

Investor Presentation

Quirin Champions Conference

June 2, 2022



Presenters



Thorsten Arsan
Chief Financial Officer

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



Stefan Feller
Head of Investor Relations

- >15 years of finance experience in corporate finance, treasury and capital market roles
- Former **Head of Financing** at Swiss utility Axpo Holding AG and **Head of Capital Markets** at fintech Loanbox
- CFA Chartholder

Agenda

1. Peach Property at a glance

2. Current market environment

3. Portfolio & Operational Performance FY 2021

4. Financial Performance FY 2021

5. Guidance FY 2022

6. Appendix

- *Details guidance FY 2022*
- *ESG*
- *Share data & financial calendar*

Peach Property Group at a glance



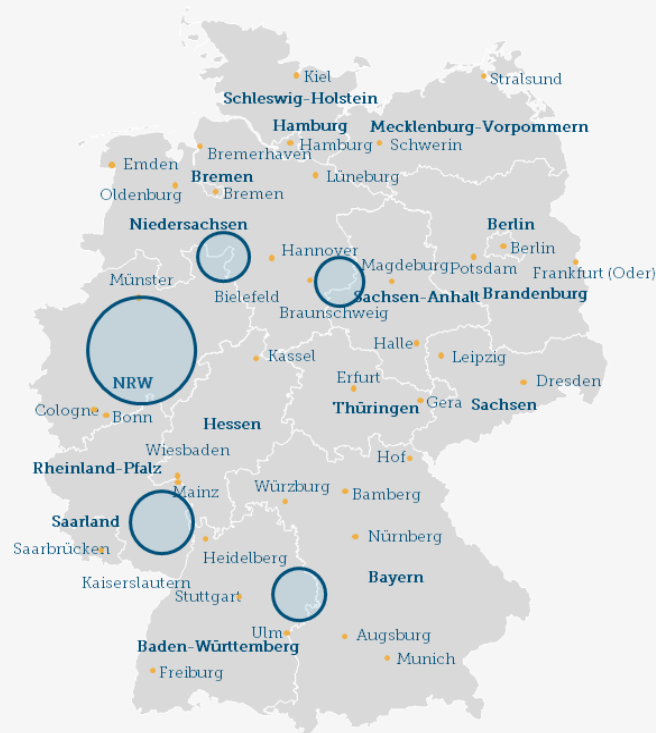
Strategy

- Active real estate investor within the attractive German residential market, with a clear focus on secondary ("B") cities.
- Low risk: >90% of rental income from residential properties.
- Established management structure with a proven transaction track record and headcount of around 200 employees, mainly in Cologne, Berlin, and Zurich.



Core portfolios

27 441 residential units and 1 705mm sqm across 8 federal states in Germany. Predominantly in North Rhine Westphalia, Rhineland-Palatinate and Lower Saxony.



Key financials

Figures in CHFmm (unless otherwise stated)	Dec 31, 2021	Δ vs. 2020
Portfolio market value	2 687	+29%
Rental income	108.6	+98%
<i>l-f-l rental growth</i>	4.0%	
FFO I	11.1	+141%
LTV	51.9%	-5.6pp
Equity ratio	40.1%	+6.2pp
EPRA NTA per share in CHF	68.6	+20%
Dividend per share in CHF	0.33	+10%



Tenants at the centre



- Tenant shops ("Peach Points") as the cornerstone for direct dialogue with our tenants.
- Tenants are respected and taken seriously. E.g., final resolution of tenant inquiries within 5 days.



ESG

- Decarbonization path developed: climate neutrality of our real estate portfolio by 2050.
- Reduction of the CO₂ intensity of our portfolio to below 30 kg CO₂ / square meter by 2030.
- ESG rating process started.

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Inflation is reality but what is the impact?

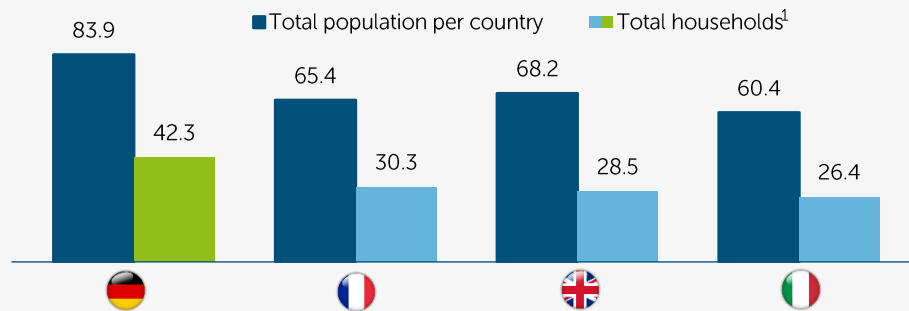
	Peach's mid-term planning base assumptions	Assumed impact of persistent inflation
Rent growth	 Min. 3.5% annual l-f-l rental growth.	 Inflation and cost pressure will also lift market rents.
Operating expenses	 in relation to rental income based on further economies of scale.	 Economies of scale.  Cost pressure.
WACD	 based on refinancings with improved credit rating.	 Improved credit rating (and reaching IG area).  Rising base interest rates.
LTV	 50% as mid-term target.	 Value of assets based on high demand and lack of affordable alternatives.  Nominal value of financial liabilities.

Even assuming continued inflationary pressure and noticeably rising interest rates; Peach should be able to deliver over the next few years:

- FFO I (and thus dividend) CAGR well above inflation rates.
- Reaching KPIs eligible for an investment grade rating.

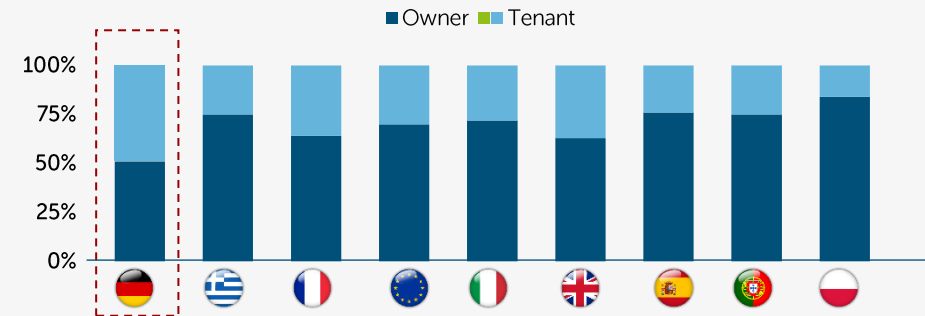
DE: largest housing market in Europe with a strong and healthy tenant culture

Largest housing markets in Europe...



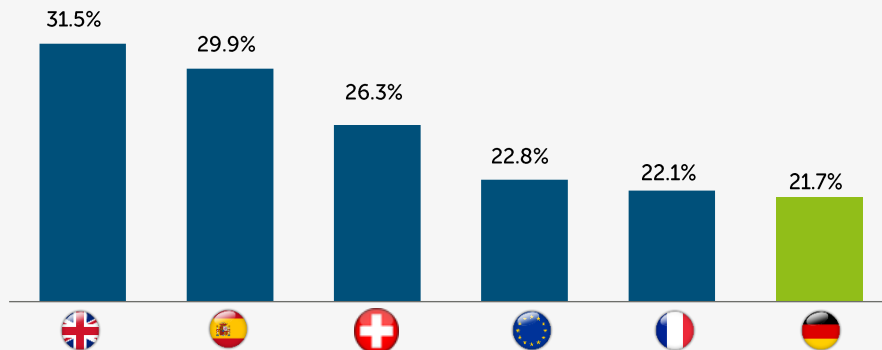
... with a strong rental culture...

Distribution of population between owner occupiers and tenants²

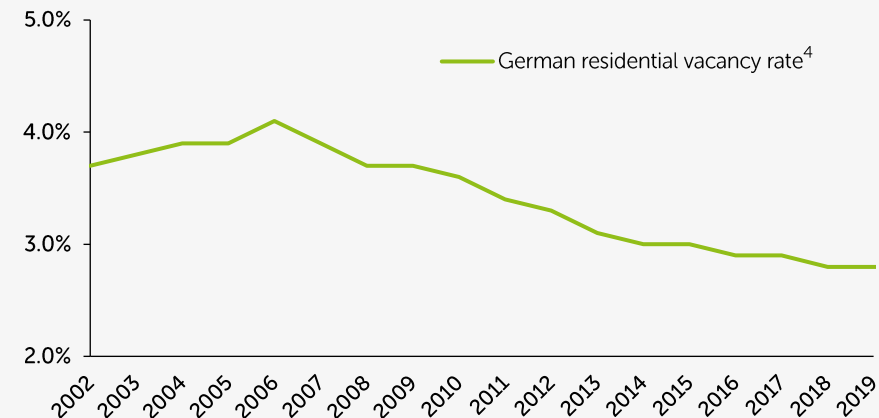


... a healthy rent affordability...

Share of rent as % of disposable household income³

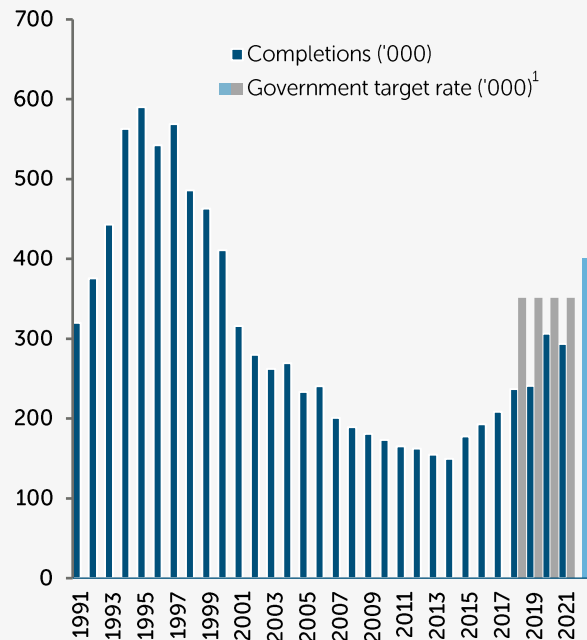


... and low, stable vacancy rate through the cycle

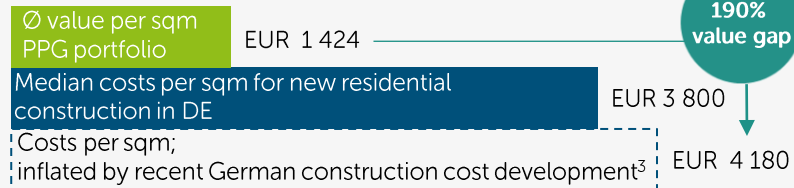


Structural undersupply cannot be addressed by new construction

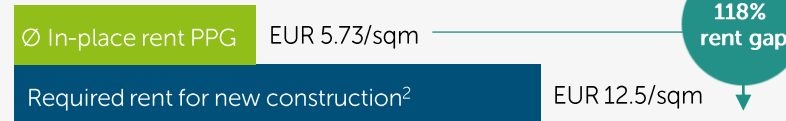
German market requires 400k new apartments every year



Construction costs per sqm well above Peach's current asset valuation level²

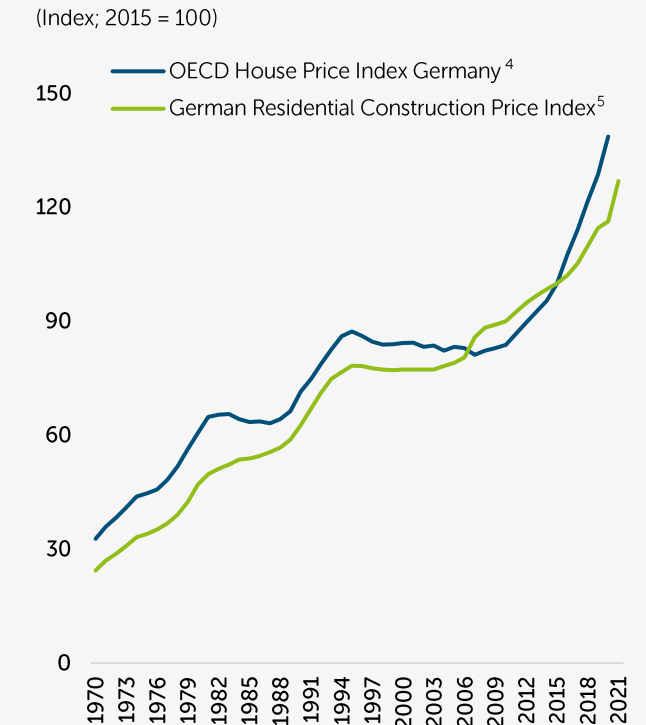


Costs for new construction requires significant higher rents



Asset prices in the affordable housing segment are likely to rise further due to decreased affordability of new construction.

