

# J.P. Morgan European HY Conference

September 8, 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. Business Update H1 2022

3. Financial Update H1 2022

4. ESG Update H1 2022

5. Guidance

6. Appendix

- *Portfolio details*
- *Consolidated statement of income, financial position and cash flows*
- *Funds from operations*
- *EPRA NAV & NTA*
- *LTV & ICR*
- *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.



## Tenants at the centre

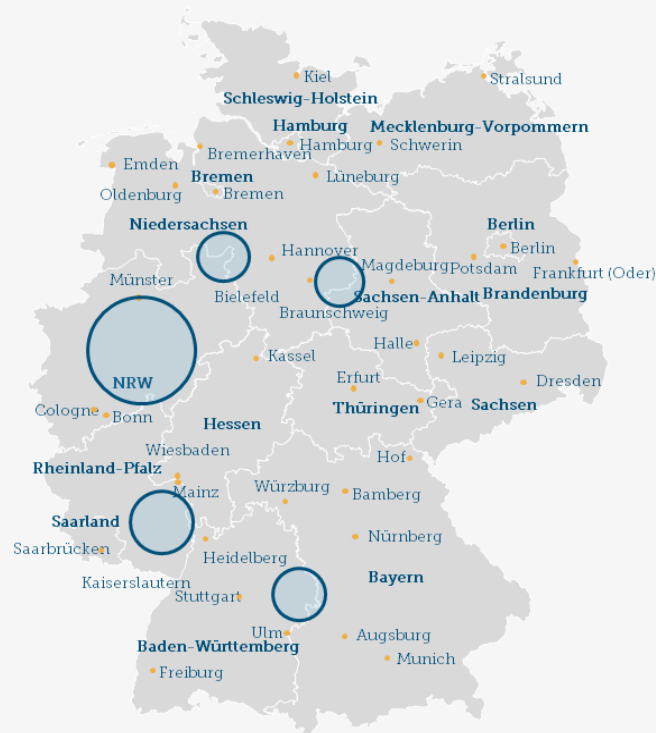


- Tenant shops ("Peach Points") as the cornerstone for direct dialogue with our tenants.
- Tenants are respected and taken seriously. E.g., final resolution of tenant inquiries within 5 days.



## Core portfolios

27 398 residential units and 1 703mm 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)	Jun 30, 2022	Δ vs. H1 2021
FFO I	9.0	+93%
Rental income	59.3	+18%
<i>l-f-l rental growth</i>	3.4%	
		Δ vs. Dec 31, 2021
Portfolio market value	2 696	+0.3%
LTV	51.7%	-0.2pp
Equity ratio	40.6%	+0.5pp
EPRA NTA per share in CHF	69.50	+1.4%



## ESG

- Decarbonization path developed: climate neutrality of our real estate portfolio by 2050.
- Reduction of the CO<sub>2</sub> intensity of our portfolio to below 30 kg CO<sub>2</sub> / square meter by 2030.
- Set up of sustainability committee.
- ESG rating process started.



# H1 2022 – strong operational performance



## Portfolio

			vs. H1 2021
Rental income	CHF 59.3mm	↗	+18.1%
I-f-I rental growth	+3.4%		
			vs. Dec 31, 2021
Portfolio Value	CHF 2 641mm <sup>1</sup>	↗	+0.3%
Residential units	27 398	→	+/-0%
Revaluation	CHF 77.1mm	↗	+2.9% <sup>2</sup>



## Financials

			vs. H1 2021
FFO I	CHF 9.0mm	↑	+93%
Operating result	CHF 104.3mm	↑	+19% <sup>3</sup>
Adjusted EBITDA	CHF 29.6mm	↗	+9%
			vs. Dec 31, 2021
LTV	51.7%	↘	-0.2pp
Equity ratio	40.6%	↗	+0.5pp
EPRA NTA	CHF 1 173mm	↗	+1.4%
EPRA NTA / share	CHF 69.50	↗	+1.4%



## ESG

- Approx. 15% of renovated units in H1 included **energetic renovations**.
- **Work on decarbonization path** with planning of measurements and evaluation costs.
- **Tenant satisfaction** remains key factor of our business model. **50 000 tenant tickets processed in H1** and process time further optimized.
- **Set up of sustainability committee.**
- **ESG rating** process underway – results expected for Q4 2022.

# Main items on investors' agenda

Is my investment protected against inflation ?



- PPG has track record of ~4% annual rental growth.
- Historically, German CPI and rents move evenly.<sup>1</sup>  
=> *almost perfect inflation protection in the medium term.*
- Gap of PPG's in-place to market rents and increasing market rents offers potential for further growth.

Are valuations sustainable?



- Valuation gains of 2.9% in H1 2022.
- EUR 1 490/sqm still a very modest valuation level<sup>2</sup>.
- Market dynamics driven by supply/demand imbalances much more important for valuations than risk-free interest rates; market rents to accelerate with inflation.

How about demand for affordable housing?



- Rising cost of living drives demand for affordable housing.
- Persistent undersupply of new apartments; rising construction costs prevent supply at affordable costs / rent levels.
- Affordability of rents in Peach locations at a very healthy level.

What about upcoming debt maturities?



- Refinancing of bond with 2023 maturity on track:
- ~EUR 100mm secured financing closed in August 2022.
  - In combination with EUR 100mm RCF the outstanding amount of approx. EUR 180mm is covered.
  - Further financing options under evaluation.
  - No further significant maturities until 2025.



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## 2. Business Update

3. Financial Update

4. ESG Update

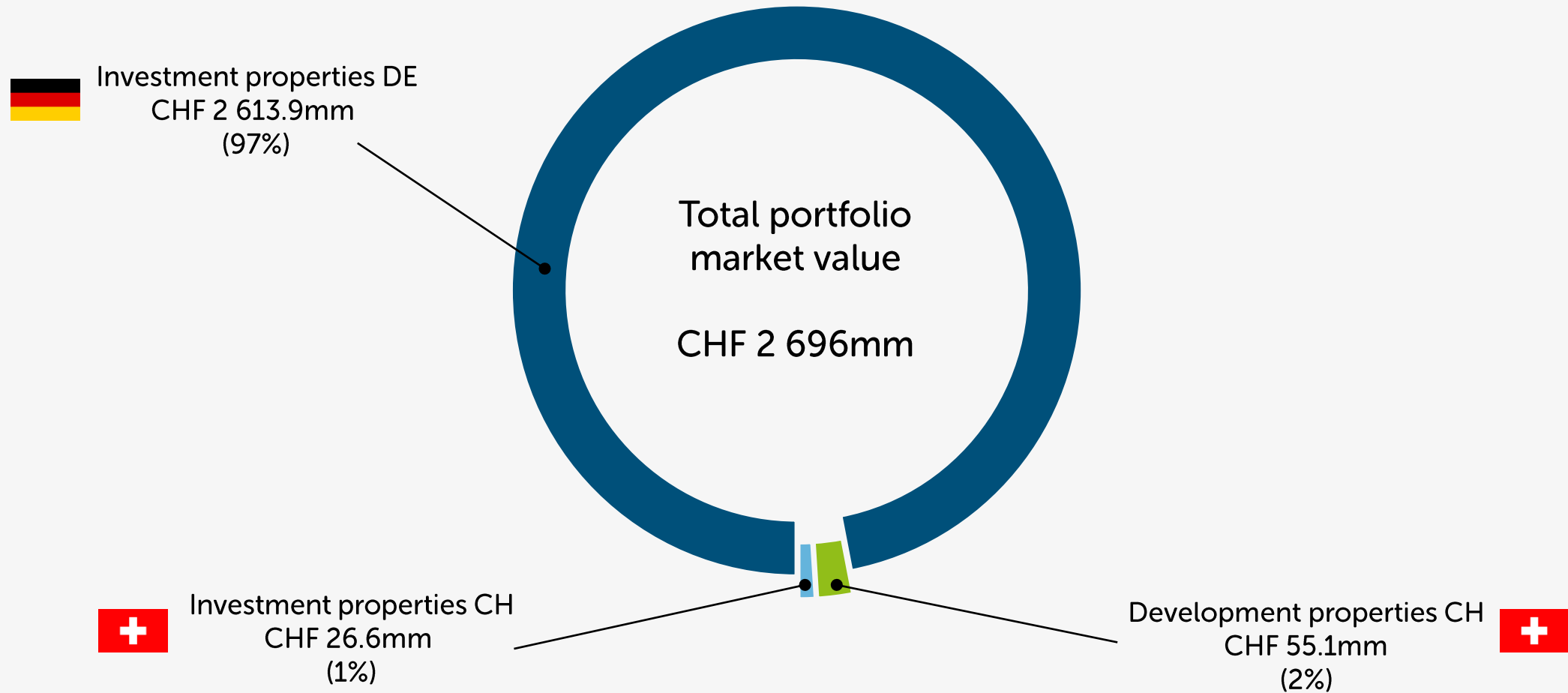
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# Portfolio structure as of Jun 30, 2022





# Typical properties in Peach's portfolio



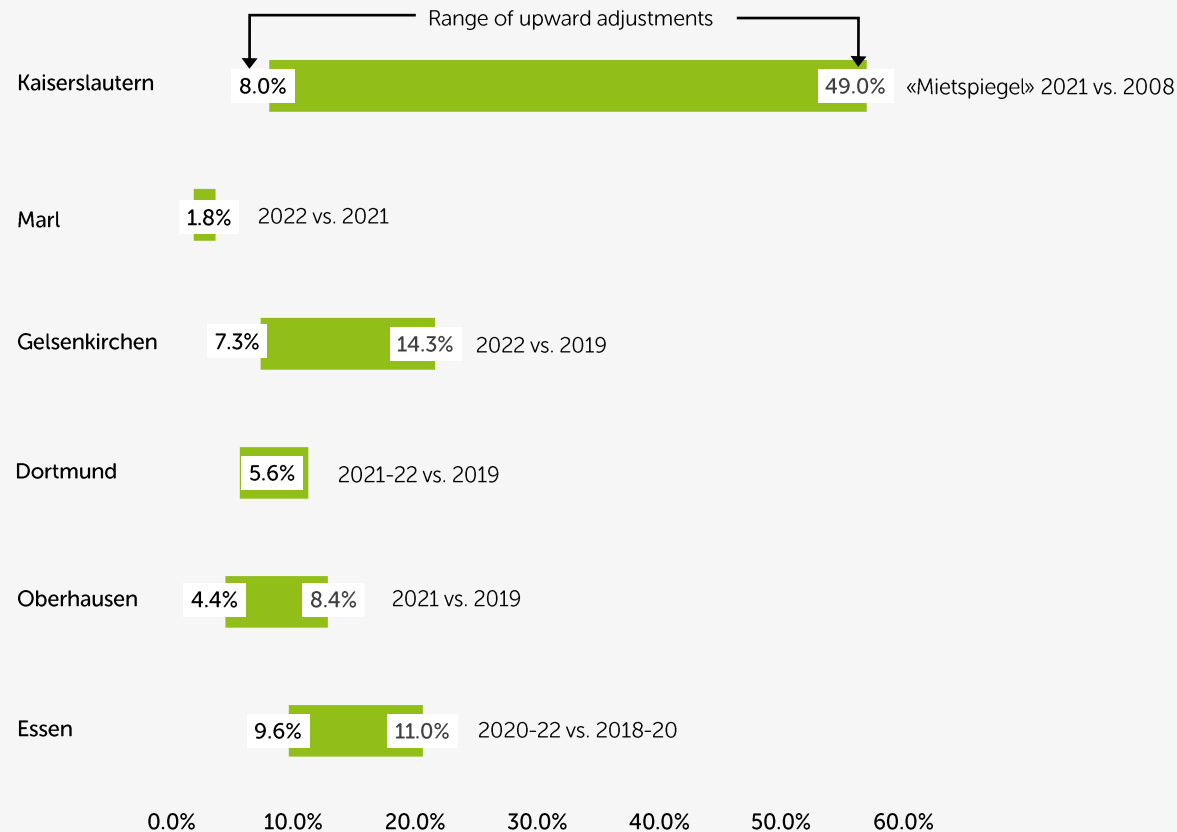
Affordable German residential properties in carefully selected B-cities



# Market dynamics and inflation also drive rent levels

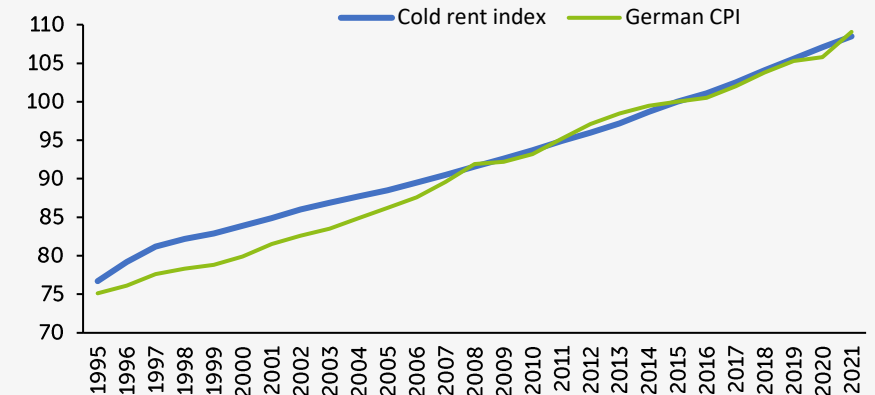
## Upward adjustments of "Mietspiegel" already before recent inflation pressure<sup>1</sup>

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



## Rent evolution shows steady growth inline with CPI<sup>2</sup>

(Index; 2015 = 100)



