



## Short Report 2021

## Key Figures

Peach Property Group AG is a real estate investor with its 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 letting 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)		Dec 31, 2021	Dec 31, 2020
Operating income	CHF thousands	397 838	213 584
EPRA Like-for Like rental income	in %	4.0	4.7
Operating result	CHF thousands	340 662	178 563
Result before tax	CHF thousands	259 490	153 354
Result after tax	CHF thousands	201 198	127 282
NAV IFRS	CHF thousands	1 120 427	754 862
Equity ratio (IFRS)	in %	40.1	33.9
Real estate portfolio at market values (incl. right-of-use assets) <sup>1</sup>	CHF thousands	2 713 802	2 112 450
Number of employees		194	119
Number of shares (nominal value of CHF 1.00 each)		16 882 373	12 494 751
Share capital	CHF thousands	16 882	12 495
Diluted earnings per share	in CHF	12.38	14.30
Diluted FFO I per share	in CHF	0.72	0.55
NAV IFRS per share <sup>2</sup>	in CHF	60.38	50.70
EPRA NTA per share	in CHF	68.56	57.29
Share price as of December 31	in CHF	63.40	46.00
Market capitalization as of December 31 <sup>3</sup>	CHF thousands	1 069 852	574 497

1 NAV market value based on the independent appraisal of Wüest Partner incl. assets held for sale.

2 Excluding hybrid capital and non-controlling interests.

3 Excluding treasury shares.





Reto Garzetti  
Chairman of the Board of Directors



Dr. Thomas Wolfensberger  
Chief Executive Officer

## Dear shareholder,

The concluded financial year is characterized by the continuation of our growth strategy. We expanded our portfolio while strengthening our position on real estate and capital markets. Despite the various COVID-19-related lockdowns, we were able to further expand our real estate portfolio in Germany by acquiring around 4 300 new residential units in early summer 2021. With more than 27 400 residential units in our portfolio, and a total market value of CHF 2.7 billion, compared to CHF 2.1 billion in the previous year, we have achieved a new highest value. The

value increase of our portfolio resulted from both acquisitions, and revaluations. We are an established and relevant player in the German residential real estate market and are increasingly being noticed by international investors.

Our actions are consistently geared towards satisfying the needs of our tenants and contributing to their well-being. Our business model further points at meeting our environmental, economic and social responsibilities.

### Significant increase in key indicators, successful bond issue, and improved credit ratings

In addition to our portfolio expansion, which we have delivered successfully over the past years, we again markedly improved our key indicators in 2021. In this regard, we achieved the highest earnings before taxes in our history of CHF 259 million (increase of 69 percent year-on-year) in 2021. Earnings after taxes similarly increased by around 58 percent year-on-year, to CHF 201 million. Funds from operations (FFO I) increased more than twofold, from CHF 4.6 million in the previous year, to CHF 11.1 million in the current financial year. Rental income was CHF 108.6 million, which likewise represents an almost twofold increase year-on-year. The decisive contributors to our perfor-

mance were the results from acquisitions made at the end of 2020, and in June 2021, and the resulting economies of scale. We remained true to our investment strategy, with the vast majority of newly acquired residential units in, or with proximity to, already existing locations, mainly in the Ruhr Area of North Rhine-Westphalia. Our proximity strategy allows us to unlock economies of scale from the management of our portfolio.

Capital markets represented an important pillar in financing our growth in 2021. In June 2021, we successfully completed the placement of a 2.5 percent CHF mandato-

ry convertible bond with an issue amount of CHF 180 million. We were able to increase the volume during the offer period, from the original CHF 120 million, to CHF 180 million, on the back of strong investor demand. Most of the net issue proceeds were used to finance our newly acquired real estate portfolio. With the mandatory conversion date at the end of the current financial year, the bond was fully converted into Peach Property Group AG shares. Following the strengthening of our equity base, we reduced our Loan-to-Value ratio (LTV) from 57.5 percent in the previous year, to 51.9 percent in 2021.

The improvement in our credit ratings in 2021 is an expression of our continuously improving financial structure, which in turn, allows us to explore more beneficial conditions when raising capital. Moody's upgraded both our corporate rating, and the rating on our subordinated unsecured bonds from Ba3 to Ba2. Fitch Ratings upgraded our corporate rating from BB- to BB, and our unsecured bond rating from BB to BB+, one notch below investment grade. S&P Global Ratings also upgraded its corporate rating from B+ to BB-, and its senior unsecured bond issue ratings from BB- to BB.

### High returns courtesy of a smart acquisition policy – balanced and sustainable growth - communication with tenants expanded during the pandemic

With our established focus on residential real estate in German metropolitan regions, and Tier II cities, we are active in a dynamically growing, and continued important market environment. Through leveraging our many years of experience, and our solid network, we are positioned to acquire real estate under favorable conditions. With efficient and tenant-oriented real estate management practices, we further increase the value of our portfolios.

We aim for continued future growth in our core markets, enabled by our acquisition strategy which seeks for a clear expected return on investment. As of December 31, 2021, the return on our portfolio is 4.8 percent - significantly higher than the industry comparison. Our aim is to continue our balanced and sustainable growth also in the future.