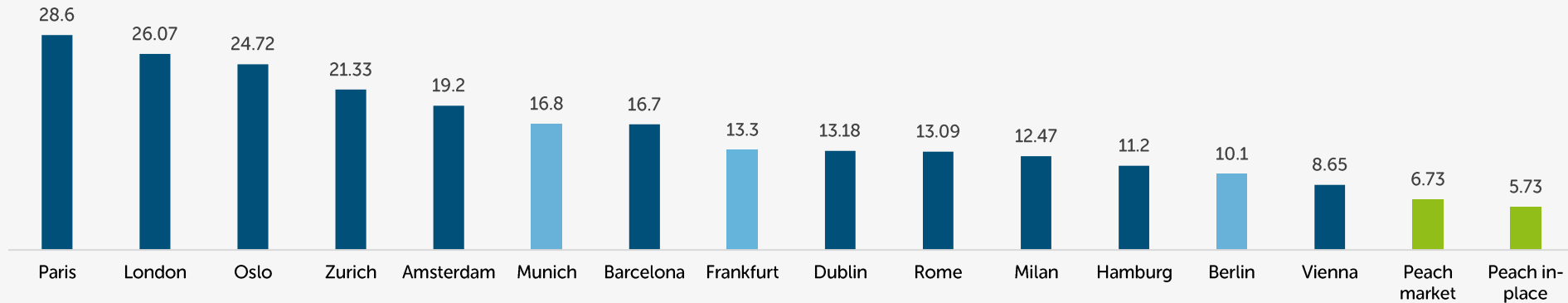
House prices and construction costs strongly correlated



Peach locations with healthy rent levels and attractive valuations

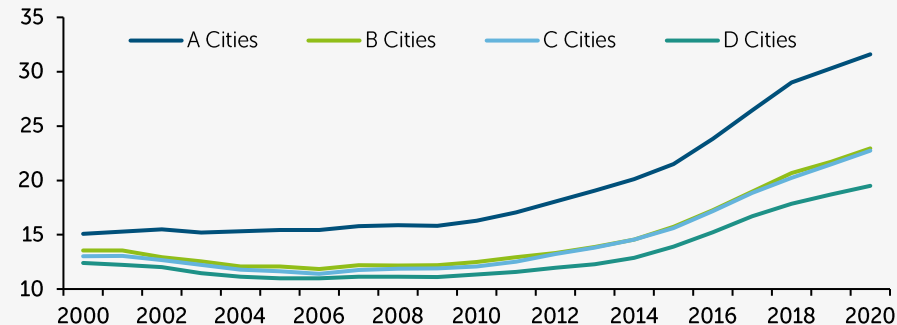
Rent levels in German cities and Peach locations significantly more affordable in the European context

Average monthly rent EUR/sqm¹



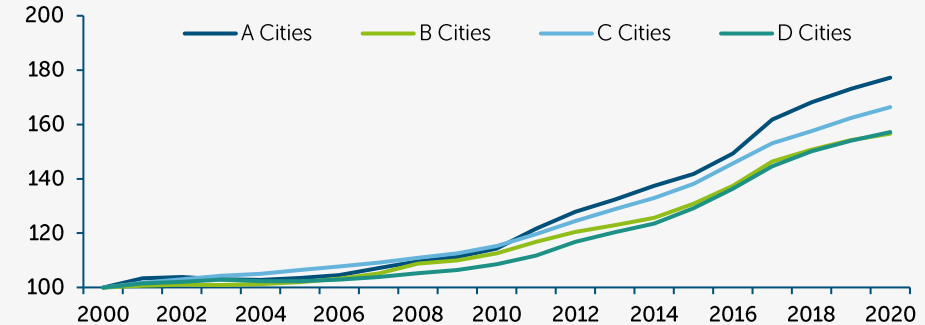
Multiplier in German B, C and D-cities significantly lower

Average multiplier multi-family buildings²



Rent increase in A/B/C/D-cities historically stable

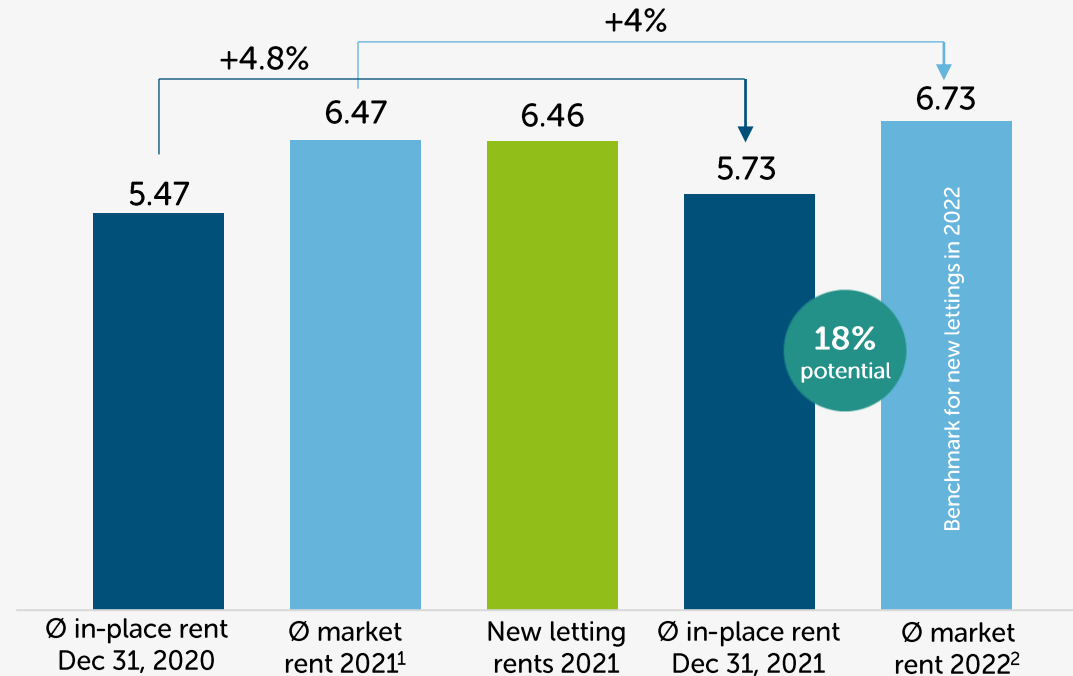
Rental prices in Germany (indexed to 100)³



Sources: (1) Deloitte Property Index 10th Edition, July 2021, except data for Zurich (data from City of Zurich, EUR/CHF 1.05); (2) Bulwiengesa, Yield in A, B, C and D cities (2020, Multifamily house-apartment building rent multiplier reciprocal); (3) Bulwiengesa, Rental prices indexed to 100 in A, B, C and D cities (2000-2020); (3) Bulwiengesa, Rental prices year on year change in A, B, C and D cities (2010-2020).
Definitions A, B, C and D cities as per Bulwiengesa; see: https://www.rwiw.de/online_test/info.php3?cityid=&info_topic=allg

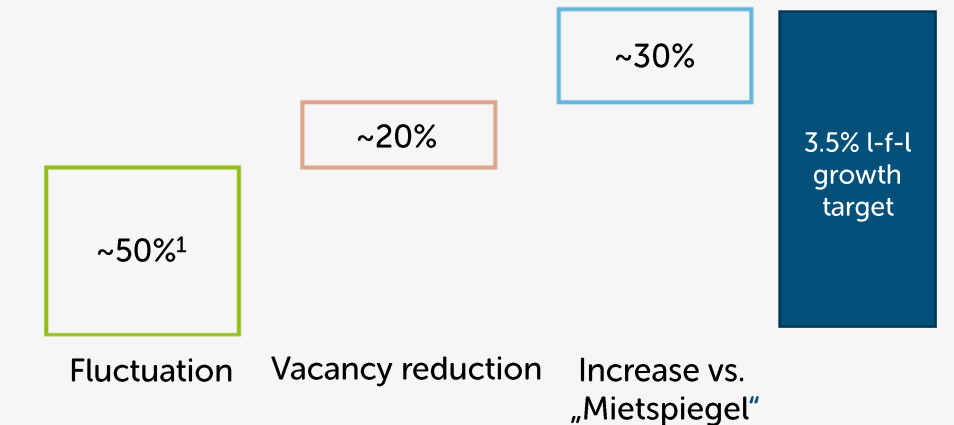
Attractive potential for further rent growth

Figures in EUR / sqm



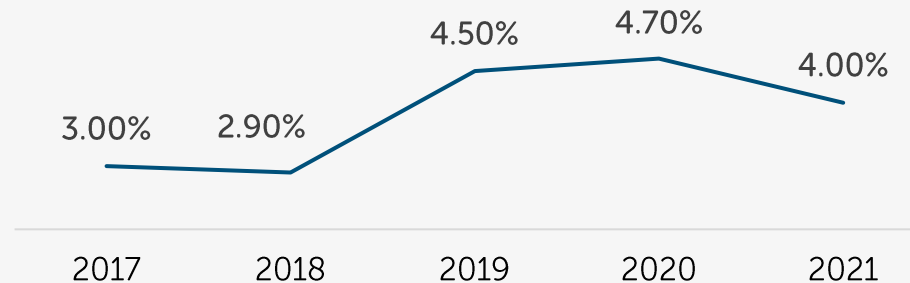
- We are able to lock-in market rents with new lettings.
- Potential for further rent growth with 18% gap vs. market rent.
- New German coalition agreement does not prevent us to realize our l-f-l rental growth potential.

