



## Semi-annual report 2020

## 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)		30.06.2020	31.12.2019	30.06.2019
Operating income	in TCHF	49 362	160 734	51 789
Operating result	in TCHF	33 330	129 827	33 309
Result before tax	in TCHF	17 050	109 675	25 351
Result after tax	in TCHF	14 892	91 004	22 267
NAV IFRS	in TCHF	399 539	389 564	310 949
NAV Market Value	in TCHF	407 438	401 298	322 412
Equity	in TCHF	399 539	389 564	310 949
of which hybrid capital	in TCHF	85 703	91 696	113 059
Equity ratio (IFRS)	in %	31.8	32.3	36.3
Equity ratio (NAV market value) <sup>1</sup>	in %	32.3	32.9	37.1
Real estate portfolio at market value <sup>1</sup>	in TCHF	1 176 794	1 130 696	793 257
Number of FTEs		99	78	66
Number of shares (nominal value of CHF 1.00 each)		6 873 128	6 601 474	5 639 347
Share capital	in TCHF	6 873	6 601	5 639
Diluted earnings per share	in CHF	1.75	12.06	2.70
Diluted FFO I per share <sup>2</sup>	in CHF	0.87	-0.31	-0.15
NAV IFRS per share <sup>3</sup>	in CHF	43.98	43.34	35.09
NAV market value per share <sup>1,3</sup>	in CHF	45.13	45.11	37.12
Share price	in CHF	34.70	39.50	34.10
Market capitalization <sup>4</sup>	in TCHF	238 463	260 719	191 893

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

<sup>2</sup> Excluding the dilutive effect as per 30.06.2019 and 31.12.2019.

<sup>3</sup> Excluding hybrid capital and non-controlling interests.

<sup>4</sup> Excluding treasury shares.

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## Dear shareholder,

At Peach Property Group we successfully continued our on-track growth in the first half of 2020. The stability of our business model was particularly evident in these special times. Thanks to our fully digital platform, we were able to be there for our tenants during the lockdown due to the Covid-19 pandemic without a day's interruption - for around six weeks purely digitally and by telephone from home. Despite the changed circumstances, we were also very successful in letting in the first half of 2020: the vacancy rate is currently 8.2 percent, and has thus fallen by almost 12 percent since the end of 2019.

However, our successful acquisitions last year had a particularly positive impact in the first half of the year: Based on a strong increase in the residential portfolio, we were able to generate significant economies of scale with disproportionately low increases in management and maintenance costs.

We consider ourselves well equipped for the second half of the year and intend to use our platform for further growth: We already acquired a new portfolio of 5 450 apartments at the end of July, laying the foundation for our upcoming growth. The majority of these apartments are located in the vicinity of our existing locations in North Rhine-Westphalia and Rhineland-Palatinate.

### Significant economies of scale in the first half of the year confirm growth course - substantial increase in margin and FFO

While the 2019 financial year was marked by numerous acquisitions, we began to leverage the potential of our strategic portfolio expansion in the first half of 2020. At the end of June 2020, our total portfolio amounted to 848 224 square meters of space and 12 906 residential units - an increase of 41.5 percent over the same period last year. The value of our portfolio also enjoyed excellent growth: The market value of the property portfolio increased to CHF 1.1 billion in the first six months of 2020, up by 4.6 percent compared to the end of 2019.

As a result of the integration of last year's acquisitions, rental income increased by around 42 percent to CHF 27.4 million compared to the same period of the previous year. The increase in costs was clearly disproportionately low. For example, rental expenses rose by only 10 percent to

CHF 6.3 million compared to the first half of 2019 due to further insourcing of administration and the conclusion of numerous new lump-sum contracts for minor maintenance; the gross margin increased accordingly from 71 percent to 77 percent. Personnel expenses also rose by just 13 percent from CHF 5.1 million to CHF 5.8 million at the end of the first half of 2020. These two figures clearly demonstrate the scalability of our digital platform.

As a result of these economies of scale, FFO I per diluted share improved in particular, and increased by almost 20 percent excluding one-off tax effects. In absolute terms, we achieved a diluted FFO I adjusted for tax effects relating to other periods of CHF 0.50 per share - this corresponds to an FFO return of around 3.9 percent on IFRS NAV.





Reto A. Garzetti  
President of the Board of Directors



Dr. Thomas Wolfensberger  
Chief Executive Officer (CEO)

## Perceptible reduction in vacancies - dynamic rental growth - new Peach Points planned

In-depth dialogue with our tenants and active asset management to grow our residential portfolio have enabled us to significantly reduce our residential vacancies in the first half of 2020. As of 30 June 2020, the vacancy rate was 8.2 percent, compared to 9.3 percent at the end of 2019. The portfolio newly acquired in July 2020 has a vacancy rate of 8.6 percent. Rents also developed very dynamically in the first half of the year: „Like-for-like“ (i.e. without the apartments taken over only at the end of 2019 and in the first half of 2020), they rose by 5.4 percent - a record figure.

Based on these successes, we believe that we are well on the way to significantly reducing our vacancy rate again in the coming months and at the same time increasing rental income.

Tenant satisfaction is at the heart of this success. For further growth, we plan to open three more Peach Points in the second half of the year. To date we have Peach Points in Gelsenkirchen, Heidenheim, Oberhausen, Bochum, Erkrath, Kaiserslautern and Witzenhausen in northern Hesse. Dortmund, Essen and Recklinghausen are to be added to the list in order to be able to be available for our tenants at these locations - both simply and in their proximity.

## NAV extremely increased; LTV constant

The positive business growth in the reporting period is also reflected in the NAV according to IFRS, which increased by 2.6 percent to CHF 399.5 million as of 30 June 2020 compared to the value at the end of 2019. The increase compared to the previous period was 28.5 percent. NAV IFRS per share also increased from CHF 35.1 in the previous period and CHF 43.3 at year-end to CHF 44.0 at

the end of June 2020. We expect a further increase in NAV per share for the full year 2020.

In the first half of 2020, the LTV was 59.9 percent - a target corridor of below 60 percent is also envisaged for the year as a whole.

## 2020 outlook: acquisitions and sustainable dividend

Following the completion of the purchase agreement concluded in July, our existing portfolio will increase to around CHF 1.5 billion. The new apartments generate annual actual rental income of around CHF 22 million. We will integrate the new portfolio into our existing digital platform in order to exploit the potential of joint property management.

Around 80 percent of the new portfolio or around 4 540 units, are located in North Rhine-Westphalia, particularly in Recklinghausen, Bochum, Essen and Gelsenkirchen. Another 550 or so apartments are available in and around Kaiserslautern and 360 apartments in Neubrandenburg. Kaiserslautern, for example, is increasingly profiling itself as an innovative business location with high potential: The

German Research Center for Artificial Intelligence (AI) has its headquarters in this industrial city in Rhineland-Palatinate and numerous up-and-coming high-tech companies have settled here.

The strategic purchase also enables us to significantly increase the FFO. It also allows the introduction of a sustainable dividend.

The positive growth in the first half of the year encourages us to continue on our successful on-track growth.

In the short to medium term, we plan to further increase the existing portfolio to around CHF 2 billion, which will correspond to a total of around 25 000 apartments.

## Thanks

We would like to thank our shareholders for their trust and active support. We would also like to take this opportunity to thank our customers, business partners and employees

for the excellent cooperation. The importance of reliable partnerships is evident in particular in this extraordinary period.



Reto A. Garzetti  
President of the Board of Directors



Dr. Thomas Wolfensberger  
Chief Executive Officer (CEO)





## Investment portfolio

Peach Property Group AG is a portfolio holder with a focus on German residential real estate. Our business activities focus on offering affordable and modern housing in German secondary centres („B-cities“).

Intensive dialogue with our tenants forms the heart of our activities and aims to increase our tenants’ satisfaction for an extended period, thus retaining them over the long term. We ensure a friendly and efficient exchange with our customers by using digital platforms, such as apps and Internet portals, and in particular our modernly desi-

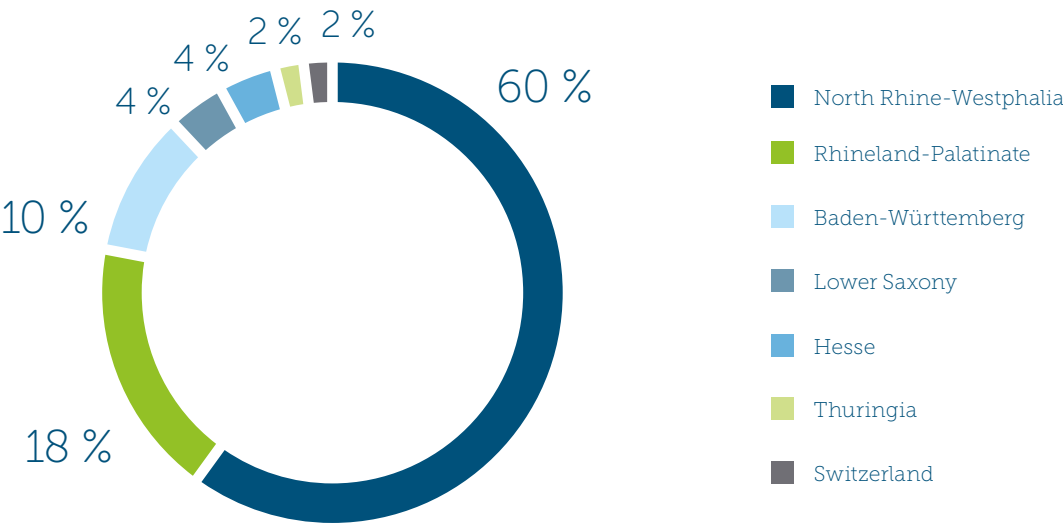
gned tenant shops, the Peach Points, where tenants can talk to us during normal shop opening hours and without prior notice.

In the first half of the year, our portfolio comprised 12 906 residential units with a total rental area of 848 224 square metres. The majority of the apartments are located in North Rhine-Westphalia and Rhineland-Palatinate as well as in Lower Saxony and Baden-Württemberg. In the short to medium term, our portfolio is to grow to 25 000 apartments.

## Portfolio structure

Breakdown by federal state as of June 30, 2020

% target rental income





The first half of 2020 was characterised by the integration of the apartments recently acquired during the last quarters and the realisation of the associated economies of scale.

The market value of the property portfolio increased to CHF 1.1 billion in the first six months of 2020, up by 4.6 percent compared to the end of 2019. In the period under review, we generated around CHF 27.4 million in actual rent - an increase of 42 percent over the same period last year. As of 30 June 2020, the rental yield of the existing portfolio averaged 5 percent.