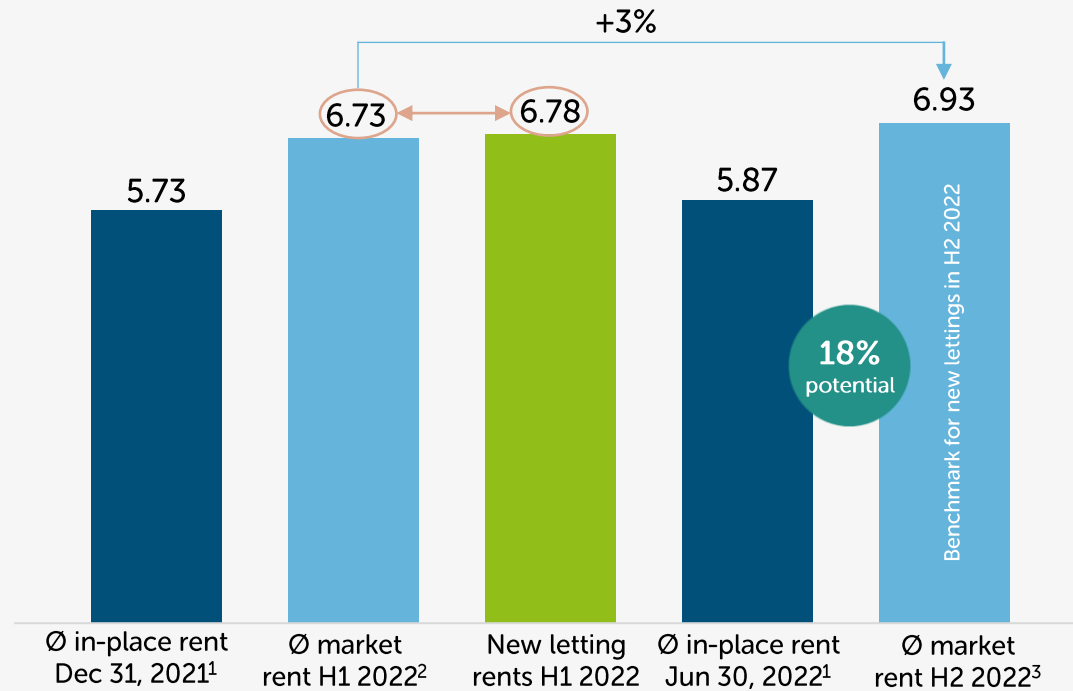
- Recent developments of "Mietspiegel" show significant upward adjustments reflecting market dynamics.
- Inflationary environment likely to accelerate market rent growth significantly.
- Rental growth as inflation protection in a persistently inflationary environment.





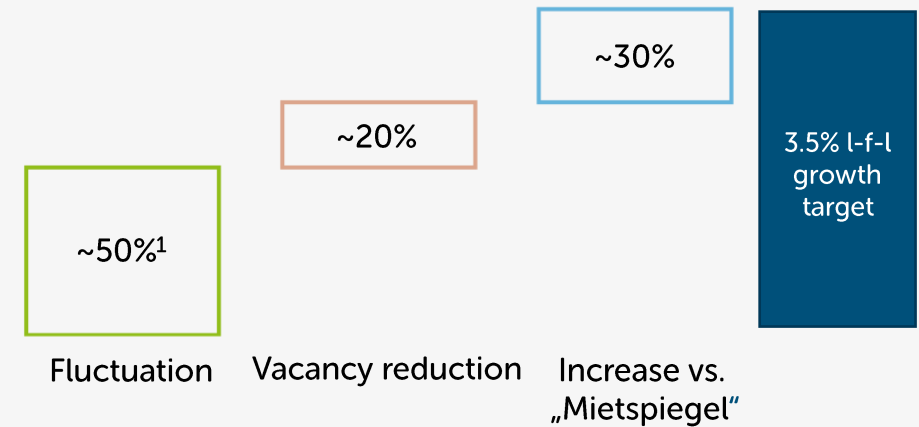
# Attractive potential for further rent growth

Figures in EUR / sqm



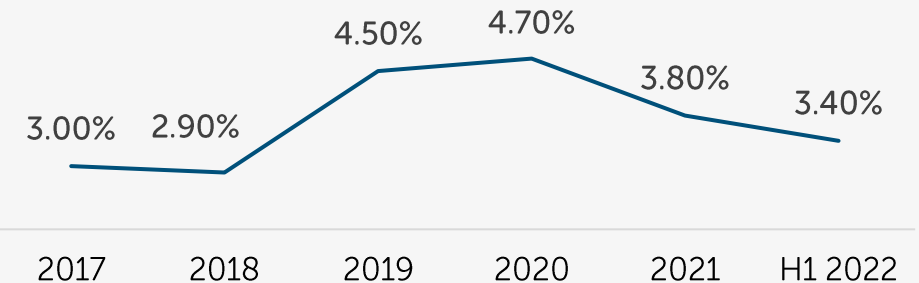
Market rent growth likely to accelerate significantly due to current inflationary environment.

## Sources of rental growth target



(1) Based on an estimated 10% annual fluctuation rate and a rent increase potential of 18%

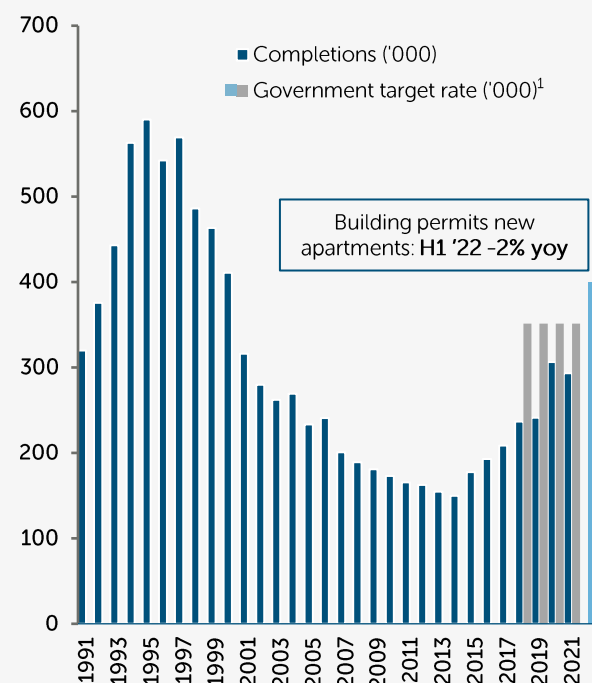
## Our l-f-l rental growth track-record





# Structural undersupply cannot be addressed by new construction

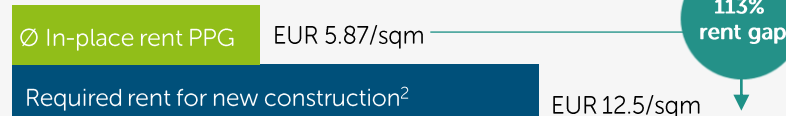
## German market requires 400k new apartments every year



## Construction costs per sqm well above Peach's current asset valuation level<sup>2</sup>

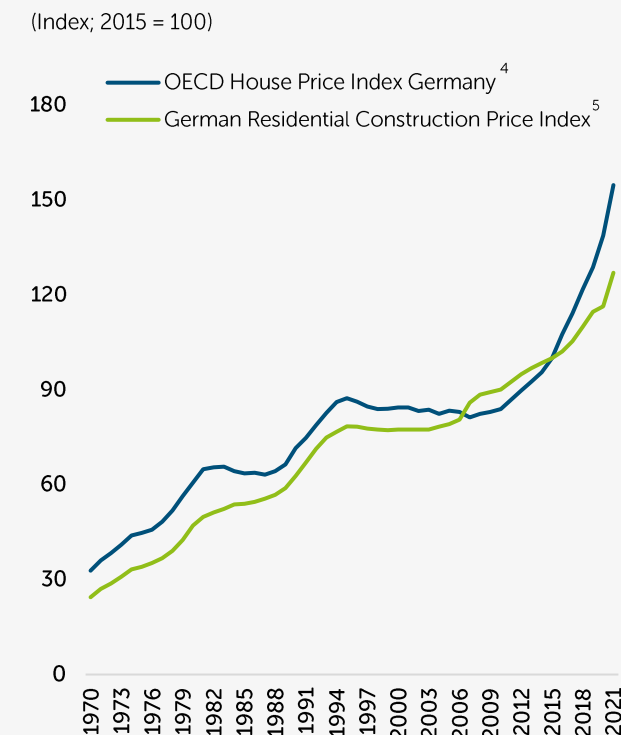


## Costs for new construction requires significantly higher rents



! 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

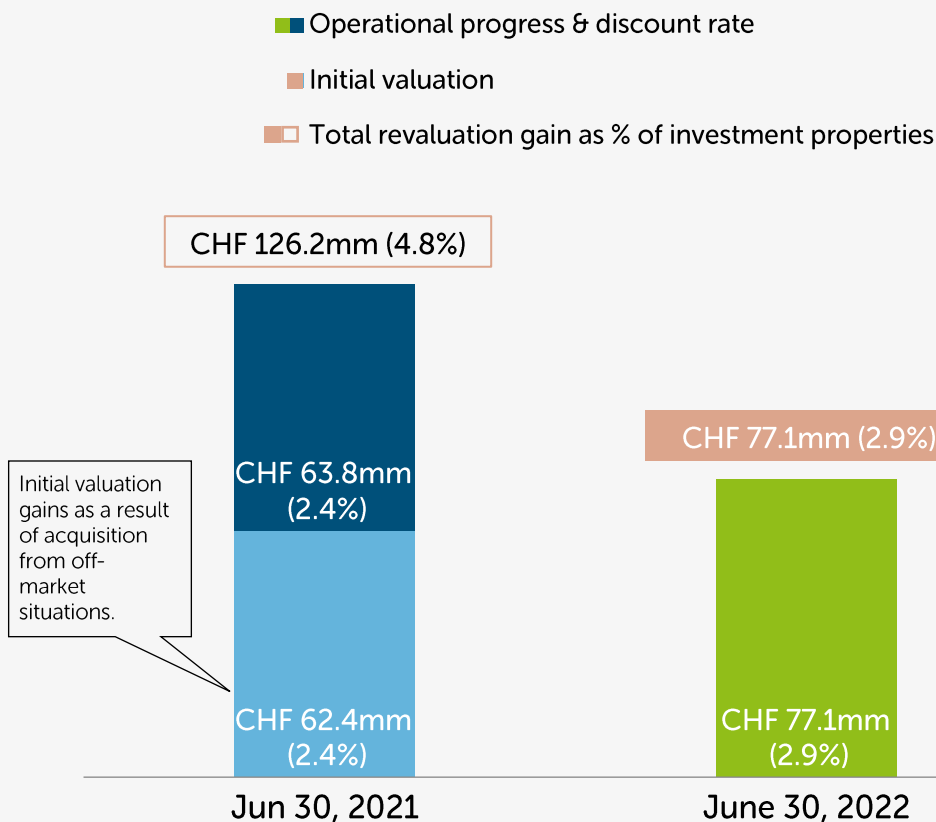






# Valuation continue to reflect high demand for affordable housing

## Valuation result H1 2022



## Key valuation indicators

	Jun 30, 2022	Dec 31, 2021
Gross rental yield	4.6%	4.8%
Average value per sqm	EUR 1 490	EUR 1 424
Rent multiple	21.2x	20.7x
Average discount rate	3.6%	3.7%

## Solid further development expected as market is intact

Deutsche Bank, August 12, 2022<sup>1</sup>

“The massive housing shortage and negative real interest rates are likely to push prices up again.”

CBRE, July 5, 2022<sup>2</sup>

«Building completions are significantly lower than policymakers would wish due to delays in construction during the pandemic and the increase in building costs. Excess demand should therefore ensure that prices remain largely stable.»

BNP Paribas Real Estate, June 30, 2022<sup>3</sup>

«A total of around 80 transactions were registered for Q2 2022, which is an above-average figure in a long-term comparison. So there can be no talk of a standstill on the residential investment market.»

Institut der deutschen Wirtschaft (IW), Köln, June 26, 2022<sup>4</sup>

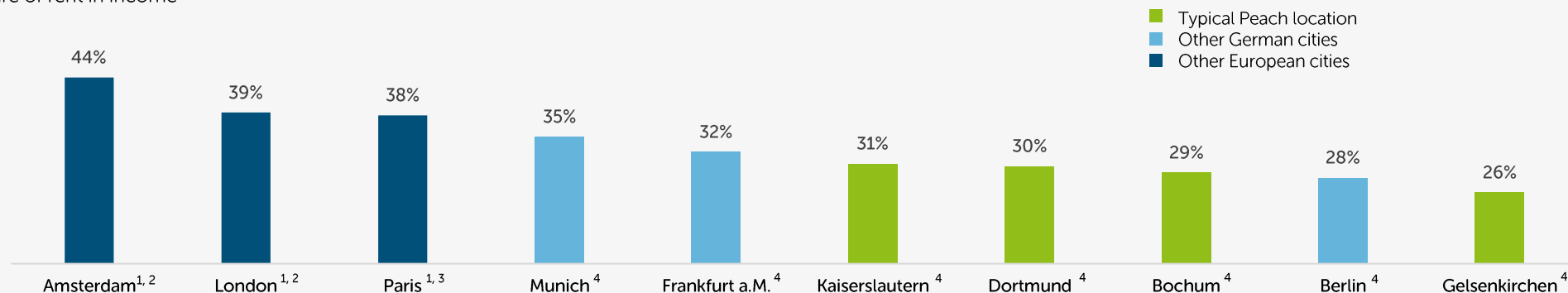
«A look back to the 1970s suggests that investors can expect lower but stable returns in the coming years.»