Sources of rental growth target



(1) Based on c10% annual fluctuation rate and a rent increase potential of 18%

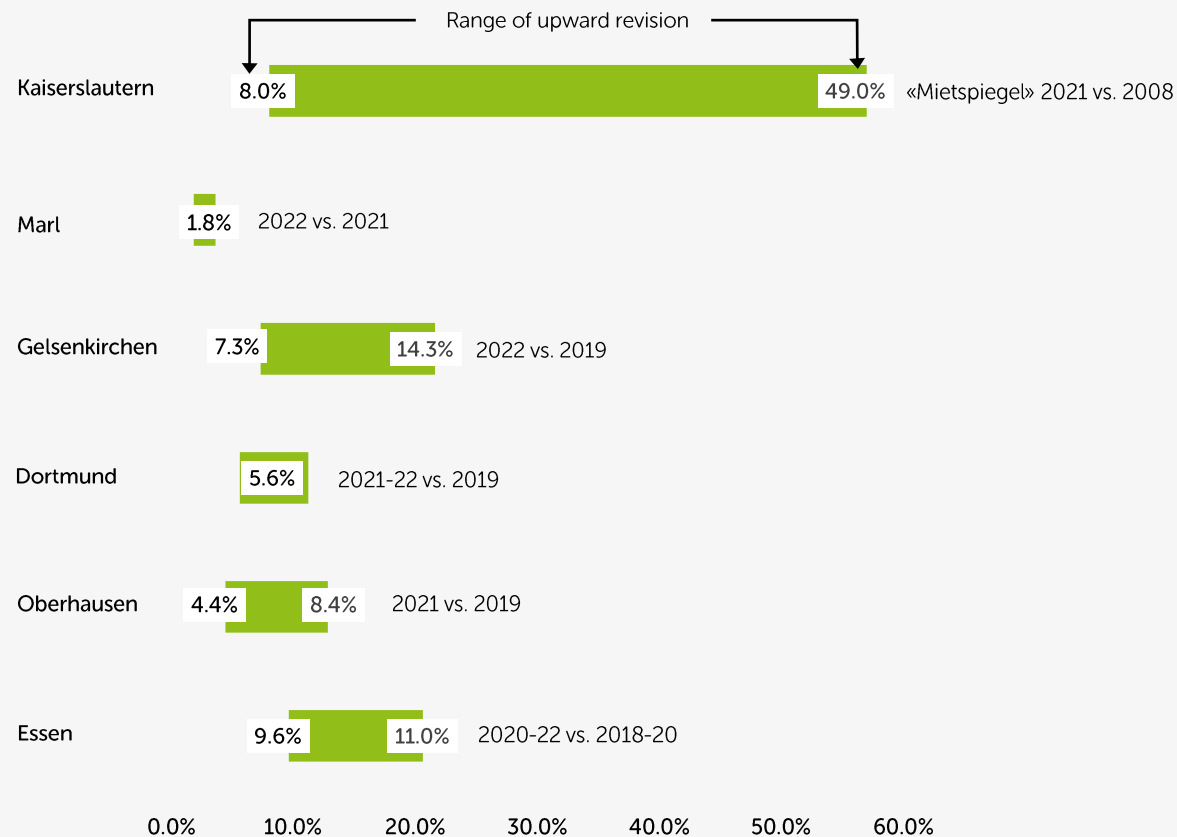
Our l-f-l rental growth track-record



Market dynamics and inflation drive also rent levels

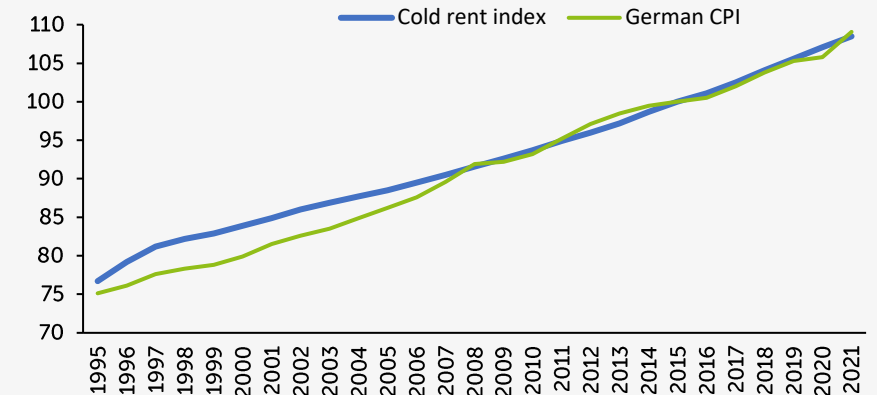
Upward revisions of "Mietspiegel" already before recent inflation pressure¹

Recent «Mietspiegel» developments in locations and apartment categories relevant for Peach



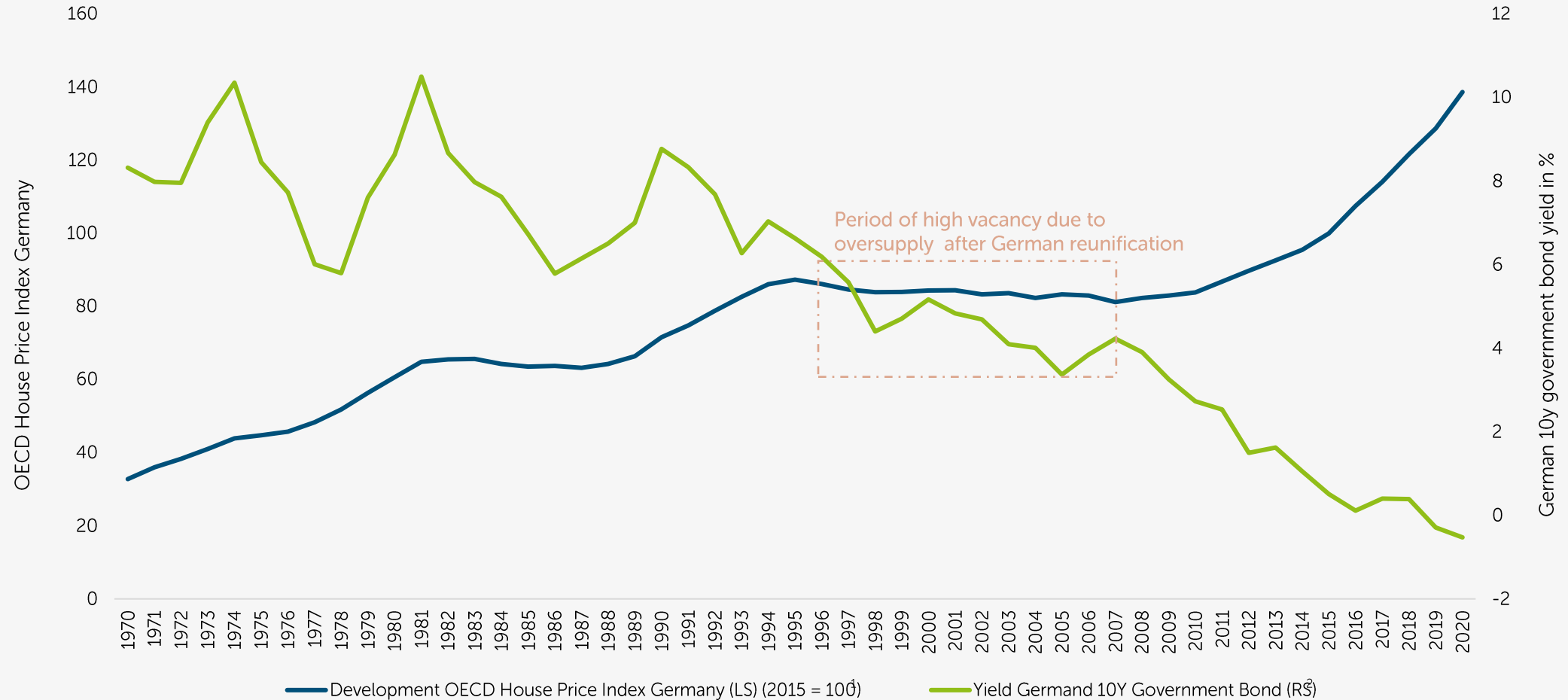
Rent evolution shows steady growth inline with CPI²

(Index; 2015 = 100)



- Recent developments of "Mietspiegel" show significant upward revisions reflecting market dynamics; inflation will continue this process.
- "Mietspiegel" development as inflation hedge but only one of the pillars of our future rent growth.
- Peach aims for sustainable rental growth and will also consider aspects of affordability and acceptability when exploiting the rent increase potential.

There are precedents for rising property prices in periods of rising interest rates



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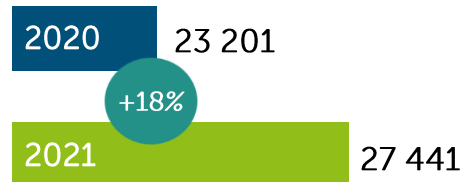
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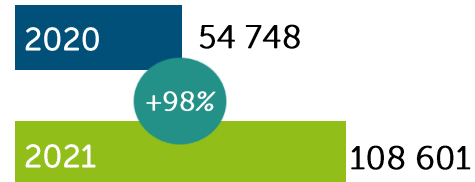
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Overview investment properties

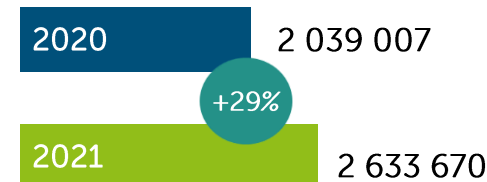
Number of residential units



Actual rental income



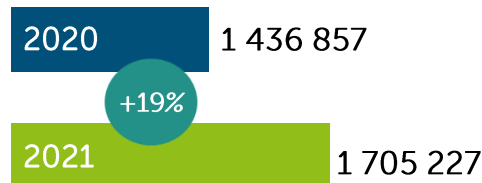
Market value¹



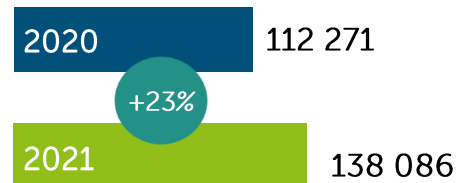
Gross rental return



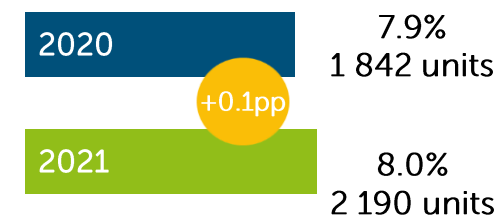
Residential floor space in sqm



Target rental income



Vacancy

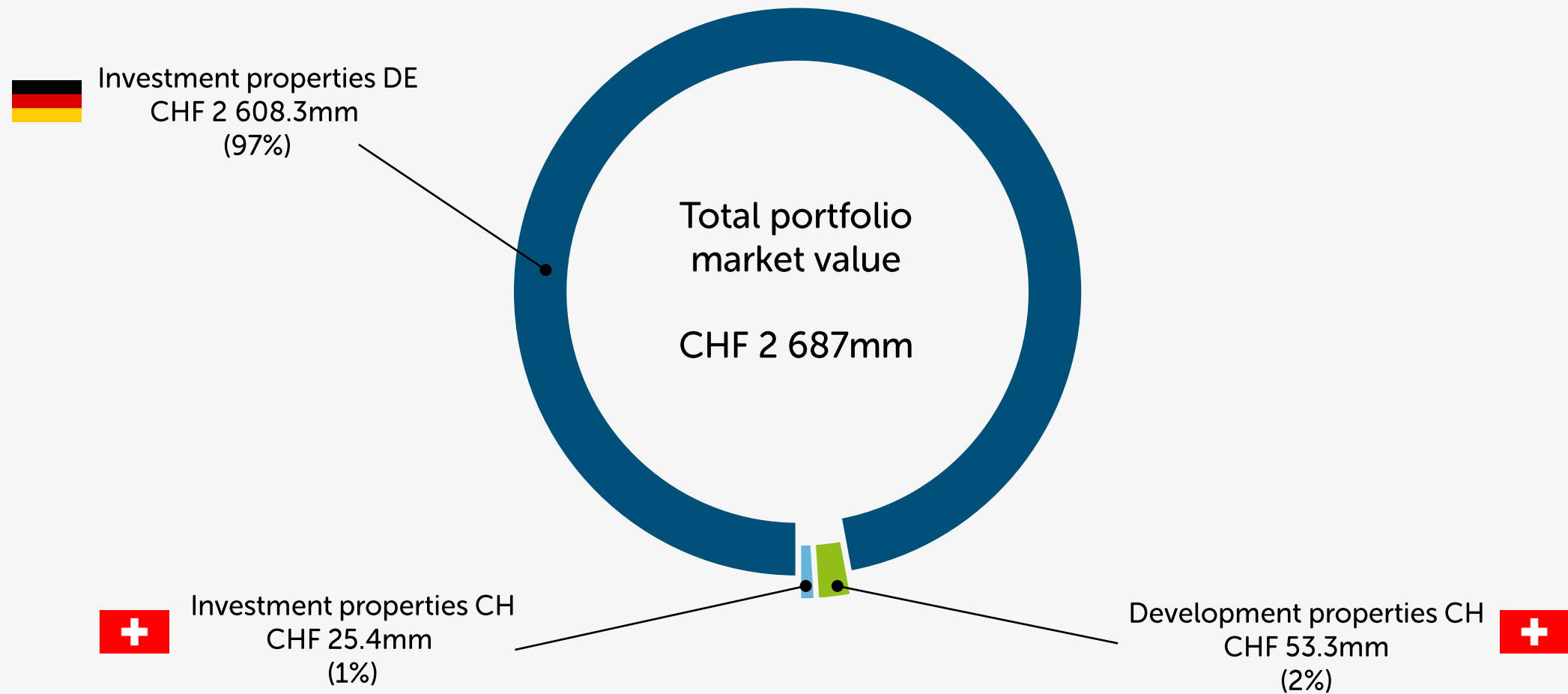


Net rental / cash flow return



With average in-place rent of EUR 5.73 and average value of EUR 1 424 per sqm residential area, the portfolio has solid further growth potential.