Since the end of 2019, we have been able to reduce the number of vacant apartments by 12 percent to 1057 apartments. This corresponds to a vacancy rate of 8.2 percent. Excluding the two locations in Neukirchen L and Fassberg, which are currently being renovated, the vacancy rate is 786 apartments, or 6.1 percent.

This level of vacancies confirms our long-term strategy of putting tenant satisfaction first and taking care of any issues such as maintenance and repairs without delay.

## Portfolio key figures

		30.06.2020	31.12.2019
Number of residential units		12 906	12 424
Total area in m <sup>2</sup>		848 224	827 525
Living space in m <sup>2</sup>		819 262	786 287
Commercial area in m <sup>2</sup> (GF DIN 277)		26 460	38 736
Office area in m <sup>2</sup> (GF DIN 277)		2 502	2 502
Actual rental income in CHF thousand		27 373	38 915
Maintenance costs in CHF thousand		3 541	5 275
Administrative and operating costs in CHF thousand		1 425	3 555
Vacancy costs		1 289	1 917
Target rent in CHF thousand p.a.		63 294	62 059
Vacant residential units (# residential units as a percentage of all residential units)	1 057	8.2 %	1 158 9.3 %
Average letting potential total in percent of target rent		11.9 %	12.6 %
Market value in CHF thousand		1 119 837	1 071 465
Gross rental return		5.1 %	5.4 %
Net rent/cash flow return		3.5 %	3.5 %

## Lower Saxony



**Munster**  
376 apartments



**Fassberg**  
287 apartments



**Others**  
125 apartments

## North Rhine-Westphalia



**Gelsenkirchen**  
1 260 apartments



**Oberhausen**  
1 067 apartments



**Bochum**  
1 047 apartments



**Velbert**  
761 apartments



**Minden**  
638 apartments



**Neukirchen-Vluyn**  
567 apartments



**Essen**  
441 apartments



**Bielefeld**  
358 apartments



**Marl**  
277 apartments



**Herford**  
238 apartments



**Düsseldorf**  
224 apartments



**Others**  
944 apartments

## Hesse



**Bebra**  
251 apartments



**Eschwege**  
250 apartments



**Others**  
336 apartments

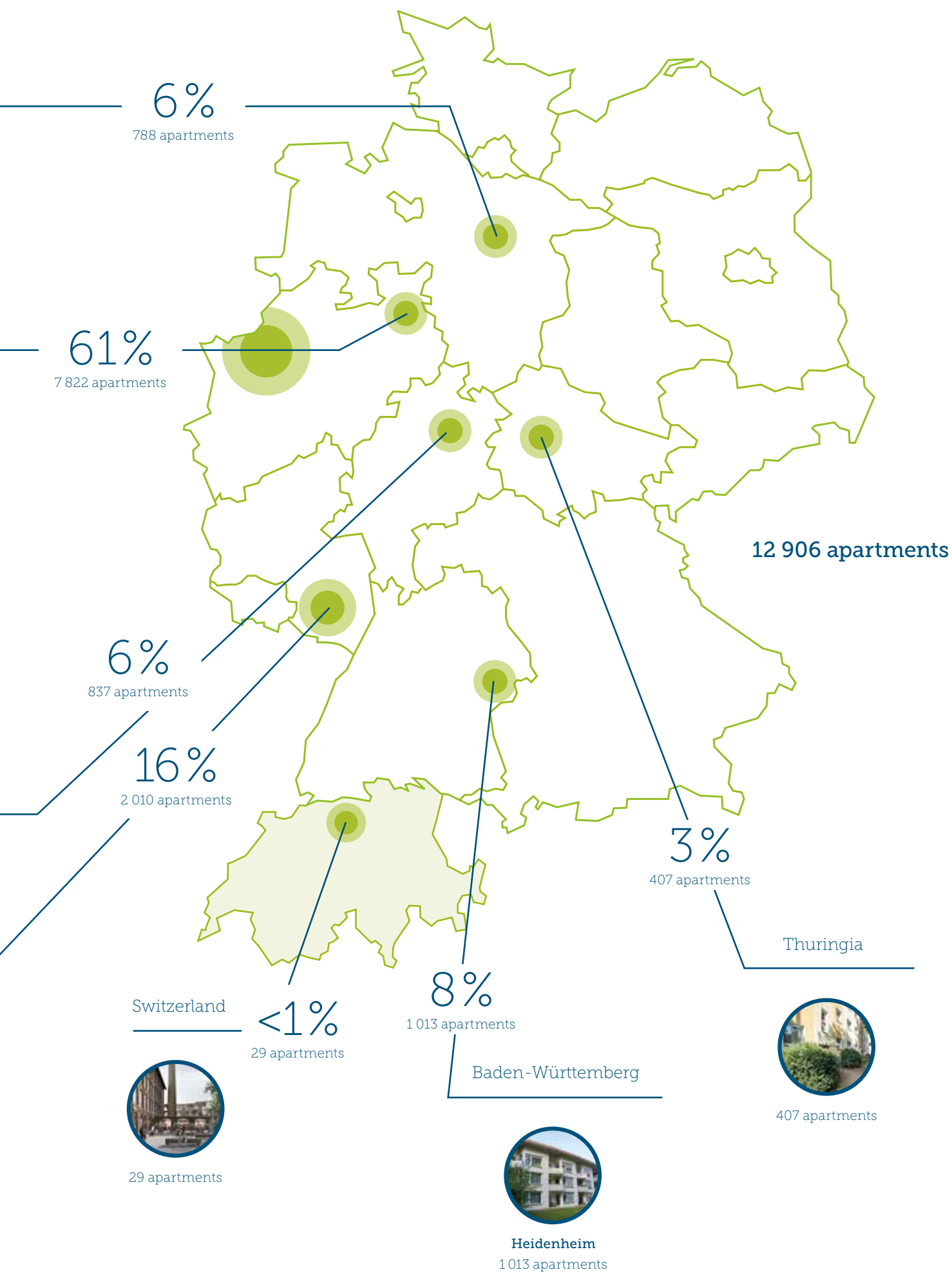
## Rhineland-Palatinate &amp; Saarland



**Kaiserslautern**  
1 964 apartments



**Saarbrücken**  
46 apartments



## Portfolio details

in CHF thousands

June 2020

Place	Number of residential units	Area in m <sup>2</sup>	Year of construction (renovation)	Market value <sup>1</sup>	Target rent p.a. net cold	Letting potential	Rental gross return <sup>2</sup>	Rental net return <sup>3</sup>
Bakery, Wädenswil	0	4 401	1833 (1966)	10 400	651	2.8 %	6.2 %	5.0 %
Mews, Wädenswil	16	1 100	1874 (1991)	7 560	303	4.5 %	3.9 %	2.8 %
Gardens, Wädenswil	13	769	1874 (1991)	6 060	198	0.4 %	3.4 %	3.1 %
Munster	376	25 759	1959 / 1967	26 051	1 713	7.1 %	6.3 %	5.1 %
Fassberg <sup>4</sup>	287	19 733	1958	13 166	1 272	24.8 %	7.5 %	3.2 %
Erkrath Residential	142	13 055	1978	23 749	1 249	3.8 %	4.9 %	4.2 %
Dortmund Rheinische Str. 167-171	0	2 502	1922 (1997)	2 176	215	12.5 %	8.3 %	2.1 %
Ruhr <sup>5</sup>	496	35 417	1905 - 1990	46 585	2 540	12.1 %	3.6 %	2.9 %
Neukirchen-Vluyn L <sup>4</sup>	513	34 790	1974 / 1981	30 246	2 837	54.0 %	4.0 %	1.0 %
Neukirchen-Vluyn S	54	3 130	1974 / 1981	2 806	196	11.2 %	6.5 %	3.3 %
Oberhausen	1 695	108 384	1899 - 1990	164 503	8 773	5.7 %	5.1 %	3.4 %
Bochum II	172	11 079	1958 - 1999	19 173	952	3.9 %	4.9 %	4.1 %
Portfolio Bochum III GmbH	462	6 416	1973	18 089	907	17.0 %	3.7 %	-0.5 %
Portfolio Gelsenkirchen I GmbH	973	67 631	1921 - 1978	79 216	4 475	7.3 %	5.3 %	3.8 %
Portfolio Gelsenkirchen II GmbH	134	8 701	1920 - 1952	12 816	630	25.9 %	3.5 %	1.0 %
Portfolio Gelsenkirchen III GmbH	71	4 864	1949 - 1971	5 408	318	16.7 %	4.5 %	2.0 %
Portfolio Gelsenkirchen IV GmbH	82	5 380	1902 - 1954	5 990	394	25.5 %	3.8 %	1.7 %
Portfolio Essen I GmbH	68	5 725	1962 - 1964	8 294	387	8.1 %	4.3 %	3.1 %
Portfolio Essen II GmbH	107	6 680	1976	11 013	471	6.2 %	3.9 %	2.8 %
Portfolio Essen III GmbH	14	3 542	1982	2 810	225	21.2 %	6.4 %	4.2 %
Portfolio Velbert GmbH	761	53 358	1967 - 1975	69 651	3 396	13.5 %	4.0 %	2.7 %
Marl	221	16 120	1966 / 1978	20 914	1 266	14.9 %	5.4 %	3.6 %
Portfolio Bielefeld I GmbH	212	15 045	1969/1973	19 202	764	9.5 %	3.6 %	2.3 %
Portfolio Bielefeld II GmbH	146	10 447	1970 - 1973	13 555	592	5.9 %	4.0 %	2.9 %
East Westphalia	1 247	81 534	1923 - 1975	77 845	5 202	5.0 %	6.5 %	4.6 %
Rhineland	376	27 808	1960 - 1978	46 600	2 460	14.0 %	4.6 %	3.5 %
Kaiserslautern I	30	4 012	1950 / 1966	5 515	363	48.2 %	3.2 %	1.7 %
Kaiserslautern II	1 137	71 263	1973	98 726	5 613	10.7 %	5.2 %	4.0 %
Kaiserslautern III	200	11 364	1926 - 1950	21 426	1 052	9.9 %	4.5 %	3.4 %
Portfolio KL Betzenberg IV GmbH	343	25 921	1972 - 1973	39 968	1 888	11.1 %	3.6 %	2.7 %
Portfolio KL Betzenberg V GmbH	242	13 591	1972 - 1973	24 128	1 157	14.4 %	4.0 %	3.0 %
Portfolio Kaiserslautern VI	59	2 106	1972	5 121	315	22.5 %	3.8 %	2.8 %
North Hesse	336	22 830	1956 - 1974	19 125	1 330	16.8 %	5.9 %	3.1 %
North Hesse II	789	43 895	1950 - 1979	39 676	2 878	9.6 %	6.7 %	4.6 %
Eschwege	116	8 309	1994	9 930	608	3.7 %	6.0 %	4.8 %
Heidenheim I	919	63 629	1905 - 2006	102 954	5 100	8.0 %	4.7 %	3.4 %
Heidenheim II WEG Sale	68	5 361	1958 - 2004	7 796	475	10.7 %	4.8 %	2.4 %
Wertgrund / small-scale rental	29	2 573	1920 / 1975	1 593	128	4.2 %	8.2 %	4.3 %
<b>Total</b>	<b>12 906</b>	<b>848 224</b>		<b>1 119 837</b>	<b>63 294</b>	<b>11.9 %</b>	<b>5.1 %</b>	<b>3.5 %</b>

<sup>1</sup> Based on the valuation by Wüest Partner as of 30.06.2020

<sup>2</sup> Annualized actual rental income 1.1. - 30.06.2020 (net cold, excl. incidental expenses) in relation to the average value of the portfolio

<sup>3</sup> Annualized actual rental income 1.1. - 30.06.2020 (net cold, excl. incidental expenses) less administration and maintenance costs in relation to the average value of the portfolios.

