018: 461 units in Bochum, Oerlinghausen and Helmstedt. Target rental income of around CHF 1 962 thousand per year.
- September 30, 2018 / November 30, 2018: 1 061 units in Heidenheim. Target rental income of around CHF 6 433 thousand per year.

Investments eligible for capitalization:

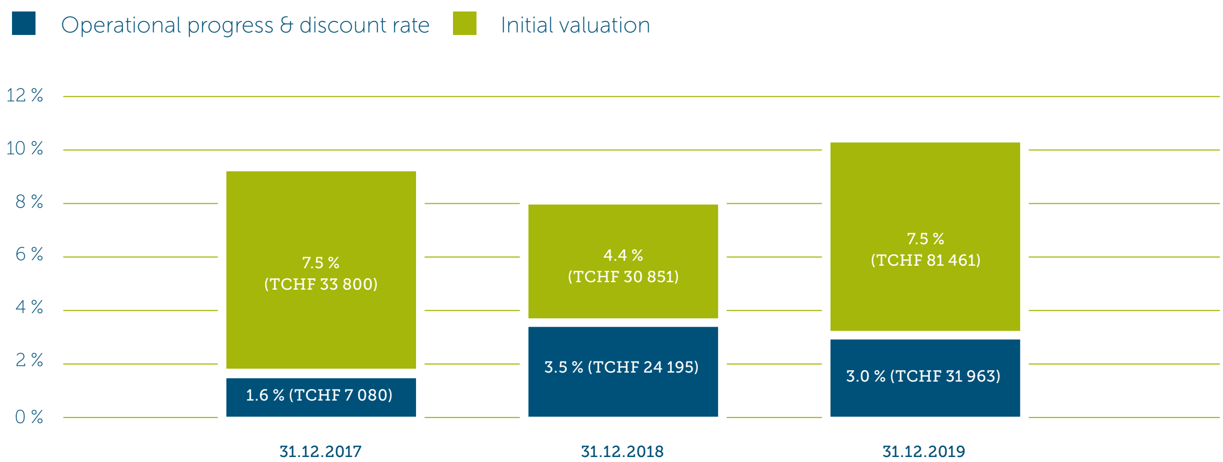
- Development costs of CHF 184 thousand for the "Dortmund RS 173" portfolio.
- Renovation costs of CHF 11 821 thousand, of which CHF 6 557 thousand for the "Neukirchen L", "Kaiserslautern II" and "Rheinland" portfolios.

5.4. Non-current assets held for sale

- On December 17, 2019, we signed a sale agreement for the "Dortmund RS 173" portfolio for CHF 5 970 thousand. We expect completion of the agreement at the start of second quarter 2020.
- Sale agreements or reservation agreements for 14 units from the "Heidenheim II" portfolio. We expect the handover or sale of units to take place in the first quarter of 2020.

5.5. Revaluation

Revaluation as a percentage of the portfolio of investment properties and right-of-use assets



- We list the valuation results of investment properties newly purchased in the reporting year as initial valuation profits. The difference from the valuation result gives the effect from operational progress and discount rate.
- All newly acquired properties were from off-market situations with favorable terms and conditions, which resulted in a large portion of the revaluation gains being from initial valuation.

5.6. Sensitivity analysis

Key assumptions and estimates:

Significant input factors for valuations include the discount rate and expected rents.

- The discount rate is based on a risk-adjusted real interest rate. The rate is determined starting from a risk-free interest rate and then adjusting for property-related risk factors such as the property risk (capital immobility), location and quality of the property and other allowances as appropriate.
- The rent applied reflects the average achievable rent at the respective location.

					Unobservable input factors 2019			Unobservable input factors 2018		
	Market value 31.12.2019 in CHF thousands	**Av. discount rate 31.12.2019**	Market value 31.12.2018 in CHF thousands	Av. discount rate 31.12.2018	Discount rate in %	Rent CHF per m²/mth	Vacancy in %	Discount rate in %	Rent CHF per m²/mth	Vacancy in %
North Rhine-Westphalia	630 055	3.92 %	351 350	4.11 %	2.7 - 5.9	4.5 - 14.0	0.0 - 10.3	3.0 - 6.0	4.5 - 8.4	2.0 - 10.3
Rhineland-Palatinate	204 360	3.79 %	102 499	4.15 %	3.6 - 4.3	4.8 - 9.8	2.0 - 6.1	3.6 - 4.6	4.8 - 9.3	0.0 - 5.0
Baden-Württemberg	113 228	3.60 %	109 815	3.64 %	2.6 - 5.9	4.5 - 12.5	2.0 - 4.1	2.9 - 6.2	5.5 - 12.5	2.0 - 4.1
Hesse	46 961	4.56 %	45 301	4.72 %	4.4 - 5.0	4.5 - 5.8	4.0 - 6.0	4.3 - 5.1	4.5 - 5.8	4.0 - 6.0
Lower Saxony	43 215	4.89 %	41 764	5.08 %	2.7 - 5.1	5.0 - 5.6	2.0 - 14.9	4.2 - 5.7	4.5 - 5.6	2.0 - 15.0
Other locations	44 239	3.94 %	43 011	4.07 %	2.7 - 5.5	5.5 - 14.7	3.1 - 8.9	2.8 - 5.5	5.3 - 13.3	4.0 - 9.3
	1 082 058	**3.93 %**	**693 740**	**4.14 %**						

There is market value sensitivity in particular with regard to the real discount rate and the achievable rents:

in CHF thousands **2019**

						Rent			
			7.5 %	5.0 %	2.5 %	0.0 %	-2.5 %	-5.0 %	-7.5 %
Discount rate	-0.40 %	3.53 %	1 295 022	1 264 905	1 234 788	1 204 671	1 174 554	1 144 438	1 114 321
	-0.20 %	3.73 %	1 225 583	1 197 081	1 168 579	1 140 078	1 111 576	1 083 074	1 054 572
	0.00 %	3.93 %	1 163 213	1 136 161	1 109 110	1 082 058	1 055 007	1 027 955	1 000 904
	0.20 %	4.13 %	1 106 883	1 081 141	1 055 400	1 029 658	1 003 917	978 175	952 434
	0.40 %	4.33 %	1 055 757	1 031 204	1 006 652	982 099	957 547	932 994	908 442

in CHF thousands 2018

						Rent			
			7.5 %	5.0 %	2.5 %	0.0 %	-2.5 %	-5.0 %	-7.5 %
Discount rate	-0.40 %	3.74 %	825 532	806 333	787 135	767 937	748 738	729 540	710 341
	-0.20 %	3.94 %	783 627	765 403	747 179	728 955	710 731	692 507	674 283
	0.00 %	4.14 %	745 770	728 427	711 083	693 740	676 396	659 053	641 709
	0.20 %	4.34 %	711 403	694 859	678 314	661 770	645 226	628 682	612 137
	0.40 %	4.54 %	680 064	664 248	648 433	632 617	616 802	600 986	585 171

› We have allocated all investment properties held at market value to Level 3 of the hierarchy, as some of the information used in the DCF valuations cannot be observed directly on the market.

› There were no transfers between the individual levels in either the reporting year or in the previous year.

6 Development properties

How we calculate the figures:

Development properties include building conversions and construction of new buildings in which we realize property for residential and commercial use. The majority of the properties are sold as condominiums. Development properties are valued as inventory at cost.

Capitalized development costs include both third-party and own services. Costs incurred in connection with projects for which we act as developers on a contractual basis but for which there is not yet a definitive sales contract or general contractor’s agreement are capitalized if realization is probable. The capitalized costs are tested for impairment every six months.

We capitalize direct financing costs for development properties in the planning stage. The same applies to indirect financing costs, which are also capitalized on a pro-rata basis according to their relationship with the development properties.

Key assumptions and estimates:

The recoverable market values of the development properties are determined by the external property appraiser Wüest Partner. Wüest Partner appraises all projects as residual values using the DCF (discounted cash flow) method. The residual value is the value resulting from the difference between the discounted realizable sales proceeds (cash-in) less all outstanding production costs (cash-out) on the measurement date.

The valuation takes into account factors such as macrolocation (location, prices per m^2), microlocation, strategy (sale or rental) and basic data verified by the appraiser such as utilization, deadlines and the development process. Construction costs are accounted for based on the planner, general contractor or technical contractor agreements concluded and other mandates awarded (if already available). Otherwise, the cost estimates are checked against a comparable value (in the appraiser's database). Own services budgeted and sale costs are included.

The discount rate is based on a risk-adjusted real interest rate. The rate is determined starting from a risk-free interest rate and then adjusting for property-related risk factors such as the property risk (capital immobility), location and quality of the property and any other allowances as appropriate.

in CHF thousands	**31.12.2019**	31.12.2018
Projects in the planning phase	33 619	32 044
Units under construction	0	2 399
Completed units	138	2 820
Total development properties	**33 757**	**37 263**

6.1. Portfolio

- In both, the reporting period and the previous period, the only project in the planning phase was the "Peninsula" project in Wädenswil. The building permit was granted in December of the reporting year and became legally binding in the first quarter of 2020.
- The last units under construction and the remaining completed units were sold in the first half of 2019. Of the "Wollerau Park" project, only four parking spaces remain unsold.

6.2. Capitalized interest expenses

- Cumulated interest and financing costs of CHF 3 569 thousand (previous year: CHF 3 647 thousand) are capitalized in the development properties. In the reporting year, there was additional interest on projects in planning of CHF 81 thousand (previous year: CHF 241 thousand). In turn, we derecognized capitalized interest of CHF 158 thousand (previous year: CHF 678 thousand) in connection with the sales.
- The average interest rate for interest capitalized in 2019 was 0.7 % (previous year: 1.5 %).

Capital structure & risk management

7 Equity

7.1. Share capital and treasury shares

How we calculate the figures:

Share capital comprises all registered shares issued. Dividends are recognized when the right to receive payment is established. External transaction costs directly related to the issuance of new shares are deducted directly from the share premium, net of income tax effects.

Acquired treasury shares are recognized at cost (purchase price including directly attributable transaction costs), disposals at average value. Any gains or losses are recorded in the share premium.

	Number of shares issued	Share capital in CHF thousands	Outstanding shares
January 1, 2018	**5 443 388**	**5 443**	**5 442 482**
Capital increase through conversions of hybrid convertible bond	22 709	23	22 709
Options exercised from hybrid warrant bond	1 444	1	1 444
Issue of shares from conditional capital for bonus entitlements	17 413	17	17 413
Issue of shares from conditional capital for entitlements related to Board of Directors' fees	2 673	3	2 673
December 31, 2018	**5 487 627**	**5 487**	**5 486 721**
Capital increase through conversions of hybrid convertible bond	960 971	961	960 971
Options exercised from hybrid warrant bond	12 776	13	12 776
Issue of shares from conditional capital for options exercised from option programs	112 000	112	112 000
Issue of shares from conditional capital for bonus entitlements	20 128	20	20 128
Issue of shares from conditional capital for entitlements related to Board of Directors' fees	7 972	8	7 972
Acquisition of treasury shares			-11 080
Disposal of treasury shares			11 000
December 31, 2019	**6 601 474**	**6 601**	**6 600 488**

7.2. Conditional capital

	2019		2018	
	Number of shares issued	Share capital in CHF thousands	Number of shares issued	Share capital in CHF thousands
Conditional capital at January 1	**2 655 761**	**2 656**	**2 221 089**	**2 221**
Increase by the Annual General Meeting	84 239	84	478 911	479
Conversions of hybrid convertible bond	-960 971	-961	-22 709	-23
Options exercised from hybrid warrant bond	-12 776	-13	-1 444	-1
Capital increase through the exercise of options from option programs	-112 000	-112	0	0
Settlement of bonus entitlements and Board of Directors' fees	-28 100	-28	-20 086	-20
Conditional capital at December 31	**1 626 153**	**1 626**	**2 655 761**	**2 656**

7.3. Hybrid capital

How we recognize the figures:

Hybrid capital comprises financing instruments with no repayment obligation. The obligation to pay interest arises for the hybrid warrant and hybrid convertible bond only if dividends are distributed to shareholders for the corresponding period. Interest payments are reported in equity as "distributions" to hybrid equity investors. Transaction costs are shown as a deduction for hybrid bonds. In the event of repayment or conversion, we reclassify the (pro rata) costs to retained earnings.

The option right is reported under "Other reserves." When the options are exercised, they are reclassified on a pro-rata basis to hybrid capital.

The mandatory convertible bond includes financial instruments with a fixed defined conversion date and price in registered shares of Peach. The interest to be paid is charged to the income statement.

in CHF thousands	Mandatory convertible bond	Hybrid warrant bond	Hybrid convertible bond	Hybrid bond	**Total hybrid capital**
Hybrid capital at January 1, 2018	**0**	**0**	**57 571**	**49 251**	**106 822**
Cash-effective increase	0	33 535	0	0	33 535
Offset against hybrid warrant bond	0	23 423	0	-23 423	0
Conversions	0	0	-670	0	-670
Exercise of options – option right reclassifications	0	8	0	0	8
Repayments	0	0	0	-26 577	-26 577
Transaction costs	0	-1 080	-39	0	-1 119
Reclassifications to retained earnings	0	0	93	749	842
Hybrid capital at December 31, 2018	**0**	**55 886**	**56 955**	**0**	**112 841**
Cash-effective increase	5 419	241	0	0	5 660
Conversions	0	0	-27 431	0	-27 431
Exercise of options – option right reclassifications	0	75	0	0	75
Transaction costs	-20	-76	0	0	-96
Reclassifications to retained earnings	0	0	647	0	647
Hybrid capital at December 31, 2019	**5 399**	**56 126**	**30 171**	**0**	**91 696**

7.3.1. Mandatory convertible bond

On October 14, 2019, we issued a subordinated mandatory convertible bond with the following key figures:

Volume: CHF 5 419 thousand
Interest rate: 2.50 % p.a., from October 14, 2019
Maturity: April 14, 2020
Conversion price: CHF 33.04
Convertible: April 14, 2020
ISIN: CH0504274447

- We offset transaction costs of CHF 20 thousand with the bond.
- We charged accumulated interest of CHF 29 thousand to the income statement.

7.3.2. Hybrid warrant bond

On June 22, 2018, we issued a perpetual, subordinated hybrid convertible bond with the following parameters:

Volume: CHF 50 000 thousand with the option of raising this to CHF 100 000 thousand
Interest rate: 1.75 % p.a., as of June 23, 2023, the capital market rate then prevailing + 9.25 % p.a.
Maturity: Unlimited; first callable by Peach on June 22, 2023
Option right: 4 option rights per bond of CHF 1 000.
One registered share may be acquired per option right at a subscription price of CHF 25.
Exercise period: From June 25, 2018, up to and including June 25, 2021
Listing: SIX Swiss Exchange Ltd.
Ticker/ISIN: PEA23/CH0417376024

- In the previous year, we placed and issued hybrid warrant bonds with a nominal value of CHF 58 321 thousand and an average issue price of 100 %. In the reporting year, we placed further bonds of CHF 247 thousand (incl. option right).
- We have recorded the option right in the other reserves and reclassify this to the hybrid warrant bond in the course of exercising.
- We made a voluntary interest payment of CHF 1 025 thousand in June 2019.
- On December 31, 2019, the accumulated and unrecognized coupon component amounted to CHF 535 thousand (previous year: CHF 533 thousand).
- 12 776 options were exercised in the financial year 2019 (previous year: 1 444 options).

7.3.3. Hybrid convertible bond

On October 4, 2017, we issued a perpetual, subordinated hybrid convertible bond with the following key figures:

Volume:	CHF 59 000 thousand
Interest rate:	3.00 % p.a., as of October 1, 2022, 3-month LIBOR + 9.25 % p.a.
Maturity:	unlimited; first callable by Peach on September 30, 2022
Conversion price:	CHF 29.50
Convertible:	From October 16, 2017, up to and including December 30, 2020 against registered shares with a par value of CHF 1.00 each
Listing:	SIX Swiss Exchange Ltd.
Ticker/ISIN:	PEA22 / CH0381952255

- The nominal value of the outstanding bonds totalled CHF 30 899 thousand (previous year: CHF 58 330 thousand).
- We made a voluntary interest payment of CHF 1 723 thousand in September 2019 (previous year: CHF 1 730 thousand).
- As of December 31, 2019, the cumulated and unrecognized coupon component amounted to CHF 232 thousand (previous year: CHF 437 thousand).