To facilitate the best exchange possible with our tenants, we opened three Peach Points at the beginning of 2021, and three more at the beginning of 2022. This brings our total number of tenant shops to fifteen, all in the immediate vicinity of our core portfolio. Through our Peach Points, we can contact our tenants directly, and provide them with quick, unbureaucratic support. Digital channels such as e-mail, WhatsApp, or our tenant platform provide further options for quick and efficient contact with us. We want to expand and optimize our digital processes in the future, and by doing so, offer our tenants an even more efficient service.

### Tenant satisfaction and environmental responsibility in focus – reducing the carbon footprint

Tenant satisfaction is our top priority. To ensure that tenants are happy in our apartments, we continuously modernize our properties and their surroundings. In this regard we invested around CHF 45 million in our portfolio during the financial year, and even slightly increased the investment measured per square meter, when compared to the previous year. Our investment focus was on ener-

gy and environmental related renovations. Measured on a Like-for-Like basis (excluding units acquired at the end of the previous year, and in the current financial year), the number of vacant apartments decreased by approximately 1 percent - from 7.3 percent in 2020, to 6.1 percent in 2021.

Overall, the vacancy rate in the current financial year was 8.0 percent, compared to 7.9 percent in the previous year. A slightly higher vacancy rate than expected in the portfolios acquired in the previous year is one of the main drivers in this regard. The vacancy rate in the approximately 15 000 apartments acquired in the previous year, and the current financial year, was around 9.5 percent. Based on our active, and tenant-oriented real estate management practices, we are confident that we can quickly reduce this vacancy rate in line with normal Peach levels.

As a real estate investor, we see an inherent obligation to society to conduct our operations in an environmentally

responsible manner. In the current financial year, we executed on our sustainability strategy, while further developing concrete elements to our strategy.

For the first time we developed a decarbonization plan for our portfolio. We have committed ourselves to the climate neutrality of our real estate portfolio by 2050. As an intermediate goal, we aim to reduce the CO<sub>2</sub> intensity of our portfolio to well below 30 kg CO<sub>2</sub> per square meter by 2030. To reduce our environmental footprint, we will intensify modernization and renovation activities, and accordingly launched a corresponding investment program for this purpose.

## Well positioned for the future

To embed ESG even more prominently in our business model, an evaluation by an ESG rating agency is planned for first time in 2022. This important step is anticipated to create a stronger perception of Peach Property Group in the market, especially among ESG investors. More importantly, based on the current strategy, we will make an active and positive contribution to climate protection. The energy-focused refurbishments of our apartments are set to continue in the 2022 financial year. We will further enable tenant communication by expanding our Peach Points as the first contact point for our tenants, while also intensifying the use of our digital ticketing system. With our planned activities, we will continue to create attractive living spaces with sustainable values.

The sustainable strengthening of our financial structure in 2021 provides us with flexibility in relation to our continued future growth strategy. Our financial stabi-

ty, which is underpinned by the improved credit rating structure, offers us an opportunity to optimize credit conditions in our upcoming refinancing. This should be reflected in reducing interest expenses and increasing FFO I over the next two years.

For a very successful 2021, we would like to thank our tenants, investors, and above all our employees who have done an outstanding job despite difficult pandemic conditions.

With our tenant-centered philosophy; efficient, digitally equipped, and well-developed real estate management; yield-oriented acquisition policy; and our strong awareness of sustainability, we consider ourselves as a modern real estate company in the best possible position for the future. We look forward to your continued accompanying as an investor on our journey.

Yours



Reto Garzetti  
Chairman of the Board of Directors



Dr. Thomas Wolfensberger  
Chief Executive Officer

Peach Property Group – growing with values –  
residential portfolio reaches 27 400 units



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



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



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

2011

2012

2013

2014

2015

2016

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



Acquisition of **Gretag-Areal** near Zurich

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







**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



**Portfolio increases to around 23 200 residential units with a market value of over CHF 2 billion.** Expansion mainly in existing locations through the acquisition of around 10 800 apartments in North Rhine-Westphalia, Lower Saxony and Rhineland-Palatinate.

A further **5 new Peach Points** were opened.

2017

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

2018

2019

**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

2020

2021

**Further expansion of the portfolio to over 27 400 units. Total market value of the existing portfolio increases significantly to over CHF 2.7 billion.**

Regional focus of the 4 300 newly acquired apartments, mainly in the federal state of North Rhine-Westphalia.

Focus on energy efficiency and environment related refurbishment of existing properties as well as improvements in the surroundings, e.g. the opening of an outdoor physical activity pathway („Trimm Dich Pfad“) in Kaiserslautern.