# Peach locations with healthy rent levels and attractive valuations

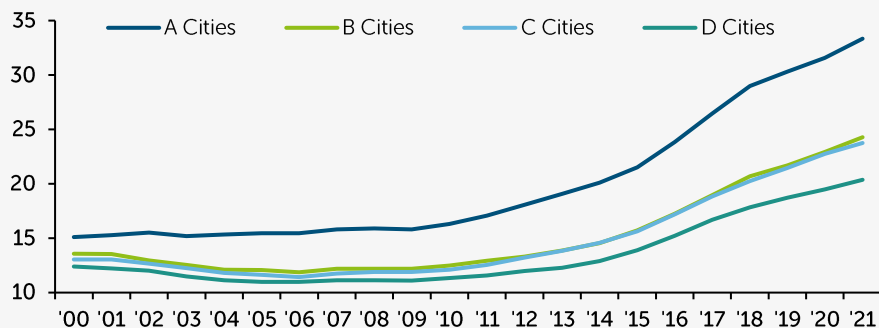
## Affordability of rents in typical Peach locations at a healthy level

Share of rent in income



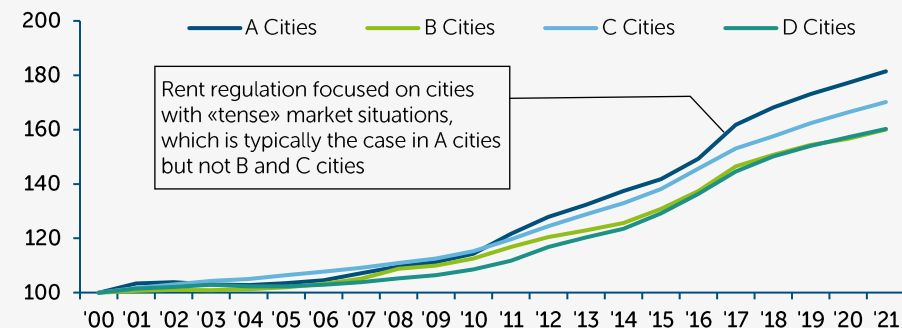
## Multiplier in German B, C and D-cities significantly lower

Average multiplier multi-family buildings<sup>5</sup>



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

Rental prices in Germany(indexed to 100)<sup>6</sup>

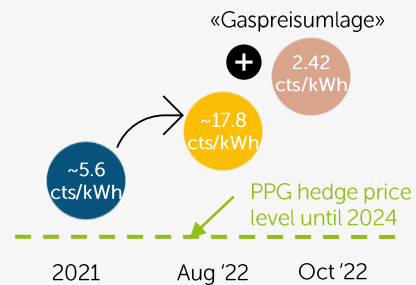


Sources: (1) Own calculation based on a rent for 65sqm apartment; rent/sqm according to Deloitte Property Index 11<sup>th</sup> Edition, August 2022; (2) Income data: Statista (2022); (3) Income data: salaryexplorer.com; (4) Share of rent to income: <https://www.immobilienscout24.de/wissen/mieten/verhaeltnis-einkommen-und-miete-in-staedten.html>; (5) Bulwiengesa, Yield in A, B, C and D cities (2021, Multifamily house-apartment building rent multiplier reciprocal); (6) Bulwiengesa, Rental prices indexed to 100 in A, B, C and D cities (2000-2020); Definitions A, B, C and D cities as per Bulwiengesa; see: [https://www.rivw.de/online\\_test/info.php3?cityid=6info\\_topic=allg](https://www.rivw.de/online_test/info.php3?cityid=6info_topic=allg)

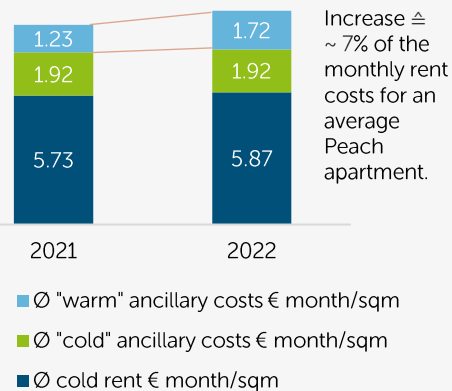


# Update on energy prices

## Gas prices for DE households<sup>1</sup>



## Ø impact on monthly rent cost/sqm



- On the back of most recent developments Peach will **increase monthly prepayments for ancillary costs** in Q4 2022. This will **help tenants to flatten the cost burden** in view of the final account next year.
- While the adjustments will be based on the individual consumption profile, we expect:

Ø additional prepayments per tenant of approx. EUR 30 per month / EUR 360 p.a.; which is ~7% of the monthly rent costs

- Relief will come from:

new one-time state subsidies to address increasing energy costs of at least EUR 300 (pre tax) and significant more for lower income / households with more children<sup>2</sup>

- Experience shows that the **payment morale of tenants is good** and bad debt levels developed stable; even during the Covid pandemic. **Healthy affordability of Peach's cold rent level is helpful in this regard.**
- We further assist our tenants with personal support at our Peach points and provide hints for energy savings.





# 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



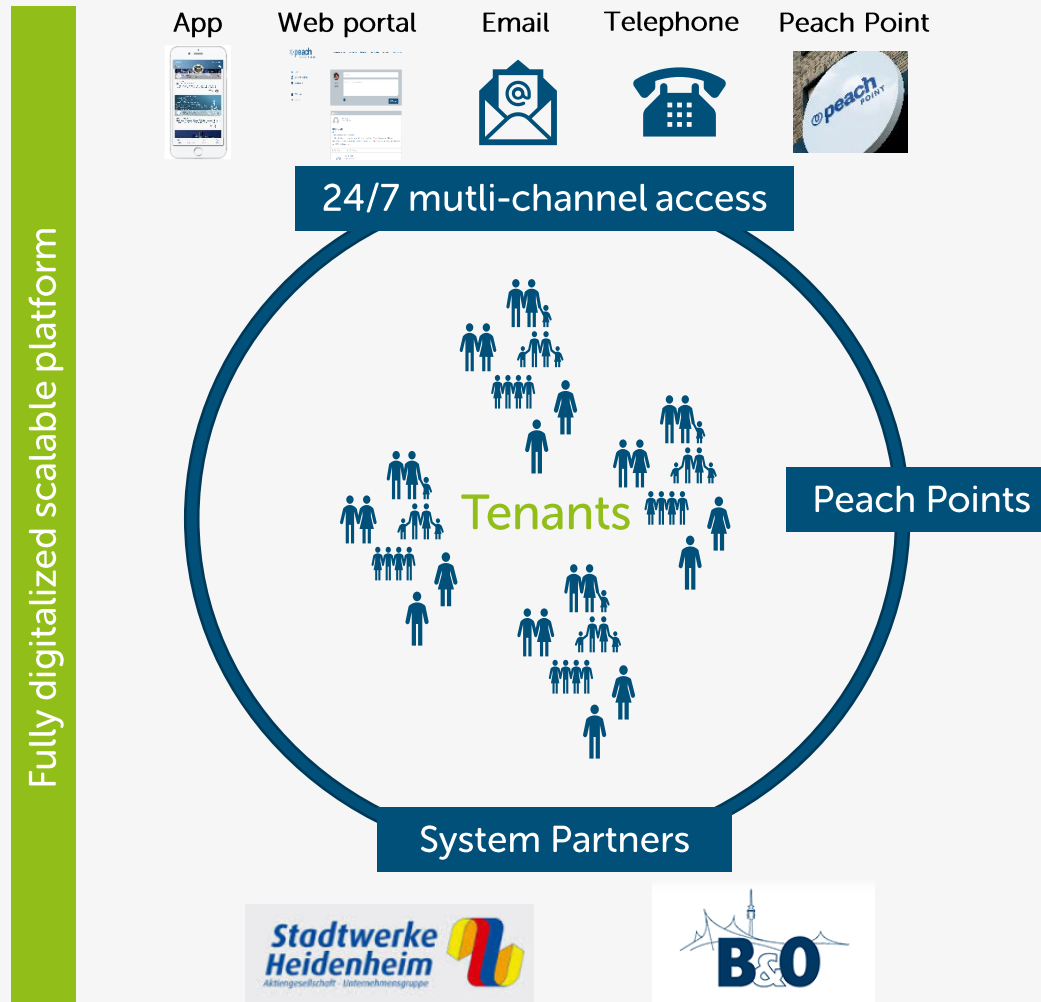
## New Peach Points (opened beginning 2022)

2nd in Dortmund  
Munster / Fassberg  
Marl





# 360-degree tenant service model



## Property Management at Peach

- All tenant interaction in unified ticketing system.
- Central quality management.

## Scalable and fully digital partner engagement

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

## KPIs ticketing system: 1 January 2022 – 30 June 2022

Created tickets

53 630  
+49% yoy

Tickets per month &  
1 000 apartments

325  
+26% yoy

Days to resolve issue<sup>1</sup>

3.1 days  
-2.3 days yoy

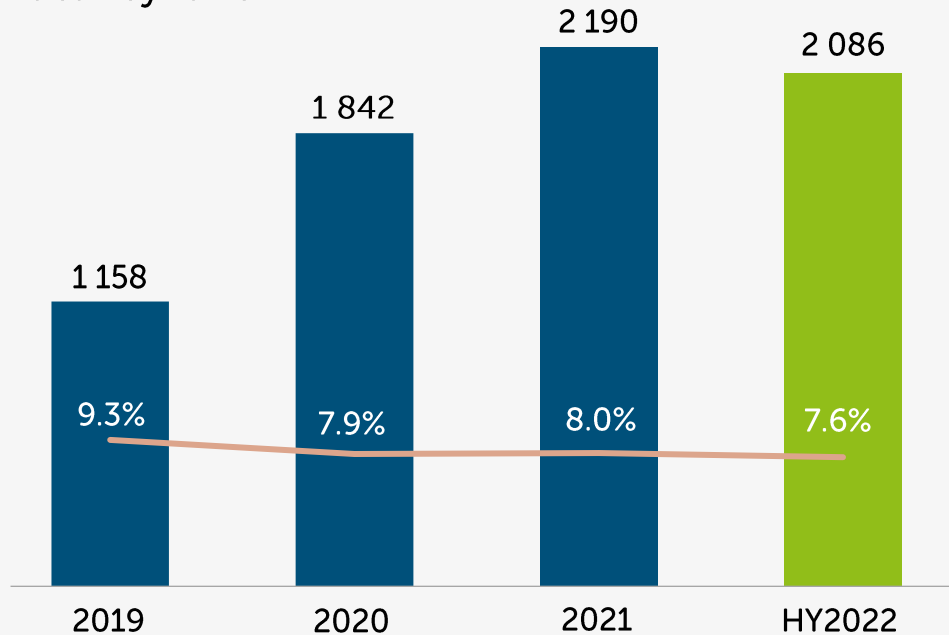
«One Touch»<sup>2</sup> rate

90.1%  
-1% yoy



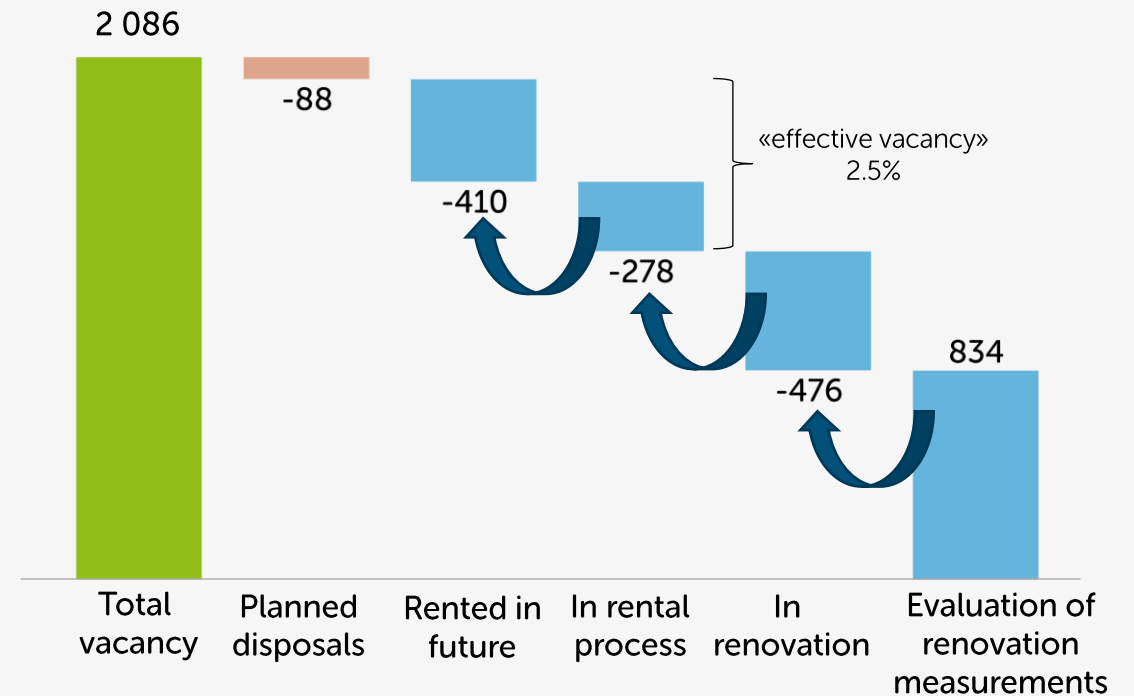
# Vacancy driven by renovation measures

Development of vacant residential units and vacancy ratio



- New lettings (approx. 1 800 new contracts concluded) at record level in H1 2022 with noticeable impact on vacancy rate.