7.3.4. Hybrid bond

On December 16, 2015, we issued a perpetual, subordinated hybrid bond to refinance and strengthen our balance sheet structure:

Volume:	CHF 50 000 thousand
Interest rate:	5.00 % p.a., as of December 15, 2018, 3-month LIBOR + 9.25 % p.a.
Maturity:	unlimited; first callable by Peach on December 15, 2018

- In June 2018, part of the bond was offset against the newly issued hybrid warrant bond at an average price of 104.13 %. We charged the premium costs of CHF 969 thousand to retained earnings in the previous year.
- We made a voluntary interest payment of CHF 1 329 thousand in December 2018.
- On December 15, 2018, we exercised our call option and redeemed the bond in full.

7.4. Capital risk management

Due to the defensive nature of the real estate portfolio with a residential share of > 90 % and strong growth, we are aiming for an equity ratio of 30-40 % in order to strike the best possible balance between growth and security. We monitor this value closely, as the lower limit is also partly included as a condition in unsecured credit agreements.

in CHF thousands	31.12.2019	31.12.2018
Based on IFRS values		
Total equity	389 564	301 252
Total assets	1 206 377	820 565
Equity ratio IFRS	**32.29 %**	**36.71 %**
Target value according to Audit & Risk Committee investment guideline	30 %-40 %	30 %-40 %
Based on market values		
Market value adjustment		
Difference market values / book values development properties	14 881	16 244
Tax effect	-3 147	-3 436
Total market value adjustment	***11 734***	***12 809***
Equity at market values	401 298	314 061
Total assets at market values	1 218 110	833 374
Equity ratio	**32.94 %**	**37.69 %**
Target value according to Audit & Risk Committee investment guideline	30 %-40 %	30 %-40 %

8 Mortgages, financial liabilities & derivative financial instruments

How we calculate the figures:

We report financial liabilities, mortgages and building loans at amortized cost. Fees for the establishment of credit lines are, in the case of loans for investment properties, recognized as a deduction from the loan and amortized over the term of the loan using the effective interest rate method. We record effective interest components (paid interest, disagio) in interest expenses; we charge financing costs to the remaining financial expenses. Building loans for development projects are reported as current liabilities with matching maturities.

Derivatives are measured at fair value through profit or loss.

We designate derivative financial instruments as hedges against fluctuating cash flows (cash flow hedges). These are hedges of variable interest rates on financing for investment properties. We recognize the spread from variable-interest loans hedged with interest rate swaps in the income statement under financial expenses.

We calculated the lease liabilities of the leasehold agreements by discounting the accumulated leasehold payments using the long-term interest rate for mortgage-backed financing in Germany.

We value other lease liabilities using the average corporate interest rate of the respective company.

in CHF thousands	31.12.2019	31.12.2018
Amounts due to banks	0	1
Mortgages and building loans	376 912	393 059
Financial liabilities due to third parties	73 070	64 738
Bond	263 959	0
Financial liabilities due to related parties	515	449
Derivative financial instruments	11 160	4 662
Lease liabilities	15 698	0
Total financial liabilities	**741 315**	**462 909**
of which current financial liabilities excluding lease liabilities	37 358	38 507
of which non-current financial liabilities excluding lease liabilities	688 259	424 402
of which current lease liabilities	511	0
of which non-current lease liabilities	15 187	0

8.1. EUR bond

On November 15, 2019, we issued a bond with the following key figures:

Volume:	EUR 250 000 thousand
Issue price	99.238 %
Interest rate:	3.50 % p.a.
Interest payment:	semi-annually on May 15 and November 15
Maturity:	November 15, 2019 through February 15, 2023, buy-back opportunity from November 15, 2020 at 100 % plus accrued interest
Listing:	The International Stock Exchange (Official List)
ISIN:	XS2010038060 (Reg. S) / XS20110038656 (144A)

- The total costs for issuance of the bond amounted to CHF 6 850 thousand.
- We record the value of the below-par issue as interest expenses over the term of the bond.

8.2. Lease liabilities

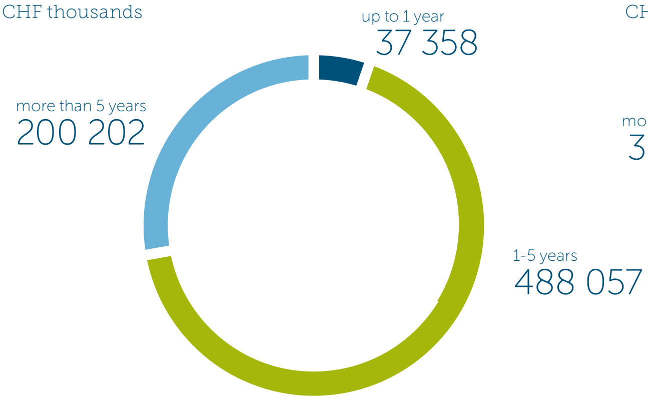
- The lease liabilities for leasehold agreements amount to CHF 14 345 thousand as at the balance date (opening value: CHF 14 760 thousand). With the first-time application and for the lease agreements purchased as at January 1, 2019, we used the average interest rate of the German mortgage-backed financing of 2.5 %.
- The lease liabilities for leasehold agreements amount to CHF 1 353 thousand as at the balance sheet date (opening value: CHF 1 248 thousand). The average interest rate amounted to 3.2 % at the balance sheet date.

8.3. Maturity structure

Maturities of financial liabilities 2019

(without lease liabilities)

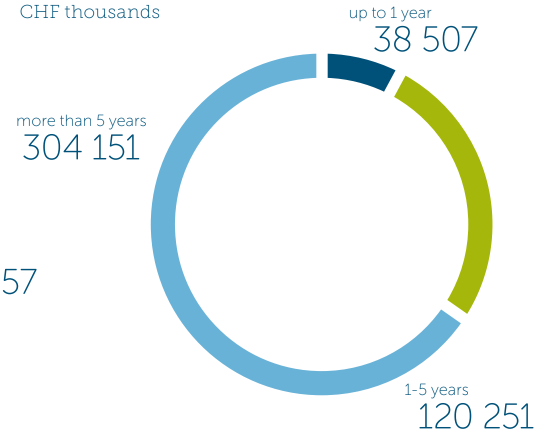
CHF thousands



Maturities of financial liabilities 2018

(without lease liabilities)

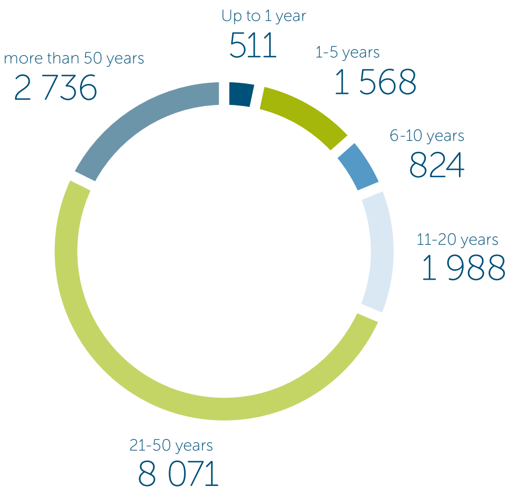
CHF thousands



- By analogy with the investment horizon, 94.9 % of all financial liabilities were non-current in nature at the end of 2019 (previous year: 91.7 %). We aim for a minimum average term of 4 years.
- The average residual term is 4.2 years (previous year: 6.2 years) at the balance sheet date. The decrease in comparison with the previous year is primarily the result of the EUR bond issued in the reporting year.
- The mortgages have an average term of 5.6 years (previous year: 6.7 years).

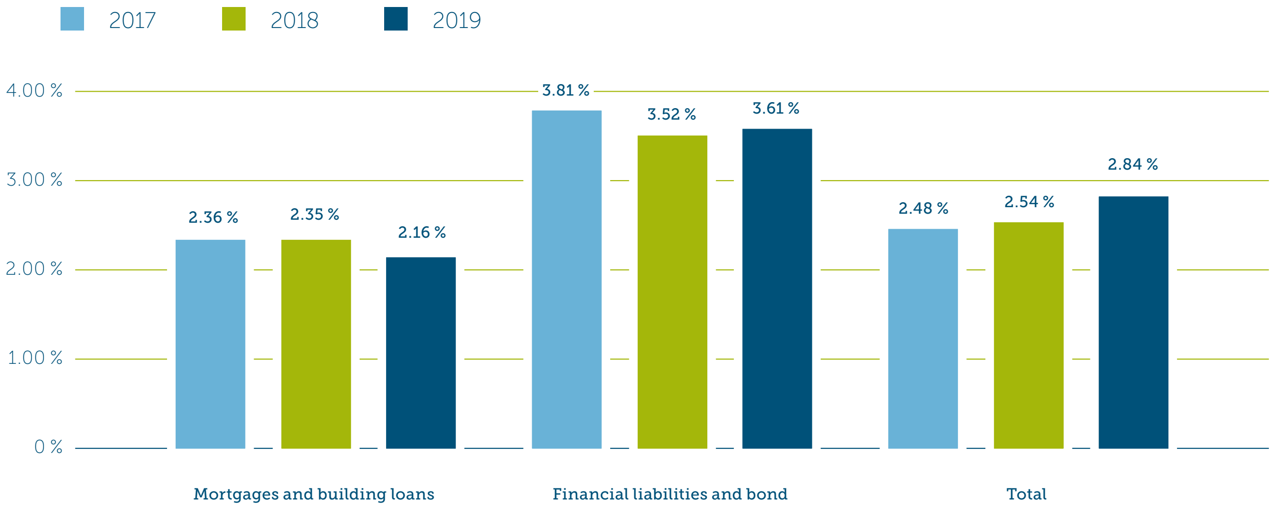
Maturities for financial liabilities 2019

CHF thousands



- The average residual term is 65 years for leasehold agreements and 3.5 years for other leases at the balance sheet date.

8.4. Average interest rate (without lease liabilities)



8.5. Changes in financial liabilities

in CHF thousands			2019			2018
	Current financial liabilities	Non-current financial liabilities	Total	Current financial liabilities	Non-current financial liabilities	Total
Financial liabilities at December 31	38 507	424 402	462 909	69 735	239 001	308 736
IFRS 16 Adjustment - lease liabilities	452	15 554	16 006	0	0	0
Financial liabilities at January 1	**38 959**	**439 956**	**478 915**	**69 735**	**239 001**	**308 736**
Cash-effective additions and disposals	-28 492	292 928	264 436	-56 509	219 437	162 928
Change in scope of consolidation – non-cash	8 371	5 289	13 660	0	0	0
Additions lease liabilities – non-cash	81	379	460	0	0	0
Amortization of lease liabilities	-456	0	-456	0	0	0
Adjustment of lease liabilities	0	125	125	0	0	0
Reclassification between non-current/current	21 047	-21 047	0	25 220	-25 220	0
Deferred interest and financing costs	-613	1 018	405	1 024	324	1 348
Fair value adjustment of derivatives	0	6 499	6 499	0	3 659	3 659
Foreign currency translation	-1 028	-21 768	-22 796	-961	-12 841	-13 802
Other non-cash movements	0	67	67	-2	42	40
Financial liabilities at December 31	**37 869**	**703 446**	**741 315**	**38 507**	**424 402**	**462 909**

8.6. Derivative financial instruments

in CHF thousands	**2019**	2018
Carrying amount of hedges – liabilities	11 160	4 662
Nominal value of hedges	250 676	246 072
Term	2024 - 2028	2024 - 2026
Hedge ratio	1:1	1:1
Change in carrying amount recognized through comprehensive income (hedge accounting) – swaps	-6 793	-3 877
Change in carrying amount recognized through the income statement for the period – cap	-41	-35
Effectiveness (swaps)	100 %	100 %
Rate of return on underlying	3-month Euribor	3-month Euribor
Rate of return on hedge	0.05 % - 1.04 %	0.40 % - 1.04 %
Hedge ratio of variable-interest financing at year-end	97 %	97 %

› Derivative financial instruments consist exclusively of interest rate hedges for investment property financing entered into in accordance with our risk management strategy (see Note 11).

› As in the previous year, we did not reclassify any reserves from other comprehensive income to the income statement for the period.

9 Assets pledged as collateral for own commitments

in CHF thousands	**31.12.2019**	31.12.2018
Cash and cash equivalents	1 208	2 220
Development properties	16 569	16 665
Investment properties	371 033	387 156

› The figures shown above indicate the effective charge on the assets pledged for mortgages and building loans. The book value of the assets effectively pledged amounts to CHF 750 484 thousand (previous year: CHF 719 092 thousand).

10 Financial result

in CHF thousands	2019	2018
Financial expenses		
Interest expenses – third parties	-12 229	-8 837
Interest expenses – related parties	-13	0
Loss from changes in the fair value of financial instruments	-41	-35
Impairment of financial receivables	0	-145
Interest expenses related to lease liabilities	-379	0
Adjustment of lease liabilities	-125	0
Foreign exchange losses	-5 945	-4 607
Other financial expenses	-1 535	-1 162
Total financial expenses	**-20 267**	**-14 786**
Financial income		
Interest income – third parties	44	18
Interest income – associates and joint ventures	0	348
Interest income – related parties	0	18
Foreign exchange gains	70	127
Other financial income	1	0
Total financial income	**115**	**511**

- The increase in interest expenses is largely attributable to financing for the newly acquired portfolios concluded during the reporting year and over the course of the previous year, the bond issued in mid-November as well as the increase and full-year effect of the syndicated loan.
- In the previous year, the impairment related to the financial receivable from the associated company Beach House AG. See Note 19 for more details.
- The negative currency effects amount to CHF 5 875 thousand compared to CHF 4 480 thousand in the previous year. The negative earnings contribution resulted from the decline of the EUR against the CHF in the last months of 2019.
- We designated Group loans in the amount of EUR 104 000 thousand (previous year: EUR 104 000 thousand) as net investments in a foreign business operation. The negative foreign currency effects recognized in the statement of comprehensive income amounted to CHF 4 259 thousand (previous year: negative currency effects of CHF 3 444 thousand).

11 Financial risk management

11.1. Financial risk factors

Our activities expose us to a variety of financial risks.

Our Group's Audit and Risk Committee and the Board of Directors monitor the principles of risk management and compliance with them. Our risk management focuses on the identification, description, management, monitoring and control of default, interest rate, foreign exchange and liquidity risks.

Identified risks	Risk	Risk management
Foreign exchange risk	Fluctuations in the CHF/EUR exchange rate lead to: › Transaction and valuation risks, mainly related to Group loans granted in EUR. › Translation risks of companies with EUR as their functional currency.	› Denomination of revenue in the same currency in which the costs are incurred and denomination of financing in the currency of the asset ("natural hedging"). › Designation of individual long-term Group loans as a net investment in a business operation in order to minimize fluctuations in the income statement for the period. › Foreign exchange risks are not hedged by derivative instruments.
Interest rate risk	› Rising interest rates make financing for investment and development properties more expensive.	On the basis of our risk management strategy, we generally finance investment properties at fixed interest rates for 7-10 years by › Concluding long-term fixed-rate financing and monitoring of average maturities. › Hedging variable-rate mortgages and building loans by means of interest rate swaps or collars. › We refrain from speculative trading in derivative financial instruments. › Loans from and to associates, joint ventures and related parties have fixed interest rates.
Credit risk	› Default risk on rent and trade receivables, financial receivables and cash and cash equivalents.	› Obtaining creditworthiness information (e.g. SCHUFA, debt collection register extracts and information on income) for new rentals. › Timely management of outstanding amounts with these generally passed on to a lawyer or debt collection agency after the second reminder. › Payment guarantees from banks for the sale of condominiums; units are generally only transferred after full payment has been rendered or the purchase price has been deposited on a notary escrow account. › Bank balances invested with good to top-rated counterparties (banking institutions with ratings of BBB+ to AAA). › Financial receivables: Continuous monitoring of recoverability. Impairments are made in line with the expected losses. › Details on losses on receivables are given in the disclosures for the respective balance sheet items.
Liquidity risk	› Insufficient cash and cash equivalents to service and repay liabilities. › Lines of credit insufficient for financing further growth.	› Short- and medium-term rolling planning of cash and cash equivalents at Group level. › Availability of sufficient liquid funds. › Ongoing monitoring of amortization, reporting and repayment obligations at Group level. › Early involvement of financing institutions in the new property acquisition process. › Securing credit lines at Group level.