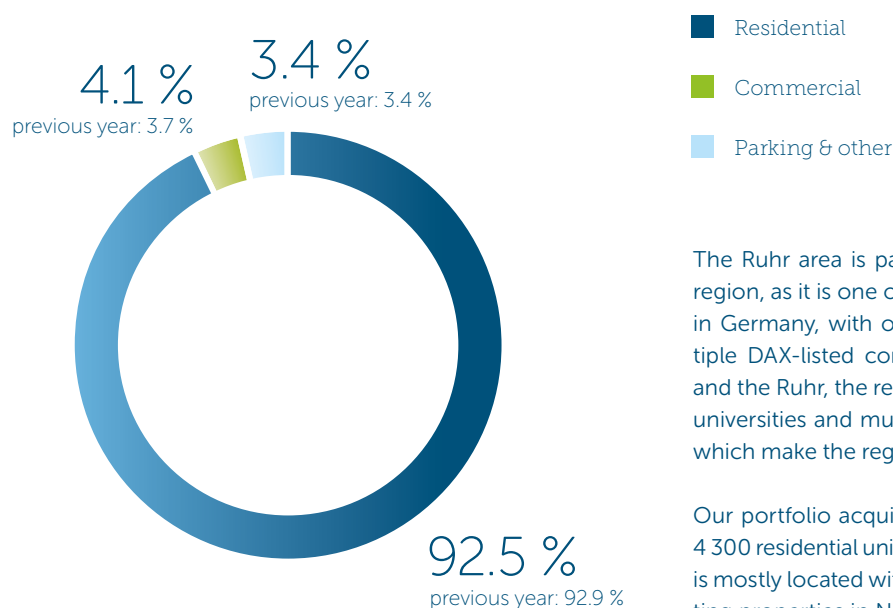
## Portfolio

Peach Property Group is an investor in, and portfolio holder of residential real estate in Germany. Our portfolio consists of high-yielding real estate assets located in Tier II cities within the commuter belt of metropolitan areas. Our operations are focused on providing affordable and modern living spaces with tenant satisfaction representing our top priority.

We achieve this through an emphasis on service delivery, continuous dialogue and communication with tenants, and targeted measures aimed at constantly improving the living quality on offer, as well as the surroundings. To a lesser extent, we also hold a small number of commercial and office properties.

## Portfolio structure

Rental income by use category as of December 31, 2021  
% of total rental income



We continued our growth agenda through 2021, with our portfolio expanding by approximately 18 percent to 27 400 residential units. Except for a small number of residential units in Bremen, the expansion of our real estate portfolio was primarily in North Rhine-Westphalia, within the Rhine-Ruhr metropolitan area. Almost two-thirds of our portfolio is located in North Rhine-Westphalia, followed by Lower Saxony, Rhineland-Palatinate, Baden-Württemberg, Hesse, Thuringia, and small portfolios in Mecklenburg-Western Pomerania, Switzerland and, recently in Bremen.

The Ruhr area is particularly attractive as an investment region, as it is one of the most populous metropole areas in Germany, with over 10 million inhabitants. With multiple DAX-listed companies located between the Rhine and the Ruhr, the region is strong in innovation, has many universities and multiple production sites available, all of which make the region economically attractive.

Our portfolio acquisition in summer 2021, of more than 4 300 residential units totaling over 275 000 square meters, is mostly located within the immediate vicinity of our existing properties in North Rhine-Westphalia. This allows us to increase efficiency and generate economies of scale. In line with our investment strategy, the portfolio has solid growth and appreciation potential. The gross yield across our full real estate portfolio was 4.8 percent as of December 31, 2021, which is shown to be extremely attractive in comparison to the sector.

Following our strong portfolio growth at the end of the previous year, and in June 2021, our rental income increased almost twofold, from CHF 54.7 million in 2020, to CHF 108.6 million in the financial year. Total lettable space increased by 18 percent, or almost 1.8 million square meters in 2021 compared with the previous financial year. Inclu-



ding the expansion of our portfolio, the total market value (including right-of-use assets) increased by 28 percent, from CHF 2.1 billion in 2020 to CHF 2.7 billion in 2021.

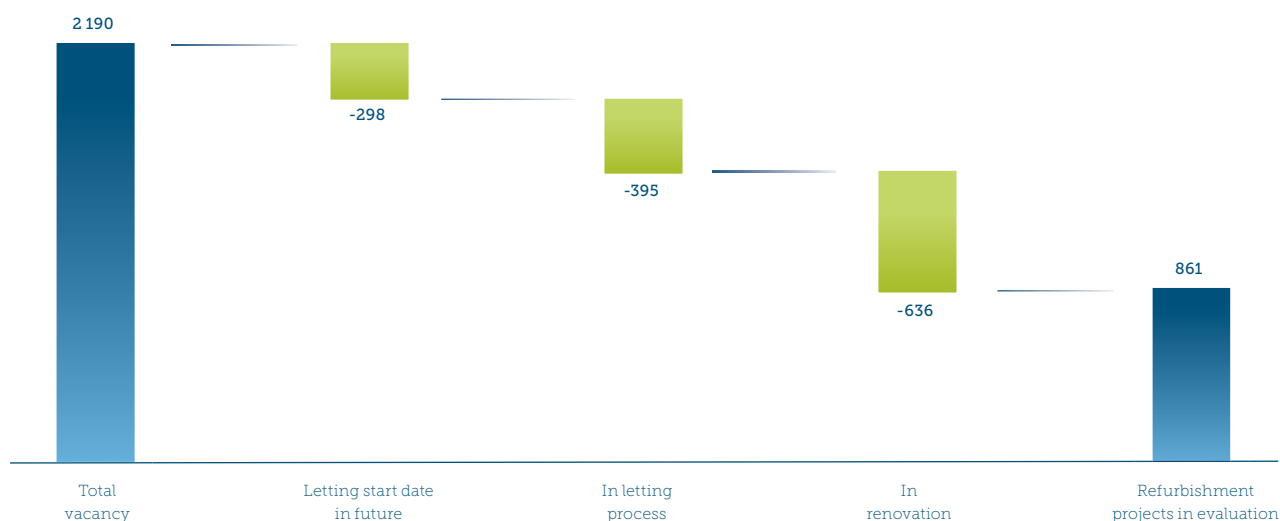
As a portfolio owner, we consider the modernization of our properties essential to creating an attractive living space – also from an environmental point of view. Targeted energy-efficiency related renovations and thermal insulations not only make a positive contribution in reducing the CO<sub>2</sub> footprint of the Peach Property Group, but also benefit our tenants in the form of lower heating costs, and an improved quality of life. Through our decarbonization plan, we have committed ourselves to the climate neutrality of our real estate portfolio by 2050. As action, we intensified our focus on targeted refurbishments of our properties in the current financial year.