Portfolio structure as of Dec 31, 2021



Strong track-record in growing portfolio

2011



Acquisition residential portfolio in Munster

2012



Acquisition of two portfolios in Dusseldorf-Erkrath

2013



Acquisition of two buildings in Dortmund and Gretag portfolio, near Zurich

2014



Acquisition of portfolio in Northern Hesse

2015



Acquisition of two portfolios in Neukirchen-Vluyn

2016



Acquisition of Rheinland, Eschwege, Fassberg & K'lautern; sale of Erkrath Retail & Gretag

2017



Acquisition i.a. of Oberhausen, Bochum II, K'lautern II, Nordhessen II

2018



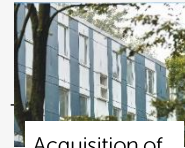
Acquisitions around Bielefeld, Heidenheim, Kaiserslautern and Saarbrücken

2019



Acquisition of 4 200 units (i.a. Essen, Velbert, Gelsenkirchen, K'lautern)

2020



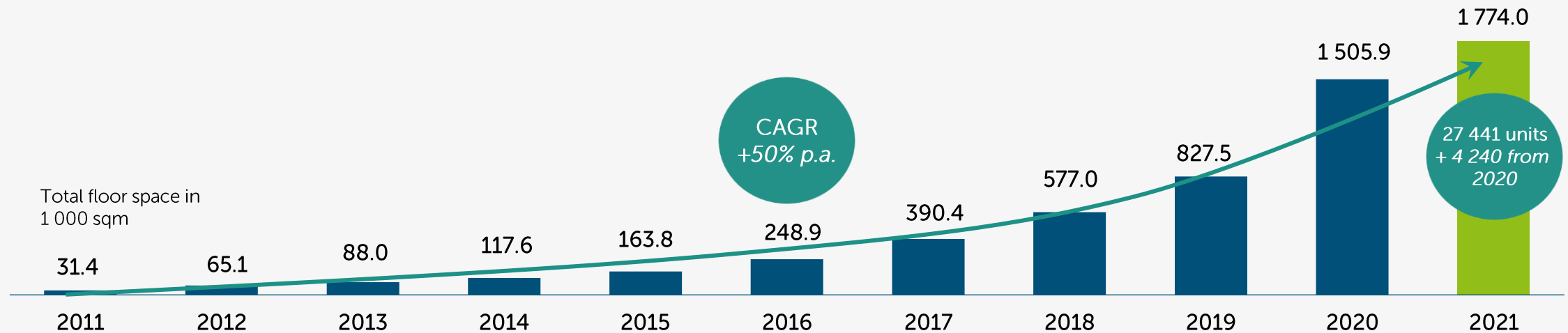
Acquisition of residential portfolios in NRW, Lower Saxony and Rhineland-Palatinate (total of 10 800 units)

2021



Acquisition of residential portfolio Eagle (~ 4 300 units) in NRW

Total floor space in 1 000 sqm

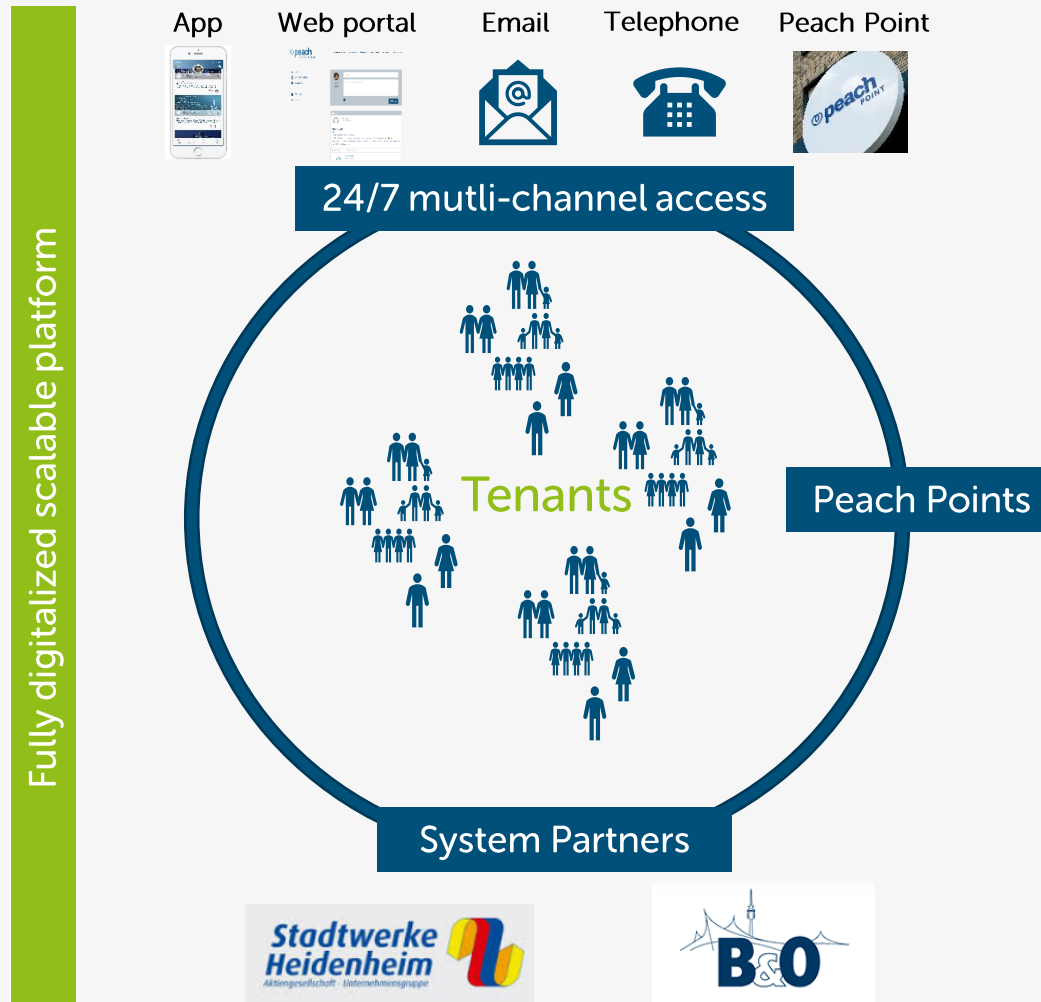


Typical properties in Peach's portfolio



Affordable German residential properties in carefully selected B-cities

360-degree tenant service model



Property Management in Peach

- All tenant interaction in **unified ticketing system**
- **284 tickets per month per 1 000 apartments** in 2021 (155 tickets in 2020)
- **91.4% "one touch"**: queries solved during first interaction in 2021 (88% in 2020)

Central Quality Management

- **17.9 hours** on average to first response (18.8h in 2020)
- **5 days** until problem is solved completely incl. involvement of external partners (7 days in 2020)
- **70% satisfaction** (based on 23% response rate, survey 2021)

Scalable and fully digital partner engagement

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

Peach Points: Client service excellence delivered through regional tenant stores



Existing Peach Points

Dortmund
Erkrath
Essen
Gelsenkirchen
Heidenheim
Helmstedt
Kaiserslautern
Ludwigshafen
Minden
Oberhausen
Recklinghausen
Witzenhausen



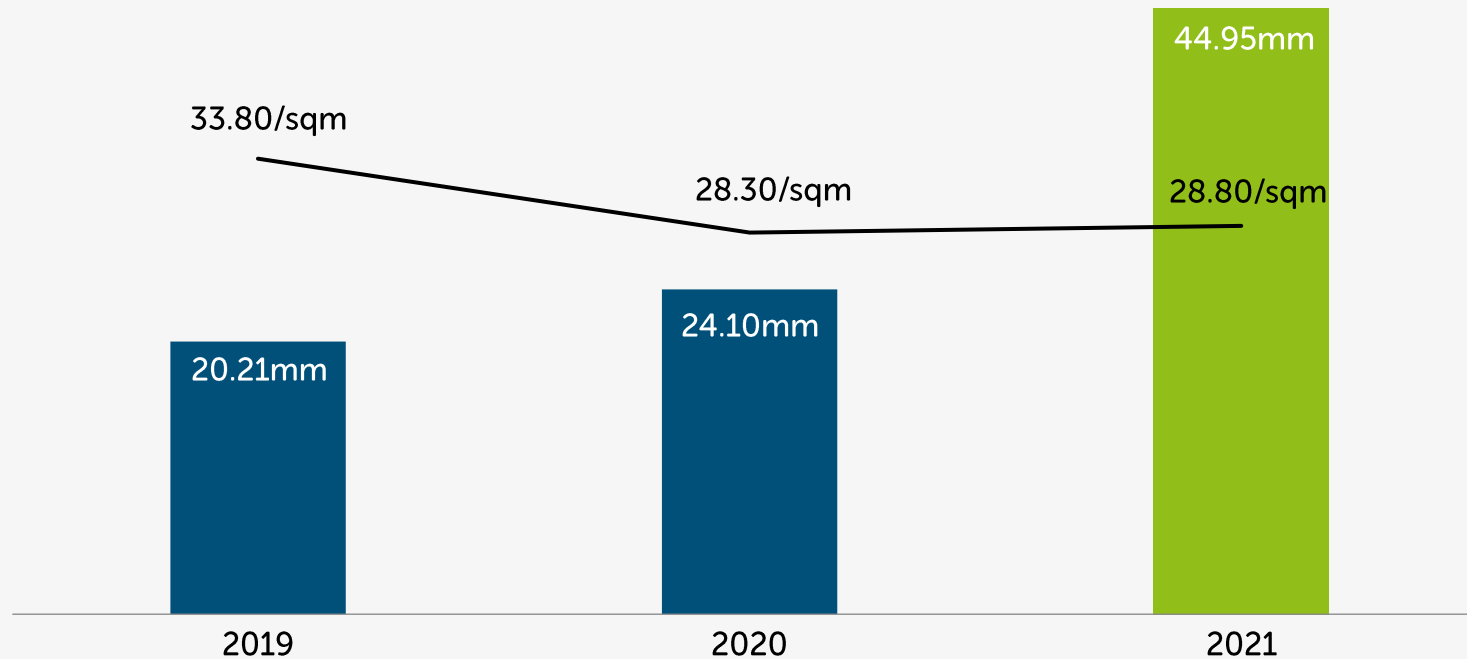
New Peach Points (opened beginning 2022)

2nd in Dortmund
Munster / Fassberg
Marl



Capex development

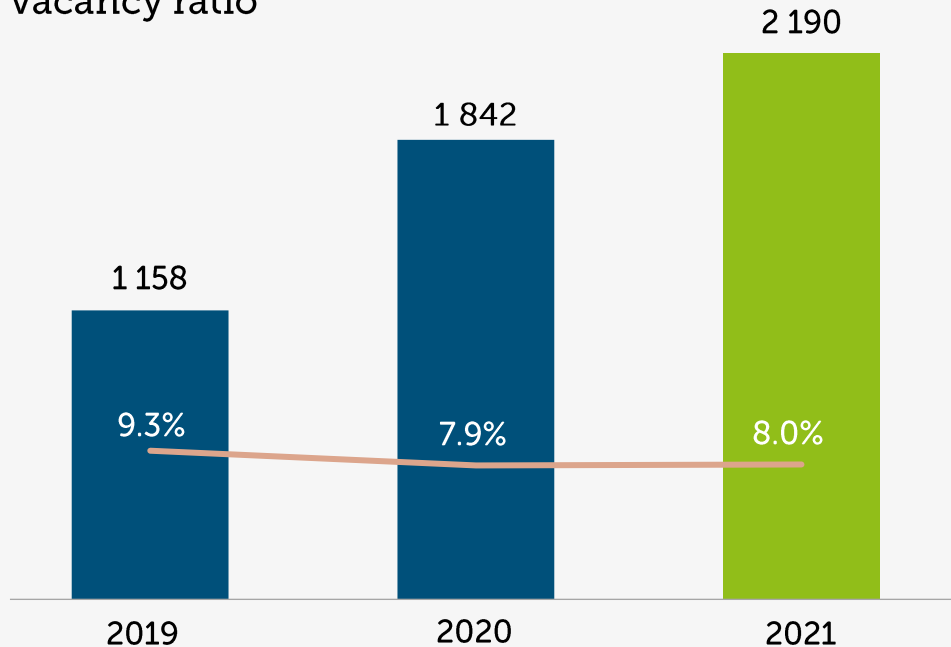
CAPEX in CHF



- ~ 2 000 apartments renovated in 2021.
- Increase of capex to ~CHF 70mm in 2022 planned; mainly driven by step-up of (energetic) renovation program and to some extent by increased construction costs.
- Renovation of 2 500 – 3 000 apartments in 2022 planned.