Vacant residential units by vacancy category



- Renovated ~ 1 400 units in H1 2022; 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 CH - Peninsula Wädenswil at Lake of 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; construction started in Q2 2022, first notarized sales agreements in July 2022 and condominium handover planed by end of 2024.
- Successful sales start of condominiums; notarized over CHF 40mm (~26%); reserved ~30%.



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2. Business Update

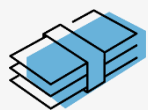
3. Financial Update

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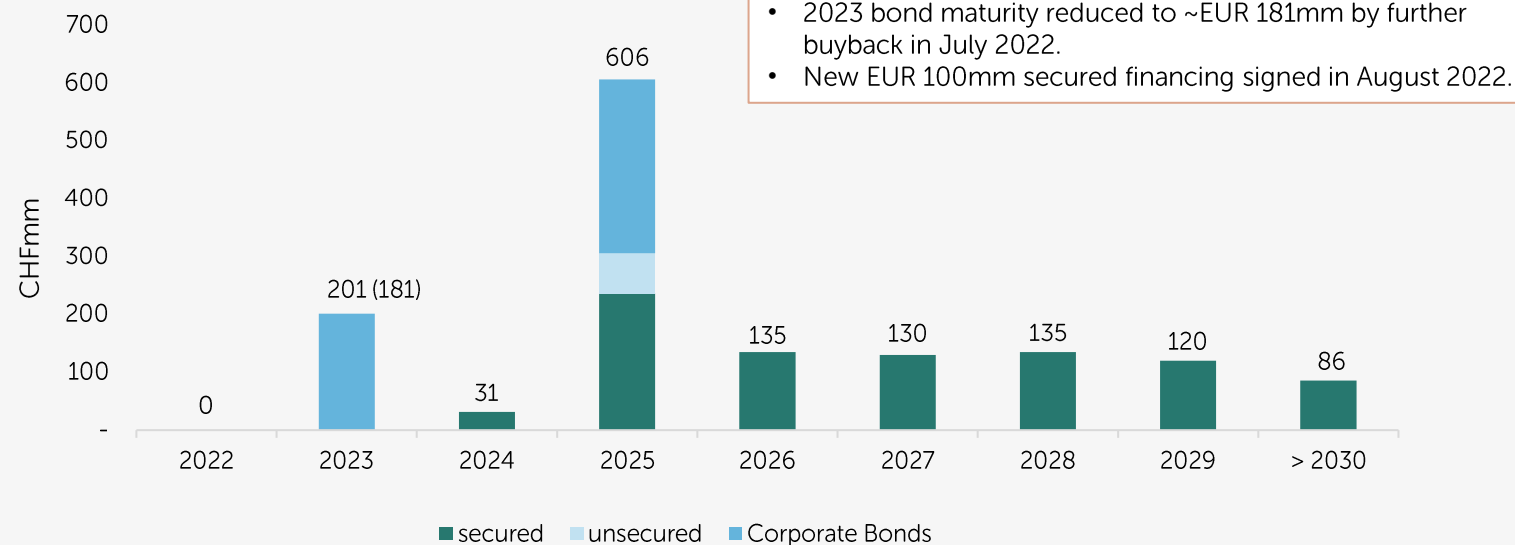
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# Debt structure as of June 30, 2022

## Maturity profile



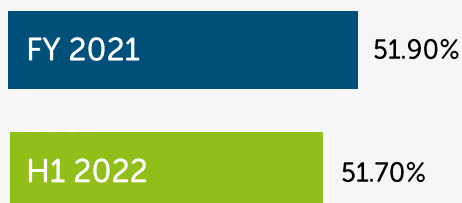
		Amount CHFmm	Ø interest rate	Fixed rate
Unsecured	44%	501	4.02%	100%
		70	1.82%	49%
Secured	56%	873	1.63%	97% <sup>1</sup>
Total		1 444	2.47%	95%

<sup>1</sup> incl. hedges

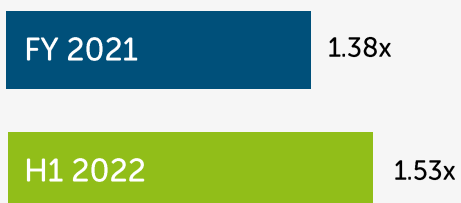
Unencumbered assets: CHF 673.7mm

As of Jun 30, 2022

### Loan-to-value (net)



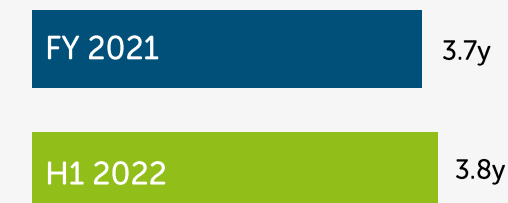
### ICR



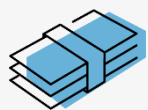
### WACD



### Weighted average maturity

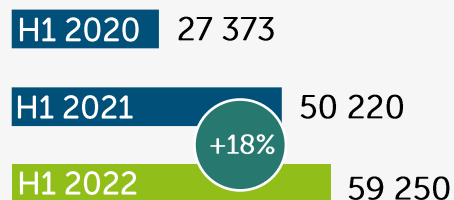




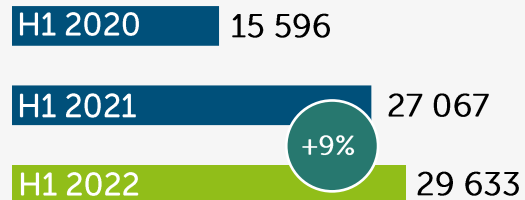


# Financial performance in H1 2022

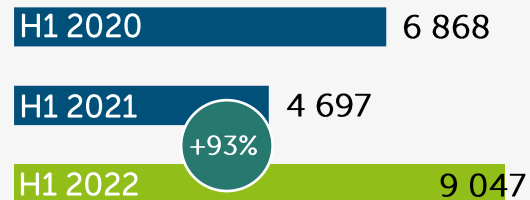
## Net rental income (CHFmm)



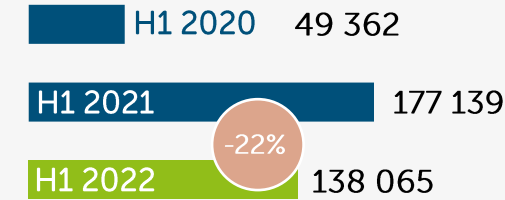
## Adjusted EBITDA (CHFmm)



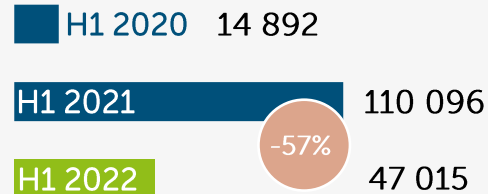
## FFO I (CHFmm)



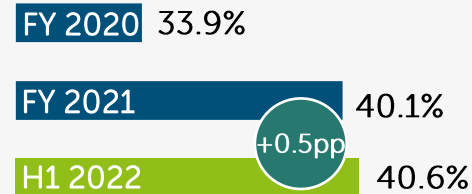
## Operating Income (CHFmm)



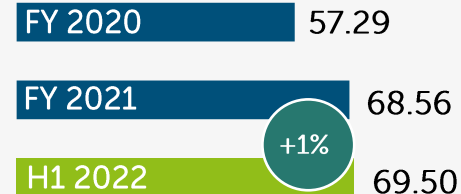
## Result after tax (CHFmm)



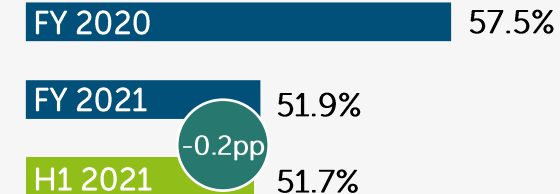
## Equity ratio (IFRS)