In this regard we invested around CHF 45 million in our portfolio during the financial year. Excluding the portfolio acquired in June 2021, we intensified investment activities from CHF 27.36 per square meter in the previous year, to CHF 27.56 per square meter in the current financial year.

Vacant residential units at the end of the reporting year represented 8.0 percent of the total portfolio. Of these vacant units, almost 300 units have already concluded letting agreements, that will commence in the future, around 400 units are in the letting process, and over 600 units are currently undergoing minor, or major renovations. A further 860 units are identified refurbishment projects where we are currently analyzing and planning suitable modernization measures.

Our EPRA Like-for-Like vacancy rate in residential units is 9.0 percent in 2021, compared to 9.1 percent in the previous year.

Number of vacant units as of December 31, 2021

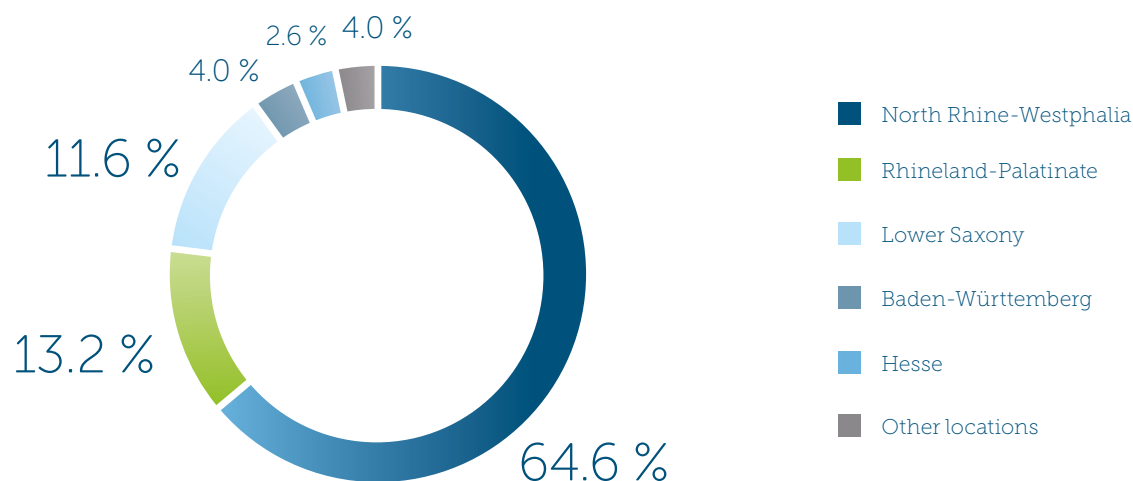


Despite the challenges caused by the COVID-19 pandemic, we opened three Peach Points at the beginning of the 2021 financial year, and three at the beginning of the 2022 financial year. These actions provide further direct communication channels to our tenants. Important to us is not only the continuous improvement of the living quality in our units, but also that of the surroundings, while remaining available for the needs and requests of our tenants.

We already have Peach Points in fifteen locations throughout Germany as of December 31, 2021. Our tenants have the opportunity for personal exchanges with us, most within a walking distance from their homes. Tenants may further use the tenant shops as a meeting place with other tenants. A great living environment worth living in, is equally important to us. This includes the maintenance of surroundings such as green areas, house entrances, and common areas such as playgrounds around our properties so that they appeal to all our tenants and are inviting to use.

