**PROSPECTUS**

# Up to CHF 50,000,000 3.00% convertible bonds (the "Bonds") (with possibility to increase up to CHF 75'000'000)

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| **Issuer's Name and Registered Office** | Peach Property Group AG, Neptunstrasse 96, 8032 Zurich, Switzerland (the "**Issuer**") |
| **Interest Rate** | 3.00% p.a. (the "**Coupon**") payable annually in arrears on 17 April of each year, commencing on 17 April 2024, calculated on a 30/360 basis |
| **Denomination** | CHF 1,000 each and integral multiples of CHF 1,000 in excess thereof. |
| **Issue Price** | 100.00 per cent. (before commissions and expenses) of the aggregate principal amount of the Bonds. |
| **Issue Date** | 17 April 2023 |
| **Maturity Date** | 17 April 2026 |
| **Early Redemption at the option of the Bondholders** | Any time prior to the Maturity Date by the holders of the Bonds upon a Change of Control and in case of delisting of the Shares. |
| **Early Redemption at the Option of the Issuer** | Subject to a not less than 30 nor more than 60 calendar days' prior notice, the Issuer may redeem all but not only some of the Bonds at their principal amount, together with unpaid accrued interest, if any<br>(i) at any time if less than 15 percent of the aggregate principal amount of the Bonds issued is outstanding; or<br>(ii) if the volume weighted average price of a Share on each of at least 20 out of 30 consecutive trading days ending not earlier than 5 trading days prior to the giving of the notice of redemption is at least 130% of the prevailing Conversion Price. |
| **Shares** | Registered Shares in the nominal amount of currently CHF 30.00 of the Issuer |
| **Conversion Period** | Unless previously repurchased and cancelled, the Bonds may be converted twice per year for a period of 5 Business Days starting on and including 15 June, and 15 December of each year, first time on 15 December 2023 subject to any adjustments to the Conversion Price pursuant to the Terms of the Bonds. **Should the Conversion Price at the conversion date be below the nominal value of a Share the Issuer opts for a cash settlement (instead of delivery of Shares) as provided in the Terms of the Bonds.** |
| **Form of the Bonds** | The Bonds are represented by a permanent global certificate. Holders of the Bonds do not have the right to request the printing and physical delivery of individually certificated securities. |
| **Conversion Price** | CHF 20.00, subject to adjustments as provided in the Terms of the Bonds. |
| **Dilution protection** | Adjustments of the Conversion Price pursuant to the Terms of the Bonds |
| **Source of Shares** | Conditional share capital of the Issuer |
| **Entitlement of Underlying Shares** | As of the conversion date, same rights and entitlements as the outstanding registered Shares. |
| **Swiss Tax Classification** | The Bonds are treated as transparent classical convertible Bonds. Swiss resident individual investors have to include the Coupon payments in their annual tax return. The Coupon of the Bonds is subject to Swiss Withholding Tax of currently 35%. |
| **Assurances** | None; the Bonds constitute direct, unsecured and unsubordinated obligations of the Issuer and rank pari passu and without any preference among themselves |
| **Listing / Trading** | Application for the listing and trading of the Bonds according to the standard for Bonds of the SIX Swiss Exchange will be made. The Bonds are expected to be provisionally admitted to trading on the SIX Swiss Exchange as of 17 April 2023. The last trading day is expected to be 15 April 2026. The Shares are listed on the SIX Swiss Exchange. |
| **Risks** | **The Bonds (as well as the shares received upon conversion) are subject to risks.** |
| **Governing Law and Jurisdiction** | Swiss Law; Zurich, Switzerland. |
| **Distribution Restrictions** | This Prospectus does not constitute an offer of securities for sale in any jurisdiction. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes must inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States of America (the "**United States**") or to, or for the account or benefit of, "**U.S. persons**" except pursuant to an exemption from the registration requirements of the Securities Act. For further information see "*Important Information*". |
| **Swiss Security Number / ISIN** | 125414806 / CH1254148062 (Bonds)<br>11853036/ CH0118530366 (Registered Shares) |
| **Paying Agent and Calculation Agent** | Bank J. Safra Sarasin AG |
| **Place and Date** | Zurich, 21 March 2023 |

**THIS PROSPECTUS HAS BEEN PREPARED IN CONNECTION WITH THE OFFERING AND LISTING OF THE BONDS IN SWITZERLAND ONLY.** The Bonds will not be admitted to trading on a regulated market in the European Economic Area and will be listed solely on the SIX Swiss Exchange. This Prospectus has not been reviewed or approved by any competent authority in any Member State of the European Economic Area ("**EEA**") and does not constitute a prospectus within the meaning of the under Regulation (EU) 2017/1129, as amended (the "**EU Prospectus Regulation**").

This Prospectus has been approved by SIX Exchange Regulation Ltd in its capacity as review body pursuant to article 52 of the Swiss Financial Services Act on 21 March 2023.

# CONTENT

**THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE BONDS SHOULD BE BASED ON A CONSIDERATION OF THIS PROSPECTUS AS A WHOLE, INCLUDING ANY DOCUMENTS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. PROSPECTIVE INVESTORS IN THE BONDS SHOULD BE AWARE THAT LIABILITY UNDER ARTICLE 69 OF THE FINSA FOR ANY FALSE OR MISLEADING INFORMATION CONTAINED IN THIS SUMMARY IS LIMITED TO ANY SUCH INFORMATION THAT IS FALSE OR MISLEADING WHEN READ TOGETHER WITH, OR THAT IS INCONSISTENT WITH, THE OTHER PARTS OF THIS PROSPECTUS.**

## A. Information on the Issuer

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| Company name, registered office and legal form: | Peach Property Group AG, Neptunstrasse 96, 8032 Zurich, Switzerland<br>The Issuer is incorporated as a limited liability company limited by shares (*Aktiengesellschaft*) according to the Swiss Code of Obligations (article 620 ff. CO) under the laws of Switzerland on 14 June 1999 and registered in the commercial register of the canton of Zurich with the company number CHE-101.066.456. |
| Issuer's Legal Entity Identifier (LEI): | 506700A49L5C69NZ5J96 |

## B. Information on the securities

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| Type of debt securities: | Fixed rate convertible bonds (the "**Bonds**") convertible into registered shares with a nominal value of CHF 30.00 each (the "**Shares**") |
| Security Numbers: | 125414806 / CH1254148062 (Bonds)<br>11853036 / CH0118530366 (registered Shares) |

## C. Information on the Offering

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| Offering: | On 21 March 2023, the Issuer announced an offering of 3.00 per cent. Bonds due 17 April 2026 (the "**Offering"**). |
| Offer Size: | Up to CHF 50,000,000 |
| Issue Price: | 100.00 per cent. (before commissions and expenses) of the aggregate principal amount of the Bonds. |
| Selling Restrictions: | Under the Offering, the Bonds are subject to restrictions on their offering, sale and delivery both generally and specifically in the United States and to U.S. persons. The Issuer does not offer or issue Bonds to EEA and UK retail Investors. Furthermore, the Issuer does not offer or issue Bonds to investors in Canada, Australia, South Africa, Japan, Italy or in any other jurisdiction in which an offering would be unlawful pursuant to applicable securities laws. |
| Use of Proceeds: | The net proceeds from the Offering in the amount of up to CHF 50,000,000 will be used for refinancing as well as for general corporate purposes. |

## D. Information on the Admission to Trading and Listing

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| Swiss Trading Venue: | SIX Swiss Exchange. |
| Admission to Trading and Listing: | The Bonds will be provisionally admitted to trading and listing on the SIX Swiss Exchange as of 17 April 2023. Application will be made for definitive admission to trading and listing of the Bonds on the SIX Swiss Exchange as soon as practicable thereafter and (if granted) will only be granted after the Issue Date. The last trading day for the Bonds on the SIX Swiss Exchange is expected to be 15 April 2026. |

## E. Information on Prospectus Approval

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| Swiss Review Body: | SIX Exchange Regulation Ltd, Hardturmstrasse 201, 8005 Zurich, Switzerland (the "**Swiss Review Body**"). |
| Prospectus Date and Approval: | This Prospectus is dated 21 March 2023, and has been approved by the Swiss Review Body on the date of the stamp appearing on the cover page of this Prospectus.<br><br>This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of the approval by the Swiss Review Body. |

The following documents have been filed with the SIX Exchange Regulation Ltd and shall be deemed to be incorporated in, and to form part of, this Prospectus:

| Document | Information incorporated by reference | Available under: |
|---|---|---|
| Annual Report 2022 | Entire document | https://www.peachproperty.com/en/news-en/annual-reports/ |
| Press release dated 21 March 2023 | Entire document | https://www.peachproperty.com/en/2023/03/21/financial-year-2022-with-highest-operating-result-in-groups-history/ |
| Articles of Association | Entire document | https://www.peachproperty.com/en/investor-relations-en/#corporategovernance |

Copies of this Prospectus and the documents incorporated by reference can be obtained in electronic form (PDF Format), free of charge, during normal business hours from Peach Property Group AG, Neptunstrasse 96, 8032 Zurich, Switzerland, or e-mail corporatefinance@peachproperty.com.

In addition, the financial reports of the Issuer are published on the Peach Group's website, at https://www.peachproperty.com/en/news-en/annual-reports/. The information contained on these websites does not form a part of this Prospectus unless otherwise specifically incorporated by reference herein.