11.1.1. Foreign exchange risks

in CHF thousands	31.12.2019	31.12.2018
Group-wide financial receivables with CHF/EUR risk	323 944	219 197
Group-wide financial liabilities with CHF/EUR risk	2 342	2 176
Net risk exposure	**321 602**	**217 021**
Impact of a 10% strengthening of the EUR (positive)/10% weakening of the EUR (negative)		
Income statement for the period	20 872	9 988
Comprehensive statement of income	11 288	11 714
Effect on total equity	**32 160**	**21 702**

11.1.2. Interest rate risk

We have concluded both fixed-rate and variable-rate financing. We generally use interest rate swaps or collars with fixed rates to hedge variable-rate financing for a period of 7 to 10 years:

in CHF thousands	31.12.2019	31.12.2018
Fixed-rate financial liabilities	457 239	202 279
Unhedged variable-rate financial liabilities	7 384	7 924
Hedged variable-rate financial liabilities, without hedge accounting	5 268	5 575
Hedged variable-rate financial liabilities, with hedge accounting	244 050	242 020
Non-interest-bearing financial liabilities	516	449
Financial liabilities and mortgages	**714 457**	**458 247**

Interest rate sensitivities:

- We do not recognize any fixed-rate financial liabilities at fair value, so that a change in the interest rate environment does not affect the statement of comprehensive income.
- We use hedge accounting for all derivative financial instruments, with the exception of a collar for CHF 5 268 thousand (previous year: CHF 5 575 thousand). The impact of market value adjustments on the income statement for the period is accordingly not material.
- All calculations are based on the carrying amounts of the financial instruments on the balance sheet date.

in CHF thousands	31.12.2019	31.12.2018
Change in interest rate	+ / - 0.5 %	+ / - 0.5 %
Impact on interest expenses	**37**	**40**

Interest payments (pure interest charge without reversing transaction costs) for financial liabilities (including hedges) break down as follows:

in CHF thousands	31.12.2019	31.12.2018
Financial liabilities up to and including 1.00 %	24 326	24 450
Financial liabilities up to and including 2.00 %	158 522	154 683
Financial liabilities up to and including 3.00 %	193 786	204 823
Financial liabilities up to and including 4.00 %	337 823	70 938
Financial liabilities up to and including 5.00 %	0	3 353
Total interest-bearing financial liabilities	**714 457**	**458 247**

› As of December 31, 2019, there were financial liabilities of CHF 516 thousand towards related parties (previous year: CHF 449 thousand). These are the non-controlling interests for the GmbH & Co. KGs, which do not qualify as equity due to the termination options of the minority shareholder and the associated potential severance pay entitlements. These liabilities are not interest-bearing.

Interest coverate ratio:

To ensure that liabilities can always be serviced, even with rising interest rates, we strive to maintain an interest coverage ratio of at least 1.5. With the exclusion of proceeds and expenses that do not impact liquidity, the corresponding ratios are as follows:

in CHF thousands	2019	2018
Operating result (EBIT)	129 827	71 150
Depreciation and amortization	566	197
Valuation result of investment properties	-113 424	-55 047
Reversal of impairment loss on development properties	-2 456	0
Share-based payment compensation	1 940	1 626
Other non-cash personnel expenses	1 061	355
Adjusted operating result	**17 514**	**18 281**
Interest expense	12 242	9 078
Interest coverage ratio	**1.43**	**2.01**

› We fell slightly short of this during the reporting year due to the time mismatch between the issue of the EUR bond (November 15, 2019) and the completion of the purchase of the 3 672 residential units (December 31, 2019).

› Excluding the interest expense for the 45 days mismatch of TCHF 1 304 the interest coverage ratio was at the end 2019 1.6.

11.1.3. Liquidity risk

The following table shows the undiscounted contractual maturity dates of our financial liabilities and accrued expenses:

in CHF thousands	0 - 3 months	4 - 6 months	7 - 12 months	1 - 5 years	> 5 years	Total
December 31, 2019						
Liabilities [1]	7 592	429	474	0	0	**8 495**
Accrued expenses [2]	8 229	2 126	675	0	0	**11 030**
Financial liabilities	21 523	19 975	13 532	539 087	200 471	**794 588**
December 31, 2018						
Liabilities [1]	4 535	157	479	0	0	**5 171**
Accrued expenses [2]	8 429	1 623	576	0	0	**10 628**
Financial liabilities	23 134	5 092	20 646	155 179	315 706	**519 757**

1 Excluding advance payments.
2 Items not impacting liquidity in the amount of CHF 1 061 thousand are not included (previous year: CHF 355 thousand).

- The table above is based on the terms contractually agreed with the lending banks; implicit agreements regarding extensions are in place in some cases but are not taken into account here.
- Financial liabilities due within 0-3 months mainly consist of a mortgage financing agreement in the amount of CHF 7 384 thousand as well as interest and amortization payments. In the previous year, these were mainly interest and amortization payments as well as a mortgage financing agreement of CHF 7 261 thousand, which has been extended in January 2019.
- The "1-5 years" category includes a syndicated loan of CHF 65 123 thousand (previous year: CHF 55 747 thousand) and the EUR bond of CHF 271 344 thousand.
- There are lending arrangement clauses for certain financing arrangements, in particular for syndicated loans. We complied with these clauses in the reporting as well as in the previous year.
- To ensure that the financial liabilities are always sufficiently secured, even with potentially falling values of our real estate portfolio, we strive for a maximum Loan to Value (LTV) of 60 % and a maximum secured LTV of 40 %. In the mid-term, the total LTV should fall to 55 %.
- For the last two years, the corresponding ratios were:

in CHF thousands	**2019**	2018
Total market value of real estate portfolio (investments and development properties) incl. advance payments for investment properties [1]	1 120 493	740 406
Total net financial liabilities without lease liabilities and market value of derivative financial instruments [2]	668 209	404 764
Loan to Value	**59.6 %**	**54.7 %**
Total market value of real estate portfolio (investments and development properties without right-of-use assets) incl. advance payments for investment properties [1]	1 120 493	740 406
Total net financial liabilities secured by mortgages [2]	330 664	339 575
Secured Loan to Value	**29.5 %**	**45.9 %**

1 Market value for development properties as per Note 7.4.
2 Less cash and cash equivalents.

11.2. Determination of fair value

We determine the fair value of financial instruments traded on active markets based on the closing price at the balance sheet date.

For financial instruments that are not traded on active markets, we determine fair value using other appropriate valuation methods, which may include current transactions of similar financial instruments, quoted market prices for similar financial instruments or DCF calculations.

The only financial instruments held at fair value relate to derivative financial instruments used to hedge interest rate risks. The market values are based on the current yield curves of the forward interest rates and correspond to the bank valuations available at the balance sheet date.

Valuations of financial instruments are shown according to the following hierarchy:

(1) market prices quoted in active markets for identical assets or liabilities (Level 1);
(2) information that does not correspond to Level 1 information, but is directly or indirectly observable on the market (Level 2);
(3) information that cannot be observed on the market (Level 3).

11.2.1. Financial instruments at fair value

The following table shows the financial assets and liabilities measured at fair value at December 31:

in CHF thousands	**31.12.2019**	31.12.2018
	Level 2	**Level 2**
Liabilities		
– Derivatives held for trading purposes	76	37
– Derivatives held as hedging instruments	11 084	4 625

11.2.2. Financial instruments measured at amortized cost and their market values

We hold financial instruments that are not measured at fair value. For the majority of these instruments, the fair values do not differ materially from the carrying amounts, as the interest receivable/payable is either largely equivalent to the market values or they are short-term instruments.

We determine the market values of non-current, fixed-rate financial liabilities (mortgages, loans) by discounting future cash flows at the current interest rate available for similar instruments.

Unrecognized differences were identified for the following instruments as of December 31:

in CHF thousands	31.12.2019		31.12.2018	
	Market value	Carrying amount	Market value	Carrying amount
Non-current financial liabilities measured at amortized cost				
Non-current mortgages	347 306	348 554	363 179	363 545
Non-current financial liabilities excluding lease liabilities	330 272	328 545	55 610	56 195
Non-current lease liabilities	15 971	15 187	0	0
Total	693 549	692 286	418 789	419 740

- There are no differences between the market value and the carrying amount of non-current financial receivables.
- All financial instruments are assigned to Level 2.
- There were no transfers between the individual levels in either the reporting year or the previous year.
- There were no netting agreements to be reported at December 31, 2019, as in the previous year.

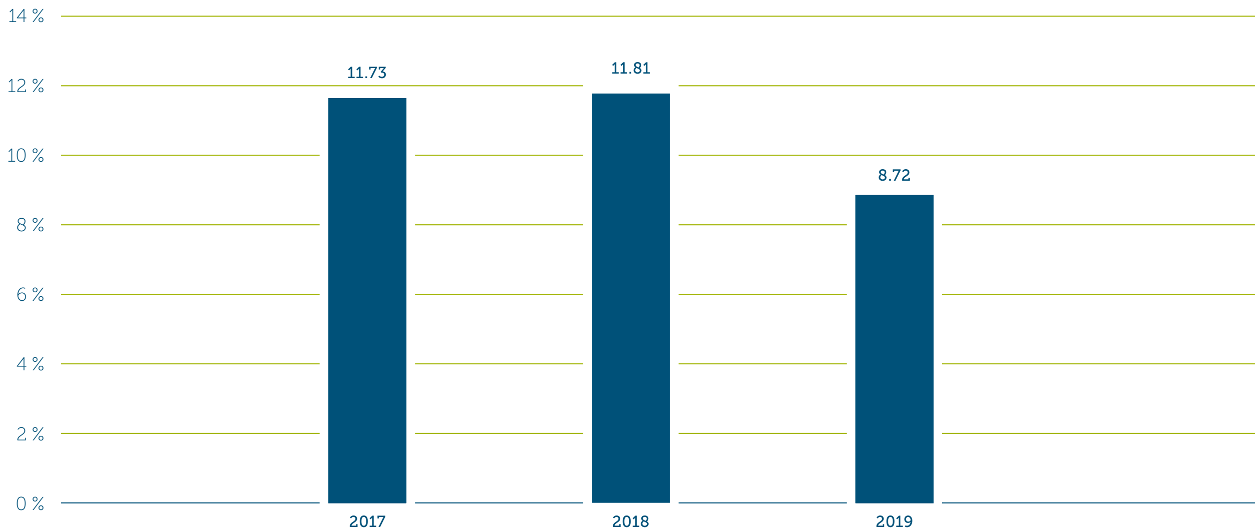
Platform costs

12 Personnel expenses

How we calculate the figures:

Personnel expenses comprise all costs incurred, including social insurance and pension costs. Share-based compensation is recognized over the vesting period. We capitalize our own services for properties under development as production costs based on hourly reports and current hourly rates.

Personnel expenses as a % of the operating result



in CHF thousands	2019	2018
Salaries	-7 742	-5 435
Social insurance cost	-1 331	-824
Employee benefits – defined benefit plan	-99	-109
Employee benefits – defined contribution plan	-180	-200
Share-based compensation	-1 940	-1 626
Other personnel expenses	-544	-461
Capitalized own services	514	252
Total personnel expenses	**-11 322**	**-8 403**
Number of employees at December 31	78	51

- During the reporting year, we largely completed the integration of real estate management and opened three further "Peach Points" for local support for our properties. The insourcing and further growth are also reflected in the increasing number of employees and the salaries.
- Share-based compensation increased during the reporting period due to the issue of an additional employee stock option plan. The actual payment is dependent on the development of our Group and the share price and can also be zero.

13 Employee benefit obligations

How we calculate the figures:

We have both defined benefit and defined contribution plans.

All employees in Germany are covered by a state-run defined contribution plan. The German Group companies do not offer any occupational pension plan. The employer's contributions are paid into the statutory pension scheme. Employees have no direct entitlements from the employer.

Employees in Switzerland are affiliated with a collective foundation for the mandatory portion of pension provision up to an insured salary of CHF 147 thousand. This plan is accounted for as a defined benefit plan in accordance with IAS 19. The non-mandatory portion of pension provision on insured salary exceeding CHF 147 thousand is insured by a collective foundation for non-mandatory occupational benefits. This plan is not accounted for as a defined benefit plan, since an actuarial valuation in accordance with IAS 19 would not lead to any significant adjustments due to the risk structure (investment risk fully borne by the employee, longevity risk mainly borne by the foundation, no contractual or factual additional funding obligations). The materiality of unrecognized effects is reviewed periodically.

Key assumptions and estimates:

We are exposed to a number of potential risks related to the defined benefit plan in Switzerland due to post-employment benefits:

Discount rate
The actuarial calculation uses a discount rate based on the interest rate on corporate bonds with good credit ratings. A change in the discount rate has a direct impact on the total assets and the employee benefit obligations.

Inflation risk
Pension benefits are linked to inflation, and higher inflation will lead to higher liabilities. In Switzerland, the inflation rate only deviates from the long-term average to a small degree. Furthermore, there is either little correlation between major asset classes and fluctuations in inflation rates (stocks) or no correlation (fixed-rate bonds), so that an increase in inflation will not lead to major fluctuations.

Life expectancy
The plan includes the obligation to pay the benefits for the remainder of the member's life, meaning that an increase in life expectancy results in an increase in the plan's liabilities.

The pension liabilities shown in the balance sheet are measured as follows:

in CHF thousands	31.12.2019	31.12.2018
Fair value of plan assets	2 953	2 712
Present value of employee benefit obligations	4 227	3 616
Funded status	**-1 274**	**-904**

Movement in the employee benefit obligations:

in CHF thousands	2019	2018
Present value of the obligation at January 1	**-3 616**	**-3 682**
Current service cost	-99	-110
Interest expense	-33	-25
Past service cost from changes in the plan and settlements	0	0
Total pension benefits	**-132**	**-135**
Actuarial gains and losses due to changes in financial assumptions	-364	111
Experience-based adjustments	-69	-178
Total revaluations	**-433**	**-67**
Employer contributions	-77	-73
Paid out benefits	31	341
Present value of the obligation as of December 31	**-4 227**	**-3 616**

in CHF thousands	2019	2018
Fair value of plan assets as of January 1	**2 712**	**2 726**
Interest income	25	18
Return on plan assets (less interest income)	93	163
Employee contributions	77	73
Employer contributions	77	73
Paid out benefits	-31	-341
Fair value of plan assets as of December 31	**2 953**	**2 712**

We have made the following actuarial assumptions:

Actuarial assumptions	2019	2018
Discount rate	0.30 %	0.90 %
Inflation	1.00 %	1.00 %
Expected salary increases	1.50 %	1.50 %
Expected increase in pension benefits	0.00 %	0.00 %
Life expectancy in years at retirement (man/woman) - BVG 2015 (GT)	23.7/26.8	23.6/26.6

› For 2020, we expect contributions of CHF 122 thousand (previous year: CHF 99 thousand).

The sensitivity of employee benefit obligations to changes in the weighted main assumptions is as follows:

in CHF thousands		31.12.2019		31.12.2018	
		Impact on obligation		Impact on obligation	
	Change Assumption	Increase Assumption	Decrease Assumption	Increase Assumption	Decrease Assumption
Discount rate	0.50 %	0.80 %	-0.20 %	1.40 %	0.40 %
Effect on the employee benefit obligations		-307	410	-253	288
Effect on service cost		-16	23	-14	16
Salary increases	0.50 %	2.00 %	1.00 %	2.00 %	1.00 %
Effect on the employee benefit obligations		54	-51	43	-40
Effect on service cost		5	-5	4	-4
Mortality	1 Jahr				
Effect on the employee benefit obligations		105	-105	80	-81
Effect on service cost		3	-3	3	-3

The sensitivity analysis is based on the assumption that one component changes while all others remain constant. Sensitivities were calculated using the same method that was used to determine the employee benefit obligations in the balance sheet. We have not made any changes to the methods and types of assumptions used in the previous year.

The plan assets break down as follows:

Asset allocation in %	31.12.2019		31.12.2018	
(Quote prices in active markets)	in CHF thousands	in %	in CHF thousands	in %
Cash and cash equivalents	21	1	33	1
Equities	1 314	44	808	30
Bonds	918	31	1 207	45
Real estate	558	19	515	19
Other	142	5	149	5
Total	**2 953**	**100**	**2 712**	**100**

- The plan assets do not include any financial instruments or real estate belonging to the Group. Assets and liabilities are managed at the pension plan level in accordance with Swiss BVG law.
- The weighted average duration of defined benefit plans is 21.7 years (previous year: 21.2 years).

14 Option programs

How we calculate the figures:

The following employee participation plans exist:

- Plans 2017, 2018, and 2019, which were designed to attract and retain selected members of the Board of Directors, Executive Management and senior management.
- Plan 2014, which was used to grant stock to three members of the Executive Committee in order to satisfy employment contract entitlements.
- Plan 2016 was exercised after the Annual General Meeting in the reporting year.

The plans constitute additional compensation in the form of stock granted at reduced prices. All plans are equity settled.

Costs incurred in connection with the option plans are recognized through profit or loss over the vesting period under personnel expenses with a contra entry in equity. The vesting period is the period during which an unrestricted right is acquired to the options granted. The value of the stock options equals the fair value of the option on the date of granting. Vesting conditions that do not depend on the market value are included in the assumption about the number of options that are expected to vest. The assumptions are reviewed at the end of each period and an adjustment is recognized through profit or loss if necessary. Conditions that depend on a market value are factored into the fair value on the issue date.