## Breakdown by federal state as of December 31, 2021

% Annualized target rental income

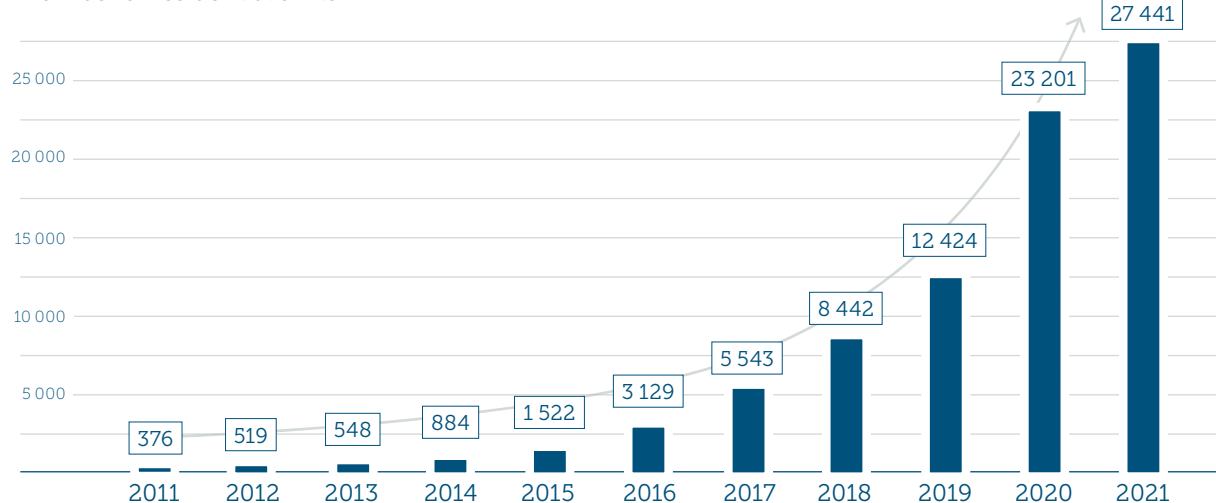


## Portfolio key indicators

		Dec 31, 2021	Dec 31, 2020
Number of residential units		27 441	23 201
Total rental space in m <sup>2</sup>		1 773 980	1 505 900
Thereof residential space in m <sup>2</sup>		1 705 227	1 436 857
Thereof commercial space in m <sup>2</sup> (GF DIN 277)		68 753	69 043
Rental income in CHF thousand*		108 601	54 748
Maintenance costs in CHF thousand*		12 926	7 467
Administrative and operating costs in CHF thousand*		10 625	4 294
Vacancy costs in CHF thousand*		5 233	2 423
Target rental income in CHF thousand p. a.		138 086	112 271
Vacant residential units (number of residential units as a percentage of all rental units)	2 190 8.0 %	1 842 7.9 %	
Average total rental potential, as a percentage of target rental income*		11.4 %	11.6 %
Market value in CHF thousand		2 633 670	2 039 007
Gross rental yield*		4.8 %	5.0 %
Net rental income / Cash flow yield*		3.0 %	3.1 %

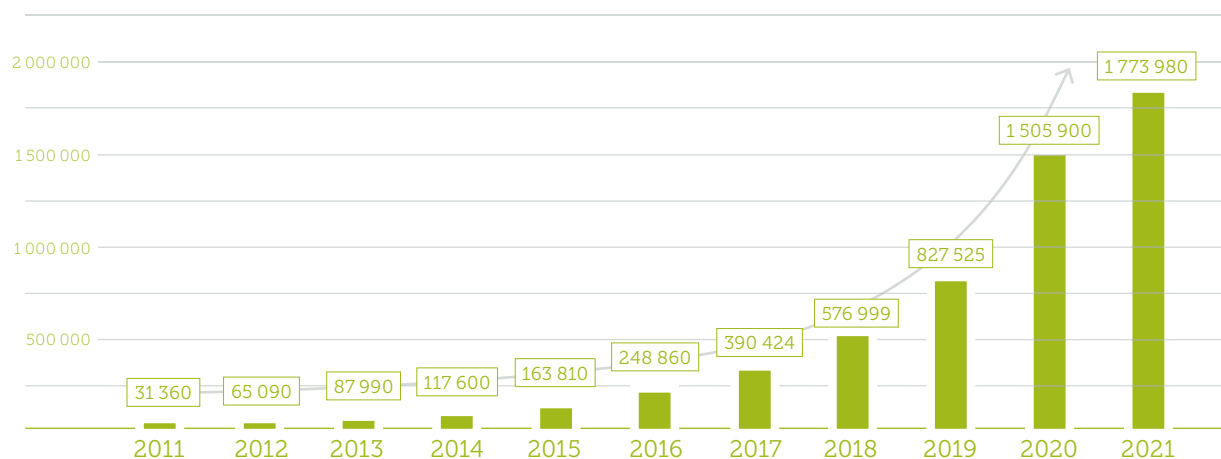
\* Current financial year indicators include six months' results from the acquisition in June 2021. Previous year indicators include no results from the acquisitions made as of December 31, 2020.

### Number of residential units



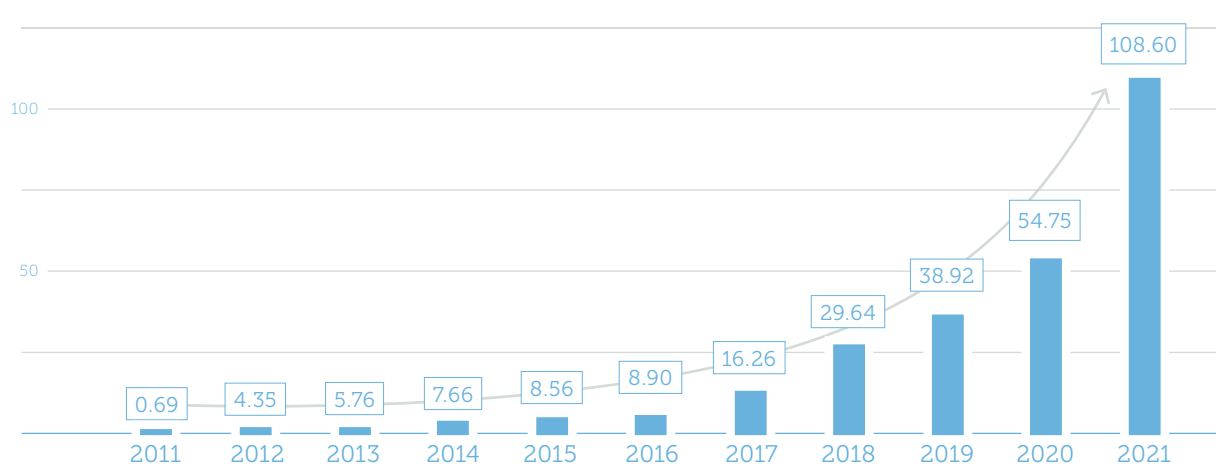
### Total floor space in the real estate portfolio considerably expanded