<sup>4</sup> Redevelopment property.

<sup>5</sup> Purchase in the first half of 2020.









# Consolidated semi-annual financial statements of Peach Property Group AG as of 30 June 2020

In accordance with International Financial Reporting Standards (IFRS)

## Consolidated semi-annual financial statements

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## Consolidated income statement for the period

in CHF thousands	Notes	1st half-year 2020 unaudited	1st half-year 2019 unaudited
Rental income	2	27 373	19 285
Valuation gains from investment properties	5	21 376	24 866
Profit on disposal of investment properties		120	72
Income from development properties	3	180	7 302
Other operating income		313	264
<b>Operating income</b>		<b>49 362</b>	<b>51 789</b>
Expenses from leasing of investment properties	2	-6 255	-5 689
Valuation losses from investment properties	5	-2 208	-771
Expenses from development properties	3	1 320	-4 087
Expenses from development and construction management services	3	500	0
Personnel expenses	11	-5 782	-5 125
Sales and marketing expenses		-129	-268
Other operating expenses	13	-3 039	-2 296
Depreciation and amortization		-439	-244
<b>Operating expenses</b>		<b>-16 032</b>	<b>-18 480</b>
<b>Operating result</b>		<b>33 330</b>	<b>33 309</b>
Financial income	9	495	213
Financial expenses	9	-16 775	-8 171
<b>Result before taxes</b>		<b>17 050</b>	<b>25 351</b>
Income taxes	14	-2 158	-3 084
<b>Result after taxes</b>		<b>14 892</b>	<b>22 267</b>
– Equity holders of Peach Property Group AG		14 870	21 963
– Non-controlling interests		22	304
<b>Undiluted earnings per share in CHF</b>	1	<b>1.98</b>	<b>3.64</b>
<b>Diluted earnings per share in CHF</b>	1	<b>1.75</b>	<b>2.70</b>

The disclosures provided in the Notes form an integral part of these semi-annual financial statements.



## Consolidated statement of comprehensive income

in CHF thousands	1st half-year 2020 unaudited	1st half-year 2019 unaudited
<b>Result after taxes</b>	<b>14 892</b>	<b>22 267</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss</b>		
Result on cash flow hedges	-3 885	-9 376
Currency translation differences	-2 345	-2 320
Tax effects	621	1 503
<b>Other comprehensive result that may be reclassified to profit or loss, after tax</b>	<b>-5 609</b>	<b>-10 193</b>
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of post-employment benefit obligations	-8	-246
Tax effects	2	52
<b>Other comprehensive result that will not be reclassified to profit or loss, after tax</b>	<b>-6</b>	<b>-194</b>
<b>Total comprehensive income</b>	<b>9 277</b>	<b>11 880</b>
– Equity holders of Peach Property Group AG	9 499	11 637
– Non-controlling interests	-222	243

The disclosures provided in the Notes form an integral part of these semi-annual financial statements.

## Consolidated statement of financial position

in CHF thousands	Notes	30.06.2020 unaudited	31.12.2019 audited
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		39 303	46 248
Trade receivables		5 100	4 977
Other receivables	15	11 548	9 141
Current financial receivables	15	10 227	6 934
Development properties	6	34 589	33 757
Investment properties held for sale	5	1 030	7 909
<b>Total current assets</b>		<b>101 797</b>	<b>108 966</b>
<b>Non-current assets</b>			
Investment properties	5	1 131 164	1 074 149
Advances for investment properties		213	1 977
Equipment		1 854	2 020
Intangible assets		770	675
Non-current financial receivables		91	92
Investments in associates and joint ventures		1	1
Deferred tax assets	14	19 398	18 497
<b>Total non-current assets</b>		<b>1 153 491</b>	<b>1 097 411</b>
<b>Total assets</b>		<b>1 255 288</b>	<b>1 206 377</b>

The disclosures provided in the Notes form an integral part of these semi-annual financial statements.

## Consolidated statement of financial position (continued)

in CHF thousands	Notes	30.06.2020 unaudited	31.12.2019 audited
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables		3 182	4 222
Other payables and advance payments		16 079	17 704
Current income tax liabilities	15	1 780	612
Current financial liabilities	8	31 049	37 869
Current provisions	3	2 492	4 349
<b>Total current liabilities</b>		<b>54 582</b>	<b>64 756</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	8	750 514	703 446
Non-current provisions		301	607
Employee benefit obligations		1 282	1 274
Deferred tax liabilities	14	49 070	46 730
<b>Total non-current liabilities</b>		<b>801 167</b>	<b>752 057</b>
<b>Total liabilities</b>		<b>855 749</b>	<b>816 813</b>
<b>Equity</b>			
Share capital	7	6 873	6 601
Treasury shares		-29	-29
Share premium	7	127 915	120 217
Hybrid capital	7	85 703	91 696
Other reserves		-10 697	-7 248
Currency translation differences		-15 003	-12 858
Retained earnings		193 209	179 398
<b>Equity attributable to the equity holders of Peach Property Group AG</b>		<b>387 971</b>	<b>377 777</b>
Equity attributable to non-controlling interests		11 568	11 787
<b>Total equity</b>		<b>399 539</b>	<b>389 564</b>
<b>Total liabilities and equity</b>		<b>1 255 288</b>	<b>1 206 377</b>

The disclosures provided in the Notes form an integral part of these semi-annual financial statements.

## Consolidated cash flow statement

in CHF thousands	Notes	1st half-year 2020 unaudited	1st half-year 2019 unaudited
<b>Result before taxes</b>		<b>17 050</b>	<b>25 351</b>
<b>Adjustment of non-cash expenses/income:</b>			
– Depreciation and amortization		439	244
– Valuation result of investment properties	5	-19 168	-24 095
– Result on disposal of investment properties	5	-120	-72
– Adjustment of bad debt allowance		6	576
– Impairment of financial receivables		0	166
– Adjustment of lease liabilities	9	-17	108
– Financial income	9	-478	-213
– Financial expenses (without change in bad debt allowance and adjustment of lease liabilities)	9	16 775	7 897
– Adjustment of employee benefit obligations		0	246
– Share-based payment compensation	12	827	1 014
– Change in provisions	3	-2 105	-186
– Other non-cash effective items		966	752
<b>Changes in working capital:</b>			
– Trade receivables		391	-515
– Other receivables	15	-3 577	-1 528
– Development properties		-799	4 797
– Trade payables		-976	49
– Contract liabilities		0	-861
– Other liabilities and advance payments		228	-3 155
Interest and other financial expenses paid		-11 132	-6 152
Taxes paid and reimbursed		2 682	-4 347
<b>Net cash flow from operating activities</b>		<b>992</b>	<b>76</b>

The disclosures provided in the Notes form an integral part of these semi-annual financial statements.



## Consolidated cash flow statement (continued)

in CHF thousands	Notes	1st half-year 2020 unaudited	1st half-year 2019 unaudited
Payments for real estate companies		0	-8 978
Payments for equipment		-213	-160
Payments for intangible assets		-191	-114
Investments in investment properties	5	-55 353	-8 718
Advance payments for investment properties		-71	0
Disposal of investment properties	5	3 862	1 858
Financial receivables granted	15	-9	0
Repayment of financial receivables	15	1 182	4
Interest income received		108	6
<b>Cash flow from investment activities</b>		<b>-50 685</b>	<b>-16 102</b>
Proceeds from current financial liabilities	8	927	169
Repayment of current financial liabilities	8	-7 035	-10 201
Proceeds from non-current financial liabilities	8	53 210	6 581
Transaction costs bond	8	-2 338	0
Lease payments – amortization share		-250	-414
Proceeds from issues of hybrid capital		0	167
Repayment of hybrid capital		-1	0
Acquisition of treasury shares		0	-344
Capital increase and issue costs	7	-198	277
Distributions to hybrid equity investors <sup>1</sup>	7	-1 025	-652
<b>Cash flow from financing activities</b>		<b>43 290</b>	<b>-4 417</b>
<b>Change in cash and cash equivalents</b>		<b>-6 403</b>	<b>-20 443</b>
Cash and cash equivalents at January 1		46 248	53 484
Currency exchange impact on cash and cash equivalents		-542	-148
<b>Cash and cash equivalents at June 30</b>		<b>39 303</b>	<b>32 893</b>

1 In the prior period less value added tax outstanding.

## Consolidated statement of changes in equity

in CHF thousands	Note	Share capital	Treasury shares	Share premium
<b>January 1, 2020</b>		<b>6 601</b>	<b>-29</b>	<b>120 217</b>
<b>Total comprehensive income</b>				
Result after taxes		0	0	0
Total comprehensive result		0	0	0
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners in their capacity as owners</b>				
Mandatory convertible bond – conversions	7	164	0	5 255
Hybrid warrant bond – exercise of warrants	7	4	0	91
Hybrid warrant bond – distribution	7	0	0	0
Hybrid convertible bond – conversions	7	21	0	608
Hybrid convertible bond – purchase		0	0	0
Issue costs		0	0	-293
Share-based compensation – increase of reserve	12	0	0	0
Share-based compensation – allocation of bonus and board fee	7	28	0	1 045
Share-based compensation – exercise of Plan 2017	12	55	0	992
<b>Total transactions with owners in their capacity as owners</b>		<b>272</b>	<b>0</b>	<b>7 698</b>
<b>June 30, 2020</b>		<b>6 873</b>	<b>-29</b>	<b>127 915</b>

\* Equity holders of Peach Property Group AG

The disclosures provided in the Notes form an integral part of these semi-annual financial statements.