When the options are exercised, the Company issues new shares or transfers treasury shares. The proceeds received from the issue of shares net of any directly attributable transaction costs are credited to share capital (nominal value) and capital reserves (share premium) when the options are exercised.

The social insurance contributions that become due in connection with the granting of options are treated as part of the grants, and the expense is recorded as cash-settled compensation transactions.

14.1. Plans 2019, 2018, 2017 and 2016

- In the reporting period and the previous period (Plans 2019 or Plan 2018 and Plan 2017), the Board of Directors approved new performance stock unit plans for share-based compensation. Decisions regarding the granting of stock are made by the Board of Directors. Cumulated maximum rights to stock shall not exceed 3 % of the Company's total issued capital stock as measured based on the respective holdings at any one time.
- Under the PSU programs, entitlements are granted to program participants in the form of PSUs (performance stock units), which represent an entitlement of up to two shares per PSU, depending on the level of target achievement over the performance period (share price and cumulated Group earnings over 3 years in equal parts), provided the beneficiary is still employed by us at the time of vesting at the end of the performance period (Annual General Meeting for last year of the performance period). We have no legal or constructive obligation whatsoever to repurchase or settle the entitlements in cash.
- The shares are allocated no later than six months after vesting without any further action on the part of the beneficiaries.
- With the approval of the 2018 financial statements by the Annual General Meeting, the vesting took place and closed the period for Plan 2016. All PSUs were exercised with a factor of 2.

The fair value was calculated using a Monte Carlo model for the sub-target "market capitalization." The following material calculation parameters were used:

	Plan 2019	Plan 2018	Plan 2017	Plan 2016
Issue date	10.05.2019	31.08.2018	16.05.2018	12.05.2017
Measurement years for accumulated group result	2019-2021	2018-2020	2017-2019	2016-2018
End of performance period	2022 AGM	2021 AGM	2020 AGM	2019 AGM
Effective date share price	04.02.2022	04.02.2021	05.02.2020	n.a.
Effective date market capitalization	n.a.	n.a.	n.a.	31.01.2019
End of blocking period	2022 AGM	2021 AGM	2020 AGM	2019 AGM
Accumulated Group result before tax	n.a.	Approved long-term plan	Approved long-term plan	Approved long-term plan
Accumulated Group result after taxes	Approved long-term plan	n.a.	n.a.	n.a.
Number of stocks at the time of issue	n.a.	n.a.	n.a.	5 414 477
Share price when issued in CHF	29.60	33.50	29.90	22.30
Risk-free interest rate	-0.57 %	-0.41 %	-0.40 %	-0.60 %
Volatility	25.04 %	24.42 %	24.68 %	24.75 %
Market value of PSUs on date of issue in CHF	20.98	32.37	32.05	23.69

14.2. Plan 2014

The allocation was made free of charge and entitles the beneficiaries to acquire a registered share of Peach Property Group AG upon payment of the exercise price of CHF 11.00 per option. The options can be exercised after the vesting periods have expired, provided that the beneficiaries are still working for the Group on the exercise date. No performance conditions or objectives were agreed.

The options expire 11 years after the grant date (i.e. in 2025) or 30 days after termination of the contract. We have no legal or constructive obligation whatsoever to repurchase or settle the options in cash.

Outstanding and exercisable options of Plans 2014-2019

	Plan 2019	Plan 2018	Plan 2017	Plan 2016	Plan 2014
Outstanding options/PSUs on January 1, 2018	**0**	**0**	**0**	**56 000**	**40 000**
Exercisable options/PSUs on January 1, 2018	**0**	**0**	**0**	**0**	**40 000**
Options allocated	0	37 500	37 500	0	0
Options forfeited	0	-1 000	-2 000	0	0
Outstanding options/PSUs on December 31, 2018	**0**	**36 500**	**35 500**	**56 000**	**40 000**
Exercisable options/PSUs on December 31, 2018	**0**	**0**	**0**	**0**	**40 000**
Options allocated	41 500	0	0	0	0
Options exercised	0	0	0	-56 000	0
Options forfeited	0	0	0	0	0
Outstanding options/PSUs on December 31, 2019	**41 500**	**36 500**	**35 500**	**0**	**40 000**
Exercisable options/PSUs on December 31, 2019	**0**	**0**	**0**	**0**	**40 000**

› We charged CHF 1 940 thousand (excluding social insurance benefits) to the income statement for Plans 2016-2019 during the reporting period (previous year: CHF 1 626 thousand).

15 Compensation of members of the Board of Directors and Executive Management

15.1. Management fees and salaries of members of the Board of Directors and the Executive Management

in CHF thousands			2019			2018
	Board of Directors	Executive Management	Total	Board of Directors	Executive Management	Total
Fixed remuneration, cash	250	880	1 130	215	880	1 095
Variable remuneration, cash	0	763	763	0	418	418
Fixed remuneration, stock	263	0	263	247	0	247
Variable remuneration, stock	0	391	391	0	286	286
Options	430	759	1 189	330	695	1 025
Social insurance and fringe benefits	43	473	516	44	382	426
Total	**986**	**3 266**	**4 252**	**836**	**2 661**	**3 497**

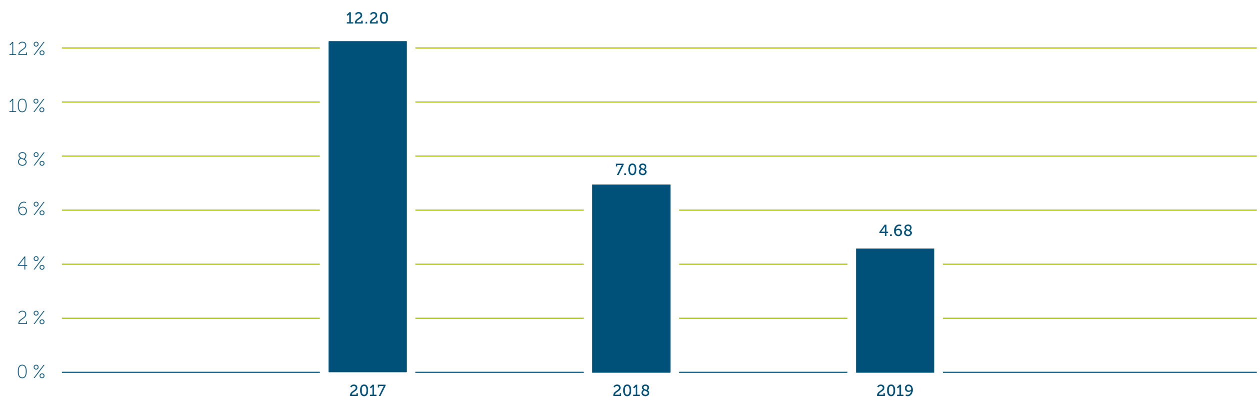
15.2. Shares and options held

			31.12.2019			31.12.2018
	Board of Directors	Executive Management	Total	Board of Directors	Executive Management	Total
Number of shares	172 140	808 264	980 404	135 168	836 898	972 066
Number of options	26 000	83 500	109 500	28 000	94 000	122 000

- Senior office staff act as managing directors in some of the property companies. However, these individuals are not members of the Group's executive management. Members of the Boards of Directors of subsidiaries do not receive any remuneration for their activities.
- There are no post-employment benefit obligations to (former) members of the Board of Directors or Executive Management, nor are there any obligations to them in the event of termination of employment.
- We have not granted any loans to members of the Board of Directors or Executive Management.
- In the previous year, we paid Dr Christian De Prati an arrangement fee of CHF 62 thousand for outlays in connection with bond placements, which is customary on the market. No such compensation arose in the reporting year.

16 Other operating expenses

Other operating expenses as a % of the operating result



in CHF thousands	2019	2018
Fees and legal expenses, third parties	-1 946	-1 380
Fees and legal expenses, related parties	-517	-448
Capital taxes, input tax deductions and other taxes	-542	-703
IT expenses	-712	-408
Travel and representation expenses	-247	-224
Occupancy costs, third parties	-51	-313
Occupancy costs, related parties	-138	-188
Vehicles	-216	-156
Property operating expenses (intermediate use)	-173	-183
Other operating expenses	-1 537	-1 037
Total other operating expenses	**-6 079**	**-5 040**

- Other operating expenses increased during the reporting year in conjunction with the growth of the Group and the further insourcing of the property administration and the associated increase in personnel. Compared to the growth of rental income of around 31 %, the increase of 21 % was clearly less than proportional.
- The increase in fees and third-party legal expenses is primarily due to the reorganization of the corporate structure and the tax audit of various German Group companies.
- As in the previous year, the fees and legal expenses, related parties for the reporting year also include the fees for the Board of Directors.
- Until September of the reporting year, our property accounting was located in offices rented from the minority shareholder of Peach Cenda Hausverwaltungen GmbH at standard market conditions.
- For the newly concluded rental agreement in Berlin and the rental agreements existing in the previous year, we applied the new lease accounting guidelines starting January 2019. Occupancy costs, third parties include short-term rental agreements for parking spaces and storage facilities that can be terminated at short notice.

17 Taxes

How we calculate the figures:

Income taxes include current and deferred income taxes. Income taxes are recorded in the income statement, except for income tax on transactions directly recorded in other comprehensive income or directly in equity.

The current income tax charge is calculated as the expected income tax due on the relevant taxable income. The calculation is based on the tax rates applying or announced at the balance sheet date.

Measurement of deferred income tax takes into account the expected timing, nature and manner of realization or repayment of the corresponding assets and liabilities. The tax rates applied are those prevailing or announced at the reporting date. Deferred income tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Key assumptions and estimates:

Income tax

In 2017, we filed an appeal before the Tax Appeal Court against the assessment of property gains taxes stemming from the sale of the "Gretag Areal" in 2016. Following an initial assessment, the court presented a settlement proposal on December 5, 2018, which was accepted by both the municipality of Regensdorf and us. This resulted in CHF 3 997 thousand in additional taxes for Gretag AG, which we recognized in profit or loss in the previous year. In the reporting year, we received the final assessments for the years 2013-2016 for municipalities, canton and federal government so that these assessment periods covering the purchase and sale of the project are now closed.

Corresponding collateral was provided for property gains taxes incurred in connection with the sale of the condominium units of the "Wollerau Park" project. The final assessment is still pending, since the general contractor's construction final statement is still outstanding. It is possible that the final assessment could differ from the amounts taken into account in the reporting year (expected credit of CHF 2 659 thousand).

Deferred taxes

There are material deferred tax assets from tax losses for the service and investment companies. Deferred tax assets from accumulated losses brought forward are recognized if we expect future earnings in the respective companies. In the case of development companies in particular, if the sale of the current property does not result in the use of all the existing losses brought forward, we analyse whether a new property from the acquisition pipeline should be sold into the company in question. If so, we capitalize losses carried forward within the scope of the expected profit or in the amount of the temporary.

Gains from the sale of real estate are subject to real estate gains tax in various cantons in Switzerland. The amount of this tax expense is significantly affected by the length of time the property was held. We estimate the holding period for each investment property as well as the applicable tax rate in the event of a sale and then calculate the deferred taxes on this basis. If the effective holding period differs from the estimated period, the tax burden in the event of the sale of a property may differ significantly from the deferred taxes recorded.

Reorganization of corporate structure

We received a positive response to our ruling request regarding the tax-neutral reorganization of the German corporate structure on August 1, 2019. This ruling enabled us to merge the former German development company Yoo Berlin GmbH & Co. KG with its sister companies VD Harvestehuder Weg I GmbH & Co. KG, VD Harvestehuder Weg II GmbH & Co. KG, VD Berlin Chausseestrasse 106 GmbH & Co. KG and Am Zirkus 1 GmbH & Co. KG in a way that is tax neutral and without reduction of the existing loss carry-forwards, and as a result significantly streamline the corporate structure (for further details, see Note 21). Through the sale of the stake in Peach Property Group (Deutschland) AG by Peach German Properties AG to Yoo Berlin GmbH & Co. KG, which has rebranded as Peach Property Management GmbH & Co. KG, as well as the transfer of the operating business from Peach Property Group (Deutschland) AG to Peach Property Management GmbH & Co. KG, it has become possible to combine all German Group companies under one holding company.

The reorganization had the following key effects on the current and deferred taxes for the Group:

- Under commercial law, the sale of the stake in Peach Property Group (Deutschland) AG was at market value plus transaction costs. As a result, non-capitalized tax losses totalling CHF 18 856 thousand were used in Peach German Properties AG. For the profit exceeding the loss carry-forwards, a 100 per cent participation deduction took effect.
- Impairments of loans and equity investments required under commercial law with regard to the merged German GmbH & Co. KGs (limited partnerships with limited liability companies as the general partner) in the sum of CHF 48 889 thousand at the level of the Peach Property Group AG, Peach German Properties AG and the Peach Property Group (Deutschland) AG were reversed, as these are recoverable in terms of income value in the new structure. This reversal reduced the loss carry-forwards available in the companies.
- We assessed the differences between financial statements based on local GAAP and IFRS that resulted from the impairment of equity investments and loans as permanent. The reversal of the impairments thus did not lead to a reversal of any deferred tax liabilities.
- In the 2020 financial year, Peach Property Management GmbH plans to conclude a profit and loss transfer agreement with Peach Property Group (Deutschland) AG. Together with the profit transfer agreements already concluded in previous years between Peach Property Group (Deutschland) AG and a number of its subsidiaries, a chain entity is created which permits the shared use of loss carry-forwards at the level of the German holding company Peach Property Management GmbH & Co. KG.
- At the Peach Property Group Management GmbH level, we capitalized non-capitalized loss carry-forwards from the previous years, which led to a reduction in the tax expenses.

Tax reform 17

- On September 1, 2019, the voters in the canton of Zurich passed draft tax bill 17. For the Zurich-based companies Peach Property Group AG and Gretag AG, this will lead to a reduction in the income tax rate from the current rate of around 21.1 % to 19.7 %. Furthermore, we expect a reduction in the capital tax rate of over 50 % at the level of Peach Property Group AG from 2020. The companies will not be able to use other deduction options.
- For Peach German Properties AG in Nidwalden, the tax privilege as a holding company lapses from 2020, and from 2020, it will be subject to regular taxation at a rate which is currently 12.66 % (expected 11.97 %). The effects of draft tax bill 17 have as such no significant effect, as the main business activity is holding the stake in Peach Property Management GmbH & Co. KG which maintains an establishment in Germany. Most income and expenditure for the company is accordingly subject to German taxation.

17.1. Income tax

in CHF thousands	2019	2018
Current income taxes	1 257	-6 582
Deferred taxes	-19 928	-4 973
Total income tax expenses	**-18 671**	**-11 555**

Result before taxes	**109 675**	**56 874**
Income taxes at a rate of 17.0 % (2018: 18.0 %)	-18 645	-10 237
Tax rate differences	0	3 977
Participation reduction	323	0
Adjustment of final assessment 2013-2016 / property gains taxes for Gretag AG	2 451	-3 997
Capitalized loss carry-forwards from previous years	1 994	0
Use of non-capitalized loss carry-forwards	2 734	0
Non-capitalized loss carry-forwards	-172	-1 021
Reversal of permanent differences	-8 704	-618
Other effects	1 348	342
Total income tax expenses	**-18 671**	**-11 555**

- The tax rate differences for the previous year resulted mainly from project companies that hold investment properties in Germany, which are primarily subject to a tax rate of 15.83 %.
- In the reporting year, we received the final assessments for Gretag AG for the years 2013-2016. This resulted in a credit amounting to EUR 2 451 thousand.
- The effects of the positions Capitalized loss carry-forwards from previous years, Use of non-capitalized loss carry-forwards, and Reversal of permanent differences result for the most part from the reorganization of the German Group structure, which has already been explained in detail.
- Non-capitalized loss carry-forwards mainly relate to loss carry-forwards from Group companies without profit and loss transfer agreements and whose loss carry-forwards exceed the temporary. In the previous year, these were mainly the loss carry-forwards in the companies VD Harvestehuder Weg GmbH & Co. KG and Peach German Properties AG.
- The other effects mainly relate to adjustments of tax accruals based on tax assessments received.