This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of the approval by SIX Exchange Regulation Ltd in its capacity as Swiss review body pursuant to article 52 of the Swiss Financial Services Act of June 15, 2018 (the "**FinSA**"). Consequently, the delivery of this Prospectus shall not in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Shares is correct as of any time subsequent the date indicated in the document containing the same.

For a description of certain further risks see "*Risk Factors*".

The distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer to inform themselves about and to observe such restrictions.

This Prospectus may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction. In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Issuer, including the merits and risks involved.

None of the Issuer or any of its respective representatives, is making any representation to any prospective investor of the Bonds regarding the legality of an investment in the Bonds by such prospective investor under the laws applicable to such prospective investor.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of the Issuer.

Neither the delivery of this Prospectus nor any sale of Bonds shall under any circumstances create any implication that there has been no change in the information contained herein or in the affairs of the Issuer since the date hereof.

Neither this Prospectus nor any other information supplied in connection with the Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the Bonds should purchase any Bonds. Neither this Prospectus nor any other information supplied in connection with the issue of the Bonds constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Bonds.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction. The distribution of this Prospectus may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully acquired, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such acquisition. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus.

This Prospectus contains certain forward-looking statements and information relating to the Peach Group, including statements of future financial and operational developments and results as well as other projections and statements that are based on the subjective expectations, assessments, estimates and projections of the Peach Group's management (the "**Management**") and information currently available to the Peach Group. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Peach Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Terms and phrases such as "will", "believe", "anticipate", "plan", "expect", "project", "estimate", "predict", "intend", "target", "assume", "may", "could", "will" and variations of these words and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

## AUTHORIZATION

By way of a board of directors' resolutions on 17 March 2023, the board of directors of the Issuer (the "**Board**" or the "**Board of Directors**") authorized the issue of the equivalent of up CHF 50,000,000 of Bonds and the reservation of a maximum of 2'800'000 registered shares (the "**Shares**") out of the existing conditional capital for the conversion of the Bonds. The ordinary general assembly of the Issuer resolved to authorize the delivery of the Shares necessary upon conversion of the Bonds out of conditional capital on 27 May 2021.

On 21 March 2023 the Issuer and Bank J. Safra Sarasin AG, Elisabethenstrasse 62, 4051 Basel entered into a paying and conversion agency agreement.

The net proceeds from the Offering in the amount of up to CHF 50,000,000 will be used for refinancing as well as for general corporate purposes.

In accordance with article 43 of the Listing Rules of the SIX Swiss Exchange (the "**SIX Listing Rules**") Niederer Kraft Frey AG, Zurich was appointed by the Issuer as representative to lodge the listing application with regard to the Shares and the formal listing of the conditional capital.

**General**

This document does not constitute an offer of securities for sale in any jurisdiction. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes must inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction.

**United States of America and U.S. Persons**

The Issuer has represented and agreed that it has not made and will not make any application for listing the Shares on an exchange outside Switzerland.

The Shares have not been and will not be registered under the United States Securities Act of 1933 Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act.

This document does not constitute an offer of securities for sale in the United States or for sale to U.S. investors. This document shall not be sent to any person in the United States nor shall this document be forwarded to any such person.

Accordingly, neither the Issuer nor any persons advising the Issuer or acting on its behalf have engaged or will engage in any "directed selling efforts" in the United States with respect to the Shares.

**United Kingdom**

In the United Kingdom, this Prospectus is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this Prospectus and should not act or rely on it.

**European Economic Area**

This Prospectus is not a prospectus for the purposes of the EU Prospectus Regulation and has not been approved by any competent authority in the EEA. In any EEA Member State, this communication is only addressed to and is only directed at "qualified investors" in that Member State within the meaning of the Prospectus Regulation.

**Other Jurisdictions**

Applicable laws may restrict the distribution of this Prospectus in certain other jurisdictions. Persons into whose possession this Prospectus comes must inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction.

*An investment in the Bonds to be issued in the offering involves a high degree of risk. You should carefully consider the following risk factors before purchasing the Bonds. If any of the events described in the risk factors below occur, our margins and results of operations and financial condition could be materially and adversely affected, which in turn could adversely affect our ability to make payments on the Bonds. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, operating results or prospects and may impact our ability to achieve our strategic objectives. In any such case, we may not be able to pay interest or principal on the Bonds when due and you may lose all or part of your investment in the Bonds. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our business, financial condition and results of operation.*

**Material Risks relating to the Issuer**

**Risks related to our industry and business**

**Our business may be adversely impacted by negative developments in the German economy and residential real estate market.**

We are a real estate investor primarily focused on the German residential market. The success of our business is therefore significantly correlated with the development of the residential real estate market, the demand for properties, in particular rented properties, the level of achievable rents and applicable expenses, as well as the achievable purchase and sale prices and market values of properties in Germany. In the last few years, the residential real estate market in Germany, in particular in secondary locations, has experienced a significant increase of rent levels. There is a risk that the residential real estate market will reach a peak in this regard, and consequently, the increase in rent levels will weaken or that rent levels will even decrease in the future. Such developments may also result in decreasing valuations of properties. The German residential real estate market, including the development of rent levels and real estate prices, is also affected by overall economic conditions in Germany (and Europe generally). For example, economic contraction, economic uncertainty and the perception by tenants of weak or weakening economic conditions, demographic developments and the real income of individuals, including as a result of the COVID-19 pandemic, could cause a decline in the demand for real estate and thereby influence market prices, rent levels and vacancy rates in the residential real estate market, which could have a material adverse effect on our business, financial condition and result of operations. Please see also "Our business and results of operations may be adversely affected by the COVID-19 pandemic or similar outbreaks". In addition, the levels of investment in real estate may also be influenced by macroeconomic factors such as unemployment rates, demographic developments, inflation, interest rates, the real income levels of individuals, increases in taxes or perceived or actual declines in corporate investments and capital expenditure. In particular, a rise in interest rates in Europe could have an adverse effect on the residential real estate market in Germany. Among other things, a rise in interest rates could lead to higher discount rates, which could have an adverse effect on the valuation of our portfolio. Higher interest rates could also result more generally in reduced demand for real estate, making it harder to sell properties. Please see also "We may be adversely affected by changes in interest rates or inflation".

Additionally, commercial units accounted for approximately 3.5% of our portfolio as of 31 December 2022. A commercial tenant's ability to refinance its existing and/or future financial liabilities at previous levels could be adversely affected by an unfavorable change in interest rates, which, in turn, could have a negative impact on the tenant's ability to meet its payment obligations under lease agreements entered into with us.

The continuing uncertainty regarding the development of the global economy may result in economic instability, limited access to debt and equity financing and possible defaults by our counterparties.

The materialization of any of these risks could have material adverse effects on our business, financial condition and results of operations.

**We may be adversely affected by changes in interest rates or inflation**

The value of our properties may be materially adversely affected by actual or expected changes in interest rates, in particular mortgage interest rates, and/or inflation. After a steep increase in the last few months, interest rates in Germany and Switzerland are currently at medium levels. Inflation rates have been at very high levels for some time which could lead to further interest rates increases by the central banks. Hence it is possible that interest rates for real estate financing in Germany and elsewhere will further increase significantly in the future. Any such development could negatively affect the capacity of investors to finance investments in real estate and this in turn could depress demand for and market prices in particular of investment properties. This could have material adverse effects on the valuation of our property portfolio. Moreover, current and/or future inflation may erode the real value of rental income, in particular from long-term rental agreements that are not fully or effectively indexed to inflation, and, to the extent our costs are exposed to inflationary pressure, the profit generated from such investment properties, which all may have a material adverse effect on our business, assets and liabilities, financial condition and results of operations.

**Our business and results of operations may be adversely affected by the COVID-19 pandemic or similar outbreaks.**

The global spread of COVID-19 has created significant macroeconomic uncertainty, volatility and disruption. In response, many governments found themselves having to implement policies intended to stop or slow the further spread of the disease, such as lockdowns, or restricted movement guidelines. As a result of the COVID-19 pandemic or future similar outbreaks or adverse public health developments or measures imposed to contain such outbreaks and their effects, our business operations may be materially adversely affected.

Future government measures may dampen transaction activity on the German real estate market in general. As the recessive consequences of the COVID-19 pandemic could also affect general risk assessment within the economy as well as interest rate development, there might also be negative impacts on real estate valuations caused by factors such as the higher interest rate base as well as changes to assumptions concerning market rents, vacancy periods and lease terms. In addition, our Group's business, financial condition and results of operations could be materially adversely affected to the extent that the COVID-19 or any other epidemic or outbreak harms the international economy in general.

The extent to which the COVID-19 or similar outbreak impacts our business, financial condition and results of operations depends on various factors and is inherently difficult to predict. As a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic remains highly uncertain and subject to change. To the extent that the COVID-19 pandemic or a similar outbreak adversely affect our business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this section.

**The loss of rent, rent reductions, higher vacancy rates, and the inability to charge economically reasonable rents could have a detrimental effect on our revenues, earnings and portfolio valuation.**

Our business success significantly depends on our ability to maintain and increase rental income and to reduce vacancy rates in our rental properties through our real estate management activities. This involves various risks. As of 31 December 2022, the occupancy rate of the apartments in our portfolio was 93.1%.