Hybrid capital	Other reserves	Currency translation differences	Retained earnings	Total equity holders*	Non-controlling interests	Total equity
91 696	-7 248	-12 858	179 398	377 777	11 787	389 564
0	0	0	14 870	14 870	22	14 892
0	-3 226	-2 145	0	-5 375	-244	-5 619
0	-3 226	-2 145	14 870	9 499	-222	9 277
-5 419	0	0	0	0	0	0
22	-22	0	0	95	0	95
0	0	0	-1 025	-1 025	0	-1 025
-595	0	0	-34	0	0	0
-1	0	0	0	-1	0	-1
0	0	0	0	-293	0	-293
0	846	0	0	846	3	849
0	0	0	0	1 073	0	1 073
0	-1 047	0	0	0	0	0
-5 993	-223	0	-1 059	695	3	698
85 703	-10 697	-15 003	193 209	387 971	11 568	399 539

## Consolidated statement of changes in equity (continued)

in CHF thousands	Share capital	Treasury shares	Share premium
<b>December 31, 2018</b>	<b>5 487</b>	<b>-14</b>	<b>90 973</b>
Adjustment due to adoption of IFRS 16	0	0	0
<b>January 1, 2019</b>	<b>5 487</b>	<b>-14</b>	<b>90 973</b>
<b>Total comprehensive income</b>			
Result after taxes	0	0	0
Total comprehensive result	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners in their capacity as owners</b>			
Changes in the scope of consolidation	0	0	0
Hybrid warrant bond – addition	0	0	0
Hybrid warrant bond – exercise of warrants	12	0	279
Hybrid warrant bond – issue costs	0	0	-14
Hybrid warrant bond – distribution	0	0	0
Share-based compensation – increase of reserve	0	0	0
Share-based compensation – allocation of bonus and board fee	28	0	729
Share-based compensation – exercise of Plan 2016	112	0	1 839
<b>Total transactions with owners in their capacity as owners</b>	<b>152</b>	<b>0</b>	<b>2 833</b>
<b>Treasury shares</b>			
Acquisition of treasury shares	0	-344	0
<b>Total treasury shares</b>	<b>0</b>	<b>-344</b>	<b>0</b>
<b>June 30, 2019</b>	<b>5 639</b>	<b>-358</b>	<b>93 806</b>

\* Equity holders of Peach Property Group AG.

The disclosures provided in the Notes form an integral part of these semi-annual 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	21 963	21 963	304	22 267
0	-8 043	-2 283	0	-10 326	-61	-10 387
0	-8 043	-2 283	21 963	11 637	243	11 880
0	0	0	0	0	564	564
226	5	0	11	242	0	242
67	-67	0	0	291	0	291
-75	0	0	0	-89	0	-89
0	0	0	-1 021	-1 021	0	-1 021
0	1 059	0	0	1 059	0	1 059
0	0	0	0	757	0	757
0	-1 951	0	0	0	0	0
218	-954	0	-1 010	1 239	564	1 803
0	0	0	0	-344	0	-344
0	0	0	0	-344	0	-344
113 059	-10 272	-8 066	114 646	308 454	2 495	310 949

# Notes to the consolidated semi-annual financial statements

## A

### About us

Peach Property Group AG (the "Company"; when referred to 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. In addition, we develop selected properties in Switzerland to be sold as condominiums. 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.

We have been listed on the SIX Swiss Exchange since November 12, 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, totaling 99 at the end of reporting period, 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 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

- › These unaudited semi-annual financial statements as of June 30, 2020 were prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the consolidated financial statements as of December 31, 2019.
- › The Board of Directors approved the unaudited consolidated semi-annual financial statements at its meeting on August 21, 2020 and released them for publication on August 25, 2020.
- › In the preparation of these semi-annual financial statements in accordance with IAS 34, the key assessments made by management with regard to the application of accounting policies and significant sources of risk and uncertainties were consistent with those used in the preparation of the consolidated financial statements for 2019, with the exception of the differences described in B.3.

## B.2. Effects of the Covid 19 pandemic

- › The Covid 19 pandemic did not have a material impact on the valuation of the investment properties or the amount of outstanding rent receivables in the reporting period.

## B.3. Changes in the accounting principles applied in financial year 2020

We have adopted the following new or amended IFRS standards which took effect at the beginning of the 2020 financial year. These had no material impact on our results of operations or the financial position of the Group.

- › Amendments to IFRS 3 – “Definition of a business”
- › Amendments to IAS 1 and IAS 8 – “Definition of materiality”
- › Amendments to IFRS 9, IAS 39 and IFRS 7 – “Interest rate benchmark reform”
- › Amendments to the Conceptual Framework

## Structure of the balance sheet

We now combine the line items other receivables and prepaid expenses and only disclose other receivables in the balance sheet. The same applies to other liabilities and accrued expenses. We have adjusted the previous year's figures accordingly.

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

Standards/interpretations	Impact	Entry into force	Planned application
Amendments to IAS 1 – “Classification of liabilities as current or non-current”	No significant effects are expected.	01.01.2022	Financial year 2022

## B.4. Seasonal factors

The rental of investment properties is not subject to seasonal influences. The development and sale of completed properties do not generate steady income over the course of the year. Higher revenues may be generated in the first or second half of the year, depending on transfers of

ownership. The prorated income from properties under construction is primarily dependent on the time at which the units are sold. Weather conditions considered over the two half-year periods do not have a material impact on income recognition.

## B.5. Currency translation

We used the following exchange rates to perform currency translations:

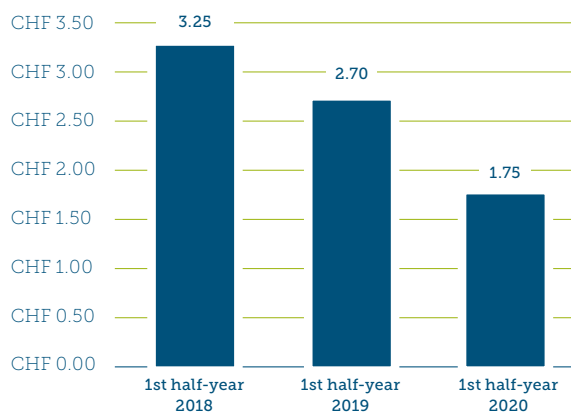
CHF/EUR	30.06.2020	31.12.2019	30.06.2019
Closing rate	1.0669	1.0854	1.1104
Average rate	1.0641	1.1125	1.1292

## Performance

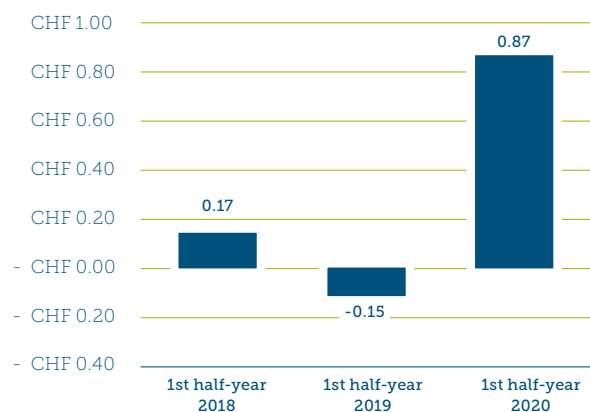
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### Performance per share

#### Diluted earnings per share



#### Diluted FFO I per share



#### 1.1. Earnings per share

in CHF thousands

	1st half-year 2020	1st half-year 2019
Result attributable to the equity holders of Peach	14 870	21 963
Payment of hybrid warrant bond coupon	-1 025	-1 021
Hybrid warrant bond coupon not recognized in the balance sheet, share attributable to the period	-685	-875
Issue of hybrid warrant bond below par	0	11
<b>Adjusted net profit or loss for the period attributable to Peach equity holders</b>	<b>13 160</b>	<b>20 078</b>
<b>Adjustments for diluted earnings</b>		
Accumulated unrecognized hybrid capital coupon (convertible bond)	685	875
<b>Adjusted net profit or loss for the period attributable to Peach equity holders including expected conversions</b>	<b>13 845</b>	<b>20 953</b>
<b>Average number of outstanding shares</b>	<b>6 634 053</b>	<b>5 520 262</b>
Adjustment based on options issued <sup>1</sup>	199 636	221 870
Adjustment based on hybrid convertible bond issued <sup>2</sup>	1 026 102	1 977 288
Adjustment based on hybrid warrant bond issued <sup>3</sup>	61 127	40 584
<b>Diluted average number of outstanding shares</b>	<b>7 920 918</b>	<b>7 760 004</b>
<b>Undiluted earnings per share in CHF</b>	<b>1.98</b>	<b>3.64</b>
<b>Diluted earnings per share in CHF</b>	<b>1.75</b>	<b>2.70</b>

<sup>1</sup> Options from 2014, 2017, 2018, 2019 and 2020 remuneration plans (prior periods: 2014, 2017, 2018 and 2019).

<sup>2</sup> Number of shares from hybrid convertible bond after conversion of CHF 630 thousand as of June 2020 (prior period: CHF 210 thousand).

<sup>3</sup> 216 264 warrants from hybrid warrant bond (prior period: 221 143).

## 1.2. FFO (funds from operation)

in CHF thousands	1st half-year 2020	1st half-year 2019
Operating result (EBIT)	33 330	33 309
Depreciation and amortization	439	244
<b>EBITDA</b>	<b>33 769</b>	<b>33 553</b>
Valuation result of investment properties	-19 168	-24 095
Disposal of investment properties	-120	-72
Share-based compensation	827	1 014
Other non-cash personnel expenses	288	530
<b>Adjusted EBITDA</b>	<b>15 596</b>	<b>10 931</b>
Interest paid	-10 035	-6 008
Interest paid on hybrid capital	-1 025	-1 021
Lease payments	-458	-414
Interest income received	108	6
Taxes paid and reimbursed	2 682	-4 347
<b>Operating result I (FFO I)</b>	<b>6 868</b>	<b>-853</b>
Result on disposals of investment properties	120	72
<b>Operating result II (FFO II)</b>	<b>6 988</b>	<b>-781</b>
<b>Undiluted FFO I per share in CHF</b>	<b>1.04</b>	<b>-0.15</b>
<b>Diluted FFO I per share in CHF <sup>1</sup></b>	<b>0.87</b>	<b>-0.15</b>
<b>Undiluted FFO II per share in CHF</b>	<b>1.05</b>	<b>-0.14</b>
<b>Diluted FFO II per share in CHF <sup>1</sup></b>	<b>0.88</b>	<b>-0.14</b>

<sup>1</sup> In the prior reporting period, excluding the dilutive effect.