17.2. Deferred taxes

	31.12.2019		31.12.2018	
in CHF thousands	Assets	Liabilities	Assets	Liabilities
Development properties	0	1 764	0	1 262
Investment properties	0	49 813	0	30 027
Other assets	24	330	58	872
Contract liabilities / contract assets	0	0	246	0
Lease liabilities	2 523	0	0	0
Provisions and employee benefit obligations	269	242	191	795
Derivative financial instruments	1 785	0	750	66
Loss carry-forwards	19 315		20 887	
Total	**23 916**	**52 149**	**22 132**	**33 022**
Amounts to be netted	-5 419	-5 419	-2 580	-2 580
Deferred tax assets	**18 497**		**19 552**	
Deferred tax liabilities		**46 730**		**30 442**

	2019		2018	
in CHF thousands	Assets	Liabilities	Assets	Liabilities
Deferred taxes at January 1	19 552	30 442	16 233	23 044
Recognized in the income statement for the period	-1 635	17 618	3 208	8 208
Recognized in other total comprehensive income	1 162	0	619	20
Foreign currency translation	-582	-1 308	-508	-830
Deferred taxes at December 31	**18 497**	**46 730**	**19 552**	**30 442**

17.3. Loss carry-forwards

- Non-capitalized loss carry-forwards mainly relate to loss carry-forwards from Group companies without profit and loss transfer agreements whose loss carry-forwards exceed the temporary differences on the liabilities side.
- In the previous year, these related to the companies VD Harvestehuder Weg GmbH & Co. KG with CHF 21 611 thousand, Am Zirkus 1 GmbH & Co. KG with CHF 17 797 thousand, and Peach German Properties AG with CHF 18 856 thousand.

Loss carry-forwards will expire as follows:

in CHF thousands	31.12.2019 Total	31.12.2019 of which non-capitalized	31.12.2018 Total	31.12.2018 of which non-capitalized
Expiration in 1-3 years	3 984	0	3 437	3 437
Expiration in 4-7 years	6 821	0	37 462	13 346
Expiration after more than 7 years / no expiration	116 646	10 215	124 215	53 671
Total	**127 451**	**10 215**	**165 114**	**70 454**

17.4. Unrecognized permanent differences

- Due to the reorganization of the German Group, structure, differences estimated as permanent were reversed to the amount of CHF 49 167 thousand (previous year: CHF 1 616 thousand).
- Due to participation deductions and profit transfer agreements, no deferred taxes were recognized on profits carried forward.

Other disclosures

18 Working capital

How we calculate the figures:

Cash and cash equivalents:
Current account liabilities due to banks are reported under current financial liabilities.

Trade and other receivables:
We measure trade receivables and other receivables at amortized cost, as only the contractually agreed cash flows and interest are recognized (SPPI test).

There are no factoring or other agreements for trade receivables under which receivables are resold. We apply the simplified approach for these items and recognize the expected loss over the entire term.

The expected loss over the entire term is calculated for outstanding rent receivables on the basis of the actual rent per portfolio or profit center. The impairment rates amounted to between 0.5 % and 10 % in the reporting year.

We define the loss rates for actual rents on the basis of historical loss rates, the tenant structure (current payment and eviction disputes) and expected economic developments at the respective locations of the portfolios.

Due to existing payment guarantees and the fact that condominiums are only handed over after payment has been effected or the purchase price has been deposited in a notary escrow account, trade receivables related to the sale of condominiums or contract assets do not have an effect on impairments.

In the case of other receivables, we recognize a 12-month ECL (expected credit loss), provided the credit risk has not deteriorated since initial recognition. The items mainly comprise receivables from VAT and income taxes, receivables from insurance companies and expected settlement amounts from future utilities statements. Based on the risk profile, we do not expect any losses.

We recognize impairments for rent receivables as a deduction from income from the rental of investment properties, since most of the corresponding rental income to be paid in advance is no longer classified as recoverable at the time of recognition. Impairments for other trade and other receivables are recognized under other operating expenses, and impairments for financial receivables are recognized under financial expenses.

Financial receivables:
We measure financial receivables at amortized cost as only the contractual cash flows are recognized. We recognize a 12-month ECL, provided the credit risk has deteriorated since initial recognition. Non-current receivables from the associated company Beach House AG are recognized at amortized cost and, based on the company's financial situation, losses expected over the entire term are taken into account as in previous years.

Trade and other payables:
Trade payables and other current liabilities are recognized at amortized cost. They generally match the nominal value of the payables.

18.1. Cash and cash equivalents

- Cash and cash equivalents comprise current account balances with Swiss and German banks.
- Rent and CAPEX accounts in the amount of CHF 1 208 thousand (previous year: CHF 2 220 thousand) were pledged to the lending banks and their use restricted.

18.2. Trade receivables

Amounts due and impairment of trade receivables:

in CHF thousands					31.12.2019					31.12.2018
	Not due	1-4 months	5-12 months	More than 12 months	Total	Not due	1-4 months	5-12 months	More than 12 months	Total
Trade receivables from third parties	2 372	3 221	939	593	7 125	3 438	1 286	518	540	5 782
Trade receivables from associates and joint ventures	0	0	0	0	0	3	0	0	0	3
Bad debt allowance	-3	-616	-936	-593	-2 148	-4	-337	-508	-515	-1 364
Total trade receivables, net	**2 369**	**2 605**	**3**	**0**	**4 977**	**3 437**	**949**	**10**	**25**	**4 421**
Bad debt allowance at January 1					-1 364					-842
Addition arising from change in scope of consolidation					-149					0
Increase in bad debt allowance					-1 413					-1 279
Losses from trade receivables					705					711
Reversal of bad debt allowance					3					2
Foreign currency translation					70					44
Bad debt allowance at December 31					**-2 148**					**-1 364**

- Trade receivables from third parties mainly comprise receivables from the sale of condominiums amounting to CHF 3 042 thousand (previous year: CHF 3 380 thousand) and receivables from tenants amounting to CHF 1 935 thousand (previous year: CHF 2 343 thousand).
- Most of the outstanding receivables from condominiums are deposited in notary escrow accounts and are not due, since efforts to rectify deficiencies are still in progress.
- Lost income due to collection risks amounted to CHF 1 399 thousand (previous year: CHF 1 278 thousand) and corresponds to 3.47 % (previous year: 4.13 %) of actual rental income.
- The increase in the bad debt allowance in both years related entirely to rent receivables from third parties.

18.3. Other receivables

in CHF thousands	31.12.2019	31.12.2018
Current tax receivables	4 212	66
Maintenance reserves	1 994	0
Receivables from utilities costs	874	494
VAT and withholding tax credits	212	252
Other receivables from third parties	566	154
Other receivables from related parties	28	385
Total other receivables	**7 886**	**1 351**

- In the reporting year, the ongoing tax receivables include tax refunds from final assessments amounting to CHF 1 334 thousand as well as an expected refund from the final assessment of property gains taxes for "Wollerau Park" amounting to CHF 2 659 thousand.
- Due to the structure of receivables, no impairments were made in the reporting period.

18.4. Current financial receivables

in CHF thousands	31.12.2019	31.12.2018
Current financial receivables from third parties	6 934	0
Total current financial receivables	**6 934**	**0**

- The current financial receivables from third parties include a mortgage-secured seller loan of CHF 1 073 thousand with an interest rate of 3.0 % from 2020 (2019: 2.0 %), a loan of CHF 2 557 thousand with an interest rate of 4.5 % which runs until June 2020, and a listed bond of CHF 3 304 thousand which bears interest of 4.125 %.
- No impairment was recognized for any current financial receivables on the basis of credit-risk estimates carried out.

18.5. Trade payables

in CHF thousands	31.12.2019	31.12.2018
Trade payables to third parties	4 222	1 788
Trade payables to associates and joint ventures	0	2
Trade payables to related parties	0	10
Total trade payables	**4 222**	**1 800**

- The increase can be mostly explained by transaction costs amounting to CHF 2 122 thousand for acquisitions which were not yet paid at the end of the reporting period.

18.6. Other payables and advance payments

in CHF thousands	31.12.2019	31.12.2018
Liabilities from rent receivables	1 967	1 032
Prepaid rent	1 340	797
Liabilities from utilities	1 215	601
VAT and other tax liabilities	296	1 401
Other payables to third parties	795	312
Other payables to related parties	0	25
Total other payables	**5 613**	**4 168**

› VAT and other tax liabilities include withholding tax liabilities for the interest payments on the hybrid bonds in the previous year.

18.7. Accrued expenses

in CHF thousands	31.12.2019	31.12.2018
Accrued construction and renovation costs, third parties	3 868	5 492
Accrued transaction costs	2 281	0
Personnel expenses, third parties	1 733	940
Accrual for operating and maintenance costs for investment properties	1 442	3 028
Personnel expenses, related parties	1 332	811
Other operating expenses, third parties	1 435	712
Total accrued expenses	**12 091**	**10 983**

› Accrued construction and renovation costs mainly comprise services rendered but not yet invoiced for the “Wollerau Park” project of CHF 953 thousand (previous year: CHF 3,460 thousand) and uninvoiced renovation costs for various investment properties.

19 Non-current financial receivables

in CHF thousands	31.12.2019	31.12.2018
Non-current financial receivables from third parties	92	50
Non-current financial receivables from associates and joint ventures	12 769	12 769
Value adjustment	-12 769	-12 769
Total non-current financial receivables	**92**	**50**

› For both years, receivables from associates and joint ventures comprise both the vender loan and further loan receivables from the associated company Beach House AG. We fully impaired these loans as in the previous year due to the negative results of equity valuation in 2019.

20 Investments in associates and joint ventures

Associates and joint ventures are accounted for using the equity method. They all use December 31 as their reporting date.

	Beach House AG	
in CHF thousands	**31.12.2019**	31.12.2018
Current assets	758	870
Current liabilities	-416	-830
Non-current financial liabilities	-23 503	-22 903
Net assets	**-23 161**	**-22 863**
Reconciliation of net assets		
Opening balance at January 1	-22 863	-22 152
Net income	-298	-711
Closing balance at December 31	**-23 161**	**-22 863**
Reconciliation of participating interests		
Shareholding in %	46.6 %	46.6 %
Pro rata amount in CHF thousands	-10 793	-10 654
No additional funding obligation, additional impairment on non-current financial receivables	10 794	10 655
Participating interest reported at December 31	**1**	**1**
Total comprehensive income of separate financial statements	**2019**	**2018**
Operating income	99	2 250
Operating expenses	**207**	-2 354
Financial expenses	-604	-607
Net income	**-298**	**-711**
Other comprehensive result	0	0
Total comprehensive result	**-298**	**-711**
Reconciliation of results		
Shareholding in %	46.6 %	46.6 %
Pro rata amount in CHF thousands with an effect on the income statement for the period	-139	-331
No additional funding obligation, additional impairment on non-current financial receivables	139	331
Earnings of associates and joint ventures at December 31	**0**	**0**

- Beach House AG held the "Peninsula Beach House" development project in Wädenswil via Condominium Beach House AG. The two companies were merged during the reporting year.
- Current financing interest had a negative impact on earnings during the reporting year and the previous year.
- There is no additional funding obligation. We have impaired the non-current financial receivables in the amount of the expected total loss. See Note 19 for details.
- The company is privately held; there are no market values.

21 Scope of consolidation

How we calculate the figures:

Group companies
Companies that are directly or indirectly controlled by us as a Group are fully consolidated in the consolidated financial statements. Capital is consolidated on the acquisition date using the purchase method of accounting.

Transactions and non-controlling interests
Changes in the amount of proportionate interest that do not lead to loss of control are treated as transactions with equity owners. Any difference between the purchase price paid or the consideration received and the amount by which the minority interests are impaired is recognized directly in equity.

Associated companies and joint ventures
Investments in joint ventures and associates are measured and accounted for using the equity method.

We allocate losses to the income statement until such time as the share of the losses has reduced the value of the investment to zero. Once the share of the investment has been reduced to zero, we only recognize additional losses to the extent that we as a Group have entered into legal or constructive obligations or have made payments or there are financial receivables.

	Ref.	Registered office	Share capital	Held by parent company	Held by Group	Held by non-controlling interests
Switzerland			**TCHF**	**in %**	**in %**	**in %**
Peach Property Group AG	1/4	Zurich	6 601			
Peach German Properties AG	4	Stansstad	100	100.0		
WSZ Residential Development AG	3	Lachen	100	100.0		
Gretag AG	2/3	Zurich	500	100.0		
Austria			**TEUR**			
East West Wohnbau GmbH in liquidation	3	Innsbruck	18	99.0		1.0

1 Service company
2 Project company, investment properties
3 Project company, development properties
4 Holding and financing company

	Ref.	Registered office	Share capital	Held by parent company	Held by Group	Held by non-controlling interests
Germany			TEUR	in %	in %	in %
Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG)	1/4	Cologne	1		100.0	
PPM Verwaltung GmbH (formerly Yoo Berlin Verwaltung GmbH)	5	Cologne	25		100.0	
Peach Property Group (Deutschland) AG	4	Cologne	5 000		100.0	
Munster Portfolio GmbH	2	Cologne	25		100.0	
Portfolio Fassberg I GmbH & Co. KG	2	Cologne	50		94.9	5.1
Portfolio Erkrath Wohnen GmbH	2	Cologne	25		100.0	
Portfolio Neukirchen L GmbH	2	Cologne	25		94.9	5.1
Portfolio Neukirchen S GmbH	2	Cologne	25		94.9	5.1
Portfolio Oberhausen GmbH	2	Cologne	25		100.0	
Portfolio Bochum II GmbH	2	Cologne	25		94.9	5.1
Portfolio Bochum III GmbH *	2	Larnaca CY	0.1		94.0	6.0
Portfolio Gelsenkirchen I GmbH	2	Cologne	25		94.9	5.1
Portfolio Gelsenkirchen II GmbH	2	Cologne	25		94.9	5.1
Portfolio Gelsenkirchen III GmbH	2	Cologne	25		94.9	5.1
Portfolio Gelsenkirchen IV GmbH	2	Cologne	25		94.9	5.1
Portfolio Essen I GmbH	2	Cologne	25		94.9	5.1
Portfolio Essen II GmbH	2	Cologne	25		94.9	5.1
Portfolio Essen III GmbH	2	Cologne	25		94.9	5.1
Portfolio Velbert GmbH	2	Cologne	25		94.9	5.1
Portfolio Marl GmbH	2	Cologne	25		94.9	5.1
Portfolio Bielefeld I GmbH	2	Cologne	25		94.9	5.1
Portfolio Bielefeld II GmbH	2	Cologne	25		94.9	5.1
Portfolio Ostwestfalen GmbH	2	Cologne	25		100.0	
Portfolio Rheinland GmbH	2	Cologne	25		94.9	5.1
Portfolio Kaiserslautern I GmbH & Co. KG	2	Cologne	1 000		100.0	
Portfolio Kaiserslautern II GmbH & Co. KG	2	Cologne	1		100.0	
Portfolio Kaiserslautern III GmbH	2	Cologne	25		94.9	5.1
Portfolio KL Betzenberg IV GmbH	2	Cologne	25		94.9	5.1
Portfolio KL Betzenberg V GmbH	2	Cologne	25		94.9	5.1
Portfolio Kaiserslautern VI GmbH	2	Cologne	25		94.9	5.1
Yoo Düsseldorf Verwaltungs GmbH	5	Cologne	25		100.0	
Portfolio Nordhessen GmbH & Co. KG	2	Cologne	1		94.9	5.1
Portfolio Nordhessen II GmbH	2	Cologne	25		100.0	
Portfolio Eschwege GmbH	2	Cologne	25		100.0	
Portfolio Heidenheim I GmbH	2	Cologne	25		100.0	
Portfolio Heidenheim II GmbH	2	Cologne	25		100.0	
Peach Wertgrund GmbH	2	Cologne	25		100.0	

1 Service company
2 Project company, investment properties
3 Project company, development properties
4 Holding and financing company
5 Management company/general partner
* Rebranding and relocation to Germany in progress

	Ref.	Registered office	Share capital	Held by parent company	Held by Group	Held by non-controlling interests
Portfolio Dortmund Verwaltungs GmbH	2	Cologne	25		100.0	
Portfolio Peach Property Projekt IX GmbH	2	Cologne	25		100.0	
Portfolio Peach Property Projekt X GmbH	2	Cologne	25		100.0	
Zymma Living GmbH	1	Cologne	25		100.0	
Peach Cenda Hausverwaltungen GmbH	1	Cologne	25		51.0	49.0
Domibus Facility Services GmbH	1	Cologne	25		100.0	
Peach Property Finance GmbH	1	Bonn	25		100.0	
Associated companies			**TCHF**	**in %**		
Beach House AG	5	Wädenswil	100	46.6		

1 Service company
2 Project company, investment properties
3 Project company, development properties
4 Holding and financing company
5 Management company/general partner
* Rebranding and relocation to Germany in progress

21.1. Financial year 2019

Domibus Facility Services GmbH,
Peach Property Finance GmbH

- Founded in January 2019 with share capital of EUR 25 thousand.