Total area in m<sup>2</sup>



### Actual rental income increased significantly

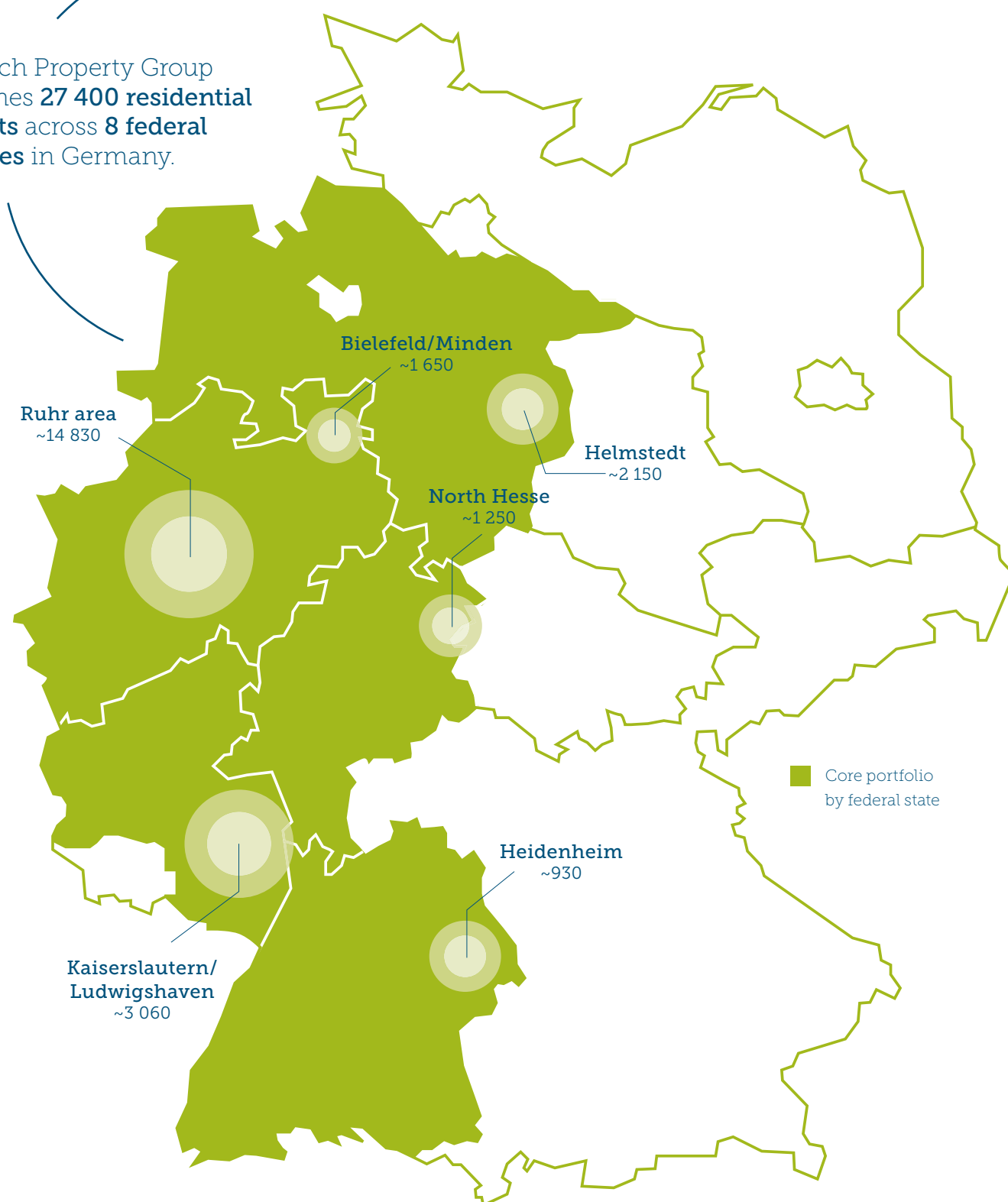
Actual rental income in CHF million





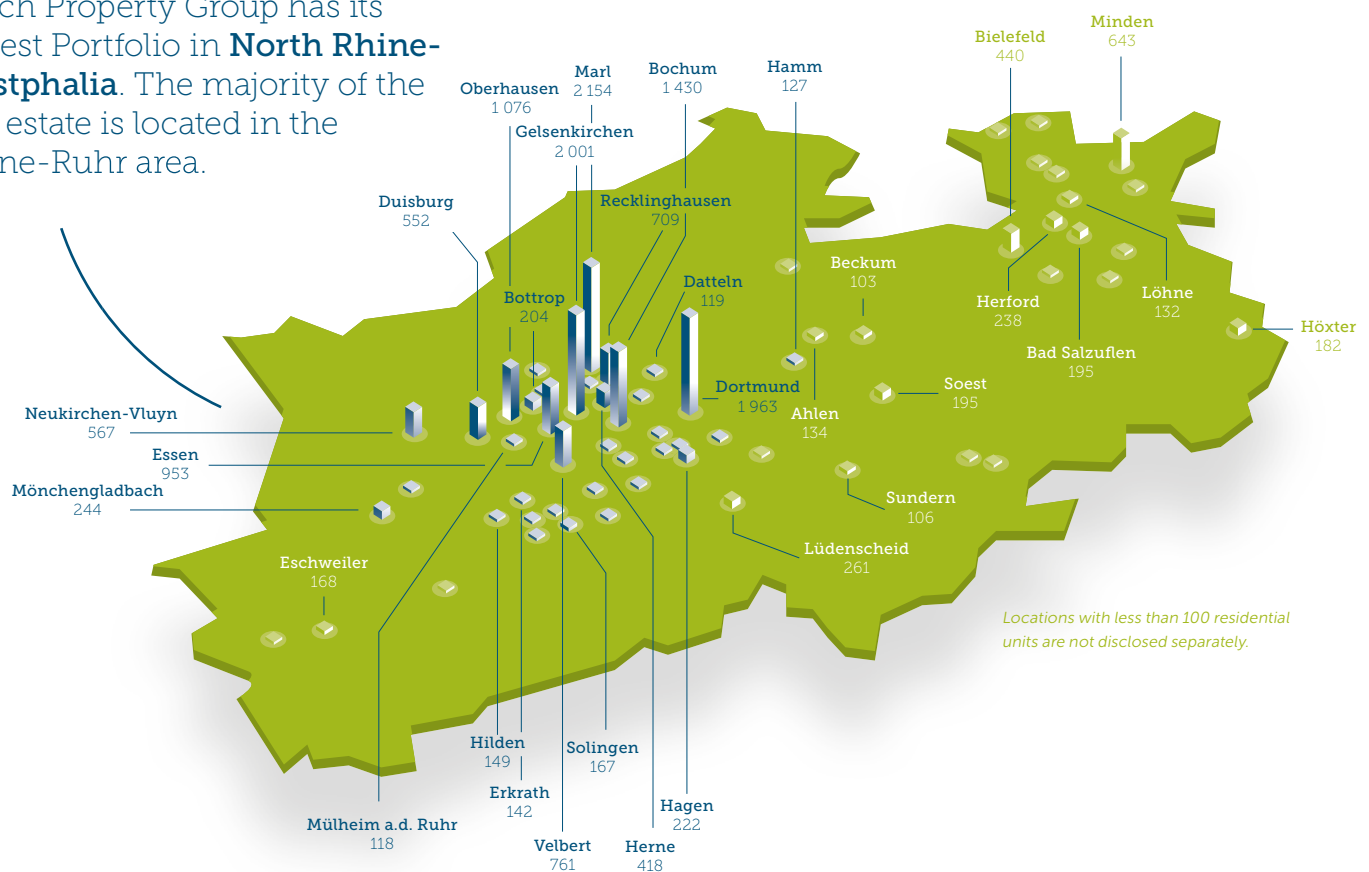
## Core portfolios of Peach Property Group

Peach Property Group  
owns **27 400 residential  
units** across **8 federal  
states** in Germany.



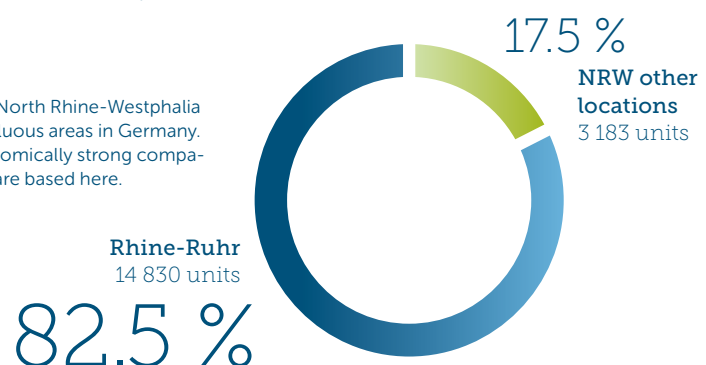


With ~ **18 000 residential units**, Peach Property Group has its largest Portfolio in **North Rhine-Westphalia**. The majority of the real estate is located in the Rhine-Ruhr area.