- › In line with the calculation as per year-end 2019 we have also considered non-cash share-based compensation and other non-cash personal expenses. The impact on the prior period's figures was CHF 0.28 per share.
- › Furthermore, interest paid does not include other financial expenses – the latter arise mainly in connection with financing activities and are, as such, one-off in nature and do not follow a clear pattern.
- › Taxes paid in the reporting period related to a reimbursement of state and municipal taxes for Gretag AG in the amount of CHF 2 878 thousand for the year 2016. In the previous period, the taxes paid in the amount of CHF 4 132 thousand related to an additional payment of property gains taxes for the "Gretag Areal" from 2016.
- › Adjusted for the non-period tax effects of Gretag AG, the undiluted and diluted FFO I amount to CHF 0.60 (previous period: CHF 0.59) and CHF 0.50 (previous period: CHF 0.42), respectively.



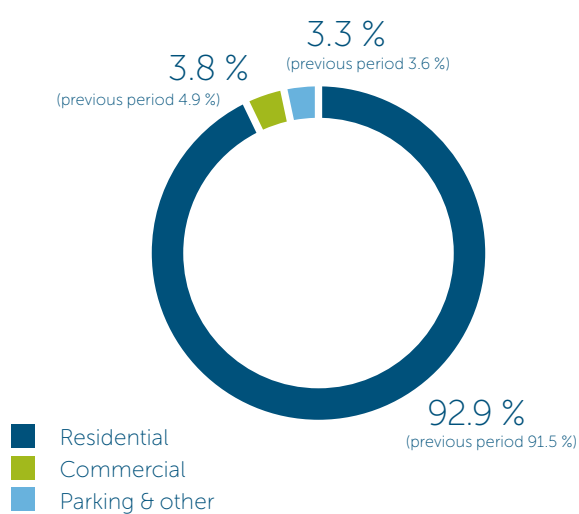
## 2

## Result from leasing of investment properties

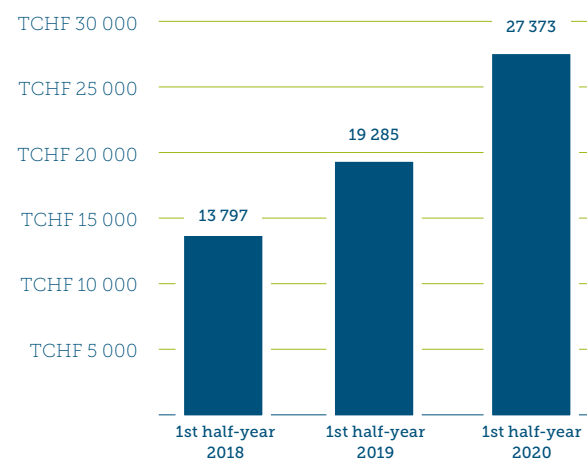
in CHF thousands	1st half-year 2020	1st half-year 2019
Target rental income from leasing of investment properties	31 469	23 214
Lost income due to vacancies	-3 741	-3 130
Lost income due to collection risks	-355	-799
<b>Total rental income</b>	<b>27 373</b>	<b>19 285</b>
Expense from leasing of investment properties	-4 966	-4 693
– of which ongoing maintenance expenses	-3 541	-2 811
– of which ongoing administrative expenses	-1 425	-1 882
Expenses from unrented investment properties (vacancies)	-1 289	-996
<b>Total expenses from leasing of investment properties</b>	<b>-6 255</b>	<b>-5 689</b>
Gross return <sup>1</sup>	5.1 %	5.3 %
Net return <sup>1</sup>	3.5 %	3.4 %
Average rental potential <sup>1</sup>	11.9 %	13.5 %
Vacancy rate residential units at June 30 (absolute / in %)	1 057 / 8.2 %	940 / 10.7 %

1 In the previous period calculation excluding the "RS 173" development project in Dortmund.

## Rental income by use category



## Rental income



- › The increase in rental income compared with the previous period is largely due to the acquisition of 3,672 residential units by the end of 2019 and the closing of the Ruhr Portfolio transaction in the first half of 2020. We boosted earnings further by reducing vacancies and raising rents in the existing portfolios: "like-for-like" rental income increased by 5.4 %.
- › Resulting from a revision of the value adjustment approach by means of taking into account existing rental deposits in light of the introduction of SAP S/4 HANA, lost income due to collection risk was at 1.3 % during the reporting period (previous period: 4.0 %; 2019 financial year: 3.5 %).
- › Further insourcing helped significantly reduce direct administrative expenses to 5.1 % of net rental income before collection losses, down from 9.4 % in the previous period and 8.8 % in financial year 2019. By concluding flat-rate contracts, we were also able to reduce the cost of minor maintenance from 14.0 % in the previous period or 13.1 % in the 2019 financial year to 12.8 %.
- › Overall, total direct expenses decreased to 22.6 % compared to 26.7 % at the end of 2019 and 28.3 % at mid-year 2019.
- › 97.9 % of rental income comes from Germany and 2.1 % from Switzerland (previous period: 97.2 % and 2.8 %, respectively).

## 3

## Result from development properties and development and construction management services

in CHF thousands	1st half-year 2020	1st half-year 2019
Income from development properties – completed units	180	4 035
Income from development properties – sold units still under construction	0	3 281
Reductions in income	0	-14
<b>Total income from development properties</b>	<b>180</b>	<b>7 302</b>
Expenses from development properties – completed units	1 180	-2 869
Expenses from development properties – sold units still under construction	140	-1 218
<b>Total expenses from development properties</b>	<b>1 320</b>	<b>-4 087</b>

## 3.1. Sale of completed units

- › In the previous period the proceeds and expenses from completed units pertained to the sale of the last unit for "yoo berlin" and the last unit for "Seelofts" in Rorschach. These two projects had been completed and all apartments had been sold. The sale of the last parking spaces of the "Wollerau Park" project is included in the reporting period.
- › In the "H36" development project, which was completed in 2014, we achieved milestones in the reporting period regarding claimed defects. On the one hand, a partial agreement with the owners was reached, on the other hand, another shortcoming was resolved in an evidence preservation process in our favor. Based on these new facts, we reassessed the provision and released a share of CHF 1 180 thousand. A provision of CHF 708 thousand remains.

### 3.2. Sale of units under construction

- › The previous period's sales related entirely to the "Wollerau Park" project in Switzerland with the "Wollerau Lofts" and "Wollerau Residenzen" subprojects. We sold and handed over all apartments by the end of the first half of 2019 and thus completed the project.
- › After the reception of the final accounts of the total contractor in the reporting period not used accruals were released leading to a positive expense.

### 3.3. Expenses from development and construction management services

- › For the "Beach House" project, which was completed in the financial year 2014 and in which we acted as a total contractor, we released a provision of CHF 500 thousand in the reporting period after the expiry of deadlines.

## 4

### Segments

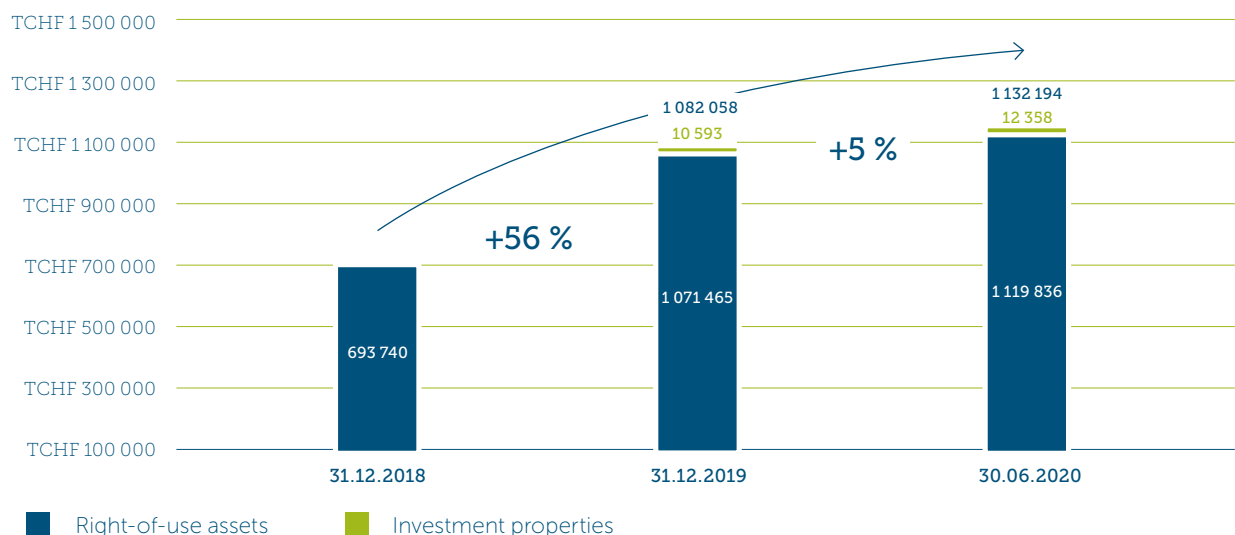
- › We have one operating segment, investment activities in real estate for the portfolio or for further sale, which has been defined on the basis of internal reporting to the Board of Directors, the chief decision-maker of our Company. Its main activities include site and portfolio evaluation, structuring and financing of the purchase, active asset management (including technical asset management to improve the quality or development of a site) as well as rentals and sales.
- › The sale of the last condominium in "yoo berlin" has contributed around 12 % to sales in the period under review.

## Real estate portfolio

## 5

### Investment properties and revaluation result

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



in CHF thousands	Investment properties	Right-of-use assets	2020 Total	Investment properties	Right-of-use assets	2019 Total
<b>Fair value at January 1</b>	<b>1 071 465</b>	<b>10 593</b>	<b>1 082 058</b>	<b>693 740</b>	<b>10 445</b>	<b>704 185</b>
Additions from purchases of real estate companies	0	0	0	24 072	116	24 188
Additions from purchases	42 295	1 990	44 285	7	0	7
Transfer from advance payments for investment properties	1 796	0	1 796	9 403	0	9 403
Transfer to receivables for maintenance reserves	-201	0	-201	0	0	0
Additions from investment eligible for capitalization	11 068	0	11 068	8 711	0	8 711
Disposals from sales	-8 131	0	-8 131	-2 915	0	-2 915
Valuation gains	21 370	6	21 376	24 527	339	24 866
Valuation losses	-2 152	-56	-2 208	-771	0	-771
Foreign currency translation	-17 674	-175	-17 849	-10 568	-156	-10 724
<b>Fair value at June 30</b>	<b>1 119 836</b>	<b>12 358</b>	<b>1 132 194</b>	<b>746 206</b>	<b>10 744</b>	<b>756 950</b>
of which investment properties held for sale	1 030	0	1 030	0	0	0
of which investment properties under development <sup>1</sup>	0	0	0	6 218	0	6 218
of which investment properties undergoing renovation <sup>2</sup>	43 411	0	43 411	36 883	0	36 883

1 The "RS 173" property in Dortmund in the previous year.

2 The "Neukirchen L" and "Fassberg" portfolios were included in both the reporting period and in the previous year.

## 5.2. Change in portfolio

### Purchases:

- February 1, 2020 and April 1, 2020: 496 residential units mainly in Essen and Dortmund. Target rental income of around CHF 2 540 thousand per year. Risk and reward of further 32 units will pass in the third quarter of 2020.