We expect and rely to a certain extent on a future decrease of such vacancy rates and coverage of transferable service charges and proportional administrative costs closely tied to the vacancy rates. However, there can be no assurance that such reduction in vacancy rates will actually be achieved. Low demand for housing at a particular location or in general, as a result of economic, social or other conditions, may lead to higher vacancy rates and subsequently lower gross rental income. Vacancies also occur when residential units cannot be rented out because they need to be refurbished. Please see also "We may be required to incur maintenance, renovation and modernization costs, and any failure or inability to undertake such measures could have an adverse effect on our rental income." Low demand for housing could also force us to lease our residential units on less favorable terms, or to tenants who pose greater risks in terms of rent defaults due to reduced creditworthiness.

The amount of rental income we are able to generate and our ability to increase rents depends on several factors. These factors include the regional offer and demand for residential properties, the local market rent, the ground plan, condition and location of the apartment, infrastructure, renovation and modernization measures undertaken and their scope, and tenant structure and tenant turnover. Even if increased maintenance costs would merit higher rents, we may be limited in our ability to increase such rents.

Moreover, in setting the rent levels for residential properties, we are subject to the German landlord-tenant law restrictions, which have become increasingly rigorous. German residential landlord tenant law (*Wohnraummietrecht*) is considered to be tenant friendly in many respects, including limits on the amount of rent chargeable. The rent control (*Mietpreisbremse*) stipulates that the rent may not exceed the local comparative rent by a maximum of 10% in case of new lettings of residential units in areas designated as a tight residential rental market. However, the rent control only applies if the federal states have implemented ordinances designating areas as tight residential rental market. As of the date of these Risk Factors, the rent control entered into force in designated municipalities of most of the 16 German federal states and may enter into force in additional German federal states in the future. However, we have only a very limited number of apartments in the designated municipalities. Additionally, there can be no assurance that federal states in which the rent control (*Mietpreisbremse*) has already been applied will refrain from an expansion of the geographic coverage of the capping limit.

The loss of rent, rent reductions, higher vacancy rates, and the inability to charge economically reasonable rents (including but not limited to the rent control (Mietpreisbremse) could have a material adverse effect on our business, financial condition and results of operations.

**We may not be able to sell or dispose of properties at acceptable prices, on acceptable terms or at all.**

In the past, we have sold properties in part or in full in the course of portfolio alignments and we may continue to do so in the future. There can however be no assurance that we will be able to consummate sales of properties within expected timelines or at all. In addition, the value and price of property sales are influenced by a number of factors, e.g., including general economic conditions, asset class and quality, interest rates, inflation expectations, investor yield requirements, available financing and competitive dynamics. There may be significant shortfall between the fair value of the property and the price at which we can sell such property. In addition, we may be exposed to the risk of accelerated or forced sales if, among other things, competition authorities require divestments or disposals in connection with an acquisition. Our inability to sell properties at acceptable prices, or any such shortfall, delay or restriction could have an adverse effect on our business, financial conditions, prospects and results of operations.

**We may be required to incur maintenance, renovation and modernization costs, and any failure or inability to undertake such measures could have an adverse effect on our rental income.**

Apart from planned modernization measures to lower vacancy rates, we, as a property owner, may be required from time to time to incur costs to undertake various maintenance, renovation and modernization measures to meet changing legal, environmental or market requirements, particularly with regard to health and safety requirements and fire protection. The costs of maintenance and upkeep of a property are typically borne primarily by the property owner. Pursuant to German law, these maintenance, renovation and modernization costs can only be passed on to the tenant to a limited extent, at least if agreed by way of standardized contractual conditions and business terms. Therefore, we may be burdened with substantial expenses for such measures. In particular, we may incur additional expenses if the actual costs of maintaining or modernizing properties exceed our estimates (e,g, due to inflation), if we are not permitted to increase rents in connection with or following maintenance, renovation and modernization measures, or if hidden defects not covered by insurance or contractual warranties are discovered during the maintenance, renovation or modernization process.

Furthermore, maintenance, renovation and modernization measures may be the subject of construction delays during periods of inclement weather or if the contractual partners commissioned with the work do complete their work in a timely manner or cannot complete their work due to insolvency. Our contractors may also fail to meet our standards. In particular, non-compliance of our contractors with health, safety and environmental regulations, labor laws (in particular with respect to the common issue of illegal employment (*Schwarzarbeit*) and minimum wage (*Mindestlohn*) compliance) and other applicable laws and regulations could render us liable in respect of these obligations. If any of these third parties fail to provide its services in a timely and/or adequate manner, we may be required to source these services or materials at a higher price than anticipated and may face material delays. Any of these events could negatively affect our profitability and cash position, as we might not be able to fully pass on any increased costs to our tenants. Maintenance, renovation and modernization measures may also lead to properties remaining vacant, at least temporarily, thereby leading to decreased rental income for us, especially if such measures take longer than expected.

**We may not be able to let properties due to contamination, may have to remove contaminants or may face damage claims by acquirers of contaminated properties.**

Certain of the properties acquired as part of the Properties are listed in a register for contaminated sites (*Altlastenkataster*). There can be no assurance that we will be able to remove such contamination, for example by adopting and executing a remediation planning (Sanierungsplanung). In addition, there can be no assurance that properties owned or acquired or sold by us are or were not contaminated by harmful soil and other pollutants and/or by the legacies of war (the latter including, in particular, bombs, grenades, or other explosives from the Second World War). Contamination and other soil-related risks may reduce real estate values and may make it more difficult or even impossible to let or sell the property.

Furthermore, contamination can cause damages and lead to other warranty claims by the acquirer of a property. Responsibility for contamination affects the party causing the contamination, its legal successors, the current and the former owner of the contaminated land as well as the person having the plot of land in actual possession and individuals or legal entities liable under commercial law or company law for a legal entity, which owns contaminated land. The discovery of residual pollution or wartime ordnance, particularly in connection with the lease or sale of properties, may trigger claims for rent or purchase price reductions, damages and breach of warranty claims, or lease terminations. The remediation of any pollution or wartime ordnance and related additional measures may negatively affect us and involve considerable additional costs. We are also exposed to the risk that we may no longer be able to take recourse against the polluter or the previous owners of the properties.

Additionally, it cannot be ruled out that real estate owned by us may be contaminated with hazardous materials, e.g. asbestos or other pollutants. Except in the event of structural alterations, there is generally no obligation to remove non-friable asbestos under currently applicable German federal state asbestos regulations (*Asbest-Richtlinie).* Nevertheless, the real estate owner may, under certain conditions, be required to remove non-friable asbestos. We bear the risk of cost-intensive remediation and removal of such hazardous materials, other residual pollution or ground contamination.

The incurrence of unforeseen costs to remove or dispose of substances or hazardous materials or to remediate environmental contamination or other environmental liabilities could have a material adverse effect on our business, financial condition and results of operations.

**Our profitability could suffer if operating, energy, and other costs related to the management and maintenance of our residential real estate portfolio increase.**

In managing and maintaining our residential property holdings, we are subject to the risk that operating, energy and other costs associated with our properties could rise - as we currently see with regard to higher inflation rate and higher energy costs - and that such costs cannot or can only in part be transferred to tenants. This can be triggered - as mentioned - by a rise in the inflation rate, higher energy prices, as well as, for example, by higher land taxes and other statutory contributions, changes in laws, regulations, and government measures (including those concerning health and safety as well as environmental protection), an increase in insurance premiums or an increase in maintenance costs or capital expenditure for properties. Each of the aforementioned factors could reduce our profitability in the absence of a simultaneous rise in rental income or reimbursements of operating costs and service charges by tenants, or due to exhausted net rent potential.

This in turn could negatively affect our business and have material adverse effects on our business, financial condition and results of operations.

**Valuation reports, including the valuation reports contained in the Annual Reports of the Issuer, may incorrectly assess the value of our property, and we may be required to adjust the current fair value of our investment properties, which could result in the recognition of losses.**

The reports on the fair value of our real estate portfolio (the "**Valuation Reports**") were prepared by the independent, external appraisers named therein. The Valuation Reports are based on standard valuation principles and represent the opinion of the respective appraisers who prepared the Valuation Reports. The Valuation Reports are based on various assumptions that could subsequently turn out to be incorrect. In addition, the valuation of real estate is based on a multitude of factors, such as the current contractual letting status, the physical condition of the portfolio, the general market environment, interest rates, the creditworthiness of tenants, conditions in the rental market and the development of individual locations. The valuation of properties contained in the Valuation Reports are therefore subject to numerous uncertainties. Accordingly, the valuations may not accurately reflect the value of the property to which they relate and do not necessarily represent current or future sales prices that we would be able to realize on the sale of our properties.

Our investment properties (i.e., properties held for the purpose of rental income generation or capital appreciation and not for proprietary use or sale in the ordinary course of business) are measured at fair value in accordance with IAS 40 in conjunction with IFRS 13, with changes in the fair value recognized in Change in fair value of investment properties in the consolidated income statement. The fair values of our investment properties are determined based on the discounted cash flow method. The method includes determinants that are subject to uncertainties as they reflect, among others, the current market assessment, location, condition and letting situation of the property, the yield expectations of a potential investor and the level of uncertainty and inherent risk of the forecast future cash flows. Any deterioration of the fair value of our properties could require us to recognize a loss in the consolidated income statement and could have a material adverse effect on our financial position and results of operations.