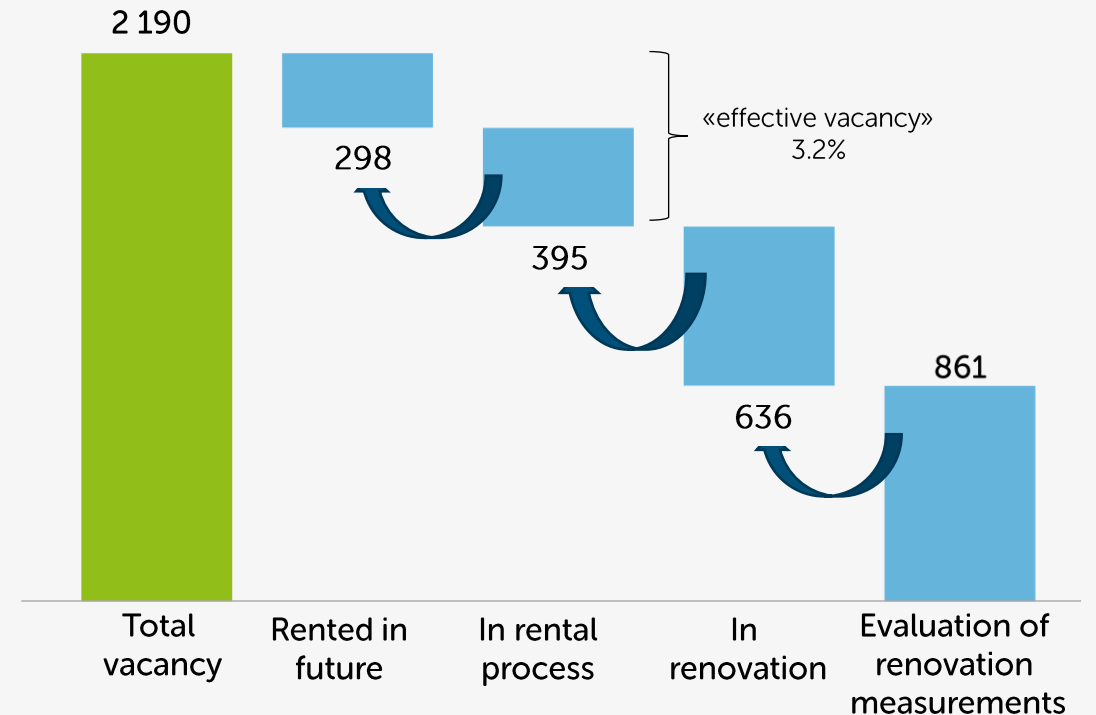
Vacancy driven by renovation measures

Development of vacant residential units and vacancy ratio



- Overall vacancy ratio flat year-over-year; mainly driven by a slightly higher fluctuation on units acquired in 2020.
- On a l-f-l basis (without units acquired in 2021 and 2020) we were able to reduce vacancy ratio to 6.1% from 7.3%.

Vacant residential units by vacancy category



- Renovated ~ 2 000 units in 2021; 2 500 – 3 000 units planned for 2022.
- With current pace of renovation, we aim to achieve a “normal” vacancy ratio <4%.

Remaining development project in Switzerland, Wädenswil on Lake Zurich



- Development project with 56 condominiums in 4 buildings, combination of redevelopment and new construction; investment properties with 29 rental units and 5 600 sqm commercial space
- The project has been legally approved as of February 2020; civil engineering starts in Q2 2022, condominium handover by end of 2024
- Successful pre-sales of condominiums launched; reservation rate >35%













Sustainability in practice on all levels

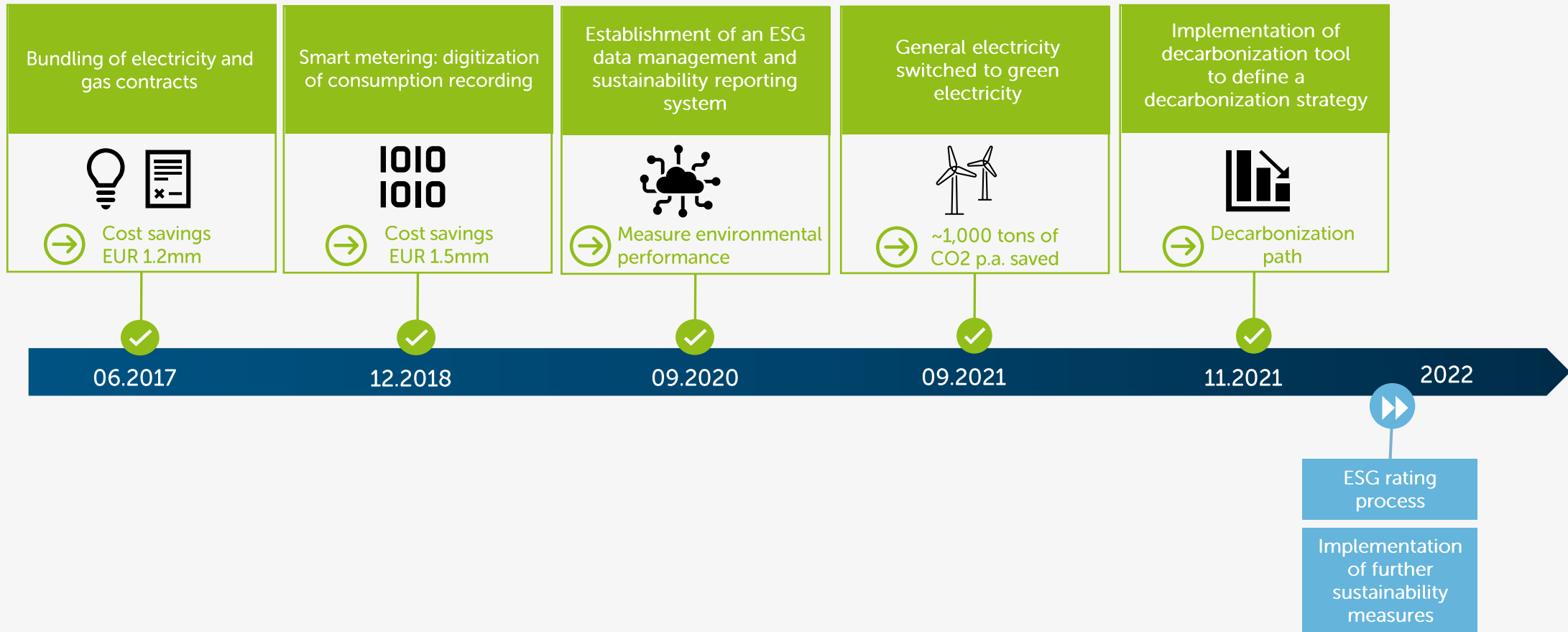
Our sustainable goals

Our KPIs¹

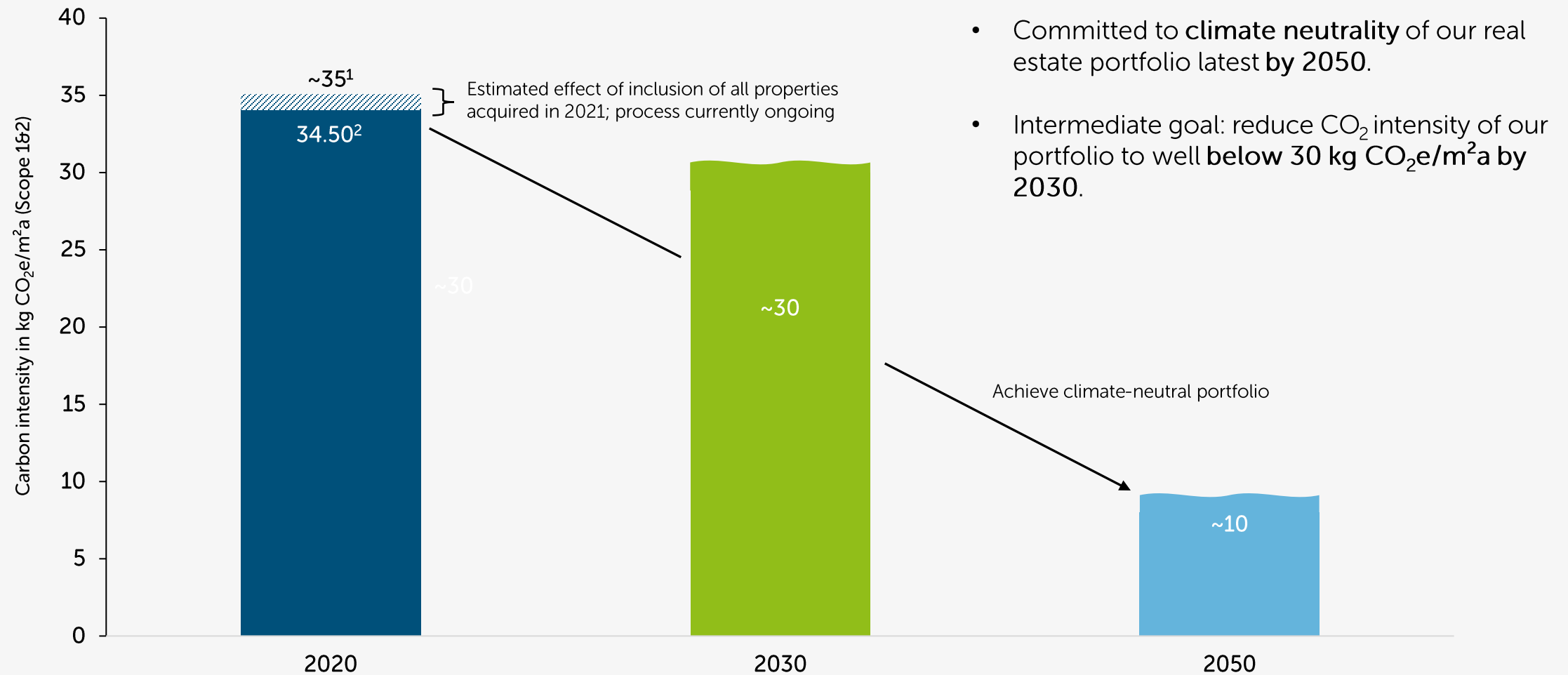
9 UN SDGs² as particular relevant for our business

ENVIRONMENT Reduction of carbon footprint through responsible real estate management	CO ₂ emissions: 34.5 kg/m ² ³ Total energy intensity: 15.4 kWh/m ² Waste recycling rate: 33% Share of electric vehicles in the total fleet: 45%	  
SOCIAL Tenant satisfaction – the DNA of our business model Satisfied employees contribute to the employer's success	Tenant satisfaction after report resolution by 3 rd parties: 70% Time lapse until 1 st response to damage report: 18h Time lapse until final report resolution by Peach Points: 26.8h Time until final problem resolution (incl. 3 rd parties): 5 days Total proportion of women employees: 51% Employee turnover rate: 18% Absentee rate: 10 days Social engagement projects: 2	    
GOVERNANCE Sound corporate governance underpinned by core ethical values in daily dealings with one another	Proportion of employees with Code of Conduct training: 100% Violations of the Code of Conduct: 0	
BUSINESS PERFORMANCE Responsibility through a strong financial foundation	EPRA NTA per share: CHF 68.56 Diluted FFO I per share: CHF 0.72 Equity ratio: 40.1% LTV: 51.9%	

Peach's ESG Roadmap



Peach's decarbonization path



Our strategy to reach our CO₂ targets

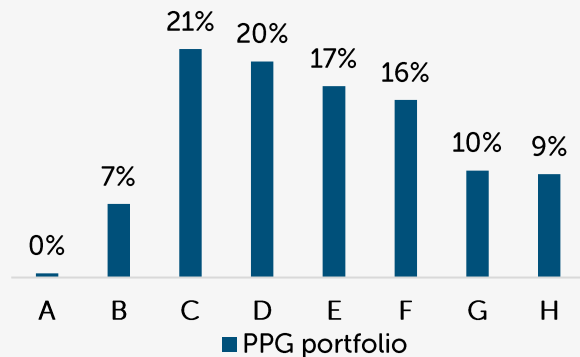
Focus on energy consumption from heating...