## EPRA NTA (CHF/share)

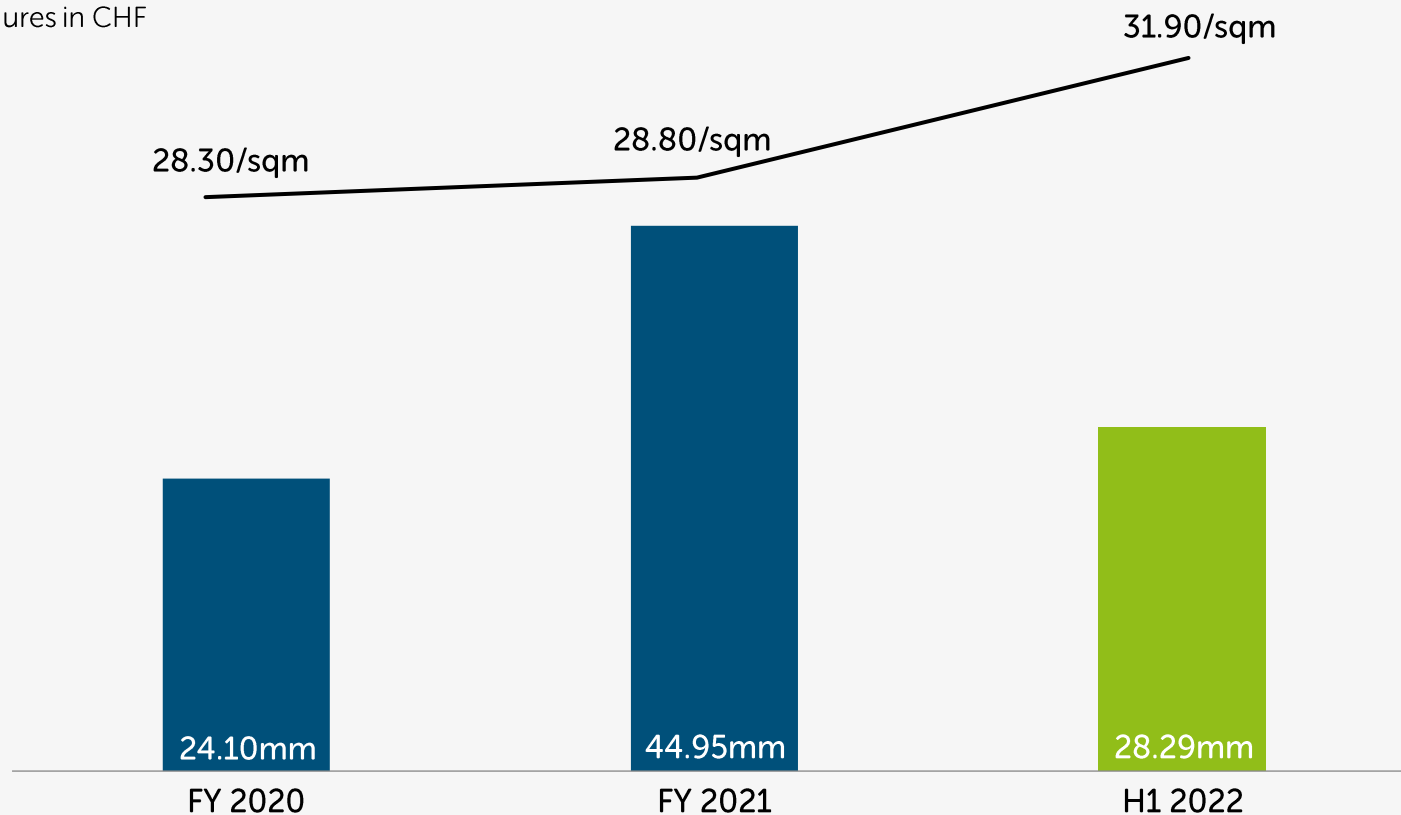


## Loan-to-value



# Capex development

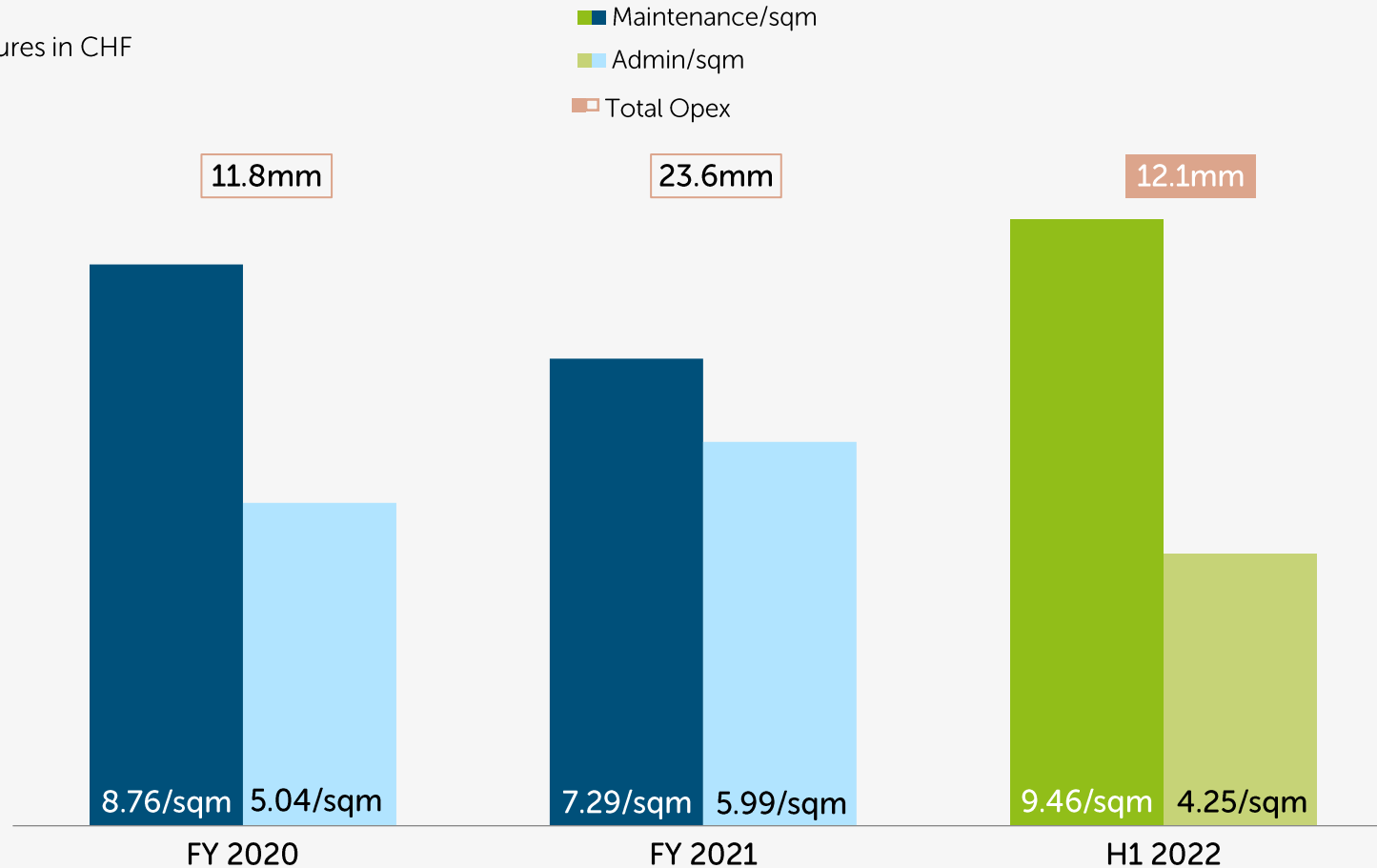
Figures in CHF



- ~ 1 400 apartments renovated in H1 2022; 15% thereof with energetic component such as modernization of heating systems or insulation measurements.
- Renovation of 2 500 – 3 000 apartments in 2022 planned.
- Initial capex guidance of ~CHF 70mm for 2022 needs to be reduced to ~CHF 50-60mm due to shortage of material and workforce supply.
- “Yield on cost” of approx. 8-10% expected (hurdle rate: 6%).

# Opex development

Figures in CHF



- Increase of **maintenance costs** driven by higher number of tenant requests; main drivers are catch-up effects after:
  - lifting of Corona pandemic restrictions
  - insourcing of the property management function of the portfolio acquired in June 2021, effective per January 2022.

Normalization expected going forward.

- Significant reduction in **admin expenses** underline the efficiency and scalability of our platform.



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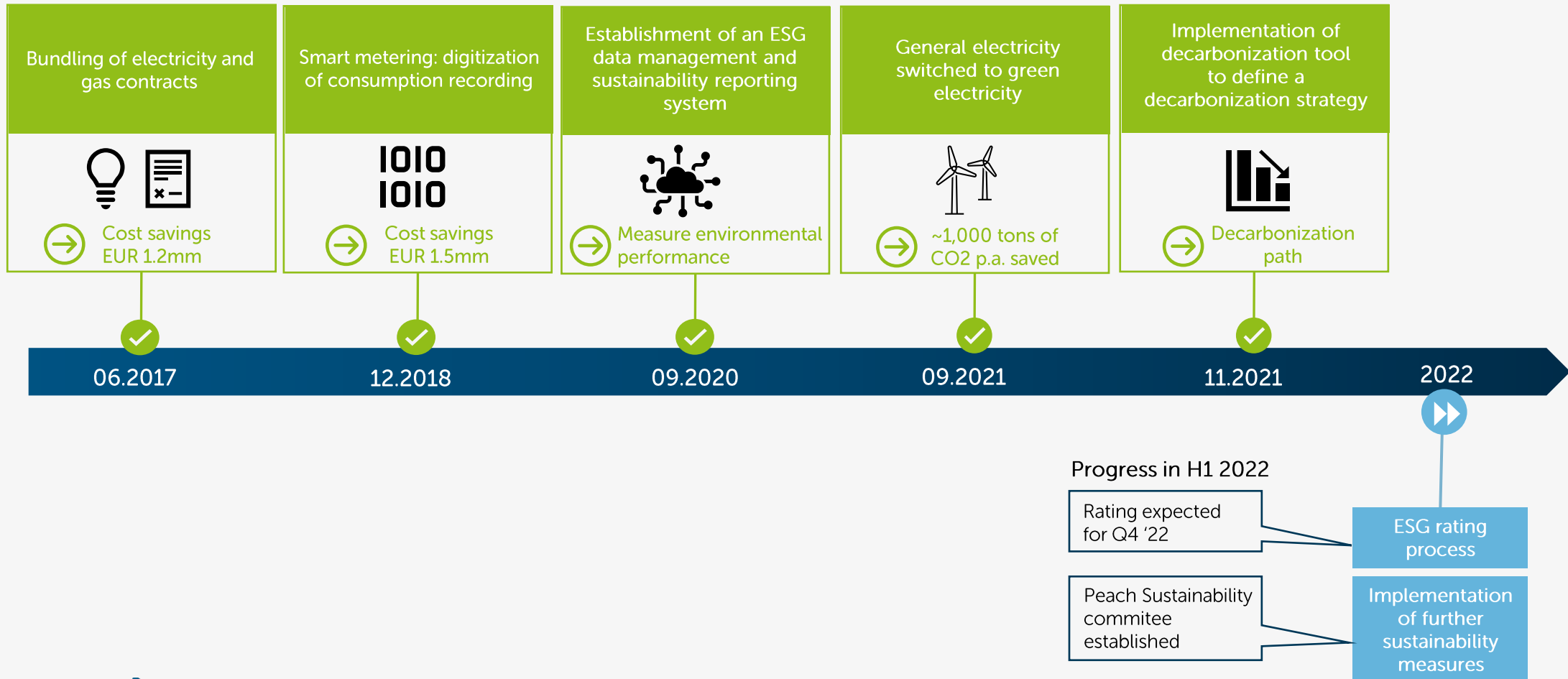
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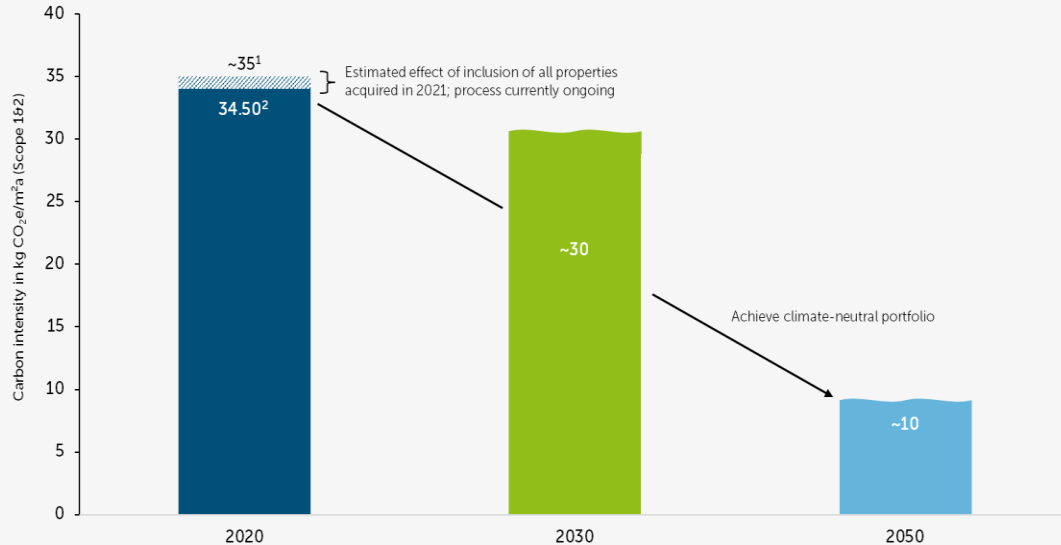


# Peach's ESG Roadmap





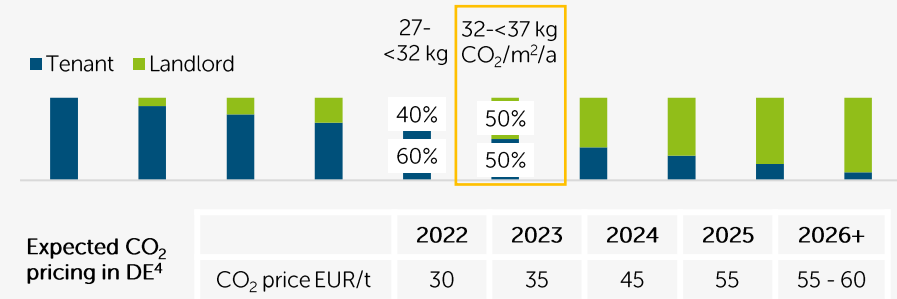
# Peach's decarbonization path



- Committed to climate neutrality of our real estate portfolio latest by 2050.
- Intermediate goal: reduce CO<sub>2</sub> intensity of our portfolio to well below 30 kg CO<sub>2</sub>e/m<sup>2</sup>a by 2030.

## Expected costs of decarbonization path

- At the current state of knowledge, we expect investments of approx. EUR 300-350mm until 2050.
- This estimate is **before subsidy measures or modernization charges**. Accordingly, the costs to be borne by Peach will be lower, but difficult to predict how subsidy measures will develop over the next few years.
- Due to the **current challenging environment** (material and workforce shortage, price increases), the **current cost estimates are subject to great uncertainty**.
- The CO<sub>2</sub> **levy** in Germany, may result in further costs. Based on current discussions we assume that **approx. 50% of the cost will have to be borne by Peach<sup>3</sup>**, which is at the current CO<sub>2</sub> pricing level in DE ~EUR 1mm p.a.



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# Guidance FY 2022

Status vs. March 2022

Net Rental Income	CHF 113-117mm <sup>1</sup>	<input checked="" type="checkbox"/>
l-f-l rental growth	3.5%	<input checked="" type="checkbox"/>
FFO I	CHF 18 - 21mm	<input checked="" type="checkbox"/>
Dividend	50% of FFO I	<input checked="" type="checkbox"/>



# 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

# Why invest in Peach Property Group?

Operationally and financially sound business with further potential...



- Track-record of l-f-l rental growth of ~4% p.a.
- Demonstrated ability to increase rent levels and lower vacancy; with further potential.
- Rental growth as inflation protection.

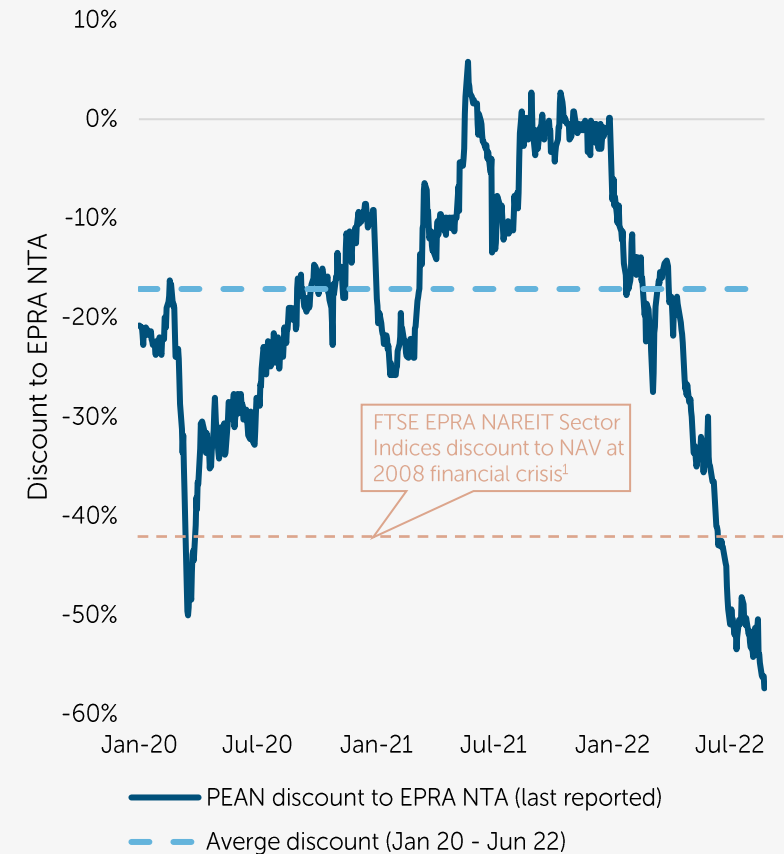


- Demand for affordable housing will continue to rise against a backdrop of high and rising new construction costs and an economically challenging environment.



- Upcoming 2023 bond maturity covered.
- Significantly improved credit metrics.
- No further significant maturities until 2025.