Furthermore, a change in the factors underlying the valuation and/or the assumptions could cause the fair value determined for the relevant valuation date to fall below the carrying amount of a property, which would result in a fair value loss. For example, the discount rate applied for the discounted cash flow method could increase if interest rates further increase or if the German residential real estate market becomes less attractive. As a consequence, we would have to revise the value of our portfolio to reflect the decrease of the fair value of our properties and would be required to recognize the negative change in value as a non-cash loss in the relevant accounting period.

Due to the risks described above, erroneous valuations of our portfolio or a change in the factors underlying the valuation and/or the assumptions could have a material adverse effect on our business, financial condition or results of operations.

**We could be subject to liability claims in connection with sold properties.**

We have sold over four hundred condominiums as well as approximately 170 investment properties in the recent approximately 3 years in the course of portfolio alignments and may continue to sell investment properties, from time to time, in the future. In connection with property sales, the seller sometimes provides the buyer with various representations, warranties and covenants with respect to certain characteristics of the sold property, for which a seller may remain liable for a period of time following the sale. We could be subject to claims for damages from purchasers, who assert that we have failed to satisfy our obligations pursuant to such covenants, or that our representations and warranties were incorrect. For example, if we, as seller, provided warranties to a purchaser of properties in connection with maintenance, renovation and modernization measures, and claims are asserted against us because of defects, we may not have recourse against the companies that performed the work.

As a seller of properties, we may also be liable to tenants for breaches of lease agreements by the purchaser, even where we no longer have control over the respective property. When selling properties, we must typically inform all tenants in writing of the change of the landlord, either alone or together with the purchaser, in order to be released from ongoing obligations. A release from liability does not apply to security deposits (*Mietsicherheiten*) provided by the tenants. If a tenant is unable to receive its security deposit from the purchaser of a property, the liability to repay such security deposit remains with us as the seller.

**We are exposed to risks related to natural disasters and risks resulting from acts of terrorism or vandalism affecting our properties.**

Our properties are exposed to risks relating to natural disasters and acts of terrorism or vandalism. Disastrous natural events, such as storms, floods, fires, earthquakes or terrorist incidents in locations where our properties are located may result in damage to our property portfolio and increase costs for site reparations and lower property values. In particular, such natural disasters as well as certain acts of terrorism or vandalism may cause structural damage to existing groundwork, infrastructure or construction, thereby leading to additional costs for us that may not be, in whole or in part, covered by our insurance policies and could have an adverse effect on our business, financial condition and results of operations.

**Risks related to regulatory, legal and tax matters**

**We may be adversely affected by changes to the general regulatory environment in Germany.**

Our business is subject to the general legal and regulatory framework that applies to residential real estate properties, and lease agreements for such properties, as well as special provisions of other laws, such as construction and construction planning laws, building codes and environmental laws and safety regulations, including fire protection. If federal or state laws or the interpretation or the application thereof change, this could force us to change the way we conduct our business, including our ability to let, use or liquidate the properties. As a result of such changes, we may also be required to incur significant additional expenses in order to comply with more restrictive laws or regulations. Furthermore, European and national legislators or regulators could subject our business to additional regulatory obligations and restrictions. Consequently, any changes to the general regulatory environment in Germany could have a material adverse effect on our business, financial condition and results of operations.

**In the event that contract clauses prove to be invalid, the use of standardized contracts could lead to claims against us from numerous contracts, to a loss of receivables, or to increased expenses.**

Our business activities entail contractual relationships with a large number of partners (mostly tenants). We use standardized documents and leases in this context. A lack of clarity or any errors in these model contracts could therefore impact numerous contractual relationships. Changes in the legal environment affecting existing contracts could also impact numerous contractual relationships. Moreover, contracts seemingly signed as individual agreements could be considered general terms and conditions of business and, if violations of the applicable regulations were to occur, could be invalid or eligible for termination. Such developments could result in us being forced to bear costs we previously considered allocable, or could subject us to large claims or cause us to suffer a loss of receivables.

The occurrence of any of these risks could have a material adverse effect on our business, financial conditions and results of operation.

**We are subject to risks from legal and other proceedings.**

In the ordinary course of our business, we may, from time to time, become involved in various claims, lawsuits, investigations, arbitration or administrative proceedings, which may involve substantial claims for damages or other payments. Such lawsuits, investigations or proceedings may arise, in particular, from our relationships with investors, tenants, employees, third-party facility managers, building contractors and other contractual counterparties as well as public authorities, including tax authorities. Adverse judgments or determinations in such lawsuits, investigations or proceedings may require us to change the way we do business or use substantial resources in adhering to settlements or pay fines or other penalties. In addition, the costs related to such proceedings may be significant and, even if there is a positive outcome, we may still have to bear part or all of our advisory and other costs to the extent they are not reimbursable by other parties. The realization of any of these risks could have a material adverse effect on our business, results of operations and financial condition.

**Taxable capital gains arising out of the sale of real estate may not be completely offset by the tax transfer of built-in gains.**

Under the German Income Tax Act (*Einkommensteuergesetz*), a tax-neutral transfer of built-in gains (*stille Reserven*) to newly acquired or constructed real estate is possible under certain circumstances for a disposal of real estate, for newly acquired or established real estate within a certain period (Section 6b German Income Tax Act (*Einkommensteuergesetz*)). The taxable capital gains realized upon sale of the real estate may either be deducted from the tax base of the new real estate in the same financial year or by forming a reserve ("*6b Reserve*") and, for a later deduction in tax costs relating to acquisitions or production, using it to reduce the tax base of new real estate acquired or constructed in the near future. If a 6b Reserve is not utilized within four years (or, under certain conditions, within six years), it generally must be dissolved, thereby increasing the taxable income. In addition, in such an event, the taxable income is increased by 6% for each full financial year for which the 6b Reserve existed. As of 31 December 2022, we have not formed or recorded any 6b Reserves in the balance sheet.

In the ordinary course of its business, we acquired and disposed properties in our portfolio and may continue to do so in the future. These transactions are generally taxable for income tax purposes. However, subject to certain requirements, this capital gain can be rolled over in an income tax-neutral way according to Section 6b of the German Income Tax Act (*Einkommensteuergesetz*). We believe that built-in gains in sufficient amounts can be transferred in order to be able to offset capital gains that arose from property disposals in the past. However, if these assumptions turn out to be inaccurate or if the competent tax authorities determine otherwise, we may not be able to roll over capital gains arising out of property sales in an income-tax-neutral manner, which could have material adverse effects on our business, financial condition, cash flow and results of operations.

**Due to restrictions on the deduction of interest expense or forfeiture of interest carry forwards under German tax laws, we may be unable to fully deduct interest expenses on our financial liabilities.**

Interest payments may not be fully deductible for tax purposes, which could adversely affect our financial condition and results of operation. Subject to certain requirements, the German interest barrier rules (*Zinsschranke*) impose certain restrictions on the deductibility of interest for tax purposes. Since 2008, the German interest barrier rules (*Zinsschranke*) in general have disallowed the deduction of net interest expense exceeding 30% of tax adjusted EBITDA. For purposes of the interest barrier rules, all businesses belonging to the same tax group (*Organschaft*) for corporate income and trade tax purposes are treated as one single business. Such consolidation is, inter alia, relevant for the calculation of the tax adjusted EBITDA.

There are certain exemptions from the restrictions of the German interest barrier rules (*Zinsschranke*) allowing for a tax deduction of the entire annual interest expense, which, however, may not be available to us. To the extent our net interest expense exceeds 30% of our tax adjusted EBITDA in any given year, we may therefore not be able to deduct the excess in our net interest expense in calculating our taxable earnings for the relevant year. This may have an adverse effect on our liquidity and financial condition and on our ability to meet our obligations under our indebtedness.

Any non-deductible amount of interest expense exceeding the threshold of 30% is carried forward and may, subject to the interest barrier rules, be deductible in future financial years. In the past, our interest expense was not entirely deductible. Accordingly, we currently have an interest carry forward (*Zinsvortrag*) from previous years. An interest carry forward (*Zinsschranke*) may be forfeited in part or in full in connection with certain measures, such as a change of the ownership structure as described in the preceding risk factor "—Due to the forfeiture of loss carry forwards under German tax laws, we may be unable to use loss carry forwards to set off future gains". Such forfeiture may have a material adverse effect on our margins and results of operations and financial condition.

**Risks related to our structure and financial position**

**Our leverage and debt service obligations may make it difficult for us to operate our business.**

We currently have and will continue to have a substantial amount of outstanding debt with significant debt service requirements. Our Net Debt as of 31 December 2022 amounted to CHF 1,442.125 million (excluding lease liabilities as well as market value of derivatives financial instruments). Our ability to fund working capital, capital expenditures and other expenses will depend on our future operating performance and ability to generate sufficient cash. Our significant leverage could have important consequences for our business and operations, including:

- making it more difficult for us to satisfy our obligations under our financing arrangements;
- increasing our vulnerability to a downturn in our business or general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt and reducing the availability of our cash flow to fund internal growth through capital expenditures and for other general corporate purposes;

- placing us at a competitive disadvantage compared to our competitors that have lower leverage or greater access to capital resources than we have;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- negatively impacting credit terms with our creditors;
- restricting us from exploiting acquisitions or certain business opportunities;
- increasing our exposure to interest rate increases because some of our indebtedness bears a floating rate of interest; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional capital.