- 88 percent of our emissions are from the energy sources **natural gas, fuel oil, and district heating**.
- Against this background, our **decarbonization strategy** focuses on the energy consumption from heating.

... and assets with weak energy efficiency

- Our refurbishment-focus is on **energy classes G and H**, where we can achieve the biggest impact on the carbon footprint of our portfolio.
- The EU directive requires all buildings to be classified as at least energy efficiency class F by 2030.

As of today:
Spread of properties per energy efficiency class



Improvement in building insulation



Largest impact from:

- Replacement of materials such as windows
- Additional insulation layers

Conversion to CO₂-neutral heat supply

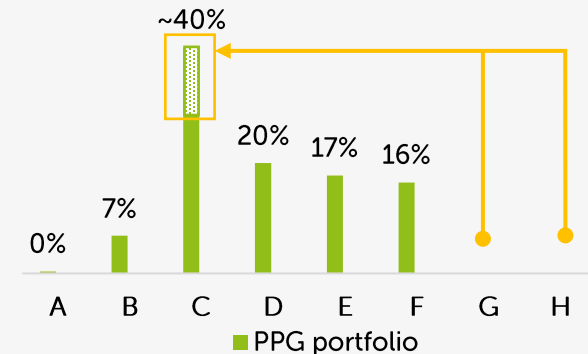


Largest impact from:

- Conversion to district heating
- Conversion to modern condensing technology and reduction of oil-dependent heating systems
- Replacing CO₂-intensive energy sources with renewable energy sources

19% => ~ 5 200 units to be renovated by 2030
~650 units p.a.

As of 2030:
Expected spread of properties per energy efficiency class

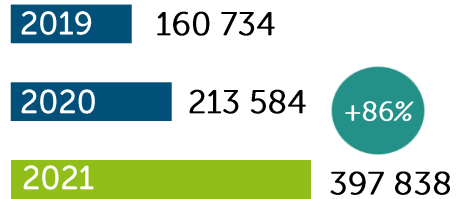


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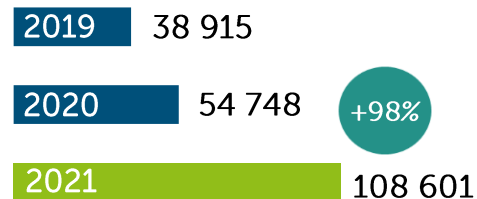
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Strong financial performance in 2021

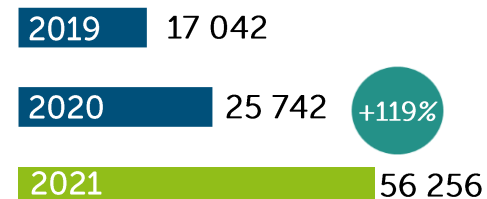
Operating Income (CHFmm)



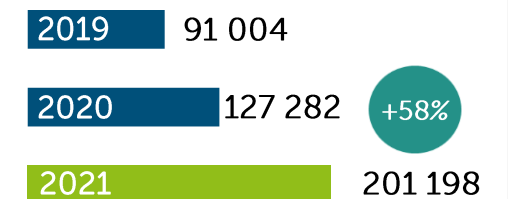
Net rental income (CHFmm)



Adjusted EBITDA (CHFmm)



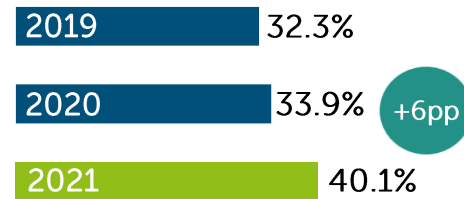
Result after tax (CHFmm)



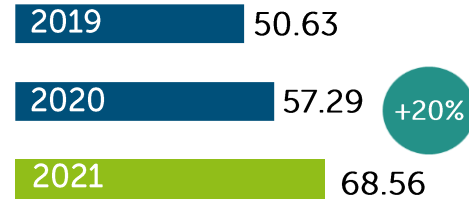
FFO I (CHFmm)



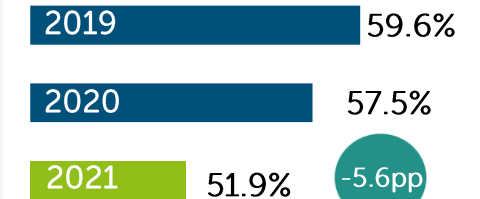
Equity ratio (IFRS)



EPRA NTA (CHF/share)

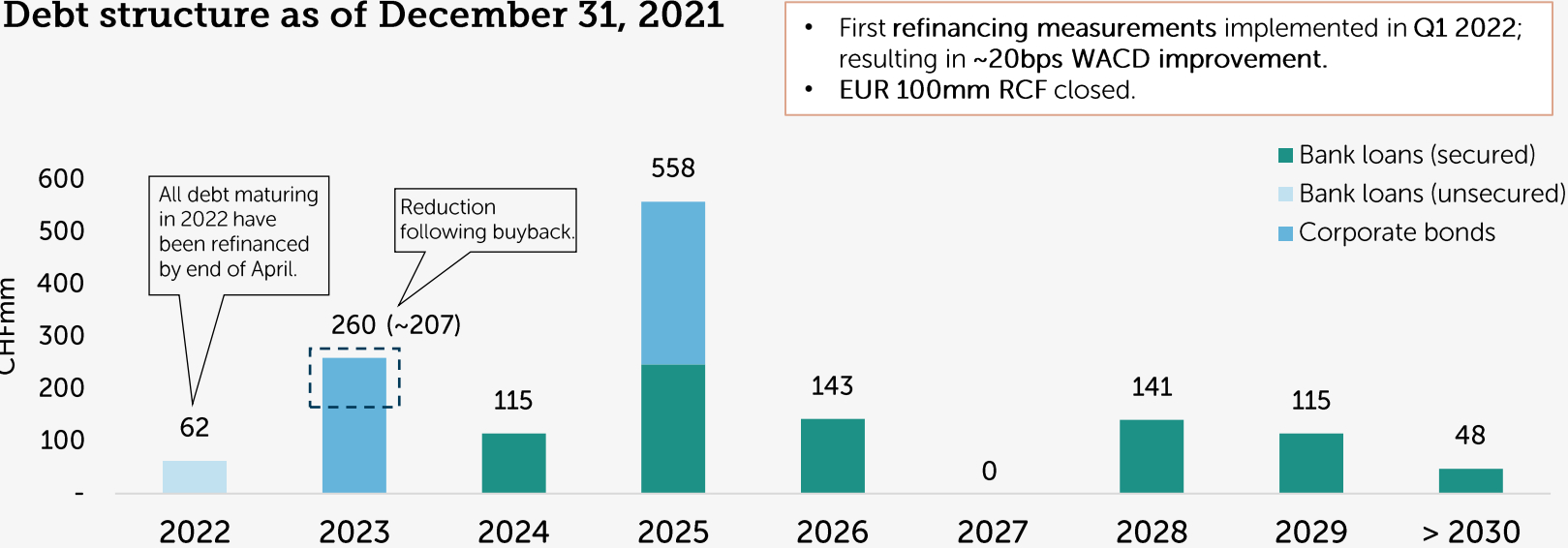


Loan-to-value



Balanced financing structure

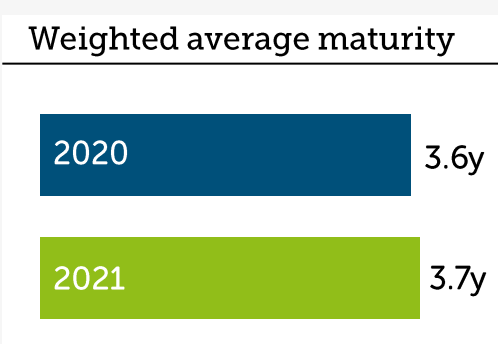
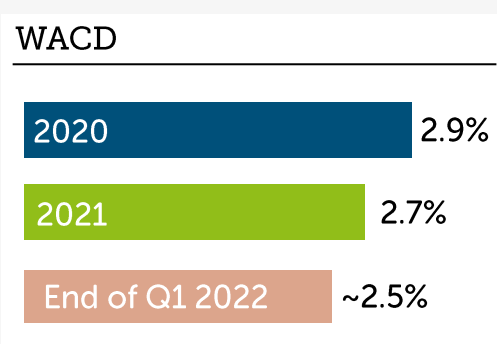
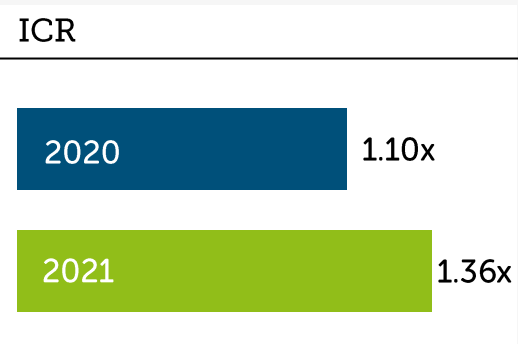
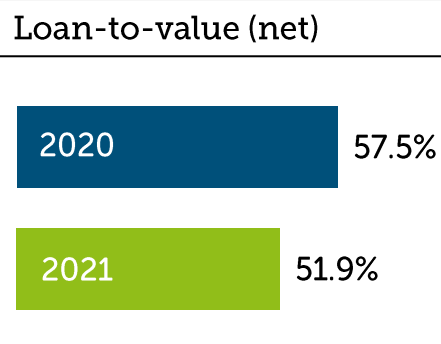
Debt structure as of December 31, 2021



		Amount CHFmm	Ø interest rate	Fixed rate
Unsecured	44%	570	3.98%	100%
		62	3.17%	100%
Secured	56%	810	1.76%	100% ¹
Total		1 442	2.70%	100%

As of Dec 31, 2021

¹incl. hedges



Financial policy geared to reach investment grade

Peach Financial Policy

Maintain a well-balanced maturity profile, with a mix of secured & unsecured funding