VD Berlin Chausseestrasse 106 GmbH & Co. KG, VD Harvestehuder Weg I GmbH & Co. KG, VD Harvestehuder Weg II GmbH & Co. KG and Am Zirkus 1 GmbH & Co. KG

- Merger of the companies as of January 1, 2019 with Yoo Berlin GmbH & Co. KG (now Peach Property Management GmbH & Co. KG).

VD Berlin Chausseestrasse 106 Verwaltungs GmbH, VD Harvestehuder Weg I Verwaltungs GmbH, VD Harvestehuder Weg II Verwaltungs GmbH and Am Zirkus 1 Berlin Verwaltungsgesellschaft mbH

- Merger of the companies as of July 1, 2019 with Yoo Berlin Verwaltung GmbH, which has rebranded as PPM Verwaltung GmbH.

Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG)

- Rebranding and change in purpose of Yoo Berlin GmbH & Co. KG to Peach Property Group Management GmbH & Co. KG. The company took over the commercial functions of Peach Property Group (Deutschland) AG as of December 1, 2019.

Portfolio Dortmund RS 167 GmbH & Co. KG and
Portfolio Dortmund RS 173 GmbH & Co. KG

- As of December 1, 2019, the companies were merged with Peach Property (Deutschland) AG. We are using the former general partner Portfolio Dortmund Verwaltungs GmbH as a reserve company for further growth.

Portfolio Marl GmbH

- Peach Property Group (Deutschland) AG acquired 94.9 % of the shares in the company on January 1, 2019.

Portfolio Kaiserslautern III GmbH

- Peach Property Group (Deutschland) AG acquired 94.9 % of the shares in the company on January 1, 2019.

Grande transaction

- On December 31, 2019, Peach Property Group (Deutschland) AG took over 94.9 % or 94.0 % of the shares of 14 portfolio companies in Bochum, Gelsenkirchen, Essen, Bielefeld, Velbert and Kaiserslautern. We renamed these immediately after purchase and relocated their registered office to Cologne.

The following table shows the values acquired:

in CHF thousands	Grande transaction	Portfolio Marl GmbH	Portfolio Kaiserslautern III GmbH	Total assets and liabilities acquired
Assets				
Investment properties	252 391	17 818	15 274	285 483
Other assets	8 724	636	147	9 507
Total assets	**261 115**	**18 455**	**15 421**	**294 991**
Liabilities				
Financial liabilities	127 174	13 735	7 989	148 898
Other liabilities	5 464	282	948	6 694
Total liabilities	**132 638**	**14 017**	**8 937**	**155 592**
Total equity	**128 477**	**4 438**	**6 484**	**139 399**
of which shareholders of Peach Property Group AG	121 925	4 210	6 153	132 288
of which non-controlling interests	6 552	228	331	7 111
Paid purchase price for shares	121 804	4 210	6 153	132 167
Paid purchase price for financing	127 511	5 473	2 288	135 272
less advance payments from previous year	0	-9 287	0	-9 287
less cash and cash equivalents acquired	-6 068	-616	-20	-6 704
Total cash out/inflow	**243 247**	**-220**	**8 420**	**251 447**
Open purchase price settlement	**-209**	**0**	**0**	**-209**
of which shares	121	0	0	121
of which financing	-330	0	0	-330

- None of these acquisitions qualify as business combinations under IFRS 3, and they were recognized by us as purchases of assets and liabilities. We did not take on any employees or business processes at the time of the purchase.
- We have allocated transaction costs of CHF 3 949 thousand to the investment properties.

21.2. Financial year 2018

Primogon AG
- Merger with Peach Property Group AG on January 1, 2018.

Schooren Vermietungs GmbH, in liquidation
- Company liquidated as of June 2018.

Portfolio Heidenheim I GmbH, Portfolio Heidenheim II GmbH, Portfolio Projekt IX GmbH and Portfolio Projekt X GmbH
- Founded in April 2018 with share capital of EUR 25 thousand.

22 Provisions

Key assumptions and estimates:

Provisions for guarantee work are based on estimates and assumptions regarding future costs that cannot be passed on to the responsible sub-, general or total contractors. Should these assumptions prove incorrect, the actual cash outflows may deviate significantly from the values recognized.

			2019			2018
in CHF thousands	Guarantee work	Other provisions	Total	Guarantee work	Other provisions	Total
Opening balance at January 1	**4 307**	**955**	**5 262**	**4 462**	**540**	**5 002**
Provision increase	200	199	399	839	716	1 555
Provisions used	-482	-10	-492	-785	-263	-1 048
Reversal of provisions in profit or loss	0	-77	-77	-66	-26	-92
Foreign currency translation	-125	-11	-136	-143	-12	-155
Closing balance at December 31	**3 900**	**1 056**	**4 956**	**4 307**	**955**	**5 262**
Current provisions	3 489	860	4 349	3 891	813	4 704
Non-current provisions	411	196	607	416	142	558

› As in the previous year, the provision for guarantee work mainly relates to the “H36”, ”yoo berlin”, “Am Zirkus 1” and “Wollerau Park” projects.

23 Contingent liabilities

› None

24 Lease

How we calculate and report the figures:

- The lease liabilities of the leasehold agreements are calculated by discounting the accumulated leasehold payments using the long-term interest rate for financing secured by mortgages in Germany. We value other lease liabilities using the average corporate interest rate for the respective company. For the disclosures on terms and maturities, we refer to Note 8.
- We revalue rights-of-use assets from the leasehold agreements semi-annually together with the investment properties. We apply the discount rate defined by Wüest Partner for the respective investment properties. Changes in value are recognized in the income statement. For the specific corresponding disclosures, we refer to Note 5.
- We recognize the right-of-use asset from other leases (currently only rental agreements) at the value of the lease liability and list it together with the equipment. They are depreciated on a straight-line basis over their contract duration.
- We take into account extension options as soon as it is probable that they will be used.
- With rental agreements, we make use of the accounting option and do not eliminate associated non-leasing components. .
- Interest expenses and value adjustments from lease liabilities are included in financial expenses in Note 10.
- Short-term leases of less than one year and low-value contracts are recorded on a straight-line basis under other operating expenses.

in CHF thousands			31.12.2019			31.12.2018
	Leasehold	Other	Total	Leasehold	Other	Total
Right-of-use asset	10 593	1 345	**11 938**	n/a	n/a	**n/a**
Lease liabilities	14 345	1 353	**15 698**	n/a	n/a	**n/a**
Lease payments	497	344	**841**	n/a	n/a	**n/a**
Interest expenses	-358	-21	**-379**	n/a	n/a	**n/a**
Value adjustment / depreciation of right-of-use asset	427	-331	**96**	n/a	n/a	**n/a**
Adjustment of lease liabilities	-125	0	**-125**	n/a	n/a	**n/a**
Short-term leases in other operating expenses	0	-177	**-177**	-418	-489	**-907**
Low-value leases in other operating expenses	0	-107	**-107**	n/a	n/a	**n/a**

- There are no initial direct costs or reinstatement costs affecting the value of the right-of-use assets.
- We do not hold any leases with variable lease payments, nor do we have any purchase options, residual value guarantees, or sale and leaseback transactions to be taken into account.
- There are no encumbering leases.
- The short-term leases include a rental agreement that expired at the end of September 2019 (CHF 138 thousand). The newly concluded rental agreement, which had a term of 5 years, led to an increase in the right-of-use and lease liabilities of CHF 448 thousand.
- The average term of the leases is approximately 65 years for leaseholds and 3.5 years for rental agreements.

Future lease liabilities from short-term and low-value leases:

in CHF thousands	31.12.2019 Short-term and low-value leases		31.12.2018 Operating Lease IAS 17	
	Other	Leasehold	Other	Total
Up to 1 year	98	508	421	929
1–5 years	89	2 033	707	2 740
More than 5 years	0	30 795	0	30 795
Total	**187**	**33 336**	**1 128**	**34 464**

- The 2018 values include the values for operational leases disclosed in the previous year under IAS 17.

25 Events after the balance sheet date

Closing Ruhr Portfolio

- As of February 1, 2020, we completed around 73 % of the Ruhr portfolio acquisition with 387 units. Apart from one building the closing of the remainder of the deal is scheduled for April 1, 2020.

Impact Coronavirus

- After the closing date, drastic measures have been implemented worldwide in connection with the Coronavirus and the fight against the pandemic, which impacted the entire economy.

- The resulting market dynamics can have an impact on the valuations of our properties. However, the experts agree that the residential sector is the most stable in the real estate market, since the basic need for housing cannot be substituted.
- We are currently assuming that our portfolio will remain relatively stable - especially in connection with the interest rate cuts recently made by some central banks. After successfully issuing our EUR 250 million bond last November, we also have sufficient funds to implement our business plan without short-term capital market measures.

Report of the statutory auditor

to the General Meeting of Peach Property Group AG

Zürich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Peach Property Group AG and its subsidiaries (the Group), which comprise the consolidated income statement for the period, the consolidated statement of comprehensive income, the consolidated statement of financial position as at 31 December 2019, the cash flow statement and the consolidated statement of changes in shareholders' equity, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 59 to 129) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 3'800'000

We performed the audit of the Group with a core audit team in Germany and in Switzerland. Our audit addresses all of the Group's operating income, assets and liabilities.

As key audit matters the following areas of focus have been identified:

Valuation of investment properties

Assets from tax loss carryforwards

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 3'800'000
How we determined it	1 % of net assets (equity)
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is a common industry benchmark for materiality considerations in the real estate business.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and that depend on the future events. The audit procedures were performed by a core audit team based in Switzerland and Germany and addressed all of the Group's assets and liabilities.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Key audit matter	How our audit addressed the key audit matter
Investment properties amounting to around CHF 1'074 million (89 % of total assets) as of 31 December 2019 represent a significant balance sheet item for the Group. They are measured at fair value in accordance with IAS 40 and IFRS 13. Please refer to note 5 in the notes to the consolidated financial statements (from page 82). We consider the testing of the valuation of investment properties to be a key audit matter due to the size of the balance sheet item, the significance of the appropriateness of the valuation model and the underlying assumptions used in the valuation. Fair values are determined using the discounted cash flow model (DCF model). The most relevant assumptions are the discount rate, the achievable rents per square meters and the vacancy rate. The assumptions are determined on the basis of market comparisons and are disclosed in note 5. In the case of investment properties under development or renovation, significant assumptions are also made with regard to repair or maintenance costs. In addition, a period for letting or for reducing vacancies must also be taken into account. The Group had all its investment properties valued by an independent property appraiser as at 31 December 2019.	We assessed and tested the design and existence of the controls relating to the property valuation process. In particular, we performed the following audit procedures: • We assessed the professional competence, independence and appointment of the property appraiser. To this end, we inspected the corresponding engagement letter and assessed the appropriateness of the assignment, examined the curricula vitae of the persons in charge and interviewed the expert in charge. • With the support of PwC subject matter experts, we tested samples of valuations in terms of valuation methodology, assumptions and results. The sample was selected on the basis of a multi-year (rotation) plan and more detailed analytical (risk-based) audit procedures. • The main changes in the valuation parameters and the biggest changes in value or initial valuation impacts at the level of individual properties were discussed with management and compared with our own expectations. We consider the valuation method applied by management and the parameters used to be an appropriate and sufficient basis for the valuation of investment properties.

Assets from tax loss carryforwards

Key audit matter	How our audit addressed the key audit matter
The Group has tax loss carry-forwards of CHF 127 million and has capitalised deferred tax assets of CHF 19 million in that respect. Deferred tax assets from loss carry-forwards represent a significant balance sheet item. As explained in note 17 to the notes to the consolidated financial statements (from page 113), the capitalization of loss carryforwards is applied in accordance with IAS 12. The Group plans the ability to use the loss carryforwards for each company and it must make assumptions about current income and future realizable profits from letting and sale of investment or development properties and about the time of the realization. There is a risk that loss carry-forwards will expire unused if planned profits cannot be realized in a timely manner.	We assessed and tested the design and existence of the relevant controls. In addition, we examined the following in particular for the significant deferred tax assets from tax loss carryforwards: • We discussed with management the ability to capitalize the loss carry-forwards and their recoverability at company level. • On the basis of current and future expected tax results, we assessed the ability to capitalize the loss carry-forwards and their recoverability. In particular, we compared the assumed future profits with those from the development and investment property portfolios. • The current assumptions were compared with the expectations of use in prior years. This enables us to identify any time lags and assumptions that are too optimistic. • In consultation with PwC subject matter experts in Germany and Switzerland, we assessed the tax impacts of the reorganisation, the existence of loss carry- forwards, and the ability to use them from a tax perspective. Our audit results support management's assumptions regarding the ability to capitalize loss carry-forwards and their recoverability.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Peach Property Group AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger	Philipp Gnädinger
Audit expert Auditor in charge	Audit expert

Zürich, 27 March 2020

Wüest Partner AG, Zürich & W&P Immobilienberatung GmbH, Frankfurt a. M.

Peach Property Group AG
Senior Management
Neptunstrasse 96
8032 Zurich | Switzerland

Zurich/Frankfurt, 16 March 2020

Report by the independent Appraisal Expert

To the Senior Management of Peach Property Group AG

Reference numbers:
102079.0054, 106128.0019

Assignment
On behalf of the senior management of Peach Property Group AG (hereinafter "Peach Property"), Wüest Partner AG, Zurich, or W&P Immobilienberatung GmbH, Frankfurt am Main, (hereinafter "Wüest Partner") have appraised the properties or property clusters owned by Peach Property for accounting purposes as at 31 December 2019. All investment and development properties were valued.

Valuation Standards
Wüest Partner confirms that the valuations were performed within the framework of domestically and internationally recognised standards and guidelines, specifically in accordance with the International Valuation Standards (IVS and RICS/Red Book). They moreover complied with the requirements of the SIX Swiss Exchange.

Accounting Standards
The measured market values of the investment properties represent the fair value as defined in the International Financial Reporting Standards (IFRS) pursuant to the International Account Standard IAS 40 (Investment Property) and IFRS 13 (Fair Value Measurement).
The accounts presentation of Peach Property recognises development properties earmarked for future use as investment properties in accordance with IAS 40 while recognising sites and development properties held for sale in accordance with IAS 2 (Inventories).

Definition of «Fair Value»
The «fair value» represents the price that completely unrelated market participants would receive if they sold a given asset on arm's length terms on the valuation date or, inversely, that they would pay to transfer a liability (debt) on that date (the exit price).

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An exit price is the selling price specified in a sale and purchase agreement as jointly agreed by the parties to the contract. Transaction costs, normally including estate agent fees, transaction taxes as well as land register fees and notarial charges, are ignored when measuring the fair value. This means that pursuant to paragraph 25, IFRS 13, the fair value is not adjusted for transaction costs on the buyer that arise if the asset is sold (gross fair value).

Implementation of Fair Value

The fair value of a property is appraised on the basis of its highest and best use. The highest and best use is that use of a property that maximises its value. The assumption imputes a use that is technically/physically feasible, lawful and financially realistic. Future capital expenditures to upgrade a property or cause it to appreciate will be factored in on the basis of the fair value appraisal.

The application of the highest-and-best-use approach orients itself to the principle of materiality of the possible difference in value in relation to the value of the individual property and the entire portfolio of real estate assets as well as in relation to the absolute difference in value, if any. Any value-add potential of a property that remains within the standard appraisal tolerance of a separate valuation is dismissed as immaterial and subsequently neglected.

The valuation of the real estate owned by Peach Property employs a model-based valuation pursuant to Level 3 based on input parameters not directly observable on the market, but also considers adjusted market price (Level 2) input parameters (such as market rents, operating/running costs, discount/capitalisation rates, proceeds from condominium sales). Unobservable inputs are used only in cases where no relevant observable inputs are available. For specific assumptions, confer Annex 5 of the Consolidated Financial Statements.

Factors defined as essential inputs include market rents, vacancies and discount interest rates. The degree to which market developments impact them varies from one factor to the next. Whenever the inputs change, so will the fair value of the respective property. These changes are simulated by running sensitivity analyses on each input.

The valuation techniques applied are the ones most appropriate for the given circumstances and for which sufficient data is available to appraise the fair value, with relevant observable inputs used as much as possible and unobservable inputs considered no more than necessary.

Valuation Method

Wüest Partner appraised the real estate of Peach Property using the discounted cash flow (DCF) method. Under this approach, the fair market value of a given property is valued via the sum total of its net earnings to be expected in future, discounted to the valuation date. Depending on the specific opportunities and risks, the net earnings are individually discounted per property in a market-consistent and risk-adjusted manner.