... at historic high discount to EPRA NTA



# Agenda

1. Highlights first half-year 2022
2. Operational Performance
3. Financial Performance
4. ESG Update
5. Guidance

## 6. Appendix

- *Portfolio details*
- *Consolidated statement of income, financial position and cash flows*
- *Funds from operations*
- *EPRA NAV & NTA*
- *LTV & ICR*
- *ESG*
- *Share data & financial calendar*



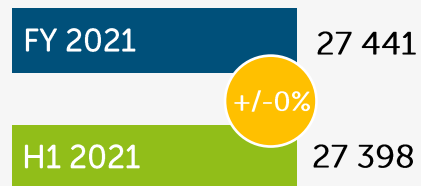
# Appendix

Portfolio details

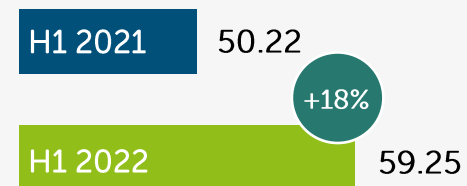


# Overview investment properties

## Number of residential units



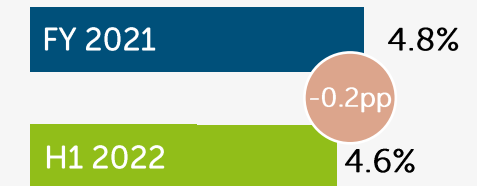
## Actual rental income (CHFmm)



## Market value (CHFmm)<sup>1</sup>



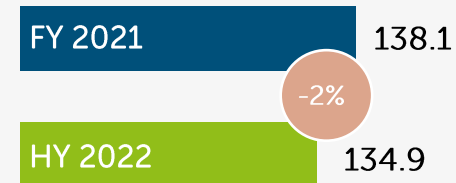
## Gross rental return



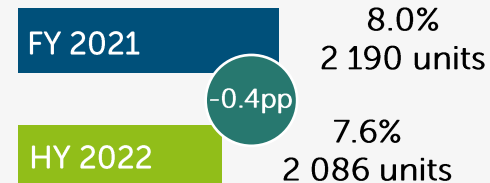
## Residential floor space in sqm



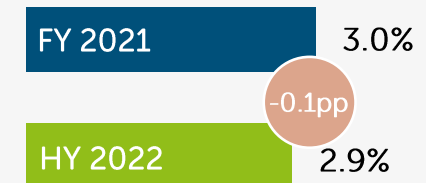
## Target rental income (CHFmm)



## Vacancy



## Net rental / cash flow return

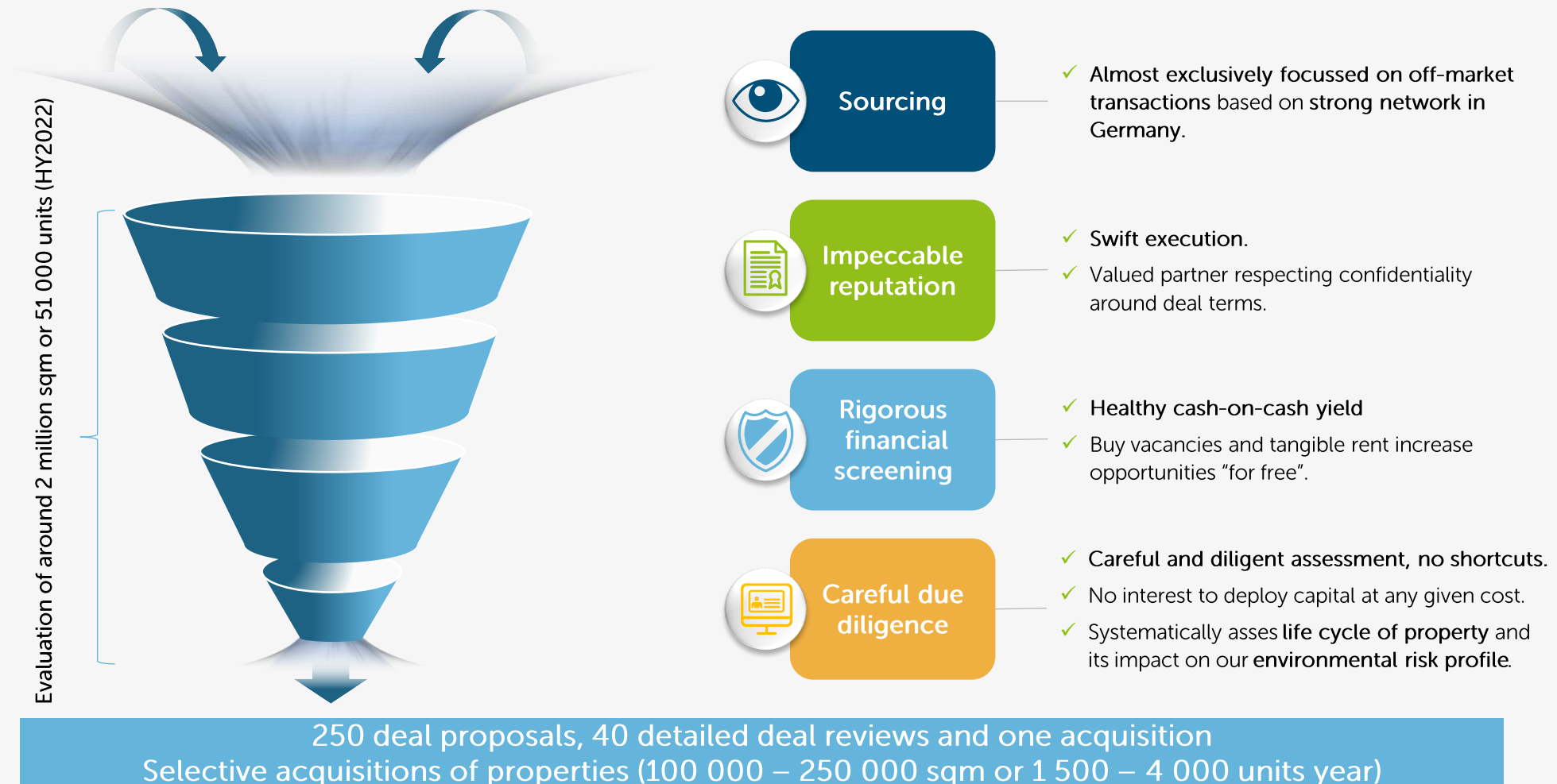


# Top 20 locations of the Peach portfolio

	Location	State	# of units	Space in ksqm	Construction years	Valuation in CHFmm <sup>1</sup>
1	Kaiserslautern	Rhineland-Palatinate	2 293	145.3	1926-2000	248.9
2	Marl	NRW	2 154	142.7	1939-1990	205.0
3	Gelsenkirchen	NRW	2 002	136.2	1902-2001	171.9
4	Dortmund	NRW	1 963	134.9	1900-1975	233.3
5	Bochum	NRW	1 430	66.4	1920-1999	117.9
6	Helmstedt	Lower Saxony	1 314	76.6	1926-1981	88.2
7	Oberhausen	NRW	1 076	70.5	1869-2001	118.9
8	Essen	NRW	953	63.3	1904-1988	107.6
9	Heidenheim	Baden Wurttemberg	905	63.6	1896-2006	115.8
10	Schöningen	Lower Saxony	844	50.2	1953-1970	48.2
11	Velbert	NRW	761	53.4	1972-1978	74.7
12	Recklinghausen	NRW	709	45.2	1904-1970	61.0
13	Minden	NRW	643	41.5	1893-1973	52.0
14	Neukirchen-Vluyn	NRW	567	37.9	1974-1981	46.2
15	Duisburg	NRW	552	37.3	1915-1978	46.7
16	Ludwigshafen	Rhineland-Palatinate	470	34.1	1920-1987	79.1
17	Bielefeld	NRW	440	31.1	1932-1987	47.9
18	Herne	NRW	418	30.1	1905-1976	36.5
19	Munster	Lower Saxony	377	25.9	1959-1967	30.0
20	Neubrandenburg	Mecklenburg-Western Pomerania	360	21.5	1969-1976	24.7
	Others incl. CH	-	7 167	466.7	1800-2015	740.9
	<b>Total</b>		<b>27 398</b>	<b>1 774</b>		<b>2 696</b>



# Structured acquisition process that results in strategically sound acquisitions





# 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



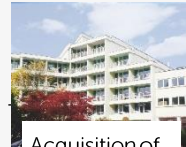
Acquisition i.a. of Oberhausen, Bochum II, K'lautern II, Nordhessen II

2018



Acquisitions around Bielefeld, Heidenheim, Kaiserslautern and Saarbrücken

2019



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

2020



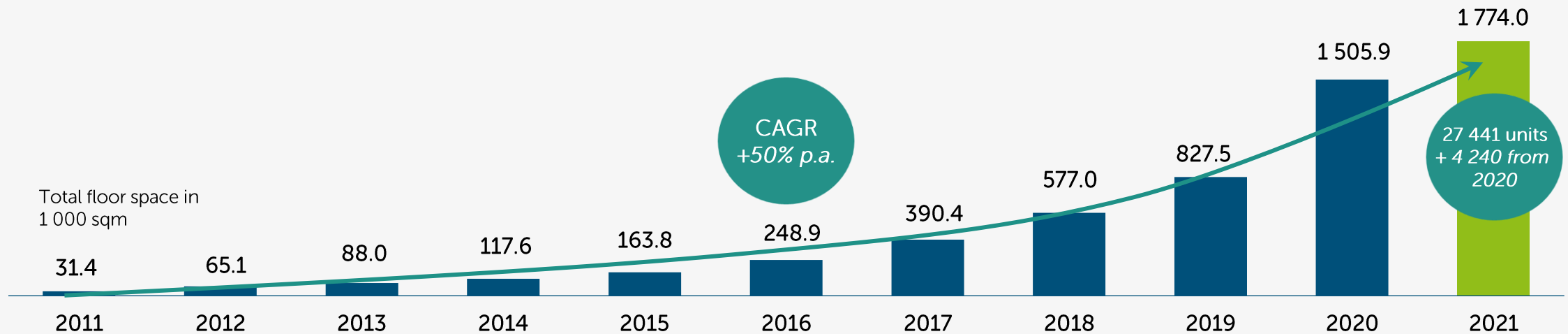
Acquisition of residential portfolios in NRW, Lower Saxony and Rhineland-Palatinate (total of 10 800 units)

2021



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

Total floor space in 1 000 sqm



# Appendix

Consolidated statement of income, financial position and cash flows

# Consolidated statement of income

## Comments

Figures in CHF thousands	1st half-year 2022	1st half-year 2021
Rental income	59 250 <sup>1</sup>	50 220
Valuation gains from investment properties	78 715	126 379
Profit on disposal of investment properties	6	307
Income from development properties	- 63	
Other operating income	157	233
<b>Operating income</b>	<b>138 065</b>	<b>177 139</b>
./. Expenses from letting of investment properties	- 15 283 <sup>2</sup>	- 12 117
./. Valuation losses from investment properties	- 1 616	- 220
./. Loss on disposal of investment properties	- 157	
./. Expenses from development properties	- 5	246
./. Expenses from development and construction management services		- 15
./. Personnel expenses	- 9 810 <sup>3</sup>	- 8 486
./. Sales and marketing expenses	- 97	- 97
./. Other operating expenses	- 5 847 <sup>4</sup>	- 4 101
./. Depreciation and amortization	- 952	- 698
<b>Operating expenses</b>	<b>- 33 767</b>	<b>- 25 488</b>
<b>EBIT</b>	<b>104 298</b>	<b>151 651</b>
Financial income	7 395 <sup>5</sup>	4 739
./. Financial expenses	- 48 611 <sup>6</sup>	- 24 955
<b>EBT</b>	<b>63 082</b>	<b>131 435</b>
./. Income taxes	- 16 067 <sup>7</sup>	- 21 339
<b>Results after taxes</b>	<b>47 015</b>	<b>110 096</b>
attributable to Peach Property Group AG equity holders	43 794	105 029
attributable to non-controlling interests	3 221	5 067
<b>Basic earnings per share in CHF</b>	<b>2.54</b>	<b>8.14</b>
<b>Diluted earnings per share in CHF</b>	<b>2.53</b>	<b>7.96</b>

- Target rental income of CHF 67 472 (H1 2021: 58 426) less lost income due to vacancies of CHF 7 488 (H1 2021: 6 898) and lost income due to collection risks of CHF 734 (1.2%) (H1 2021: 1 308 (2.5%); FY 2021: 3.6%).
- Of which CHF 8 375 (H1 2021: 7 084) ongoing maintenance expenses and CHF 3 762 (H1 2021: 2 666) ongoing administrative expenses as well as CHF 3 146 (2020: 2 367) expenses from vacancies. The increase of maintenance expenses is driven by higher number of tenant requests; main drivers are catch-up effects after the lifting of Corona pandemic restrictions and the insourcing of the property management function of the portfolio acquired in June 2021, effective per January 2022.
- The absolute increase in personnel expenses is largely due to the increase in the number of employees from 160 as of June 30, 2021, to 219 as of June 30, 2022 (December 31, 2021: 194 employees) following our continued growth, as well as the insourcing of the property management function of the portfolio acquired in June 2021, effective per January 2022.
- Key drivers for the increase in operating expenses include, next to the growth in our portfolio, also higher costs in connection with the valuation of our investment properties, higher IT expenditure in connection with the establishment and expansion of our IT infrastructure, and higher minority compensations.
- The net gain from changes in the fair value of financial instruments amounts to CHF 6 222 compared to a net gain of CHF 25 in the comparative period. The increase results primarily from new interest rate cap agreements in connection with new investment property financing that do not qualify for hedge accounting.
- Currency effects (net) are negative with CHF 21 015, compared to a positive effect of CHF 4 337 in the previous period. This negative earnings contribution in the current period relates primarily to a lower EUR/CHF closing exchange rate compared to the comparative period.
- The increase in the tax rate results primarily from interest carryforwards of Peach Property Group Management GmbH & Co. KG that were not capitalized in the reporting period. Excluding non-recurring effects, we expect a tax rate of between 16% and 18%.