Lower weighted average cost of debt to < 2% in the medium term

Maximum LTV of 50% in the medium term

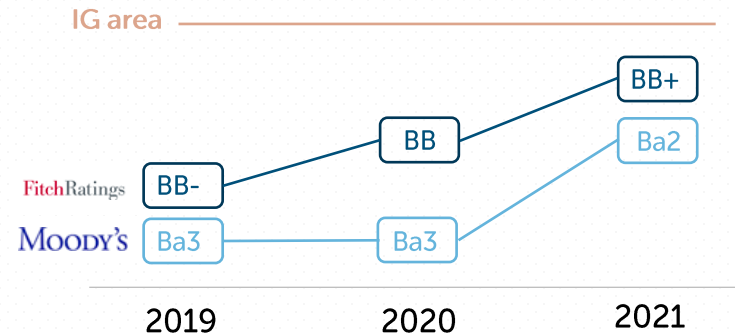
Achieve an investment grade instrument rating for unsecured bond issuances

Dividend policy at 50% of FFO I

Our financial policy is the foundation for the further improvement of our capital structure

Credit rating upgrades in 2021; share price currently with attractive discount to NTA






Credit ratings (Instrument Rating)



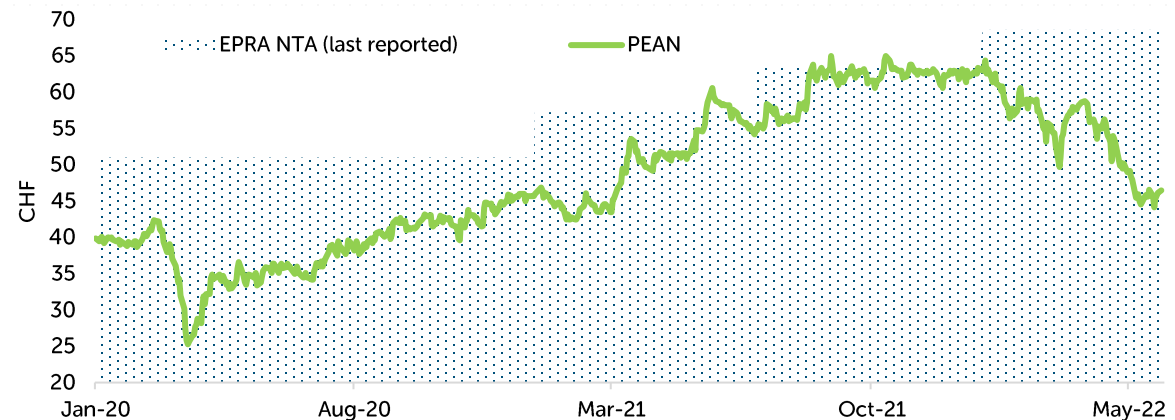
Recent capital market transaction

- Mar 2022: ~2% EUR 55 million promissory note (German SSD); maturity 3 years
- June 2021: Mandatory convertible bond 2.5% CHF 180 million; conversion price CHF 55.00
- Oct 2020: EuroBond 4.375% EUR 300 million; maturity 5 years
- Oct 2020: Mandatory convertible bond 2.5% CHF 230 million, conversion price CHF 42.50
- Nov 2019: EuroBond 3.5% EUR 250 million; maturity 3 ¼ years

Equity analyst coverage

	Buy / PT CHF 79.00
	Buy / PT CHF 74.00
	Buy / PT CHF 73.00
	Buy / PT CHF 73.00
	Buy / PT CHF 70.00

In the past, periods with significant discount to EPRA NTA did not last long



As of 31.05.2022; Source: onvista

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Guidance FY 2022

Net Rental Income	CHF 122 – 125mm FX-adjusted CHF 113-117mm
l-f-l rental growth	3.5%
FFO I	CHF 18 - 21mm
LTV	50% (mid-term target)
Dividend	50% of FFO I

 As of today: on track to reach guidance 2022

Why invest in Peach Property Group?



Experienced team with a proven transaction track record



Germany: attractive real estate market with very good perspectives



Successful investment strategy



Long term growth and value orientation



Sound equity basis & inflation hedge



Attractive investment case

- >CHF 3.8 billion worth of successful transactions since 2013
- Strong asset management platform
- ~200 employees in Cologne, Berlin and Zurich

- Growing number of households
- Annual additional unmet demand of 400 000 apartments
- Construction cost increase favors existing rental units

- Low risk: >90% of rental income from residential properties
- Portfolio value of CHF 2.7 billion
- Active asset management led to significant outperformance vs. peers

- 50% average annual portfolio growth since 2011
- Rental income 2021 CHF 108.6mm
- Number of residential units: >27 400

- 4% like-for-like rental growth in FY21 and further potential (=inflation hedge)
- EPRA NTA of CHF 1 157mm
- LTV: 51.9% with a target of maximum 50%

- 18% rent increase potential to market rent over the portfolio
- Average value of EUR 1 424 per sqm residential area
- Attractive gross rental yield of 4.8% compared to industry peers
- Current share price at ~35% discount to EPRA NTA / share¹