Bases of Valuation

Wüest Partner is familiar with all of the properties because it conducted viewings of them and because of the records made available. They were analysed with respect to their qualities and risks (attractiveness and lettability of the rental properties, type of construction and state of repair, micro- and macro-environment, et al.). Valuations of rental properties that are currently vacant took the market-consistent marketing period for each property into account.

The properties are visited by Wüest Partner at the time of their acquisition and subsequently in intervals of three years at the latest or after the completion of major alterations. During the period between 1 January 2019 and 31 December 2019, 96 investment properties or investment property clusters (including the 52 clusters of the acquired Portfolio Grande) were visited. In Switzerland, all 6 properties were inspected during this period.

Results

As of 31 December 2019, Wüest Partner measured the following values for a total of 264 investment properties and investment property clusters as well as for 3 development properties in accordance with IAS 40:

- 261 investment properties and investment property clusters in Germany: EUR 960,319,200
- 3 investment properties in Switzerland: CHF 23,360,000
- 3 development properties in Switzerland: CHF 48,850,000

Changes during the Reporting Period

During the period between 1 January 2019 and 31 December 2019, 4 investment properties in Marl, 6 investment property clusters in Kaiserslautern and the so-called «Portfolio Grande» with 52 investment property clusters in the cities of Bochum, Bielefeld, Essen, Gelsenkirchen, Kaiserslautern and Velbert were added as a result of acquisitions and were valued by Wüest Partner.

6 properties were sold (Yoo Berlin, 2 properties in Bad Grund, 2 properties in Heidenheim, 1 property in Dortmund). In addition, 24 residential units, garages and parking spaces in Heidenheim were sold (as at 28 October 2019); the properties concerned have fewer apartments, garages and parking spaces now.

Due to the splitting (2x) and merging (1x) of investment property clusters within the framework of the valuation project, the number of properties to be valued in Germany has increased by an additional 1 investment property cluster.

In Switzerland, 1 development property was sold and no longer valued. 1 other development property («Seeclub») was added and was valued by Wüest Partner.

Corona virus/COVID-19

After the valuation date, especially in March 2020, significant action has been taken in many countries, including Germany and Switzerland, in connection with the corona virus and the fight against the pandemic. This is not reflected in the fair values determined as of 31 December 2019. The consequences of the action taken are difficult to quantify at the moment, as extent and duration of the action taken are not yet known, and so far there have been hardly any comparative transactions and rental agreements with these constraints. Accordingly, the valuation uncertainty is currently increased.

Independence and Confidentiality

In accordance with the business policy of Wüest Partner, the properties of Peach Property were subjected to an independent and neutral valuation. The valuation serves exclusively the aforementioned purpose. Wüest Partner assumes no liability vis-à-vis third parties.

Valuation Fee
The remuneration for valuation services is unrelated to the outcome of the valuation. Instead, it is based on the number of valuations to be compiled.

Zurich/Frankfurt, 16 March 2020
Wüest Partner AG / W&P Immobilienberatung GmbH

Jan Bärthel MRICS, Geschäftsführer, Partner

Patrik Schmid MRICS, Partner

Volker Ottenströer, Leiter Standort Hamburg, Director

Individual financial statements of Peach Property Group AG 2019

Balance sheet

Assets			
in CHF thousands	Notes	31.12.2019	31.12.2018
Current assets			
Cash and cash equivalents		17 617	23 946
Trade receivables			
Third parties		0	1
Group	3	6 738	13 452
Associates and joint ventures		0	3
Bad debt allowance		0	-1
Current financial receivables			
Third parties	4	5 507	0
Group	4	78 539	35 564
Other current receivables			
Third parties		46	221
Related parties		28	0
Development properties	5	0	789
Accrued income			
Third parties		106	65
Group		0	133
Total current assets		**108 581**	**74 173**
Non-current assets			
Non-current financial receivables			
Group	6	114 121	134 759
Associates and joint ventures	6	13 102	12 769
Value adjustment	7	-14 495	-34 380
Other non-current receivables			
Third parties		50	50
Investments	8	40 296	40 296
Value adjustments	9	-212	-352
Equipment		53	62
Intangible assets	10	675	254
Total non-current assets		**153 590**	**153 458**
Total assets		**262 171**	**227 631**

Balance sheet (continued)

Liabilities			
in CHF thousands	Notes	31.12.2019	31.12.2018
Current liabilities			
Trade payables			
Third parties		511	69
Group	11	28	9 183
Associates and joint ventures		0	2
Current financial liabilities			
Third parties	12	15 195	9 963
Group	12	24 972	4 016
Other current liabilities			
Third parties		79	1 162
Related parties		0	11
Current income tax liabilities		354	225
Accrued expenses			
Third parties	13	1 659	4 151
Related parties and bodies		1 479	926
Current provisions	15	1 823	916
Total current liabilities		**46 100**	**30 624**
Non-current liabilities			
Non-current financial liabilities			
Third parties	14	88 081	114 611
Group	14	19 643	21 560
Non-current provisions	15	815	1 839
Total non-current liabilities		**108 539**	**138 010**
Total liabilities		**154 639**	**168 634**
Equity			
Share capital		6 601	5 488
Statutory capital contributions *		103 159	73 950
Statutory retained earnings		5 522	5 522
Loss carried forward			
Carried forward		-25 949	-19 128
Result		18 228	-6 821
Treasury shares	21	-29	-14
Total equity		**107 532**	**58 997**
Total liabilities and equity		**262 171**	**227 631**

* of which CHF 73 936 thousand is confirmed as at December 31, 2018.

Income statement

in CHF thousands	Notes	31.12.2019	31.12.2018
Income from construction and development	16	232	-969
Expenses from construction and development	16	-54	-7 199
Net income from construction and development		**178**	**-8 168**
Other operating income	17	8 715	6 699
Operating result (EBIT)		**8 893**	**-1 469**
Personnel expenses		-5 755	-4 619
Other operating expenses	18	-4 588	-2 448
Result before interest, taxes, depreciation and amortization (EBITDA)		**-1 450**	**-8 536**
Value adjustments	7	20 026	-1 535
Depreciation and amortization		-118	-107
Result before interest and taxes (EBIT)		**18 458**	**-10 178**
Financial income	19	8 721	13 882
Financial expenses	19	-8 951	-10 529
Result before taxes		**18 228**	**-6 825**
Income taxes		0	4
Result after taxes		**18 228**	**-6 821**

Notes to the Financial Statements

These financial statements have been prepared in accordance with the requirements of Swiss law, in particular the accounting and financial reporting regulations of the Swiss Code of Obligations (Articles 957 to 962).

Peach Property Group AG is the ultimate parent company of the Peach Property Group. We are a stock corporation according to Swiss law listed on the SIX Swiss Exchange and prepare the group financial statements in accordance with the International Financial Reporting Standards (IFRS). We waived the additional disclosures in the Notes in accordance with Art. 961d Para 1 OR as well as the cash flow statement in the statutory financial statements and refer to our group financial statements in this context.

1 Accounting principles applied

The main items in the financial statements are valued as follows:

1.1 Receivables and financial assets

Trade receivables, financial receivables as well as other receivables are recognized at nominal value. Receivables due more than 12 months after the balance sheet date are shown as other non-current receivables or non-current financial receivables. Where necessary, we carry out individual valuation adjustments.

Financial receivables include interest-bearing receivables and loans granted.

1.2 Investments

We recognize investments at cost including transaction costs. If the value in use of an investment permanently falls below the present book value based on earned value calculations, we record a value adjustment.

1.3 Current and non-current liabilities

Liabilities are recognized at nominal value. Liabilities which are due for repayment within a year are shown as current liabilities, while those which are due more than 12 months after the balance sheet date are shown as non-current items.

Financial liabilities include interest-bearing liabilities and loans received.

1.4 Provisions

We create provisions if we have or expect an obligation resulting in a cash outflow based on an event which has occurred. The amount is determined based on the best possible estimate, taking all material risks and uncertainties into consideration. We offset the costs actually incurred on payment against the provisions created.

1.5 Revenue recognition

We determine income from construction and development based on the services performed for customers as of the balance sheet date. We only recognize revenue when the amount can be specified reliably, and it is sufficiently probable that economic benefits will be generated for us.

1.6 Foreign currency positions

The foreign currency positions of receivables and liabilities are valued at the exchange rate on the balance sheet date taking into account the lower of cost or market principle. Transactions in foreign currencies during the year are valued using the average monthly exchange rate. We applied the following foreign exchange rates as of the balance sheet date:

	31.12.2019	31.12.2018
CHF / EUR	1.0854	1.1263

1.7 Disclosure of positions vis-à-vis participants and bodies

We identify positions vis-à-vis participants, bodies and related parties as follows:

Governing bodies	«Bodies»
Directly and indirectly held Group companies	«Group»
Associates and joint ventures	«Associates and joint ventures»
Other related parties	«Related parties»

2 Reorganization of the German corporate structure

In the period under review, we merged the former development companies VD Harvestehuder Weg I GmbH & Co. KG, VD Harvestehuder Weg II GmbH & Co. KG, VD Berlin Chausseestrasse 106 GmbH & Co. KG and Am Zirkus 1 GmbH & Co. KG with Yoo Berlin GmbH & Co. KG, as well as the corresponding complementary companies VD Berlin Chausseestrasse 106 Verwaltungs GmbH, VD Harvestehuder Weg I Verwaltungs GmbH, VD Harvestehuder Weg II Verwaltungs GmbH and Am Zirkus 1 Berlin Verwaltungs GmbH with Yoo Berlin Verwaltung GmbH, and in the process considerably streamlined the corporate structure. Through the sale of the stake in Peach Property Group (Deutschland) AG by Peach German Properties AG to Yoo Berlin GmbH & Co. KG, which has rebranded as Peach Property Management GmbH & Co. KG, as well as the transfer of the operating business from Peach Property Group (Deutschland) AG to Peach Property Management GmbH & Co. KG, it has become possible to combine all German Group companies under one holding company.

3 Trade receivables

The "Wollerau Park" development project of our subsidiary WSZ Residential Development AG, for which we had taken over the development and construction work, was largely completed in the previous year. The claim of CHF 11 254 thousand which existed at the end of the previous year was largely settled in the reporting period, which resulted in the decrease in trade receivables.

4 Current financial receivables

in CHF thousands	31.12.2019	31.12.2018
4.125% WT 80 Immobilien-Business Deutschland GmbH	3 304	0
4.5% loan	2 203	0
Total current financial receivables from third parties	**5 507**	**0**
Peach German Properties AG	24 237	0
Peach Property Group (Deutschland) AG	54 118	35 470
Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG)	184	0
VD Harvestehuder Weg II GmbH & Co. KG *	0	94
Total current financial receivables from Group	**78 539**	**35 564**

* Merged with Peach Property Management GmbH & Co. KG in the reporting year.

A listed bond expiring in December 2020 which bears interest at 4.125 % is included under financial receivables from third parties. Furthermore, during the reporting period we granted a loan to a third party which bears interest of 4.5 %. The loan is due in June 2020.

We reclassified the non-subordinated part of the non-current financial receivables of Peach German Properties AG as current financial receivables since we expect cash flows from it in the future after the reorganization of the German corporate structure. The increase in total receivables (current and non-current) can be mostly attributed to additional portfolio financing for subsidiaries and second-tier subsidiaries (see also Note 6).

As part of the further growth by the Group, we have granted additional loans to Peach Property Group (Deutschland) AG for portfolio financing.

5 Development properties

During the reporting year we sold the unit from the development project "Seelofts", which was acquired from Primogon AG in 2018 as a result of a merger.

6 Non-current financial receivables

in CHF thousands	31.12.2019	31.12.2018
Peach German Properties AG	20 050	40 382
East West Wohnbau GmbH in liquidation	1 393	1 406
Peach Property Group (Deutschland) AG	71 636	72 766
Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG)	21 042	7 529
VD Harvestehuder Weg I GmbH & Co. KG *	0	12 391
Am Zirkus 1 Berlin GmbH & Co. KG *	0	285
Group	**114 121**	**134 759**
Beach House AG	13 102	12 769
Associates and joint ventures	**13 102**	**12 769**
Total financial assets	**127 223**	**147 528**

* Merged with Peach Property Management GmbH & Co. KG in the reporting year.

7 Valuation adjustments to non-current financial receivables

in CHF thousands	31.12.2019	31.12.2018
East West Wohnbau GmbH in liquidation	1 393	1 406
Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG)	0	7 529
VD Harvestehuder Weg I GmbH & Co. KG *	0	12 391
Am Zirkus 1 Berlin GmbH & Co. KG *	0	285
Group	**1 393**	**21 611**
Beach House AG	13 102	12 769
Associates and joint ventures	**13 102**	**12 769**
Total valuation adjustments to non-current financial receivables	**14 495**	**34 380**

* Merged with Peach Property Management GmbH & Co. KG in the reporting year.

As a result of the reorganization of the corporate structure carried out in reporting year (see Note 2), the valuation adjustments to non-current financial receivables in relation to Peach Property Management GmbH & Co. KG could be reversed based on earned value calculations.

In the reporting year we adjusted the remaining valuation adjustments to the expected returns from the respective companies.

8

Investments

Company	Ref.	Registered office	Capital stock	Direct invest-ments	Indirect invest-ments	Non-con-trolling interests	Closing date
Switzerland			TCHF	in %	in %	in %	
Peach German Properties AG	4	Stansstad	100	100.0			31.12.
WSZ Residential Development AG	3	Lachen	100	100.0			31.12.
Gretag AG	2/3	Zurich	500	100.0			31.12.
Austria			TEUR	in %	in %	in %	
East West Wohnbau GmbH in liquidation	3	Innsbruck	18	99.0		1.0	31.12.
Germany			TEUR	in %	in %	in %	
Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG)	1/4	Cologne	1		100.0		31.12.
PPM Verwaltung GmbH (formerly Yoo Berlin Verwaltung GmbH)	5	Cologne	25		100.0		31.12.
Peach Property Group (Deutschland) AG	4	Cologne	5 000		100.0		31.12.
Munster Portfolio GmbH	2	Cologne	25		100.0		31.12.
Portfolio Fassberg I GmbH & Co. KG	2	Cologne	50		94.9	5.1	31.12.
Portfolio Erkrath Wohnen GmbH	2	Cologne	25		100.0		31.12.
Portfolio Neukirchen L GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Neukirchen S GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Oberhausen GmbH	2	Cologne	25		100.0		31.12.
Portfolio Bochum II GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Bochum III GmbH (Relocation to DE in process)	2	Larnaca CY	0.1		94.0	6.0	31.12.
Portfolio Gelsenkirchen I GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Gelsenkirchen II GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Gelsenkirchen III GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Gelsenkirchen IV GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Essen I GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Essen II GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Essen III GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Velbert GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Marl GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Bielefeld I GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Bielefeld II GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Ostwestfalen GmbH	2	Cologne	25		100.0		31.12.
Portfolio Rheinland GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Kaiserslautern I GmbH & Co. KG	2	Cologne	1 000		100.0		31.12.
Portfolio Kaiserslautern II GmbH & Co. KG	2	Cologne	1		100.0		31.12.
Portfolio Kaiserslautern III GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio KL Betzenberg IV GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio KL Betzenberg V GmbH	2	Cologne	25		94.9	5.1	31.12.
Portfolio Kaiserslautern VI GmbH	2	Cologne	25		94.9	5.1	31.12.
Yoo Düsseldorf Verwaltungs GmbH	5	Cologne	25		100.0		31.12.
Portfolio Nordhessen GmbH & Co. KG	2	Cologne	1		94.9	5.1	31.12.
Portfolio Nordhessen II GmbH	2	Cologne	25		100.0		31.12.

	Ref.	Registered office	Capital stock	Direct invest-ments	Indirect invest-ments	Non-con-trolling interests	Closing date
Portfolio Eschwege GmbH	2	Cologne	25		100.0		31.12.
Portfolio Heidenheim I GmbH	2	Cologne	25		100.0		31.12.
Portfolio Heidenheim II GmbH	2	Cologne	25		100.0		31.12.
Peach Wertgrund GmbH	2	Cologne	25		100.0		31.12.
Portfolio Dortmund Verwaltungs GmbH	2	Cologne	25		100.0		31.12.
Portfolio Peach Property Projekt IX GmbH	2	Cologne	25		100.0		31.12.
Portfolio Peach Property Projekt X GmbH	2	Cologne	25		100.0		31.12.
Zymma Living GmbH	1	Cologne	25		100.0		31.12.
Peach Cenda Hausverwaltungen GmbH	1	Cologne	25		51.0	49.0	31.12.
Domibus Facility Services GmbH	1	Cologne	25		100.0		31.12.
Peach Property Finance GmbH	1	Bonn	25		100.0		31.12.
Associated companies			TCHF				
Beach House AG	4	Wädenswil	100	46.6			31.12.