# Consolidated statement of financial position

Figures in CHF thousands	Jun 30, 2022	Dec 31, 2021
Cash & Cash equivalents	42 133	37 199
Trade receivables	5 685	7 652
Other receivables	27 668 <sup>1</sup>	19 514
Current financial receivables	384	398
Development properties	47 258 <sup>2</sup>	44 149
Investment properties held for sale	5 031 <sup>3</sup>	3 265
<b>Total current assets</b>	<b>128 159</b>	<b>112 177</b>
Investment properties	2 662 275 <sup>3 4</sup>	2 657 222
Advance payments for investment properties	1 224 <sup>4</sup>	
Equipment	3 932	3 749
Intangible assets	1 337	1 482
Non-current financial receivables	21 319 <sup>5</sup>	2 044
Deferred tax assets	18 732 <sup>6</sup>	17 368
<b>Total non-current assets</b>	<b>2 708 820</b>	<b>2 681 866</b>
<b>Total assets</b>	<b>2 836 979</b>	<b>2 794 043</b>
Trade payables	5 858	3 684
Other payables and advance payments	37 608	37 058
Current income tax liabilities	4 329	4 930
Current financial liabilities	247 974 <sup>7</sup>	90 558
Current provisions	1 007	1 372
<b>Total current liabilities</b>	<b>296 776</b>	<b>137 602</b>
Non-current financial liabilities	1 249 460	1 410 078
Non-current provisions	116	236
Employee benefit obligations	1 896	3 690
Deferred tax liabilities	136 624 <sup>8</sup>	122 010
<b>Total non-current liabilities</b>	<b>1 388 096</b>	<b>1 536 014</b>
<b>Total liabilities</b>	<b>1 684 872</b>	<b>1 673 616</b>

## Comments

- <sup>1</sup> The increase in the other receivables is primarily due to:
  - Increase in ancillary cost claims of CHF 9 128 since the 2021 ancillary costs are yet to be billed.
  - Reduction of tax receivables of CHF 1 663 due to a tax reimbursement following the final assessment of the primary contractor for the "Wollerau Park" project.
- <sup>2</sup> Construction at the "Peninsula" development project started towards the end of the second quarter of 2022. The reservation rate is approximately 30%. Approximately 26% of the purchase agreements were notarized.
- <sup>3 4</sup> Acquisitions:  
A purchase agreement for approx. 150 residential units with advance payment of CHF 1 224 was notarized during the first half-year of 2022. The transaction is expected to be fully executed during the third quarter of 2022.
- <sup>3</sup> Disposals:
  - Sale of 20 units in Frankenthal.
  - Sale of 1 commercial and 3 residential units in Fassberg.
  - Sale of 18 units in Heidenheim.
- <sup>5</sup> The increase resulted primarily from changes in the fair value of existing hedging instruments due to higher interest rates.
- <sup>6</sup> The change in deferred tax assets is mainly the result of additional capitalized loss carryforwards at Peach Property Group AG due to the further weakening of the EUR against the CHF.
- <sup>7</sup> The increase results primarily from the EUR bond which will mature in February 2023. Approximately CHF 50mm were repaid during the reporting period and subsequently another CHF 20mm were redeemed in July 2022. The repayment of the remaining approximately CHF 180mm is planned for the second half-year of 2022.
- <sup>8</sup> The increases in deferred tax liabilities were the result of revaluation gains and/or depreciation under the prevailing statutory regulations.



# Consolidated statement of financial position (continued)

Figures in CHF thousands	Jun 30, 2022	Dec 31, 2021
Share capital	506 471 <sup>1</sup>	16 882
./. Treasury shares	- 531 <sup>2</sup>	- 492
Share premium	57 953 <sup>3</sup>	555 000
Hybrid capital	57 412	57 412
./. Other reserves	9 435 <sup>4</sup>	- 4 440
./. Currency translation changes	- 47 668	- 30 830
Retained earnings	526 064	483 295
<b>Equity attributable to Peach Property Group AG equity holders</b>	<b>1 109 136</b>	<b>1 076 827</b>
Equity attributable to non-controlling interests	42 971	43 600
<b>Total equity</b>	<b>1 152 107</b>	<b>1 120 427</b>

## Comments

- <sup>1</sup> Following the approval of the par value increase from CHF 1 to CHF 30 at the 2022 Annual General Meeting, share capital totals CHF 506 471 as of June 30, 2022, and consists of 16 882 373 shares.
- <sup>2</sup> A total of 85 434 treasury shares were acquired during the reporting period of which 81 992 shares were utilized to settle bonus entitlements, the share component of the Board of Directors' remuneration and obligations from the 2019 option program. At the end of the reporting period, we held a total of 11 183 treasury shares.
- <sup>3</sup> Capital reserves reduced by CHF 489 589 due to the increase in the par value of the registered share from CHF 1 to CHF 30. Further reductions resulted from the dividend payment of CHF 5 545, the allocation of treasury shares below the average acquisition price in order to settle bonus and share based compensation obligations of CHF 1 870, and issue taxes of CHF 43.
- <sup>4</sup> The increase resulted primarily from changes in the fair value of interest hedging instruments.

# Consolidated statement of cash flows

Figures in CHF thousands	1st half-year 2022	1st half-year 2021
<b>Result before taxes</b>	<b>63 082</b>	<b>131 435</b>
<b>Adjustments for non-cash expenses/income</b>		
Depreciation and amortization	952	698
Valuation result from investment properties	- 77 099	- 126 159
Result on disposal of investment properties	151	- 307
Change in bad debt allowance	853	588
Valuation result from lease liabilities	898	416
Financial income <sup>1</sup>	- 7 395	- 4 716
Financial expenses <sup>2</sup>	47 257	24 050
Share-based compensation	694	798
Changes in provisions	- 452	- 607
Other non-cash charges	1 405	- 560
<b>Changes in working capital</b>		
Trade receivables	1 008	324
Other receivables	- 11 503	- 8 371
Development properties	- 3 073	- 2 290
Trade payables	2 364	54
Other liabilities and advance payments	1 683	4 038
Interest and other financial expenses paid	- 27 551	- 21 978
Taxes paid and reimbursed	- 282	- 1 100
<b>Cash used in operating activities</b>	<b>- 7 008</b>	<b>- 6 614</b>

## Comments

- 1 The net gain from changes in the fair value of financial instruments amounts to CHF 6 222 compared to a net gain of CHF 25 in the comparative period. The increase results primarily from new interest rate cap agreements in connection with new investment property financing that do not qualify for hedge accounting.
- 2 Currency effects (net) are negative with CHF 21 015, compared to a positive effect of CHF 4 337 in the previous period. This negative earnings contribution in the current period relates primarily to a lower EUR/CHF closing exchange rate compared to the comparative period.
- 3 The increase in the other receivables is primarily due to:
  - Ancillary costs for the larger portfolio size.
  - Reduction of tax receivables of CHF 1 663 due to a tax reimbursement following the final assessment of the primary contractor for the "Wollerau Park" project.

# Consolidated statement of cash flows (continued)

Figures in CHF thousands

	1st half-year 2022	1st half-year 2021
Payments for real estate companies	- 1 765	- 142 987
Payments for equipment	- 1 008	- 941
Payments for intangible assets	- 121	- 414
Investments in investment properties	- 28 349	- 23 011
Advance paymentss for investment properties	- 1 263	- 47
Proceeds from disposal of investment properties	4 194	4 095
Financial receivables advanced		- 7 904
Repayment of financial receivables		2 793
Interest income received	43	42
<b>Cash used in investment activities</b>	<b>- 28 269</b>	<b>- 168 374</b>
Proceeds from current financial liabilities	25 012	486
Repayment of current financial liabilities	- 223 195	- 162 260
Proceeds from non-current financial liabilities	250 279	163 089
Lease payments - amortization share	- 328	- 339
Proceeds from issuance from hybrid capital		179 680
Acquisition of treasury shares	- 4 296	
Capital increase and issuance costs	- 44	3 503
Distribution to hybrid equity investors	- 668	- 668
Dividends paid	- 5 545	- 3 142
<b>Cash flow from financing activities</b>	<b>41 215</b>	<b>180 349</b>
<b>Change in cash and cash equivalents</b>	<b>5 938</b>	<b>8 288</b>
Cash and cash equivalents as of January 1	37 199	67 656
Currency exchange impact on cash and cash equivalents	- 1 004	157
<b>Cash and cash equivalents as of June 30</b>	<b>42 133</b>	<b>76 101</b>

## Comments

- 1 Investments eligible for capitalization: Refurbishing and modernization investments amounted to CHF 28 287, of which CHF 2 407 relates to the renovation project Neukirchen-Vluyn and CHF 4 658 thousand in relation to the new portfolios acquired at the end of June 2021.
- 2 In the first half of 2022, we carried out the following key refinancing measures:
  - New revolving facility agreement over EUR 100mm. Maturity: April 2025. As of the reporting date, we had drawn EUR 15mm (CHF 15mm).
  - New promissory notes of EUR 55mm, of which CHF 19mm at 2.21% and CHF 34.1mm at 3M Euribor + 1.75%. Maturity: March 2025.
  - New mortgage loan of EUR 40mm (CHF 40mm), interest rate 3M Euribor +1.18% incl. interest rate cap at 1.5%. Maturity: May 2027.
  - New mortgage loan of EUR 90 million (CHF 90mm), interest rate 2.07%. Maturity: March 2027.
- 3
  - Repayment of syndicated loan of EUR 60mm (CHF 60mm), interest rate 3.17%.
  - Partial repayment of the EUR bond maturing in 2023 of EUR 49.5mm (CHF 49.5mm), interest rate 3.5%.
  - Early repayment of mortgage loan of EUR 78.6mm (CHF 78.6mm) average interest rate including interest rate swaps 2.43%.
- 4 A total of 85 434 treasury shares were acquired during the reporting period of which 81 992 shares were utilized to settle bonus entitlements, the share component of the Board of Directors' remuneration and obligations from the 2019 option program.

# Funds from operations (FFO)

Figures in CHF thousands	1st half-year 2022	1st half-year 2021
EBIT	104 298	151 651
Depreciation and amortization	952	698
EBITDA	105 250	152 349
./. Valuation result of investment properties	- 77 099	- 126 159
./. Disposal of investment properties	151	- 307
Share-based compensation	694	798
Other non-cash accrued expense positions	637	386
<b>Adjusted EBITA</b>	<b>29 633</b>	<b>27 067</b>
./. Interest paid	- 18 896	- 19 838
./. Interest paid on hybrid capital	- 668	- 668
./. Lease payments	- 783	- 806
Interest income received	43	42
./. Taxes paid and reimbursed	- 282	- 1 100
<b>Funds from Operations I (FFO I)</b>	<b>9 047</b>	<b>4 697</b>
Result on disposals of investment properties	- 151	307
<b>Funds from Operations II (FFO II)</b>	<b>8 896</b>	<b>5 004</b>
Basic FFO I per share in CHF	0.54	0.37
Diluted FFO I per share in CHF	0.53	0.36
Basic FFO II per share in CHF	0.53	0.39
Diluted FFO II per share in CHF	0.53	0.38

## Comments

- 1 Interest paid does not include other financial expenses which are mainly, one-off in nature, and concerns financing activities, which do not follow a clear pattern.

# EPRA NRV & NTA

Figures in CHF thousands

	Jun 30, 2022		Dec 31, 2021	
	EPRA NRV	EPRA NTA	EPRA NRV	EPRA NTA
Equity attributable to Peach Property Group AG equity holders	1 109 136	1 109 136	1 076 632	1 076 632
./. Hybrid instruments	- 57 412	- 57 412	- 57 412	- 57 412
Revaluation of development properties	6 595	6 595	7 709	7 709
<b>Diluted NAV at fair value</b>	<b>1 058 319</b>	<b>1 058 319</b>	<b>1 026 929</b>	<b>1 026 929</b>
./. Deferred tax in relation to fair value gains	- 137 101	- 136 722	- 126 622	- 126 342
./. Fair value of derivative financial instruments	20 900	20 900	- 5 204	- 5 204
./. Intangibles		1 337		1 482
Acquisition costs (assumption 7 %)	186 711	527	186 234	487
<b>EPRA NAV</b>	<b>1 361 231</b>	<b>1 173 331</b>	<b>1 344 989</b>	<b>1 157 480</b>
Diluted number of shares	16 882 373	16 882 373	16 882 373	16 882 373
EPRA NAV per share in CHF	80.63	69.50	79.67	68.56

## Comments

- FX impact approx. CHF 38mm (~CHF 2 per share) due to lower EUR/CHF closing rate of 1.0005 vs. 1.0363 at the end of 2021.
- FX-adjusted (EUR/CHF 1.00 instead of 1.03) the EPRA NTA per share as of December 31, 2021, would have been CHF 66.56.
- We have no significant disposal intentions and are by implication engaged in the residential property market for the long-term. Accordingly, EPRA NTA is considered a meaningful indicator for shareholders.