Agenda

1. Highlights FY 2021
2. Portfolio & Operational Performance
3. Financial Performance
4. Guidance

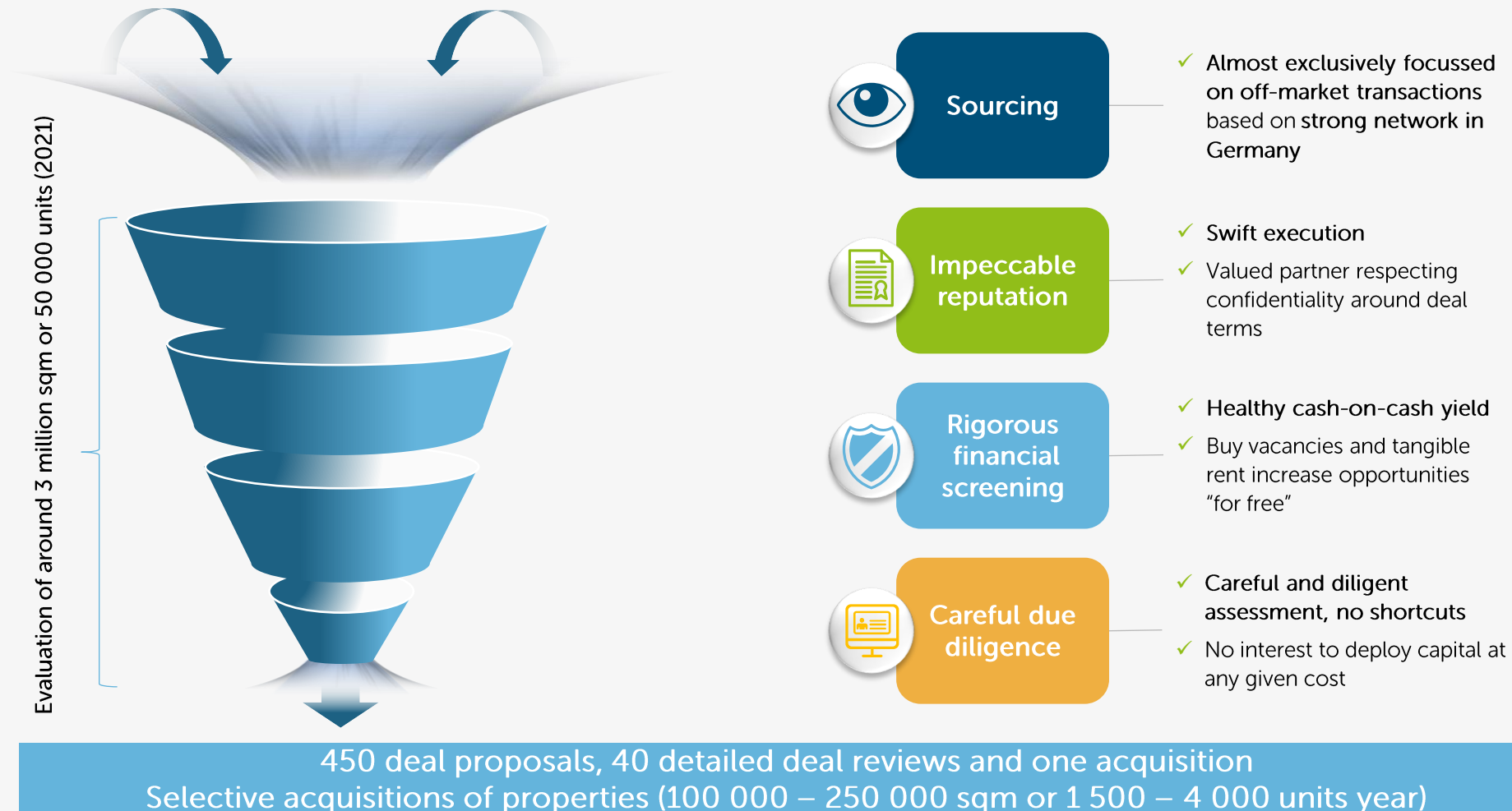
5. Appendix

- *Portfolio details*
- *ESG*
- *Share data & financial calendar*

Appendix

Portfolio details

Structured acquisition process that results in strategically sound acquisitions



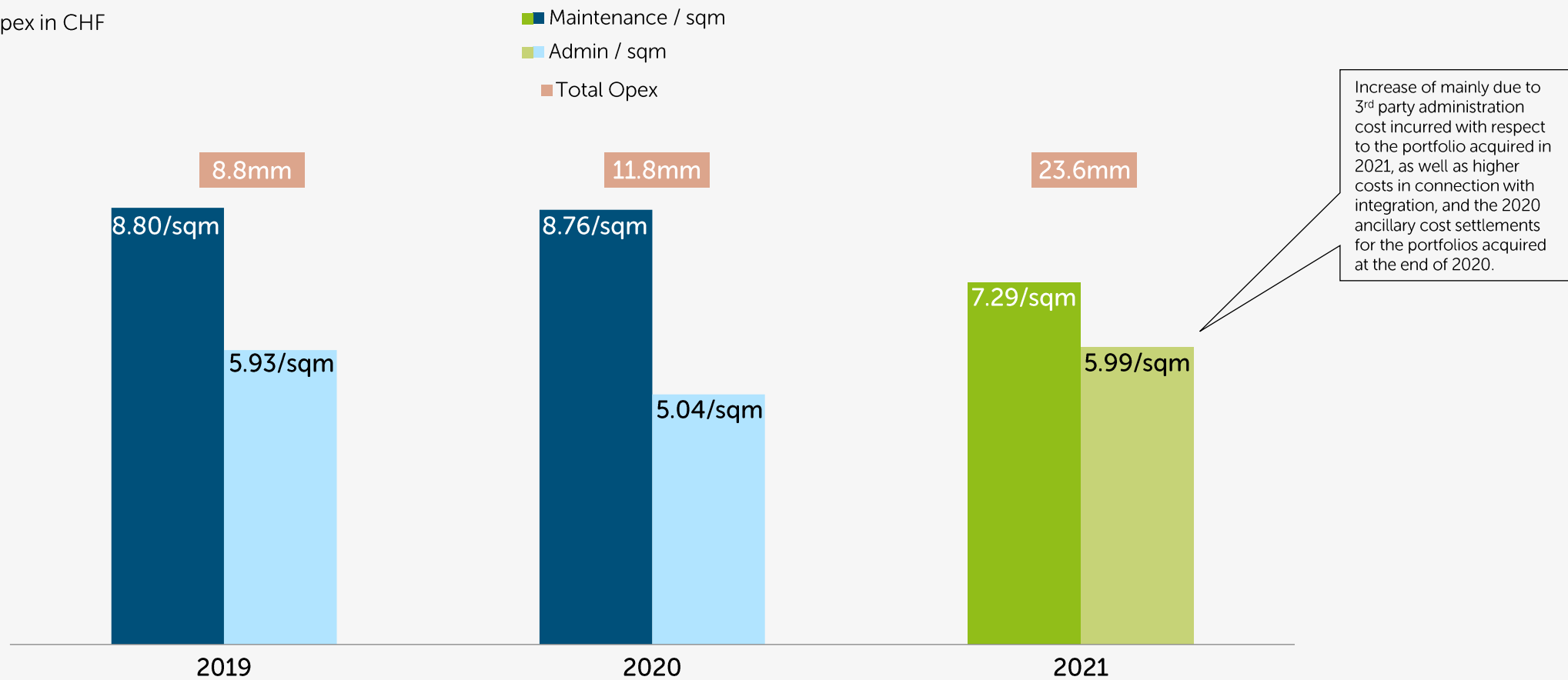
Top 20 locations of the Peach portfolio

	Location	State	# of units	Space in sqm	Construction years	Valuation in CHF ¹
1	Kaiserslautern	Rheinland Pfalz	2 293	140 179	1926-2000	247 707 825
2	Marl	NRW	2 154	142 312	1939-1990	207 995 462
3	Gelsenkirchen	NRW	2 001	128 606	1902-2001	159 800 983
4	Dortmund	NRW	1 963	123 493	1900-1975	229 347 387
5	Bochum	NRW	1 430	65 149	1920-1999	118 090 945
6	Helmstedt	Niedersachsen	1 314	76 592	1926-1981	86 280 680
7	Oberhausen	NRW	1 076	70 033	1869-2001	118 508 677
8	Essen	NRW	953	59 751	1904-1988	107 378 608
9	Heidenheim	Baden-Württemberg	923	63 305	1896-2006	116 078 423
10	Schöningen	Niedersachsen	844	50 199	1953-1970	47 050 818
11	Velbert	NRW	761	52 964	1972-1978	75 375 281
12	Recklinghausen	NRW	709	43 535	1904-1970	59 641 138
13	Minden	NRW	643	41 456	1893-1973	49 844 165
14	Neukirchen-Vluyn	NRW	567	37 798	1974-1981	46 491 527
15	Duisburg	NRW	552	35 588	1915-1978	46 164 367
16	Ludwigshafen	Rheinland Pfalz	470	28 238	1920-1987	88 371 415
17	Bielefeld	NRW	440	30 506	1932-1987	46 812 780
18	Herne	NRW	418	26 560	1905-1976	36 880 881
19	Munster	Niedersachsen	377	25 784	1959-1967	30 008 139
20	Neubrandenburg	Mecklenburg-Vorpommern	360	21 441	1969-1976	25 286 756
	Others incl. CH	-	7 193	510 491	1800-2015	690 553 574
	Total		27 441	1 773 980		2 633 669 831



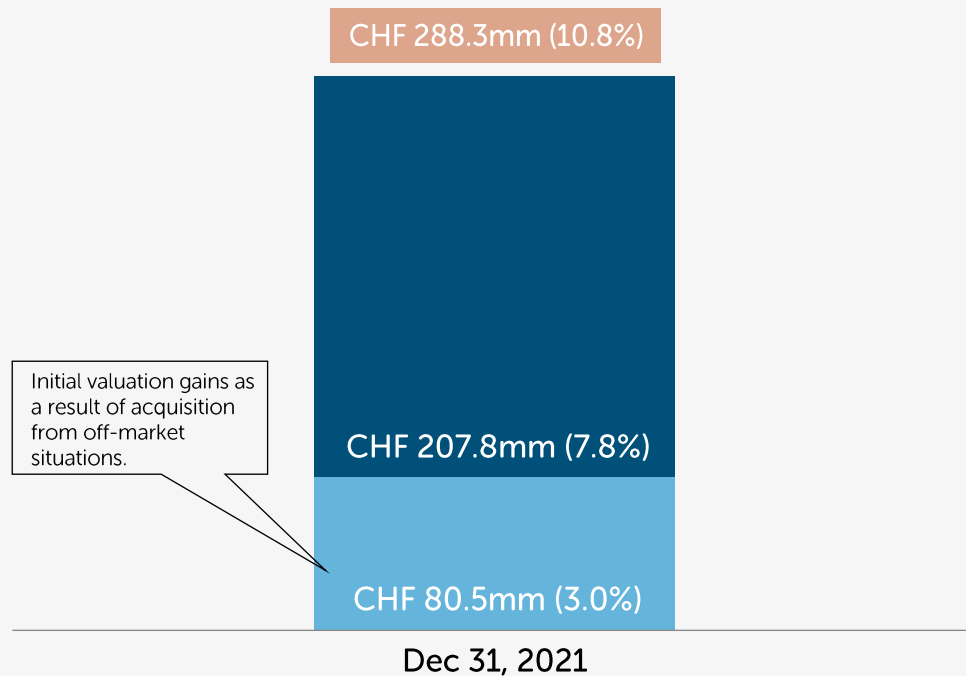
Opex development

Opex in CHF



Attractive rental yield despite valuation gains

- Operational progress & discount rate
- Initial valuation
- Total revaluation gain as % of investment properties



Key valuation indicators as of Dec 31, 2021

Gross rental yield	4.8%
Average value per sqm	EUR 1 424
Rent multiple	EUR 20.7x
Average discount rate	3.7%

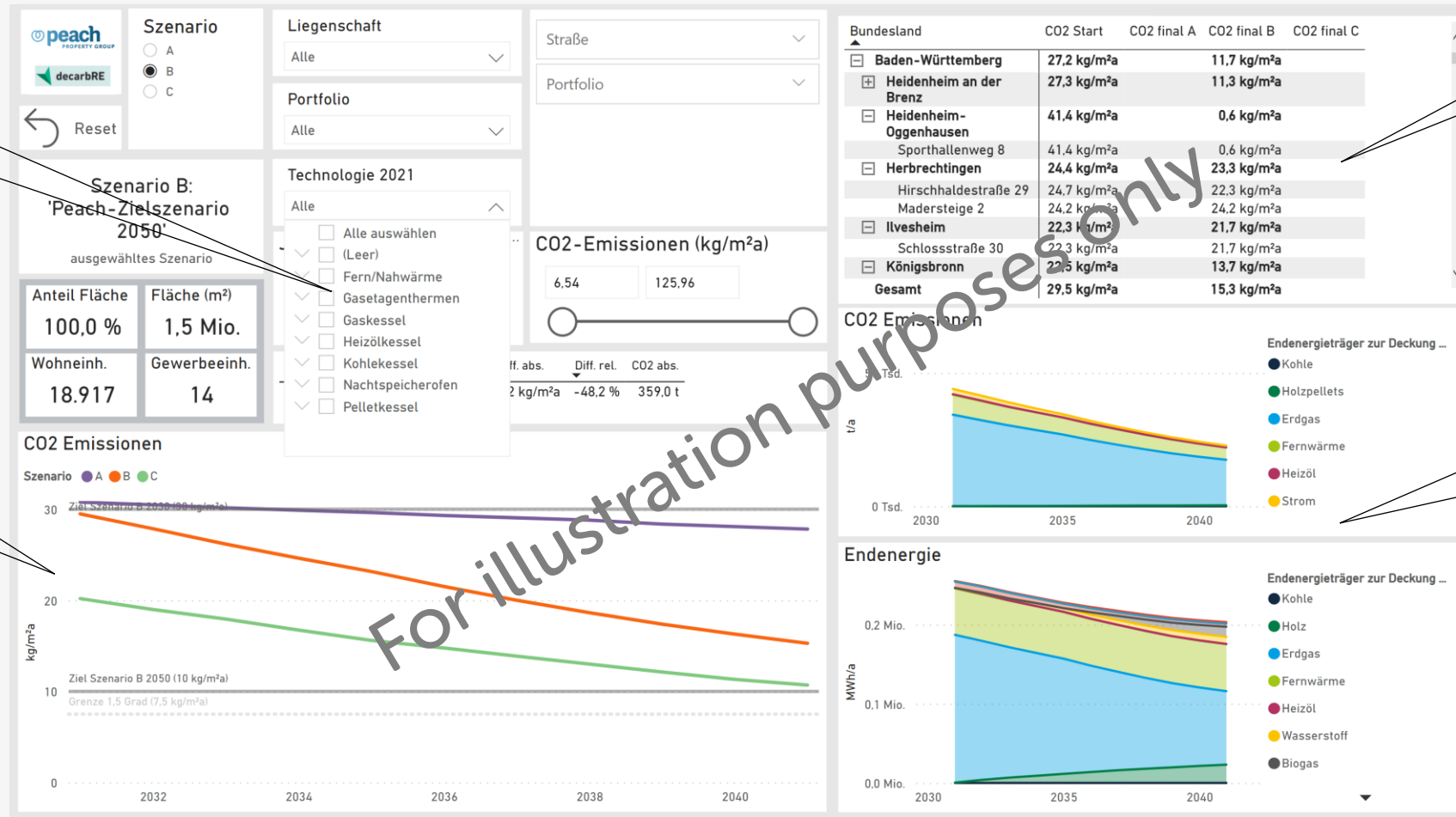
Appendix

ESG

ESG: Peach's decarbonization tool

Analyse impact of various heating technologies on CO2-intensity.

Analyse different paths to climate-neutral portfolio and its impact on costs and investments



Drill-down to individual properties.

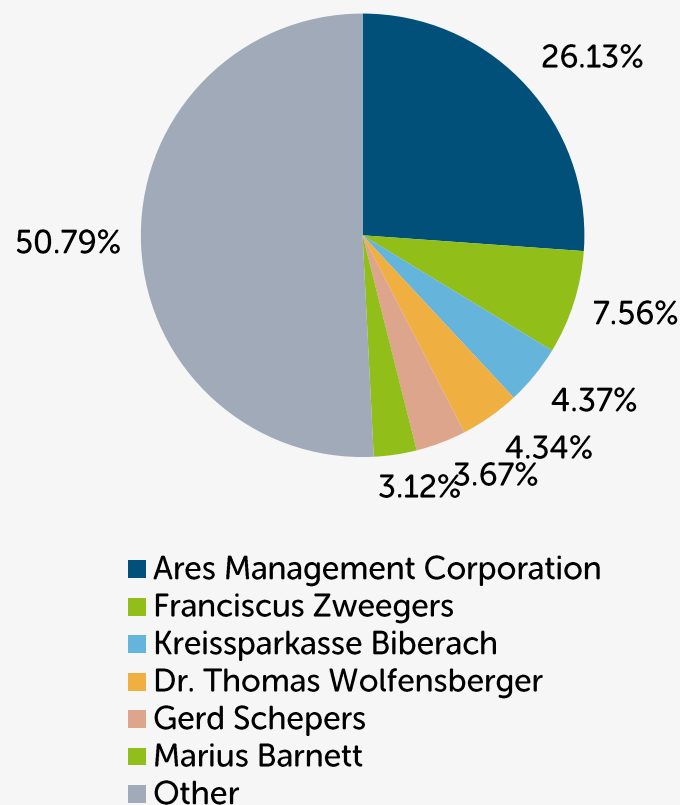
Visualize impact of energy sources on overall CO2 impact and energy intensity of portfolio.

Appendix

Share data

Share data

Significant shareholder as of Dec 31, 2021



Note: The notional free float based on the shares issued on December 31, 2021, is 92.42 %. The shares held by Peak Investment S.à.r.l for Ares Management Corporation are counted as part of the free float due to the exemption for investment companies in accordance with section 6.1.2 of the Rules Governing The SPI Index Family

Information on the share

	Dec 31, 2021	Dec 31, 2020
Share capital in CHF	16 882 373	12 494 751
Number of shares issued	16 882 373	12 494 751
Nominal value per share in CHF	1.00	1.00
Number of treasury shares	7 741	5 682
Number of outstanding shares	16 874 632	12 489 069

Key stock exchange data

Security no.: 11 853 036

ISIN: CH0118530366

Ticker symbol: PEAN | Bloomberg: PEAN:SW | Reuters: PEAN

	Dec 31, 2021	Dec 31, 2020
High in CHF	66.60	46.30
Low in CHF	41.80	24.80
Closing rate at the end of the year, in CHF	63.40	46.00
Market capitalization (excluding treasury shares)	1 069 851 669	574 497 74
Average shares traded per day at SIX Swiss Exchange	16 435	8 876

Appendix

Financial calendar

Financial calendar



30 August – Publication of half-year results 2022



Q4 (date tbc) – Capital Markets day 2022

Disclaimer



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

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