### Investments eligible for capitalization:

- Repair and modernization amounting to CHF 11 068 thousand, of which CHF 2 400 thousand for the two renovation projects Neukirchen-Vluyn and Fassberg as well as CHF 2 837 thousand for the new portfolios that have been acquired at the end of 2019.

### Sales:

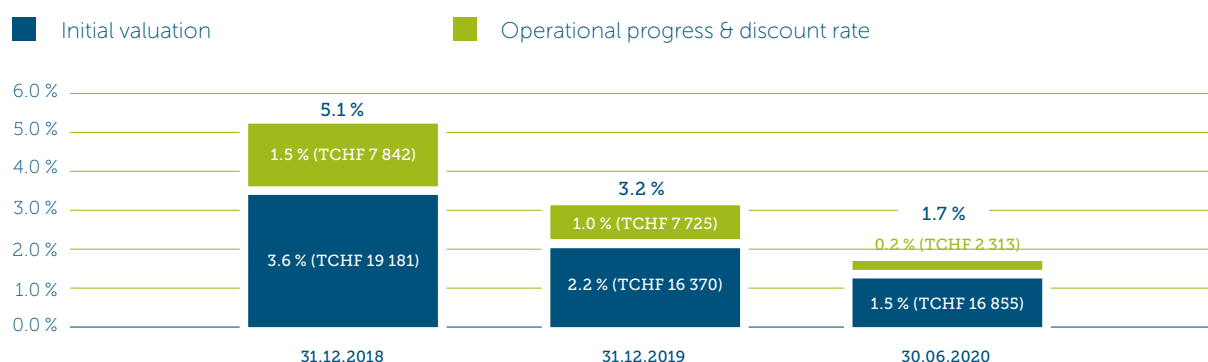
- Sale of the "RS 173" property in Dortmund.
- Sale of 15 units in Heidenheim and one unit in Kaiserslautern.
- Total sales profit of CHF 120 thousand, which corresponds to selling at 2 % above fair value as per the year-end valuations.

### 5.3. Non-current assets held for sale

- › Sale or reservation agreements for 9 units from the "Heidenheim II" and 2 units from the "Kaiserslautern I" portfolio. We expect the handover or sale of units to take place in the third quarter of 2020.

### 5.4. Revaluation

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



In the reporting period the total valuation gain resulted from progress in the operating business, especially with respect to new rentals and vacancy reductions. From a total portfolio perspective, the discount rate remained

unchanged. Additionally, the properties newly acquired in the first half of 2020 were from off-market situations with favorable terms and conditions, which resulted in this portion of the revaluation gains.

### 5.5. Sensitivity analysis

The following material input factors were used to estimate market value in the reporting period:

	Market value 30.06.2020 in CHF thousands		Market value 31.12.2019 in CHF thousands		Unobservable input factors 30.06.2020			Unobservable input factors 31.12.2019		
		Ø Discount rate 30.06.2020		Ø Discount rate 31.12.2019	Discount rate in %	Rent CHF per m <sup>2</sup> /mth	Vacancy rate in %	Discount rate in %	Rent CHF per m <sup>2</sup> /mth	Vacancy rate in %
North Rhine-Westphalia	674 271	3.93 %	630 055	3.92 %	2.7-5.8	4.8-14.9	2.0-10.8	2.7-5.9	4.5-14.0	0.0-10.3
Rhineland-Palatinate	205 065	3.79 %	204 360	3.79 %	3.3-4.3	5.1-10.5	0.0-6.2	3.6-4.3	4.8-9.8	2.0-6.1
Baden-Württemberg	112 137	3.58 %	113 228	3.60 %	2.6-5.9	5.9-13.3	2.0-4.0	2.6-5.9	4.5-12.5	2.0-4.1
Hesse	48 361	4.60 %	46 961	4.56 %	4.4-5.1	5.1-6.1	4.0-6.0	4.4-5.0	4.5-5.8	4.0-6.0
Lower Saxony	45 630	4.81 %	43 215	4.89 %	3.6-5.0	5.3-6.1	2.0-15.0	2.7-5.1	5.0-5.6	2.0-14.9
Other locations	46 730	3.93 %	44 239	3.94 %	2.7-4.7	5.9-17.0	3.1 - 7.1	2.7-5.5	5.5-14.7	3.1-8.9
	<b>1 132 194</b>	<b>3.93 %</b>	<b>1 082 058</b>	<b>3.93 %</b>						



Market value sensitivity exists in particular with regard to the real discount rate and the achievable rents:

in CHF thousands			Rent						1st half-year 2020
			7.5 %	5.0 %	2.5 %	0.0 %	-2.5 %	-5.0 %	-7.5 %
Discount rate	-0.40 %	3.53 %	1 355 024	1 323 512	1 292 000	1 260 488	1 228 976	1 197 463	1 165 951
	-0.20 %	3.73 %	1 282 369	1 252 546	1 222 724	1 192 901	1 163 079	1 133 256	1 103 434
	0.00 %	3.93 %	1 217 109	1 188 804	1 160 499	1 132 194	1 103 889	1 075 584	1 047 279
	0.20 %	4.13 %	1 158 169	1 131 234	1 104 300	1 077 366	1 050 432	1 023 498	996 564
	0.40 %	4.33 %	1 104 674	1 078 983	1 053 293	1 027 603	1 001 913	976 223	950 533

in CHF thousands			Rent						1st half-year 2019
			7.5 %	5.0 %	2.5 %	0.0 %	-2.5 %	-5.0 %	-7.5 %
Discount rate	-0.40 %	3.61 %	903 884	882 864	861 843	840 823	819 802	798 781	777 761
	-0.20 %	3.81 %	856 436	836 519	816 602	796 685	776 768	756 851	736 934
	0.00 %	4.01 %	813 721	794 798	775 874	756 950	738 026	719 103	700 179
	0.20 %	4.21 %	775 065	757 040	739 015	720 990	702 966	684 941	666 916
	0.40 %	4.41 %	739 914	722 707	705 500	688 292	671 085	653 878	636 670

- › We have allocated all investment properties and right-of-use assets 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 period or the previous period.

## 6

## Development properties

in CHF thousands	30.06.2020	31.12.2019
Projects in the planning phase	34 589	33 619
Completed units	0	138
<b>Total development properties</b>	<b>34 589</b>	<b>33 757</b>

## 6.1. Portfolio

- › In the reporting period and in the previous period, the only project in the planning phase was the "Peninsula" project in Wädenswil. The building permit was granted in December 2019 and became legally binding in the first quarter of 2020. Based on legal force, we have initiated preparative work for future use.

## Capital structure & risk management

### 7

#### Equity

##### 7.1. Share capital

- › As of June 30, 2020, the share capital amounted to CHF 6 873 thousand and consisted of 6 873 128 shares with a nominal value of CHF 1.00 each.
- › The following transactions led to the increase in share capital from conditional capital in the first half of 2020:
  - Conversion of the mandatory convertible bond – 164 013 shares
  - Bonus entitlements and entitlements related to Board of Directors' fees – 27 502 shares
  - Exercise of option rights of 2017 PSU program (2 shares per entitlement) – 55 000 shares
  - Conversions of hybrid convertible bond – 21 351 shares
  - Warrants exercised from hybrid warrant bond – 3 788 shares
- › The 2020 Annual General Meeting decided to increase conditional capital to 3 300 000 shares. After the issue of shares from bonus entitlements, share allocations from the 2017 PSU program, conversion of the mandatory convertible bond, conversions and warrants exercised, conditional capital came to 3 042 921 shares as of June 30, 2020.

##### 7.2. Share premium

- › The allocations related to the conditional capital increase amounted to CHF 5 255 thousand from the conversion of the mandatory convertible bond, CHF 992 thousand from the 2017 PSU program, CHF 1 045 thousand for bonus entitlements and Board of Directors' fees and CHF 699 thousand for conversions warrants exercised in connection with the hybrid bonds. Emission tax of CHF 293 thousand were additionally charged to the account.

##### 7.3. Hybrid convertible bond

- › Conversions of CHF 630 thousand.
- › Accumulated and unrecognized coupon portion of hybrid convertible bond of CHF 685 thousand.

##### 7.4. Hybrid warrant bond

- › Warrants exercised in the amount of CHF 22 thousand (3 788 warrants).
- › Distribution of CHF 1 025 thousand.
- › Accumulated and unrecognized coupon portion of hybrid warrant bond of CHF 23 thousand.