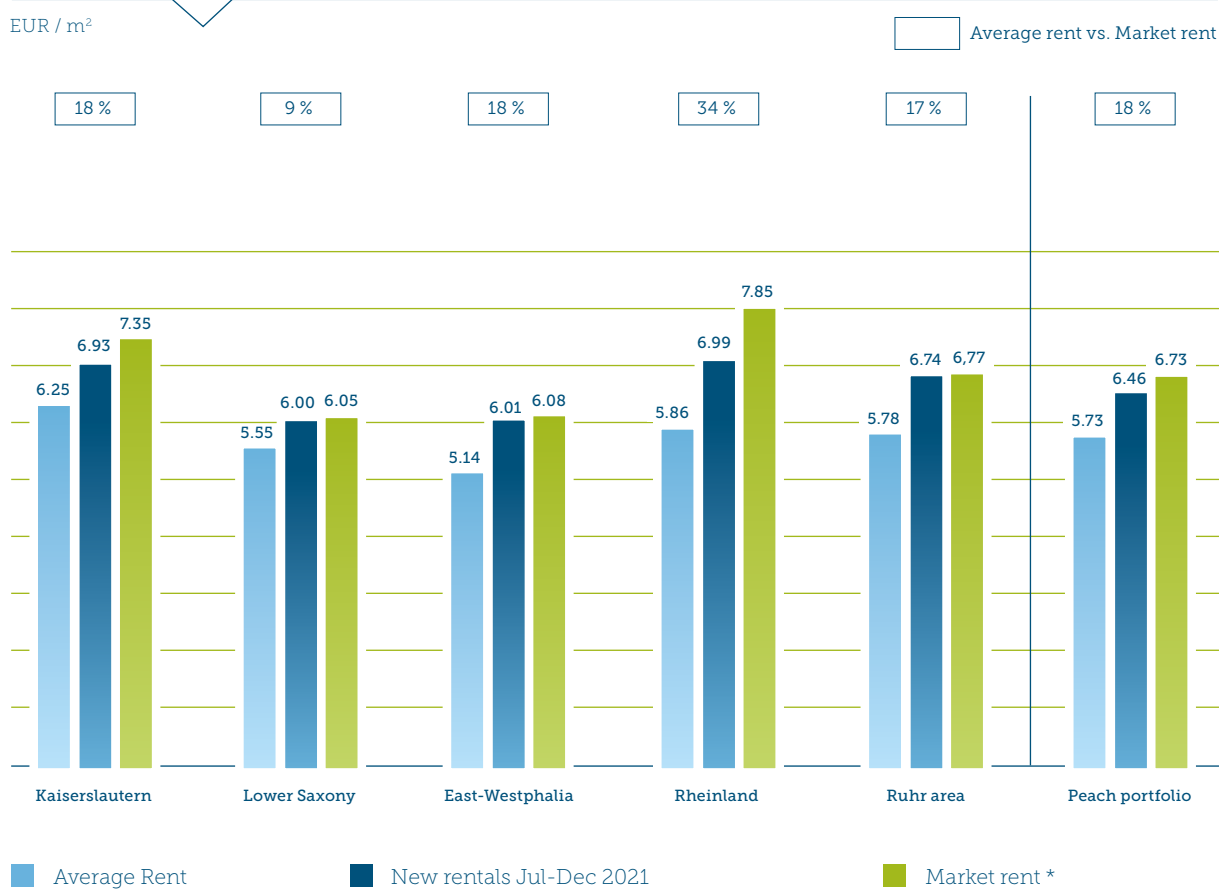


*Locations with less than 100 residential units are not disclosed separately.*

The Rhine-Ruhr area in North Rhine-Westphalia is one of the most populous areas in Germany. A number of large, economically strong companies, listed on the DAX, are based here.



## Rental income potential in core portfolios



\* Based on the valuation by Wüest Partner as of Dec 31, 2021.





## Highlights 2021

27 400

Residential units (+ 18 % compared to previous year)

1.8 million m<sup>2</sup>Floor space (compared to 1.5 million m<sup>2</sup> in 2020)

Portfolio

CHF 2.7 billion

Market value of existing portfolio (+ 29 % compared to previous year)

12

Peach Points

CHF 138.1 million

Annualized rental income (+ 23 % compared to 2020)

92 %

Occupancy rate total portfolio (compared to 93 % 2020)

CHF 109 million

Actual rental income in 2021 (almost a doubling compared to 2020)

Corporate

CHF 180 million

New mandatory convertible bond issued (fully converted as of reporting date)

CHF 201 million

Results after tax (+58 % compared to previous year)

CHF 259 million

Results before tax (+ 69 % compared to previous year)

CHF 68.56

EPRA NTA per share (compared to 57.29 in previous year)

40.1 %

Equity ratio at market values (compared to 33.9 % in previous year)

51.9 %

LTV (Loan-to-Value) – compared to 57.5 % in previous year

17.96 hours

Average response time on damage reports by tenants

45 %

Proportion of electric vehicles

CHF 1.1 billion

Equity (+ 48 %)

28.6 kg CO<sub>2</sub>e/m<sup>2</sup>CO<sub>2</sub>-emissions

CHF 45 million

Total investment costs of refurbishments

## **Contacts**

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## **Events**

Publication of annual results 2021:

March 29, 2022

Annual general meeting:

May 20, 2022 in Zurich,

due to the COVID-19 situation,

preliminary not with the physical

attendance of shareholders or

their representatives

Publication of half-year results 2022:

Tuesday, August 30, 2022

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[www.peachproperty.com](http://www.peachproperty.com).

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