# Loan-to-value and interest coverage ratio

## LTV

Figures in CHF thousands	Jun 30, 2022	Dec 31, 2021
Market value of real estate investment portfolio	2 641 680	2 633 670
Market value of real estate development portfolio	55 100	53 315
Mortgages and building loans	871 195	798 060
Bonds	496 228	563 041
Other bank financings	69 972	70 946
./. Cash and cash equivalents	- 42 133	- 37 199
./. Current financial receivables	- 384	- 398
<b>Loan-to-value ratio</b>	<b>51.7%</b>	<b>51.9%</b>
Financial liabilities secured by mortgages	871 195	798 060
./. Cash and cash equivalents	- 42 133	- 37 199
<b>Secured loan-to-value ratio</b>	<b>30.7%</b>	<b>28.3%</b>

## ICR

Figures in CHF thousands	Jun 30, 2022	Dec 31, 2021
EBIT	104 298	340 662
Depreciation and amortization	952	1 688
./. Valuation result of investment properties	- 77 099	- 288 319
Share-based compensation	694	1 532
Other non-cash accrued expense positions	637	1 134
<b>Adjusted EBIT</b>	<b>29 482</b>	<b>56 697</b>
Net interest paid	19 242	41 608
<b>Interest coverage ratio</b>	<b>1.53x</b>	<b>1.36x</b>

# Appendix

ESG













# Sustainability in practice on all levels

## Our sustainable goals

## Our KPIs<sup>1</sup>

9 UN SDGs<sup>2</sup> as particular relevant for our business

<b>ENVIRONMENT</b>  Reduction of carbon footprint through responsible real estate management	CO <sub>2</sub> emissions: 34.5 kg/m <sup>2</sup> 3, 4 Total energy intensity: 15.4 kWh/m <sup>2</sup> 4 Waste recycling rate: 33% <sup>4</sup> Share of electric vehicles in the total fleet: 45% <sup>4</sup>	  
<b>SOCIAL</b>  Tenant satisfaction – the DNA of our business model  Satisfied employees contribute to the employer's success	Tenant satisfaction after report resolution by 3 <sup>rd</sup> parties: 70% <sup>4</sup> Time lapse until 1 <sup>st</sup> response to damage report: 13.6h <sup>5</sup> Time lapse until final report resolution by Peach Points: 19.9h <sup>5</sup> Time until final problem resolution (incl. 3 <sup>rd</sup> parties): 3 days <sup>5</sup>  Total proportion of women employees: 51% <sup>4</sup> Employee turnover rate: 18% <sup>4</sup> Absentee rate: 10 days <sup>4</sup> Social engagement projects: 2 <sup>4</sup>	     
<b>GOVERNANCE</b>  Sound corporate governance underpinned by core ethical values in daily dealings with one another	Proportion of employees with Code of Conduct training: 100% <sup>4</sup> Violations of the Code of Conduct: 0 <sup>4</sup>	
<b>BUSINESS PERFORMANCE</b>  Responsibility through a strong financial foundation	EPRA NTA per share: CHF 69.50 <sup>5</sup> Diluted FFO I per share: CHF 0.53 <sup>5</sup> Equity ratio: 40.6% <sup>5</sup> LTV: 51.7% <sup>5</sup>	



# Our strategy to reach our CO<sub>2</sub> targets

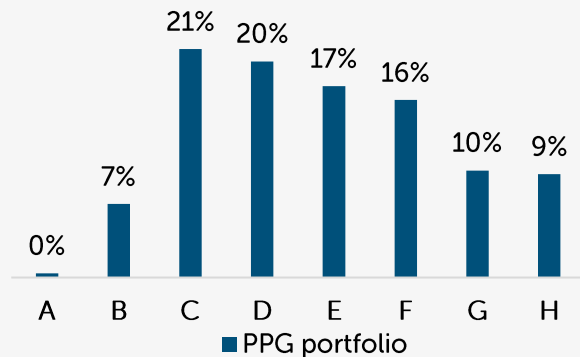
Focus on energy consumption from heating...

- 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 CO<sub>2</sub>-neutral heat supply

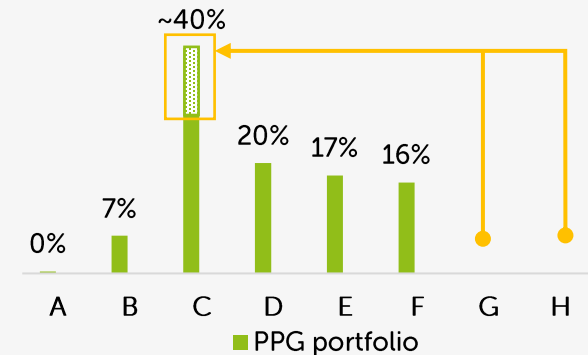


Largest impact from:

- Conversion to district heating
- Conversion to modern condensing technology and reduction of oil-dependent heating systems
- Replacing CO<sub>2</sub>-intensive energy sources with renewable energy sources

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

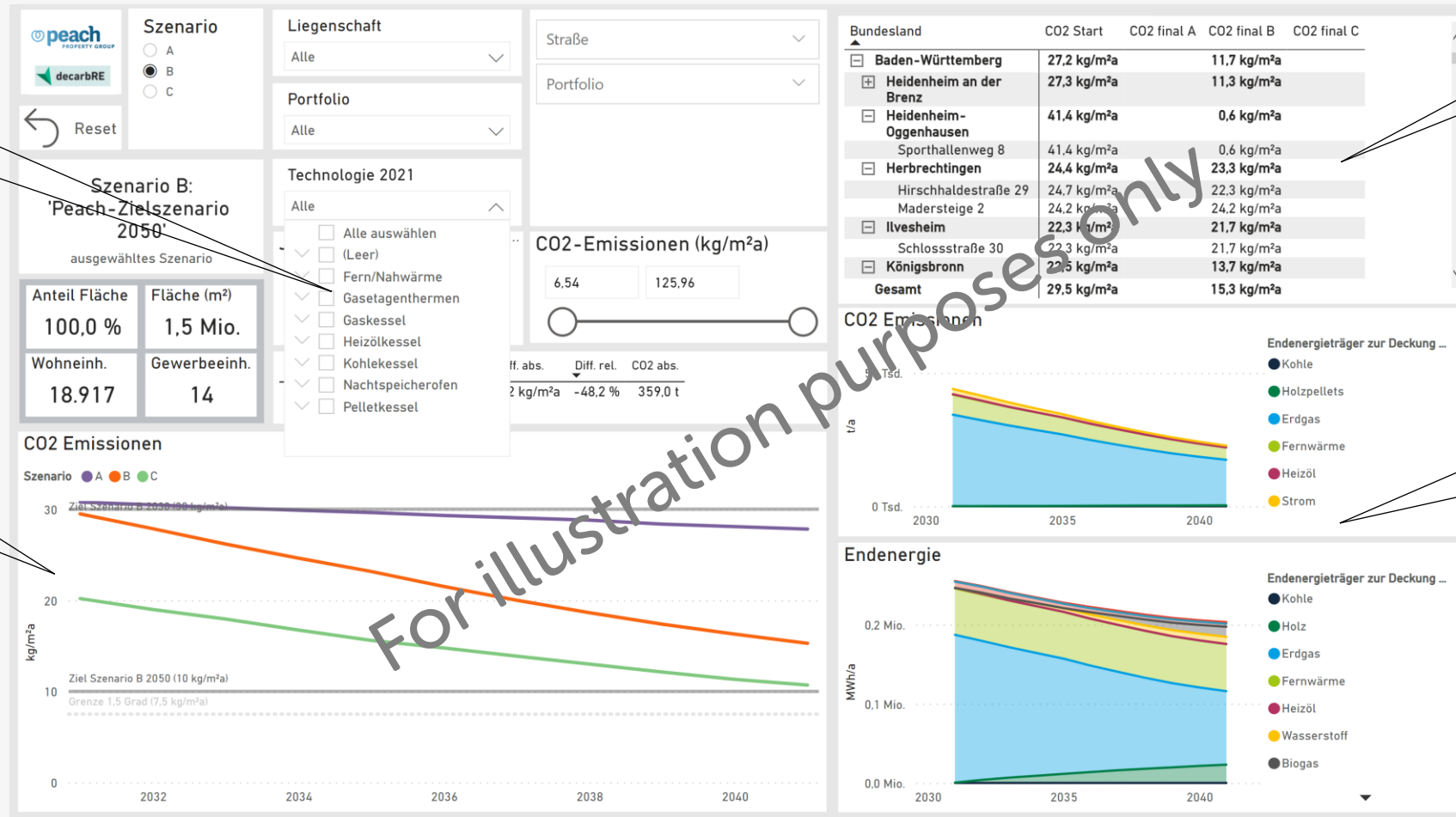
As of 2030:  
Expected spread of properties per energy efficiency class



# 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



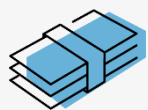
Drill-down to individual properties.

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

# Appendix

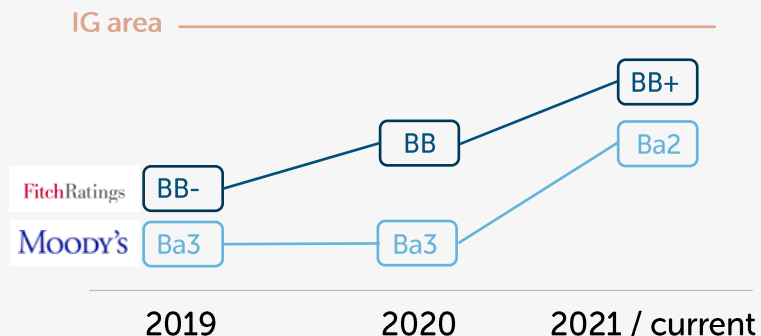
Share data





# Recent capital market development

## Credit ratings (Instrument Rating)



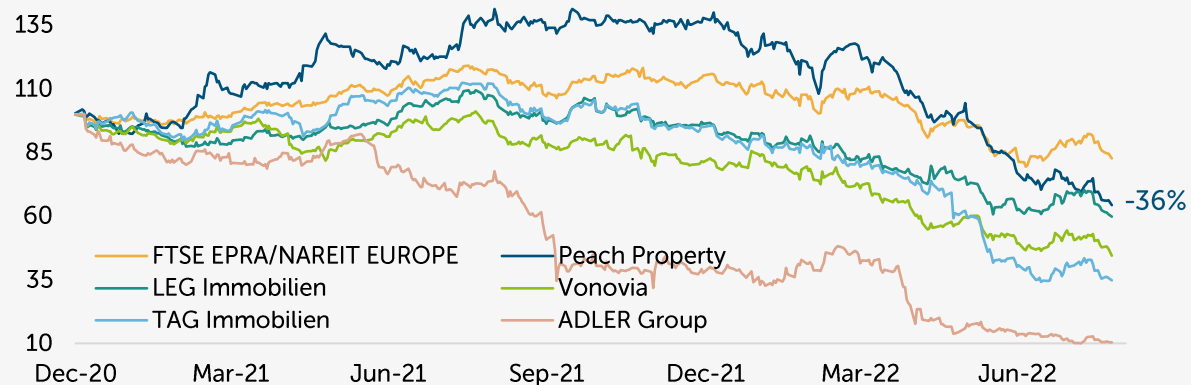
## Recent capital market transaction

Q2/Q3 2022	2 buybacks to reduce EuroBond 2023 outstanding amount to EUR 181 million
Apr 2022	EUR 100 million revolving credit facility; maturity 3 years
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

## Equity analyst coverage

WARBURG RESEARCH	Buy / PT CHF 74.80
SOLVENTIS	Buy / PT CHF 70.00
QUIRIN PRIVATBANK	Buy / PT CHF 70.00
RESEARCH PARTNERS AG	Buy / PT CHF 66.00
SRC	Buy / PT CHF 64.00
BAADER	Add / PT CHF 40.00

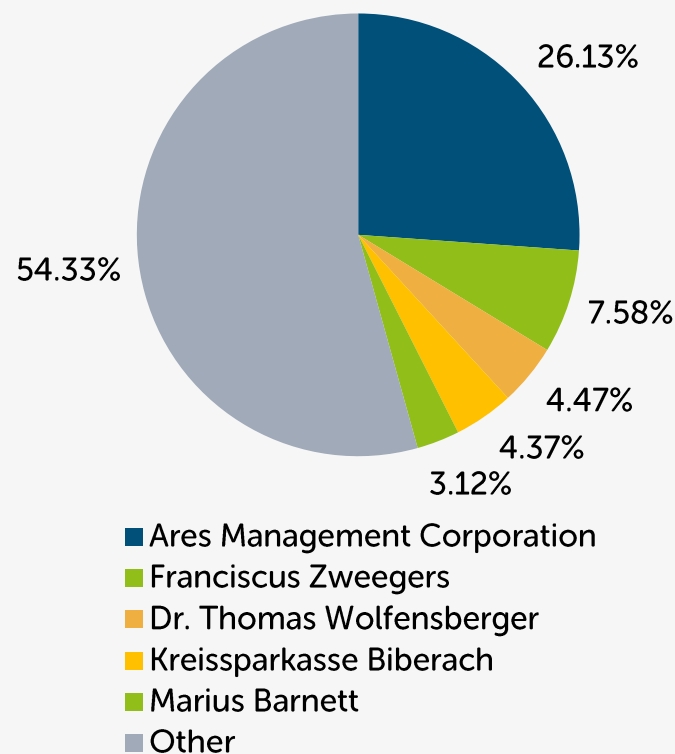
## Share price performance since Dec 2020 (rebased to 100)



As of 26.08.2022; indexed; 31.12.2020 = 100; Source: onvista

# Share data

## Significant shareholders<sup>1</sup> as of June 30, 2022



Note: The notional free float based on the shares issued on June 30, 2022, 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

	Jun 30, 2022	Dec 31, 2021
Share capital in CHF	506 471 190	16 882 373
Number of shares issued	16 882 373	16 882 373
Nominal value per share in CHF	30.00	1.00
Number of treasury shares	11 183	7 741
Number of outstanding shares	16 871 901	16 874 632

## Key stock exchange data

Security no.: 11 853 036

ISIN: CH0118530366

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

	Jun 30, 2022	Dec 31, 2021
High in CHF	64.60	66.60
Low in CHF	35.00	41.80
Closing rate at the end of the year, in CHF	35.35	63.40
Market capitalization (excluding treasury shares)	596 396 567	1 069 851 669
Average shares traded per day at SIX Swiss Exchange	16 118	16 435

# Appendix

Financial calendar

# Financial calendar



21 March 2023 – FY 2022 results



24 May 2023– AGM 2023

# 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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