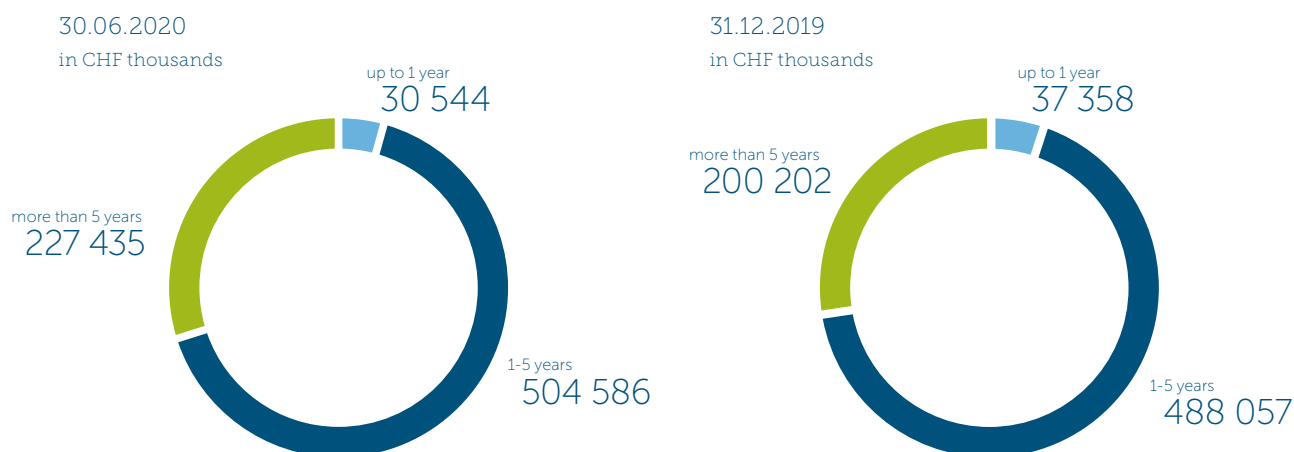
## 8

## Mortgages, financial liabilities &amp; derivative financial instruments

in CHF thousands	30.06.2020	31.12.2019
Mortgages and building loans	414 208	376 912
Bonds	260 770	263 959
Financing liabilities, third parties	72 147	73 070
Financing liabilities, related parties	550	515
Derivative financial instruments	14 889	11 160
Lease liabilities	18 999	15 698
<b>Total financial liabilities</b>	<b>781 563</b>	<b>741 315</b>
of which current financial liabilities excluding lease liabilities	30 544	37 358
of which non-current financial liabilities excluding lease liabilities	732 020	688 259
of which current lease liabilities	505	511
of which non-current lease liabilities	18 494	15 187

## 8.1. Maturity structure

## Maturities of financial liabilities excluding lease liabilities

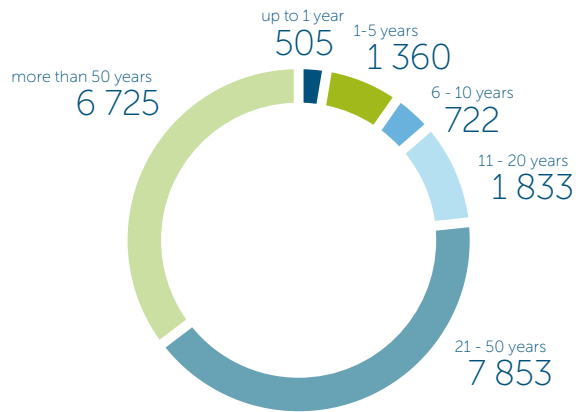


- › By analogy with the investment horizon, 96.0 % of all financial liabilities were non-current in nature at the end of the reporting period (year-end 2019: 94.9 %). We aim for a minimum average term of 4 years.
- › The average residual term is 4.1 years (year-end 2019: 4.2 years) at the balance sheet date.
- › The mortgages have an average term of 5.5 years (year-end 2019: 5.6 years).

## Maturities of lease liabilities

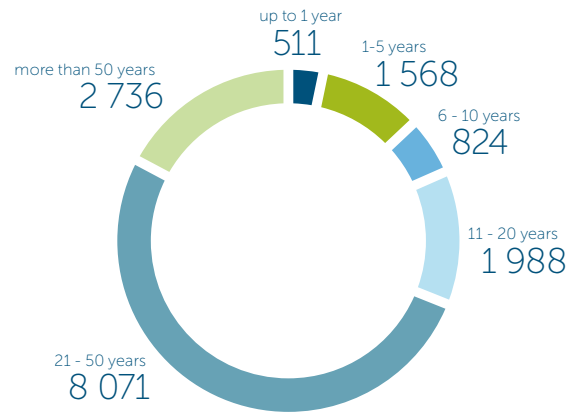
30.06.2020

in CHF thousands



31.12.2019

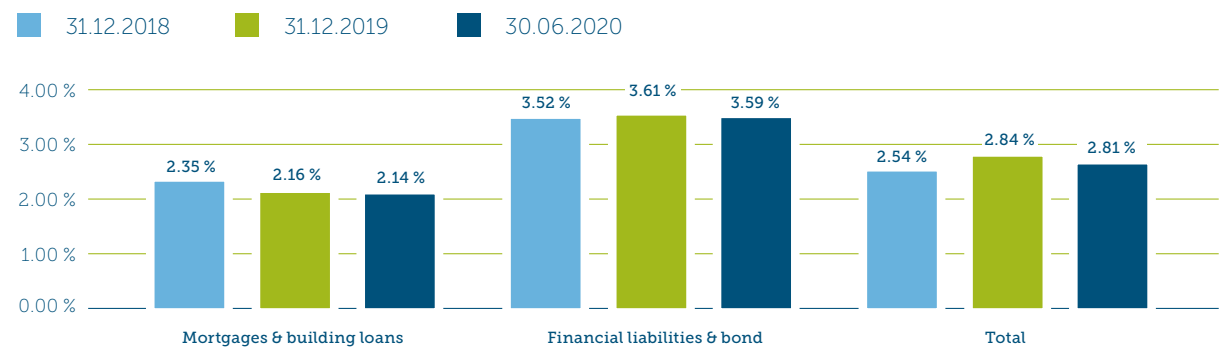
in CHF thousands



- › The lease liabilities largely comprise leasehold agreements.
- › The average residual term is 86 years (year end 2019: 65 years) for leasehold agreements and 3.0 years (year-end 2019: 3.5 years) for other leases at the balance sheet date.
- › The increase in the residual term for leasehold agreements resulted from the long-term lease agreements acquired with the purchase of the Ruhr portfolio.

## 8.2. Average interest rate

## Financial liabilities excluding lease liabilities



## Lease liabilities

- › Interest rate of lease liabilities for leasehold agreements: 2.4 % (prior year: 2.5 %, average interest rate for long-term mortgage-backed financing in Germany).
- › Interest rate of lease liabilities for rents: Switzerland 2.5 % and Germany 3.7 % (both average interest rates for long-term corporate financing).

## 9

## Financial result

in CHF thousands	1st half-year 2020	1st half-year 2019
<b>Financial expenses</b>		
Interest expenses, third parties	-10 348	-5 463
Interest expenses – related parties	0	-9
Loss from changes in the fair value of financial instruments	-24	-77
Impairment of financial receivables	0	-166
Interest expenses related to lease liabilities	-208	-190
Value adjustment of lease liabilities	0	-108
Foreign exchange losses	-4 112	-1 618
Other financial expenses	-2 083	-540
<b>Total financial expenses</b>	<b>-16 775</b>	<b>-8 171</b>
<b>Financial income</b>		
Interest income – third parties	127	6
Interest income – associates and joint ventures	0	166
Interest income – related parties	46	9
Value adjustment of lease liabilities	17	0
Foreign exchange gains	302	31
Other financial income	3	1
<b>Total financial income</b>	<b>495</b>	<b>213</b>

- › The increase in third-party interest expenses compared to the previous period is attributable to additional property financing for new acquisitions as well as the bond issued mid-November 2019.
- › The negative currency effects (net) amount to CHF 3 810 thousand compared to CHF 1 587 thousand in the previous period. This negative earnings contribution has resulted primarily from the lower CHF/EUR closing rate compared to the previous period.

## 10

## Financial risk management

## 10.1. Interest coverage 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	1st half-year 2020	1st half-year 2019
Operating result (EBIT)	33 330	33 310
Depreciation and amortization	439	244
Valuation result of investment properties	-19 168	-24 096
Share-based payment compensation	827	1 014
Other non-cash personnel expenses	288	530
<b>Adjusted operating result</b>	<b>15 716</b>	<b>11 002</b>
Interest expense	10 348	5 473
<b>Interest coverage ratio</b>	<b>1.52</b>	<b>2.01</b>

## 10.2. Loan to Value

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	30.06.2020	31.12.2019
Total market value of real estate portfolio (investments and development properties) incl. advance payments for investment properties <sup>1</sup>	1 164 650	1 120 493
Total net financial liabilities without lease liabilities and market value of derivative financial instruments <sup>2</sup>	697 595	668 209
<b>Loan to Value</b>	<b>59.9 %</b>	<b>59.6 %</b>
Total market value of real estate portfolio (investments and development properties without right-of-use assets) incl. advance payments for investment properties <sup>1</sup>	1 164 650	1 120 493
Total net financial liabilities secured by mortgages <sup>2</sup>	364 679	329 205
<b>Secured Loan to Value</b>	<b>31.3 %</b>	<b>29.4 %</b>

<sup>1</sup> Market value for development properties amounts to CHF 44 600 thousand according to valuation as of 30.06.2020.

<sup>2</sup> Less cash and cash equivalents and current financial receivables.



## 10.3. Lending arrangement clauses

- › For the EUR bond as well as for the syndicated loan, there are lending arrangement clauses based on the interest coverage ratio and loan to value. We complied with these clauses in the reporting as well as in the previous period.

## 10.4. Financial instruments at 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).

The following table shows the financial assets and liabilities measured at fair value at the end of the period:

in CHF thousands	30.06.2020	31.12.2019
	Level 2	Level 2
<b>Liabilities</b>		
– Derivatives held for trading purposes	98	76
– Derivatives held as hedging instruments	14 791	11 084

The increase in liabilities resulted mainly from value adjustments made to existing hedging transactions due to lower interest rates.

## 10.5. 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 June 30, 2020:

in CHF thousands	30.06.2020		31.12.2019	
	Market value	Carrying amount	Market value	Carrying amount
<b>Non-current financial liabilities measured at amortized cost</b>				
Non-current mortgages	391 791	392 664	347 306	348 554
Non-current financial liabilities excluding leasing liabilities	325 671	324 468	330 272	328 545
Non-current leasing liabilities	19 212	18 494	15 971	15 187
<b>Total</b>	<b>736 674</b>	<b>735 626</b>	<b>693 549</b>	<b>692 286</b>

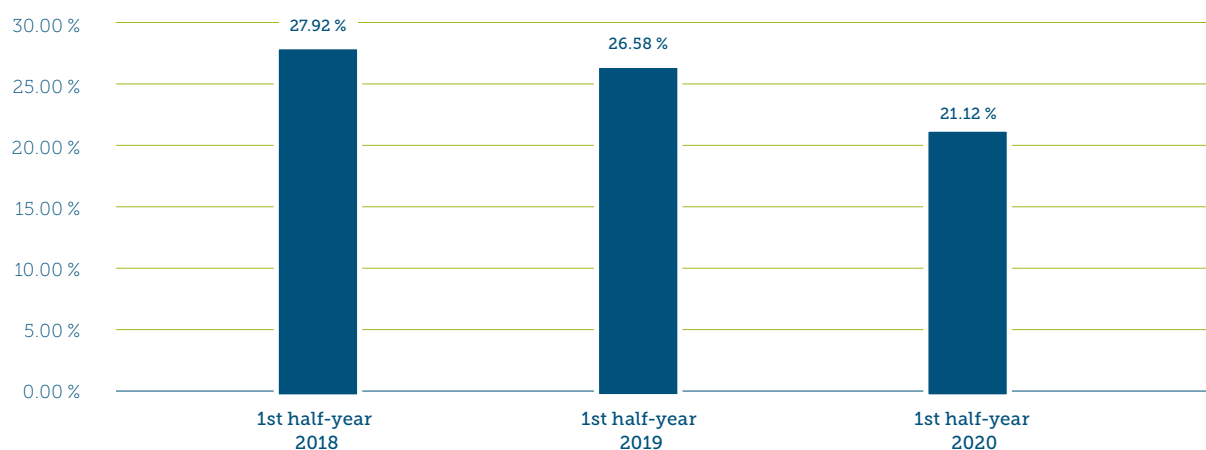
- › There are no differences between the market value and the carrying amount of long-term financial receivables.
- › All financial instruments are assigned to Level 2.
- › There were no transfers between the individual levels in either the reporting period or the previous period.
- › As in the previous period, there were no netting agreements to be reported as of June 30, 2020.