Any of the above-listed factors could materially adversely affect our results of operations, financial condition and cash flows.

**We are subject to significant debt covenants, which limit our operating flexibility and, if we default under our debt covenants, we will not be able to meet our payment obligations.**

In each case subject to certain exceptions, the terms and conditions governing our other financing arrangements contain covenants, which may impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions and repayment or redemption of share capital;
- make certain investments or acquisitions, including participating in joint ventures;
- make loans or extend credit;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliated persons;
- enter into arrangements that restrict payments of dividends to us;
- sell assets, consolidate or merge with or into other companies, change our legal form, enter into corporate reconstruction;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- create or incur certain liens;
- issue or sell share capital;
- sell and acquire real property; and
- enter into treasury transactions.

These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. These covenants and restrictions may also limit our ability to ensure compliance with certain loan-to-value ratio requirements provided for in certain existing financing arrangements following a decline of the value of underlying assets, which may significantly limit our operating flexibility. Furthermore, if we breach any of these covenants or restrictions, we could be in default under our other existing or future financing arrangements, which in turn may trigger cross-defaults between any financing agreements. If repayment obligations under our material financing arrangements that we entered into were to be accelerated, our assets may be insufficient to service our debt.

**Risks related to the Bonds**

Capitalized terms have the meaning as given to them in the Terms of the Bonds.

**The Issuer is mainly a holding company that has no or very limited revenue generating operations of its own and is dependent on cash from its respective subsidiaries to be able to make payments on the Bonds.**

A material part of the assets of the Issuer are shares in its consolidated subsidiaries, which in turn hold most of the consolidated assets of the group (excluding the assets of the Issuer). As a result, the Issuer is mainly a holding company with no or very limited revenue generating business operations. Accordingly, the Issuer will be dependent upon cash flows from its respective subsidiaries or affiliated companies in the form of intercompany loans, dividends or other distributions or payments to meet its obligations, including its obligations under the Bonds. The amounts available to make dividends, distributions and payments under intercompany loans will depend on the cash flows of the respective subsidiaries of the Issuer and the ability of each of these subsidiaries to declare dividends or other distributions, to make payments under intercompany loans or to make loans under applicable law. The Issuer's subsidiaries, however, may not be able to, or may not be permitted under applicable law to, pay dividends, make distributions or advance loans to the Issuer to make payments in respect of their obligations, including under the Bonds.

Furthermore, various agreements governing our indebtedness may restrict the ability of our subsidiaries to move cash within the restricted group. Applicable laws may also subject such payments to further taxation or limit the amounts that certain of our subsidiaries will be permitted to pay as dividends or distributions on their equity instruments, or prohibit such payments entirely. Any limitation or prohibition on the Issuer's subsidiaries' ability to make cash available to the Issuer could have a material adverse effect on our ability to make payments on the Bonds.

**The Issuer's share denomination may not be reduced as proposed to the ordinary shareholder meeting.**

As announced in the media release of 21 March 2022, the Issuer's Board of Directors will propose to the ordinary meeting of Shareholders to be held on May 24, 2023 (the "**Meeting**") an adjustment of the nominal value per Share from CHF 30.00 to CHF 1.00. If the Meeting does not approve this agenda item (a qualifying majority requirement applies), there will be no physical settlement (delivery of Shares) in the event of a conversion of Bonds, but a cash settlement (payment of a cash amount) instead. Depending on the share price of the Share at the time of conversion and the amount of Bonds converted such cash settlement may have a material adverse effect on our financial condition and liquidity situation and therefore, the Issuer may not be able to make payments in respect of their obligations in case of a cash settlement. Please see also "The Issuer is mainly a holding company that has no or very limited revenue generating operations of its own and is dependent on cash from its respective subsidiaries to be able to make payments on the Bonds."

**An active trading market may not develop for the Bonds, in which case you may not be able to sell the Bonds.**

Prior to the offering, there has been no public market for the Bonds. Application will be made for listing and trading of the Bonds according to the Standard for Bonds on the SIX Swiss Exchange. The Issuer cannot guarantee that the application we will make for the Bonds to be listed and admitted to trading will be approved, and settlement of the Bonds is not conditionial upon obtaining this admission to trading. The Issuer cannot be certain that an active and liquid trading market for the Bonds will develop or be sustained. The liquidity of any market will depend, among other things, upon the number of holders, the market for similar securities, and the interest of securities dealers in making a market in the Bonds. In addition, changes in the overall market for high yield securities and changes in our financial performance or in the markets where we operate may adversely affect the liquidity of the trading market in the Bonds.

Even if an active trading market does develop, no one is required to maintain its liquidity. The liquidity for the Bonds can be expected to vary with changes in market and economic conditions, the Issuer's financial condition and prospects and other factors that generally influence the market of securities. Indeed, Holders may not be able to sell their Bonds at the offer price, a higher price or at all. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at all. In addition, a Holder's effective yield on the Bonds may be diminished by the tax impact on that Holder of its investment in the Bonds.

**The market for and price of the Bonds may be volatile**

The trading price of the Bonds is highly dependent on the price development of the Shares. Hence, the sharper the Share price falls below the Conversion Price and the shorter the time to the Maturity Date, the greater the risk of a corresponding decline in the trading price of the Bonds.

Furthermore, the trading prices of the Bonds may be subject to fluctuations in response to numerous factors including, but not limited to, variations in the periodic financial and operating results of the Group, changes in investor perceptions of the Group, the depth and liquidity of the market for the Bonds and changes in actual or forecasted global or regional economic conditions and interest and currency rate fluctuations. In addition, the global securities markets have from time to time experienced extreme price and volume fluctuations. Developments in and changes to securities analyst recommendations regarding the markets in which the Group is active may also influence and introduce volatility to the price of the Bonds in the market. Any such broad market fluctuations may adversely affect the trading price of the Bonds.

**Transfer of the Bonds will be restricted, which may adversely affect the value of the Bonds.**

Because the Bonds have not been, and are not required to be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit your ability to resell the Bonds in the secondary market, which may affect the value of the Bonds.

**The insolvency laws of Switzerland may not be as favorable to holders of Bonds as insolvency laws of other jurisdictions with which you may be familiar.**

The Issuer is organized under the laws of Switzerland and headquartered in Switzerland. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Swiss insolvency laws. The insolvency laws of Switzerland may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar, including aspects such as the priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, which may take several years. Thus, your ability to recover payments due on the Bonds may be limited to an extent exceeding the limitations arising under other insolvency laws.

Further, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. For example, pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the "**EU Insolvency Regulation**"), "the courts of the member state within the territory of which the center of a debtor's main interests is situated" have jurisdiction to open insolvency proceedings. The "center of main interests" is defined as "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties". Pursuant to Article 3(1) of the EU Insolvency Regulation, there is a rebuttable presumption that the center of main interests of a company or legal person is presumed to be located in the Member State of the registered office. However, the question where a debtor has its "center of main interest" is a factual question that may not in all cases be determined with certainty. In addition, a debtor may change its "center of main interest".

**Changes in respect of the public debt ratings of the Issuer may materially and adversely affect the availability, the cost and the terms and conditions of our debt.**

The Issuer will be, and any of our future debt instruments may be, publicly rated by the independent rating agencies Moody's, Standard & Poor's and/or Fitch. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. These public debt ratings affect our ability to raise debt. A negative change, or an indication of a possible negative change, in our ratings could have an adverse effect on the trading and market price of the Bonds. Any future downgrading of the Bonds or any other debt instruments we may have at such time by Moody's, Standard & Poor's and Fitch may affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Bonds.

**You may face foreign exchange risks or adverse tax consequences by investing in the Bonds.**

The Bonds will be denominated and payable in CHF. If you measure your investment returns by reference to a currency other than the currency in which the Bonds are denominated, an investment in the Bonds will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure the return on your investments, because of economic, political and other factors over which we have no control. Depreciation of the CHF against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to you when the return on the Bonds is translated into the currency by reference to which you measure the return on your investments.

Investment in the Bonds may also have important tax consequences as a result of any foreign currency exchange gains or losses.

**Market for and the price of the Shares may be highly volatile**

The market for and the price of the Shares may be highly volatile and may be negatively affected by events involving the Group, the Group's competitors, or the financial markets in general, and the residential real estate industry in particular. Factors that could cause this volatility in the market price of the Shares include, but are not limited to:

- actual or anticipated fluctuations in the Group's results of operations or financial condition;
- market expectations for the Group's financial performance;
- differences between the Group's actual or projected financial or operating results and those expected by investors and analysts;
- the entrance of new competitors in the Group's markets;
- actual or anticipated sales of the Shares;
- the liquidity of the market for the Shares;
- new laws or regulations or changes in interpretations of existing laws and regulations affecting the Group's business;
- general market and economic conditions;
- local market conditions.

The trading market for the Shares will also be influenced by research and reports that industry or securities analysts may publish about the Group or the Group's business. If one or more of these analysts ceases coverage of the Shares or fails to publish reports on the Group regularly, the Group could lose visibility in the financial markets, which in turn could cause the Share price or trading volume to decline. Moreover, if one or more of the analysts who cover the Group downgrades the Shares, or if the Group's operating results do not meet their expectations, the Share price could decline.