1 Service company
2 Project company, investment properties
3 Project company, development properties
4 Holding and financing company
5 Management company/general partner

9 Valuation adjustments to investments

The valuation adjustments relate to the following investments:

in CHF thousands	31.12.2019	31.12.2018
East West Wohnbau GmbH in liquidation	165	165
Peach German Properties AG	0	140
Beach House AG	47	47
Total valuation adjustments to investments	**212**	**352**

10 Intangible assets

We have capitalized the investments in new IT applications and will depreciate them over the useful life of five years.

11 Trade payables

The payables due to Group companies have been mostly converted into interest-bearing financial liabilities.

12 Current financial liabilities

12.1 Current financial liabilities due to third parties

This item includes a loan from a third party in the amount of CHF 9 000 thousand, the subordinated mandatory convertible bond issued during the reporting year in the amount of CHF 5 419 thousand, as well as the accrued interest on the hybrid convertible and hybrid warrant bonds.

The conditions of the bond are as follows:

Mandatory convertible bond (issue 2019)

Volume:	CHF 5 419 thousand	Conversion price:	CHF 33.04
Interest rate:	2.50 % p.a. from October 14, 2019	Convertible:	April 14, 2020
Maturity:	April 14, 2020	ISIN:	CH 0504274447

12.2 Current financial liabilities due to Group

in CHF thousands	31.12.2019	31.12.2018
WSZ Residential Development AG	4 829	0
Gretag AG	20 008	2 109
VD Berlin Chausseestrasse 106 GmbH & Co. KG *	0	1 783
Other Group loans	135	124
Total current financial liabilities due to Group	**24 972**	**4 016**

* Merged with Peach Property Management GmbH & Co. KG in the reporting year.

The current financial liability due to Gretag AG has increased due to the conversion of the trade payable existing at the end of the previous year (see Note 11) as well as the granting of additional loans in the reporting year. The loan liability VD Berlin Chausseestrasse 106 GmbH & Co. KG was offset against existing financial receivables as part of the merger with Peach Property Management GmbH & Co. KG.

13 Accrued expenses

The decrease is mainly attributable to the lower level of accruals due to WSZ Residential Development AG with regard to the construction project which has been largely completed.

14 Non-current financial liabilities

14.1 Non-current financial liabilities due to third parties

As in the previous year, the non-current financial liabilities include the hybrid bonds issued.

The conditions are as follows:

Hybrid warrant bond (issue 2018)

Volume:	CHF 58 568 thousand
Interest rate:	1.75 % p.a., from issue date until June 22, 2023 (incl.) Capital market rate (at least 0 %) + 9.25 % p.a. as of June 22, 2023
Maturity:	unlimited; first callable by Peach on June 22, 2023
Option right:	4 warrants per bond of CHF 1 000
Exercise period:	June 25, 2018 - June 25, 2021
Listing:	SIX Swiss Exchange Ltd.
Ticker/ISIN:	PEA23/CH0417376024
Exercised in 2019:	12 776 warrants (previous year: 1 444)

Hybrid convertible bond (issue 2017)

Volume:	CHF 59 000 thousand
Interest rate:	3.00 % p.a., from issue date until September 30, 2022 (incl.) 3-month Libor + 9.25 % p.a. as of October 1, 2022
Maturity:	unlimited; first callable by Peach on September 30, 2022
Conversion price:	CHF 29.50
Convertible:	From October 16, 2017 until December 30, 2020 against registered shares with a par value of CHF 1.00
Listing:	SIX Swiss Exchange Ltd.
Ticker/ISIN:	PEA22 / CH0381952255
Conversions 2019:	CHF 27 431 thousand (previous year: CHF 670 thousand)

The capitalized issue costs of the hybrid warrant bond amounts to CHF 1,080 thousand, while the hybrid convertible bond issue costs are CHF 1,390 thousand. We amortize these costs by using the effective interest rate method over the term of the bond.

14.2 Non-current financial liabilities due to Group

As in the previous year, the non-current financial liabilities are due to Gretag AG. We have reclassified a share of CHF 1 918 thousand to be amortized in the 2020 financial year as current financial liabilities.

15 Provisions

in CHF thousands	31.12.2019	31.12.2018
Warranties	97	133
Share-based payment compensation	1 196	213
Other provisions	530	570
Current provisions	**1 823**	**916**
Share-based payment compensation	815	1 839
Non-current provisions	**815**	**1 839**
Total provisions	**2 638**	**2 755**

A participation plan is due to vest in May 2020. We have reclassified the corresponding share as current provisions.

16 Income and direct expenses of the completed project volume

In the previous year, income and expenses of CHF 9 734 thousand and 6 188 thousand were recorded for development and construction work commissioned by WSZ Residential Development AG for the "Wollerau Park" project, which was largely completed in the previous year.

Furthermore, a credit for the development fee of CHF 11 345 thousand in favour of Gretag AG was included in the previous year. This resulted from the judicial settlement proposal adopted with regard to the maximum allowable development fees for the property gains tax from the sale of "Gretag Areal".

In the reporting year, income from construction and development mostly included the proceeds from the sale of the development project "Seelofts" of CHF 760 thousand as well as reversals of accruals from the previous year. The expenses from construction and development mainly includes CHF 1 179 thousand from the sale of the development project "Seelofts" as well as the reversal of accruals from the previous year.

17 Other operating income

The Group allocations included in Other operating income have increased in connection with additional services provided for a bond in the amount of EUR 250 million issued by a Group company during the reporting year and the reorganization of the German Group structure.

18 Other operating expenses

As part of the reorganization of the German group structure and the issue of the EUR bond, higher expenses for advisory services were incurred in the reporting year (see also Note 2 and 17).

19 Financial income and expenses

During the reporting year, we adjusted the interest rates for financial receivables to Group companies to the lower cost structure for financing arrangements made and reduced interest rates by an average of 100 bp, which is the main reason behind the decrease in financial income.

The decrease in financial expenses is largely attributable to the slightly lower cost structure for financing arranged as well as lower financing costs.

20 Liabilities in respect of pension funds

in CHF thousands	**31.12.2019**	31.12.2018
Total liabilities in respect of pension funds	27	83

21 Treasury shares

	2019		2018	
in CHF thousands	Number	Value	Number	Value
Opening balance	906	14	906	14
Purchase	11 080	344	0	0
Sale	-11 000	-329	0	0
Closing balance treasury shares	**986**	**29**	**906**	**14**

22 Pledged and otherwise encumbered assets

	31.12.2019		31.12.2018
Subordinated assets	EUR thousands	in CHF thousands	in CHF thousands
East West Wohnbau GmbH in liquidation	1 284	1 393	1 402
Peach German Properties AG		20 050	20 050
Peach Property Group (Deutschland) AG	20 500	22 250	23 090
VD Harvestehuder Weg I GmbH & Co. KG [1]	0	0	11 270
Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG) [2]	0	0	7 508
Receivables from Group		**43 693**	**63 320**
Beach House AG		13 102	4 682
Condominium Beach House AG [3]		0	7 976
Receivables from associates and joint ventures		**13 102**	**12 658**
Total subordinated assets		**56 795**	**75 978**

1 Merged with Peach Property Management GmbH & Co. KG in the reporting year.
2 In the previous year, acquisition value including accrued interest on purchased loans.
The subordination also included the values already adjusted at the time of purchase.
In the year under review, we granted a patronage to the extent of over-indebtedness (see Note 25)
3 Merged with Beach House AG in the reporting year.

23 Number of full-time employees

As in the previous year, the number of full-time employees in the year under review averaged over the year was below 50.

24 Unrecognized leasing liabilities

in CHF thousands	31.12.2019	31.12.2018
Rental (extension of the term until December 31, 2023)	494	247
Vehicles	88	141
Total unrecognized leasing liabilities	**582**	**388**

25 Sureties, contingent liabilities and guarantee obligations towards third parties

in CHF thousands	31.12.2019	31.12.2018
In connection with the real estate financing (credit agreement) for the "Giessen Areal" (Wädenswil), Peach Property Group AG assures that Gretag AG's obligations as a borrower will be fulfilled by way of a guarantee to the bank. The guarantee is limited to CHF 20 000 thousand.	20 000	20 000
In connection with the Reidbach project run by the city government, Peach Property Group AG assures Gretag AG's payment obligations towards the city of Wädenswil as landowner by way of a patronage. The patronage is limited to CHF 6 000 thousand.	6 000	0
In connection with an agreement under private law to bear the costs from contamination to the soil and underground at the "Giessen Areal" site, Peach Property Group AG secures the claim of the former polluter for indemnity against claims made by the authorities or third parties by way of a surety. The surety is limited to CHF 250 thousand.	250	0
For the rent from the rental agreement with Peach Property Group (Deutschland) AG, Peach Property Group AG secures three monthly rental payments to the lessor by way of a patronage. The patronage is limited to EUR 53 thousand.	58	60
In connection with the conclusion of a syndicated loan of EUR 60 million from Peach Property Group (Deutschland) AG as borrower, Peach Property Group AG, Peach German Properties AG and Peach Property Management GmbH & Ko. KG (formerly Yoo Berlin GmbH & Co. KG) each guarantee the timely payment of the amounts owed under the contract. The guarantee is limited to EUR 62 000 thousand (previous year: EUR 50 500 thousand).	67 293	56 880
In connection with a loan for "Erkrath Wohnen", Peach Property Group AG stands surety to the bank for its claims against Portfolio Erkrath Wohnen GmbH. The surety is limited to EUR 2 000 thousand.	2 171	2 253
In connection with a refinancing of the "Neukirchen L" and "Neukirchen S" portfolios, Peach Property Group AG assures that Peach Property Group (Deutschland) AG's obligations as a borrower will be fulfilled by way of a directly enforceable guarantee to the bank. The guarantee is limited to EUR 8 000 thousand.	8 683	9 011
In connection with the financing of the "Oberhausen" portfolio, Peach Property Group AG assures that Portfolio Oberhausen GmbH's obligations as a borrower will be fulfilled by way of a directly enforceable guarantee to the bank. The guarantees are limited to EUR 9 040 thousand.	9 812	10 181
In connection with a refinancing of the "Rhineland" portfolio, Peach Property Group AG assures that Portfolio Rheinland GmbH's obligations as a borrower will be fulfilled by way of a guarantee to the bank. The guarantee is limited to EUR 4 200 thousand (previous year: EUR 3 000 thousand).	4 559	3 379

in CHF thousands	31.12.2019	31.12.2018
In connection with the financing of the "Kaiserslautern" portfolio, Peach Property Group AG assures that Portfolio Kaiserslautern I GmbH & Co. KG, Portfolio Kaiserslautern II GmbH & Co. KG and Portfolio Kaiserslautern III GmbH's obligations as a borrower will be fulfilled by way of a directly enforceable guarantee to the bank. The guarantee is limited to EUR 6 100 thousand (previous year: EUR 5 350 thousand).	6 621	6 025
In connection with the sale of "Am Zirkus 1" to a special real estate fund from the KanAm Grund Group, Peach Property Group AG assures that Am Zirkus 1 Berlin GmbH & Co. KG's (now Peach Property Management GmbH & Co. KG's) obligations as a seller will be fulfilled by way of two patronages to the buyer. The patronages are limited to EUR 4 500 thousand.	4 884	5 068
In connection with the financing of the "Bochum II" portfolio, Peach Property Group AG assures that Portfolio Bochum II GmbH's obligations as a borrower will be fulfilled by way of a directly enforceable guarantee to the bank. The surety is limited to EUR 2 650 thousand.	2 876	2 985
In connection with the financing of the "Nordhessen II" portfolio, Peach Property Group AG assures that Portfolio Nordhessen II GmbH's obligations as a borrower will be fulfilled by way of a directly enforceable guarantee to the bank. The surety is limited to EUR 2 200 thousand.	2 388	2 478
In connection with the financing of the "Heidenheim" portfolio, Peach Property Group AG assures that Portfolio Heidenheim I GmbH's and Portfolio Heidenheim II GmbH's obligations as a borrower will be fulfilled by way of a directly enforceable guarantee to the bank. The surety is limited to EUR 12 000 thousand.	13 025	13 516
In connection with the issuance of a corporate bond for EUR 250 000 thousand, Peach Property Group AG secures Peach Property Finance GmbH's obligations as an issuer by way of a guarantee to the bondholders.	271 345	n.a.
In connection with the overindebtedness of East West Wohnbau GmbH in liquidation, Peach Property Group AG secures the company's payment obligations towards any other third-party creditors. The patronage is limited to EUR 65 thousand (previous year: EUR 55 thousand).	71	62
In connection with the overindebtedness of Peach Property Management GmbH & Co. KG (formerly Yoo Berlin GmbH & Co. KG), Peach Property Group AG secures the company's payment obligations towards any other third-party creditors. The patronage is limited to EUR 80 000 thousand.	86 830	0
In connection with the overindebtedness of Peach Property Finance GmbH, Peach Property Group AG secures the company's payment obligations towards any other third-party creditors. The patronage is limited to EUR 2 150 thousand.	2 334	0
In connection with the completion of the "Kaiserslautern" purchase agreement, Portfolio Kaiserslautern I GmbH & Co. KG, Portfolio Kaiserslautern II GmbH & Co. KG and Peach Property Group AG indemnified the sellers from any claims from the renters for the refund of their rental deposits.	0	11
In connection with a loan for the "Fassberg" portfolio, Peach Property Group AG stands surety to the bank for its claims against Portfolio Fassberg I GmbH & Co. KG. The surety was limited to EUR 1 050 thousand.	0	1 183
Peach Property Group AG and its Swiss subsidiaries form the „VAT group Peach Property Group AG". The members of the VAT group are liable in solidarity for VAT obligations and liabilities.	p.m.	p.m.

26 Shares and options held by the Board of Directors, Executive Committee and employees

in units			31.12.2019			31.12.2018
	Shares	Options [1]	of which PSUs [1]	Shares	Options [1]	of which- PSUs [1]
Board of Directors	172 140	26 000	26 000	135 168	28 000	28 000
Executive Committee	808 264	83 500	43 500	836 898	94 000	54 000
Employees	13 376	18 000	18 000	6 644	18 000	18 000
Total	**993 780**	**127 500**	**87 500**	**978 710**	**140 000**	**100 000**

1 A part of the options is held in Performance Share Units (PSUs).

27 Significant events after the balance sheet date

No significant events after the balance sheet date are known to have occurred.

Report of the statutory auditor

to the General Meeting of Peach Property Group AG

Zürich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Peach Property Group AG, which comprise the balance sheet as at 31 December 2019 and the income statement for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 141 to 157) as at 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 1'300'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in subsidiaries and group receivables

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1'300'000
How we determined it	0.5 % of total assets
Rationale for the materiality benchmark applied	We chose assets as the benchmark because the company mainly holds investments in subsidiaries and group receivables. Total assets is a common benchmark for materiality for holding companies.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries and group receivables

Key audit matter	How our audit addressed the key audit matter
Investments in subsidiaries and group receivables amounting to around CHF 238 million are the biggest part of the assets. The investments in subsidiaries and group receivables are valued at acquisition costs respectively nominal value or lower market value. Please refer to the notes in the financial statements (from page 145). We consider the testing of the recoverability of the investments in subsidiaries and group receivables to be a significant matter, because of the high value and the judgement of the management involved.	• We tested the design and existence of the key controls regarding the valuation of investments in subsidiaries and group receivables. • We tested all material investments in subsidiaries and group receivables and evaluated the allowance for each position. • We tested the valuation of the investments in subsidiaries and group receivables considering the net asset value, the operating business and the financing and liquidity situation. This covers the comparison of the book value to the net assets, market value of the investment properties, inquiries with management and review of business plans. • Especially for project companies the external valuation of the investment and development properties were taken into account, to identify any potential difference between book and market value, and to consider it in the impairment assessment. • We tested the allocated allowance on investments in subsidiaries and group receivables whether the necessary allowances were booked against the investments in subsidiaries first and afterwards against the group receivables as well as if the allowances are sufficient. The results from our audit procedures support the recoverability assumptions from the management and board of directors.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger	Philipp Gnädinger
Audit expert Auditor in charge	Audit expert

Zürich, 27 March 2020

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Events

Publication of annual results 2019:
March 31, 2020
Annual general meeting:
May 27, 2020 in Zurich
Publication of half-year results 2020:
Tuesday, August 25, 2020

Imprint

Editor:
Peach Property Group AG, Zurich
Conceptual design / text:
edicto GmbH, Frankfurt /
Peach Property Group AG, Zurich
Realization: edicto GmbH, Frankfurt

The 2019 annual report was published in
in German and English language.
They are available on the internet at
www.peachproperty.com.

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