## Platform costs

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### Personnel expenses

Personnel expenses as a % of the rental income



in CHF thousands

	1st half-year 2020	1st half-year 2019
Salaries	-3 956	-3 515
Social insurance cost	-593	-610
Employee benefits – defined benefit plan	-42	-39
Employee benefits – defined contribution plan	-98	-90
Share-based compensation	-827	-1 014
Other personnel expenses	-275	-184
Capitalized own services	9	327
<b>Total personnel expenses</b>	<b>-5 782</b>	<b>-5 125</b>
Headcount as of June 30	99	66

The decrease in personnel expenses in relation to the rental income mainly resulted from the acquisition of 3 672 residential units at the end of the previous year and the economies of scale and efficiency gains achieved as a result.

The absolute increase in personnel expenses is largely due to the increase in the number of employees from 66 as of June 2019 to 99 as of June 2020 (December 2019: 78 employees) due to the further growth and insourcing of administrative expenses.

## 12

## Option programs

- › The Board of Directors approved a new Performance Stock Unit Program (2020-2022 PSU program, Plan 2019) for share-based compensation in the second quarter of 2020.
- › Under the PSU program, 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 accumulated Group earnings after taxes for the years 2020-2022 in equal parts), provided the beneficiary is still employed by the Group at the end of the performance period. The Group has no legal or constructive obligation whatsoever to repurchase or settle the entitlements in cash.
- › With the approval of the 2019 financial statements by the 2020 Annual General Meeting, the performance period for Plan 2017 closed. 27 500 PSUs have been 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 2020	Plan 2019	Plan 2018	Plan 2017
Issue date	02.06.2020	10.05.2019	31.08.2018	16.05.2018
Measurement years for accumulated group result	2020-2022	2019-2021	2018-2020	2017-2019
End of performance period	GV 2023	GV 2022	GV 2021	GV 2020
Effective date share price	06.02.2023	04.02.2022	04.02.2021	05.02.2020
End of blocking period	GV 2023	GV 2022	GV 2021	GV 2020
Accumulated Group result before tax	n.a.	n.a.	Approved long-term plan	Approved long-term plan
Accumulated Group result after taxes	Approved long-term plan	Approved long-term plan	n.a.	n.a.
Share price when issued in CHF	36.40	29.60	33.50	29.90
Risk-free interest rate	-0.62 %	-0.57 %	-0.41 %	-0.40 %
Volatility	28.67 %	25.04 %	24.42 %	24.68 %
Market value of PSUs on date of issue in CHF	26.79	20.98	32.37	32.05

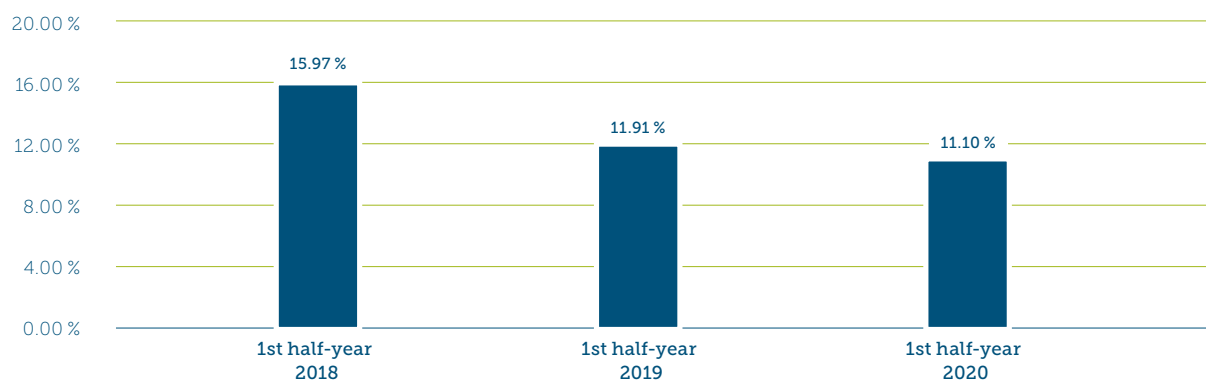
	Plan 2020	Plan 2019	Plan 2018	Plan 2017	Plan 2016	Plan 2014
<b>Outstanding options/PSUs on January 1, 2019</b>	<b>0</b>	<b>0</b>	<b>36 500</b>	<b>35 500</b>	<b>56 000</b>	<b>40 000</b>
<b>Exercisable options/PSUs on January 1, 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40 000</b>
Options allocated	0	41 500	0	0	0	0
Options exercised	0	0	0	0	-56 000	0
Options forfeited	0	0	0	0	0	0
<b>Outstanding options/PSUs on December 31, 2019</b>	<b>0</b>	<b>41 500</b>	<b>36 500</b>	<b>35 500</b>	<b>0</b>	<b>40 000</b>
<b>Exercisable options/PSUs on December 31, 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40 000</b>
Options allocated	42 000	0	0	0	0	0
Options exercised	0	0	0	-27 500	0	0
Options forfeited	0	0	0	0	0	0
<b>Outstanding options/PSUs on June 30, 2020</b>	<b>42 000</b>	<b>41 500</b>	<b>36 500</b>	<b>8 000</b>	<b>0</b>	<b>40 000</b>
<b>Exercisable options/PSUs on June 30, 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 000</b>	<b>0</b>	<b>40 000</b>

In the reporting period, we charged CHF 776 thousand (previous period: CHF 1 094 thousand) to the income statement for the PSU plans (both including social benefits).

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## Other operating expenses

Other operating expenses as a % of the rental income



In absolute terms, other operating expenses increased by CHF 742 thousand compared to the previous period. In addition to the significant growth, the main factors for the change were:

- › Higher IT expenses of CHF 271 thousand, mainly triggered by the introduction of SAP 4/HANA.
- › Higher consulting cost with regard to half-year property valuations and tax of CHF 86 thousand.
- › Higher expenses for capital taxes of CHF 47 thousand.

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## Taxes

in CHF thousands	1st half-year 2020	1st half-year 2019
<b>Income taxes</b>		
Result before taxes	17 050	25 351
Income taxes	-2 158	-3 084
Tax rate	12.66 %	12.17 %

in CHF thousands	30.06.2020	31.12.2019
Deferred tax assets	19 398	18 497
Deferred tax liabilities	49 070	46 730

- › The tax rate for companies holding investment properties in Germany is 15.83 % in most cases (business tax exemption), while Swiss companies are subject to rates of 21.10 % and Peach Property Management GmbH & Co. KG is subject to a tax rate of 32.45 %. Excluding non-recurring effects, we expect a tax rate of between 16 % and 18 %.
- › We have concluded profit and loss transfer agreements for most of the direct and indirect subsidiaries of Peach Property Management GmbH & Co. KG or are to be concluded during the reporting year.
- › The change in deferred tax assets mainly resulted from further capitalized losses carried forward in Peach Property Group AG and Peach Property Management GmbH & Co. KG, which also resulted in the lower tax rate. The increases in deferred tax liabilities were the result of revaluation gains and/or depreciation under commercial law.

## Other disclosures

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### 15

#### Working capital

##### 15.1. Other receivables

The increase in the remaining claims of CHF 2 407 thousand is largely due to the following facts:

- › Increase in ancillary cost claims of CHF 1 926 thousand since the ancillary costs have not yet been billed for 2019 and the acquisitions made at the end of the reporting year 2019.
- › Increase of trade payables debit balances of CHF 1 040 thousand.
- › Maintenance reserves increased by CHF 168 thousand.
- › Reimbursement of state and municipal taxes in 2016 for Gretag AG in the amount of CHF 2 899 thousand (impact of CHF 1 334 thousand, difference as an increase in current tax obligations).

##### 15.2. Current financial receivables

The increase of CHF 3 292 thousand is largely explained as follows:

- › Granting of a seller loan as part of the sale of the "RS 173" property in Dortmund in the amount of CHF 4 401 thousand. The mortgage-backed property has a term until April 2021 and an average interest rate of 4 %. Additionally, an unlimited, joint and several guaranty upon first request amounting to CHF 1 467 thousand is available.
- › A loan with an interest rate of 4.5 % was amortized with a partial amount of CHF 1 062 thousand.

### 16

#### Change in scope of consolidation

Domibus Baumanagement GmbH

- › Founded in the first quarter 2020 with a share capital of EUR 25 thousand. Merger of all renovation and modernization activities within one entity.



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## Events after the balance sheet date and investment obligations

In July 2020, we notarized a purchase agreement for 5 450 residential units with target rental income of a good CHF 24 million and a vacancy at unit level of 8.6 %. Most of the apartments are in North Rhine-Westphalia and

Rhineland-Palatinate and are held by 13 portfolio companies, of which we will acquire a share of 89.9 %. We expect the transaction to be completed by the end of 2020.



# Report on the Review

of Interim consolidated financial statements to the Board of Directors of  
Peach Property Group AG

Zürich

## Introduction

We have reviewed the accompanying interim consolidated financial statements (Consolidated income statement for the period, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement, consolidated statement of changes in equity and notes, pages 16 to 47) of Peach Property Group AG for the period ended 30 June 2020. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

## Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG

Philipp Gnädinger

Michael Keel

Zürich, 21 August 2020

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### **Events**

Publication of annual results 2020:

March 30, 2021

Annual general meeting:

May 28, 2021 in Zurich

### **Imprint**

Editor:

Peach Property Group AG, Zurich

Conceptual design / text:

edicto GmbH, Frankfurt /

Peach Property Group AG, Zurich

Realization: edicto GmbH, Frankfurt

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The 2020 semi-annual report was published in  
in German and English language.

They are available on the internet at  
[www.peachproperty.com](http://www.peachproperty.com).



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