In addition, security markets in general have, from time to time, experienced significant price and volume fluctuations. Such fluctuations, as well as the economic situation of the financial markets as a whole, can have a substantial negative effect on the market price of the Shares, regardless of the operating results or the financial position of the Group. Any such market fluctuations may adversely affect the trading price of the Shares. No assurance can be given that the public trading market price of the Shares will reach or exceed the Conversion Price.

**Anti-dilution protection is limited**

The Conversion Price at which the Bonds may be converted into Shares will be adjusted only in the situations and to the extent provided in the Terms of the Bonds. There is no requirement that there must be an adjustment for every corporate or other event that may affect the value of the conversion rights. Events in respect of which no adjustment must be made may adversely affect the value of the conversion rights and the Bonds. Upon conversion of the Bonds, investors holding Shares may be diluted if the Issuer raises additional capital through the issuance of equity or other securities that are convertible into equity of the Issuer.

**No shareholder rights prior to conversion**

Prior to conversion, an investor in the Bonds will not be a holder of Shares. No Holder (in his capacity as such) will have any right to participate in the shareholders' meeting, any voting rights, rights to receive dividends or other distributions or any other rights with respect to the Shares until such time when his Bonds are converted into Shares and he becomes a shareholder. The Bonds are convertible into Shares at the option of the Holders or mandatorily in accordance with the Terms of the Bonds. In addition, expenses, taxes, stamp, issue, registration, documentary, transfer and other duties may be due by the Holders upon the conversion of a Bonds.

**Sale of shares by major shareholders of the Issuer can depress the Shareshare price and therefore the price of the Bonds**

Should major shareholders of the Issuer sell substantial numbers of Shares of the Issuer held by them or should rumours to this effect circulate, an adverse effect could result from this on the price of the Shares, the price of the Bonds and the ability of the Issuer to raise further capital in the future.

***General information***

**Name, registered office**

Peach Property Group AG, Neptunstrasse 96, 8032 Zurich.

**Incorporation, duration**

Peach Property Group AG was incorporated on 10 June 1999 for an unlimited duration.

**System of law, legal form**

Swiss law; company limited by shares (*Aktiengesellschaft*) according to the Swiss Code of Obligations (article 620 ff. CO).

**Purpose**

According to the entry in the commercial register and art. 2 of the articles of association of the Issuer dated as of 20 May 2022 the purpose of the Issuer is the investment in and the management of domestic and foreign companies in the real estate sector. Furthermore, the Issuer's purpose is to provide services and advice in all areas of real estate in Switzerland and abroad, to plan financing transactions insofar as these are not reserved for statutory credit institutions, to take over and implement such transactions and to act as a financing broker of all kinds. The Issuer may (directly and indirectly) acquire, broker, manage, lease and sell real estate in Switzerland and abroad. Furthermore, the Issuer may establish branches and subsidiaries in Switzerland and abroad, and also undertakes all legal acts which the purpose of the Issuer may entail or which are suitable for promoting its development or that of group companies. It may participate directly or indirectly in group financing, in particular by granting loans to group companies or by providing guarantees, sureties or other security of any kind for their liabilities to third parties, even if such loans or security are in the exclusive interest of the group companies.

**Register**

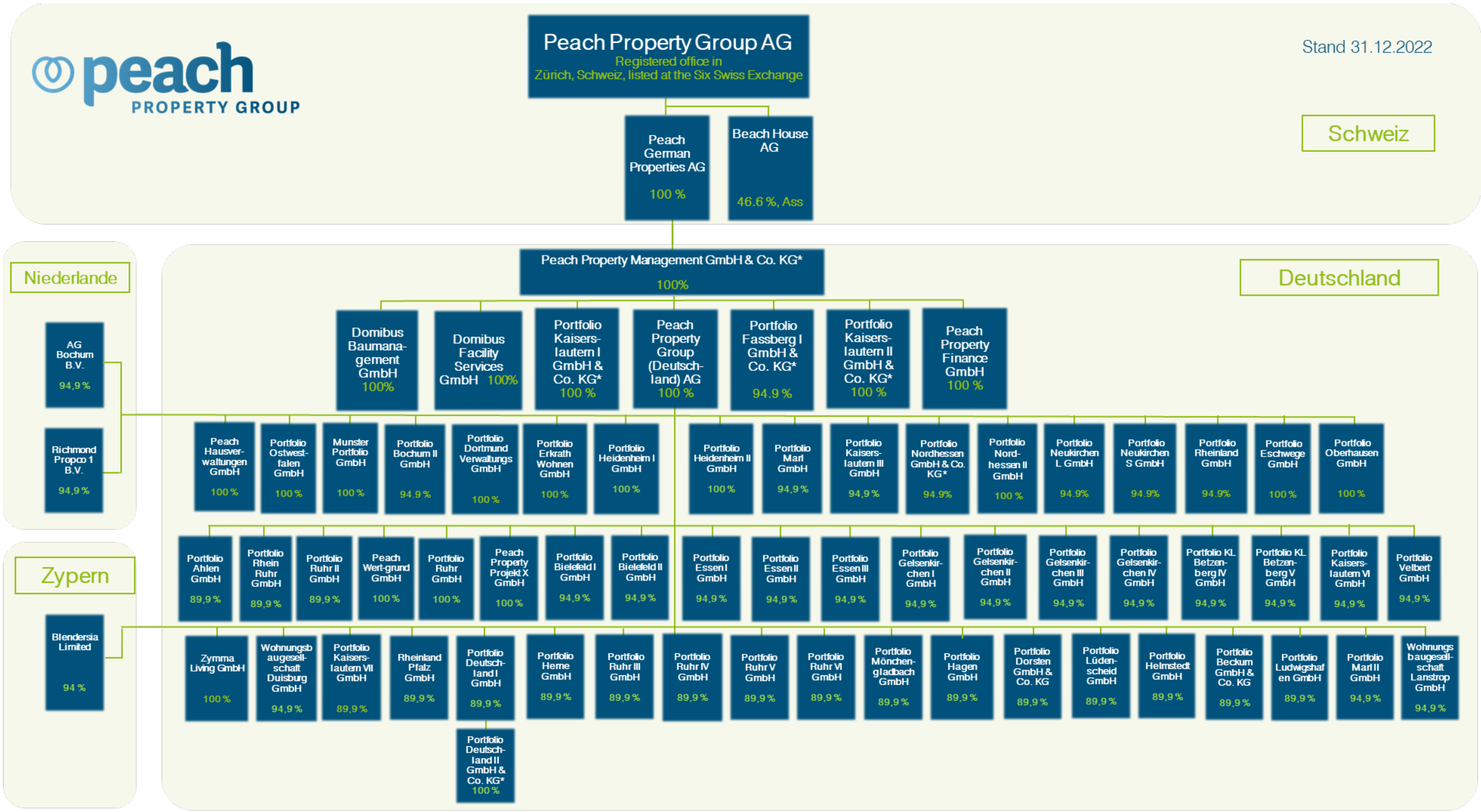
The Issuer is registered in the Commercial Register of the Canton of Zurich with the register number CHE-101.066.456 since 14 June 1999.

**Legal Entity Identifier (LEI)**

506700A49L5C69NZ5J96.

**Group structure**

The following chart represents the structure of Peach Property Group AG and its subsidiaries as of 31 December 2022.




* Die jeweiligen Komplementär-GmbHs zu den GmbH & Co KGs werden aus Gründen der Übersichtlichkeit nicht dargestellt. Dabei handelt es sich um folgende Gesellschaften: PPM Verwaltung GmbH und Peach Portfolio Verwaltung GmbH

All entities are direct or indirect subsidiaries of the Issuer.

***Information on Management and Auditors***

**Board of Directors**

| Name | Role |
|---|---|
| Reto Garzetti | President |
| Peter Bodmer | Member |
| Dr. Christian De Prati | Member |
| Klaus Schmitz | Member |
| Kurt Hardt | Member |

The business address of the Board of Directors is Peach Property Group AG, Neptunstrasse 96, 8032 Zürich.

**Executive Committee**

| Name | Role |
|---|---|
| Dr. Thomas Wolfensberger | CEO |
| Thorsten Arsan | CFO |
| Dr. Andreas Steinbauer | Head of Letting and Sales |

The business address of the executive committee is Peach Property Group AG, Neptunstrasse 96, 8032 Zürich.

**Auditors**

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zürich, is the Issuer's independent statutory auditor according to article 727 ff. of the Swiss Code of Obligations. The auditors are registered with and supervised by the Federal Audit Oversight Authority (*Eidgenössische Revisionsaufsichtsbehörde*). The current registration number is 500003.

***Business***

**Principal Activities**

The Issuer is the parent company of the Peach Group.

The Peach Group is a real estate investor with its investment focus on residential real estate in Germany. Its portfolio comprises high yielding investment properties, typically in German Tier II cities in the commuter belt of metropolitan areas. In addition, Peach Group is developing selected projects to be sold as condominiums. Its services span the entire value chain, from location evaluation and acquisition to active asset management and the rental or sale of its properties. Its tenants and buyers are at the center of its activities. With innovative solutions for modern living needs, Peach Group offers clear added value.

**Patents and licences**

The Issuer's business activity is not dependent on any patents or license agreements.

**Court, Arbitration and Administrative Proceedings**

Save as disclosed in this Prospectus, there are no court, arbitral and administrative proceedings pending against or affecting the Issuer, nor is the Issuer aware of any threatened proceedings, which, in each case, are or might be of material importance to the issuer's assets and liabilities or profits and losses or would materially affect its ability to carry out its obligations under the Shares.

*Capital*

**Capital Structure**

As of the date of this Prospectus, the Issuer's share capital amounts to CHF 506,471,190.00 and is divided into 16,882,373 fully paid registered shares with a nominal value of CHF 30.00 each.

In accordance with article 3a of the articles of association the conditional capital may be used as a) up to an amount of CHF 6,000,000 for the exercise of conversion and/or option rights granted to employees of the Peach Group and as b) up to an amount of CHF 246,000,000 for the exercise of conversion and/or option rights in connection with convertible bonds, warrant bonds, and similar bonds.

The conditional capital is registered in the commercial register and amended in the articles of association retroactively once a year (in accordance with Articles 653f and 653g of the Swiss Code of Obligations).

In accordance with article 3b of the articles of association, the Issuer possesses authorized capital in the amount of CHF 252,000,000, divided into 8,400,000 shares of CHF 30 each. The authorized capital expires on April 30, 2024.

**Outstanding Bonds**

For information on outstanding bonds reference is made to page 36 and 37 of the incorporated by reference Annual Report 2022.

**Own Equity Securities**

As per the date of this Prospectus, the Issuer held 11,183 own registered shares.

***Details of the main business prospects of the Issuer***

For information on main business prospects of the Issuer reference is made to the incorporated by reference press release dated 21 March 2023. It is pointed out that the information on the Issuer's material business prospects is subject to uncertainty.

***Material changes since the most recent annual financial statements***

Other than publicly published there have been no material changes that have occurred in the Issuer's assets and liabilities, financial position and profits and losses since the most recent annual financial statements.

## BUSINESS ACTIVITY

### Overview

The Issuer is the parent company of the Peach Group.

Peach Property Group is a real estate investor with an investment focus on residential real estate in Germany. The Group stands for many years of experience, competence, and quality. Innovative solutions that cater to tenants' needs, strong partnerships, and a broad value chain round off the profile while digitalization and sustainability underpin the operational activities. The portfolio consists of high-yield properties, typically in German Tier II cities in the commuter belt of metropolitan areas. The activities, therefore, span the entire value chain, from location evaluation and acquisition to active asset management and the letting or sale of properties.

In addition, the Group develops selected properties in Switzerland to be sold as condominiums, of which the "Peninsula Wädenswil" development project is the final such development project.

### Portfolio of holdings

For details please refer to pages 13 – 21 of the Annual Report 2022.

### Legal and regulatory proceedings

Neither the Issuer nor any of its Peach Group companies are or have been party to court, arbitration or administrative proceedings in the current financial year which could have a material effect on the financial position and the results of operations of the Peach Group and the Issuer.

### No material negative changes

There have been no material adverse changes in the assets and liabilities, results of operations or financial position of the Issuer, other than as disclosed in this Prospectus, since the publication of Peach Group's Annual Report 2022 which is incorporated by reference into this Prospectus.

## FINANCIAL INFORMATION

Please refer to pages 69 – 174 of the Annual Report 2022 incorporated by reference into this Prospectus.

These terms and conditions (each a "**Condition**" and together the "**Terms of the Bonds**") govern the rights and obligations of Peach Property Group AG, Neptunstrasse 96, 8032 Zurich, Switzerland (the "**Issuer**")and of each holder of Bonds (a "**Holder**", collectively the "**Holders**") in relation to the Bonds.

**1. Principal Amount / Denomination**

The 3.00 per cent senior unsecured convertible bonds due 2026, Valor 125414806 and ISIN CH1254148062 (the "**Bonds**", and each a "**Bond**") of the Issuer, convertible into registered shares (the "**Shares**", and each a "**Share**") of the Issuer, are issued in the aggregate principal amount of up to CHF 50,000,000, divided into Bonds with denominations of CHF 1,000 each (the "**Principal Amount**").

**2. Form of the Bonds / Custody**

The Bonds and all rights in connection therewith shall be evidenced by a permanent global certificate (the "**Permanent Global Certificate**") (*Globalurkunde*) in accordance with article 973b of the Swiss Code of Obligations, validly signed by the Issuer. Each Holder shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Certificate. The Permanent Global Certificate shall be deposited with SIX SIS Ltd. or another intermediary (the "**Intermediary**") within the meaning of the Swiss Federal Intermediated Securities Act of 3 October 2008 (*FISA*; *Bucheffektengesetz*) ("**FISA**") to create intermediated securities (*Bucheffekten*) in accordance with the FISA. This suspends the Holders' co-ownership interests and gives them the rights under the FISA. The securities accounts maintained by an intermediary in accordance with the provisions of the FISA will determine the number of Bonds a participant holds with the relevant intermediary. The conversion of the Permanent Global Certificate into individual certificates (*Einzelurkunden)* or into uncertificated securities (*Wertrechte*) and the right to issue and deliver individually certificated securities are excluded during the entire term of the Bonds.

The term "**Bonds**" as used in these Terms of the Bonds shall apply to the rights to intermediated securities to which Holders are entitled in connection with the crediting of a securities account. The term "**Holder**" shall be deemed to include all persons who are entitled to intermediated securities in respect of the Bonds.

**3. Interest**

The Bonds bear interest from 17 April 2023 (the "**Issue Date**") at the rate of 3.00 per cent per annum of the principal amount thereof payable annually in arrears on 17 April of each year (the "**Interest Payment Date**"), commencing on 17 April 2024 and unless redeemed earlier, ending on 17 April 2026 (the "**Maturity Date**").

The period beginning on the Issue Date and ending on the day preceding the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the day preceding the next Interest Payment Date is called an "**Interest Period**". Interest is computed on the basis of twelve 30-day months of a 360-day year.

Each Bond will cease to bear interest (i) if the Conversion Right with respect to such Bond has been exercised by the respective Holder pursuant to Condition 5.a), from (and including) the Interest Payment Date immediately preceding the Conversion Date (or, if none, the Issue Date), or (ii) in all other circumstances from the end of the calendar day immediately preceding the due date for redemption of such Bond provided that if delivery of the Shares or payment of any amount is improperly withheld or refused when due, such Bond shall, to the extent not redeemed, repaid, or purchased and cancelled, continue to bear interest as provided in these Terms of the Bonds. In such case, interest will accrue until the end of the calendar day immediately preceding the calendar day on which all Shares and/or all sums due in respect of such Bond are received by the Paying and Conversion Agent for delivery and/or payment to the relevant Holder.

**4. Payment / Taxation**

The amounts required for the payment of interest on the Bonds (after deduction, where relevant, of the then applicable Swiss Withholding Tax; *Verrechnungssteuer*), the principal amount of the Bonds and any other payments in cash to be made under these Terms of the Bonds will be made available in good time in freely disposable Swiss francs, which will be placed at the free disposal of the Paying and Conversion Agent in Switzerland. If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sum in relation thereto.

The receipt by the Paying and Conversion Agent of the funds in Swiss francs in Switzerland shall release the Issuer of its obligations under the Bonds to the extent of amounts paid by the Issuer. Upon receipt of the funds in Switzerland, the Paying and Conversion Agent will arrange for payment to the Holders.

The Issuer undertakes that payments to be made under these Terms of the Bonds shall be made in freely disposable Swiss francs without collection cost to the Holders, and unless provided for by applicable law, without any restrictions, and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Holders and without requiring any affidavit or the fulfilment of any other formality.

If, at any time during the life of the Bonds, the Paying and Conversion Agent shall resign or become incapable of acting as Paying and Conversion Agent as contemplated by these Terms of the Bonds or shall be adjudged bankrupt or insolvent, the Paying and Conversion Agent may be substituted by a duly licensed major Swiss bank or branch of a major foreign bank in Switzerland chosen by the Issuer. In the event of such replacement of the Paying and Conversion Agent, all references to the Paying and Conversion Agent shall be deemed to refer to such replacement. Notice of such a replacement shall be published in accordance with Condition 16 hereof.

Payments in respect of the Bonds are subject to applicable taxes and deductions, including the deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*) on interest payments currently levied at the rate of thirty-five (35) per cent.

"**Business Day**" means a day on which commercial banks are open for domestic business and foreign exchange (including dealings in Swiss Francs) in Zurich.

**5. Conversion**

a) Conversion Right, Conversion Period and Conversion Price.

i) Each Holder has the right to convert, in accordance with this Condition 5, each Bond in whole, but not in part, into Shares at the prevailing Conversion Price during the Conversion Period (the "**Conversion Right**"). This Conversion Right may be exercised by a Holder on any Business Day during the Conversion Period by delivery of a Conversion Notice in accordance with and subject to Condition 5.b) i).

ii) The number of Shares to be delivered upon conversion will be determined by dividing the Principal Amount by the Conversion Price prevailing on the Conversion Date (subject to Condition 8), such number of Shares to be rounded down to the next full Share, provided that if more than one Bond is converted pursuant to any one Conversion Notice, the number of Shares to be delivered upon conversion will be determined by dividing the aggregate Principal Amount of the Bonds to which such Conversion Notice applies by the Conversion Price prevailing on the

Conversion Date (subject to Condition 8.1(c)), such number of Shares to be rounded down to the next full Share, all as determined by the Paying and Conversion Agent.

iii) Any remaining fraction of a Share rounded down in accordance with Condition 5 b)ii) will not be delivered and no cash amount for fractions will be paid out on conversion.

iv) A Conversion Right may not be exercised in respect of a Bond where a Holder shall have exercised its right to demand early redemption of such Bond pursuant to Conditions 7.

v) Where a Conversion Right is exercised during a Change of Control Period, the provisions in Condition 9 shall apply.

b) Conversion Procedure

i) Conversion Notices

To exercise the Conversion Right, a Holder must deposit with the Paying and Conversion Agent at its own expense during the Conversion Period a duly completed notice of conversion (the "**Conversion Notice**") in a form satisfactory to the Paying and Conversion Agent together with (failing which such Conversion Notice shall be deemed to be null and void) clearing instructions in a form satisfactory to the Paying and Conversion Agent allowing for the transfer of the relevant Bond(s) through the Intermediary to the Paying and Conversion Agent at the Specified Office and the transfer of the relevant Shares through the Intermediary to the Holder.

By depositing the Conversion Notice, the Holder authorizes the Paying and Conversion Agent to make, in its name and on its behalf, any such declarations to the Issuer as may be required or advisable under applicable law for the purpose of the determination of the number and creation and delivery of the Shares (if any) to be delivered to the Holder pursuant to these Terms of the Bonds upon conversion of its Bonds.

A Conversion Notice, once duly completed and deposited as aforesaid, shall be irrevocable. Each Bond duly transferred for conversion shall be cancelled in its entirety by the Paying and Conversion Agent and, upon the delivery of the relevant Shares or the Cash Settlement Amount (if applicable), shall be considered redeemed.

A Conversion Notice shall be deemed to be deposited on a Business Day if received in a form satisfactory to the Paying and Conversion Agent before 4.00 p.m. CET (or CEST, as applicable) on that Business Day at the Specified Office. Any Conversion Notice deposited after 4.00 p.m. CET (or CEST, as applicable) or on a calendar day which is not a Business Day will be deemed to have been deposited on the next following Business Day.

The "**Notice Date**" in respect of any exercise of the Conversion Right shall be the Business Day (which must fall in the Conversion Period) on which the relevant Conversion Notice has been deposited or is deemed to have been deposited in accordance with this Condition 3.b).i), as determined by the Paying and Conversion Agent.

The Conversion Right will be validly exercised on the Conversion Date in respect of such exercise.

The term "**Conversion Date**" in respect of any exercise of the Conversion Right has the following meaning:

(A) If the relevant Notice Date falls

(I) following the giving of a Delisting Notice; or

(II) during a Change of Control Period; or

(III) following the occurrence of an Event of Default (as defined in Condition 14, "**Conversion Date**" means the first Business Day on which all requirements for the exercise of the Conversion Right specified in Condition 5.b).i) have been fulfilled.

(B) If clause (A) does not apply, and if the relevant Notice Date falls in the period of 15 consecutive days ending on (and including) the last day of the Conversion Period in accordance with clause (i) of the definition of the term "Conversion Period", "**Conversion Date**" means the first Business Day following the last day of the Conversion Period. "**Conversion Period**" means the period during which a Holder may exercise the Conversion Right at its option, such period commencing on (and including) the calendar day falling forty-one (41) calendar days after the Issue Date (or, if the day so determined is not a Business Day, the immediately following Business Day) to (and including) the earlier of

(i) the date falling ten (10) Business Days before the Maturity Date, or

(ii) in case of early redemption of the Bonds pursuant to Condition 5.b), the date falling ten (10) Business Days prior to the date fixed for early redemption;

(C) If clause (A) and clause (B) do not apply, and if the relevant Notice Date falls during the period from (and including) the date on which the Issuer has published the redemption notice in accordance with Condition 7.b).i) or ii) to (and including) the last day of the Conversion Period in accordance with clause (ii) of the definition of the term "Conversion Period", "**Conversion Date**" means the first Business Day following such last day of the Conversion Period.

(D) If clauses (A), (B) and (C) above do not apply, the following applies:

(I) If the relevant Notice Date falls during the period from (and including) 15 December 2023 to 21 December 2023, "**Conversion Date**" means the first Business Day following the last day of such period.

(II) If the relevant Notice Date falls during the period from (and including) 17 June 2024 to 21 June 2024, "**Conversion Date**" means the first Business Day following the last day of such period.

(III) If the relevant Notice Date falls during the period from (and including) 16 December 2024 to 20 December 2024, "**Conversion Date**" means the first Business Day following the last day of such period.

(IV) If the relevant Notice Date falls during the period from (and including) 16 June 2025 to 20 June 2025, "**Conversion Date**" means the first Business Day following the last day of such period.

(V) If the relevant Notice Date falls during the period from (and including) 15 December 2025 to 19 December 2025, "**Conversion Date**" means the first Business Day following the last day of such period.

(VI) If the relevant Notice Date falls during the period from (and including) 30 March 2026 to 3 April 2026, "**Conversion Date**" means the first Business Day following the last day of such period.

ii) Delivery of Shares and payment of Cash Settlement Amount

The Shares to be delivered upon conversion of Bonds in accordance with this Condition 5, if any, will be Shares to be issued from the conditional capital of the Issuer, in each case with the same entitlements as the other outstanding Shares as at the relevant Conversion Date (or, in the case of Additional Shares, the relevant Reference Date), except that the Shares so delivered will not give any right for any dividend or other distribution declared, paid or made by reference to a Record Date prior to the relevant Conversion Date (or, in the case of Additional Shares, such

Reference Date) and except that the voting rights may not be exercised unless the person designated in the Conversion Notice as recipient of the Shares is registered as holder of the Shares with voting rights in the Issuer's share register.

The Issuer will (x) effect or procure the delivery of the Shares and (y) pay the Cash Settment Amount, if any, as soon as possible after the relevant Conversion Date and in each case no later than the date falling

(I) five (5) Business Days after the Conversion Date (or, in the case of Additional Shares, the relevant Reference Date) if the Conversion Date is in accordance with clause (A) of the definition of the term "Conversion Date"; or

(II) ten (10) Business Days after the Conversion Date (or, in the case of Additional Shares, the relevant Reference Date) in all other cases,

through the Intermediary in accordance with directions given by the relevant Holder in the relevant Conversion Notice.

At the time of the delivery of Shares, the then valid share registration rules of the Issuer will apply; the Issuer does not offer any assurance or guarantee that the exercising Holder will be accepted as a shareholder with voting rights in its share register.

If the denomination of a Share is higher than the Conversion Price at the Conversion Date, the Issuer shall not procure the delivery of the Shares but will pay a Cash Settlement Amount. "**Cash Settlement Amount**" shall mean the total nominal amount of Bonds converted by a Holder divided by the Conversion Price at the Conversion Date, multiplied by the Closing Price on the Trading Day immediately preceding the relevant Conversion Date and the Conversion Price. “**Closing Price**” means, in respect of a Share, on any Trading Day the last reported price of the Share on the Relevant Exchange on that Trading Day as appearing on Bloomberg screen page HP (or any successor screen page or setting) in respect of the Share and such Relevant Exchange (such Bloomberg screen page being, as at the Issue Date, PEAN SW Equity HP), or, if such price is not available or cannot otherwise be determined as provided above, the Closing Price of Share in respect of such Trading Day (for the purpose of this definition, the ”**Original Date**”) shall be the Closing Price, determined as provided above, on the immediately preceding Trading Day in respect thereof on which the same can be so determined. “**Relevant Exchange**” means SIX Swiss Exchange or any successor thereof or, if the Shares are no longer listed or admitted to trading on SIX Swiss Exchange or such successor thereof, the principal stock exchange or securities market (if any) on which the Shares are listed and admitted to trading. "**Trading Day**” means any calendar day (other than a Saturday or Sunday) on which the Relevant Exchange is open for business and the Shares may be traded.

iii) Taxes and other Costs

Any Swiss Federal Stamp Duty, if due, upon issuance and delivery as well as the fee of the Relevant Exchange, if any, payable upon the issuance and delivery in Switzerland of Shares to the Holder upon the conversion of Bonds will be paid or reimbursed by the Issuer. The Issuer will, however, not pay (a) any tax payable in connection with any subsequent sale or transfer of Shares by the respective Holder, or (b) any tax or other cost payable in connection with the sale, transfer or delivery of Shares in or to a country other than Switzerland.

## 6. Payments

The amounts required for the payment of the Interest Amounts, the Principal Amount, the Cash Settlement Amount, and any other payments in cash to be made under these Terms of the Bonds will be made available in good time in freely disposable CHF, excluding in the case of payments of Interest

Amounts the amount for the Swiss Federal Withholding Tax of currently 35%, which will be transferred by the Issuer to the Paying and Conversion Agent.

If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and Holders will not be entitled to any additional sum in relation thereto.

Upon receipt of the funds from the Issuer, the Paying and Conversion Agent will arrange for payment to the Holders through the Intermediary in accordance with standard Swiss market practice. The receipt by the Intermediary of funds in CHF from the Issuer shall release the Issuer from its obligations under the Bonds, to the extent of the amounts received by the Intermediary.

**7. Redemption and Purchase**

a) Repayment at Maturity Date

Unless previously converted, redeemed, or purchased and cancelled as provided below, the Issuer undertakes to repay the Bonds on the Maturity Date, without further notice, at the Principal Amount, together with the last payment of interest falling due on the last Interest Payment Date falling on the Maturity Date.

b) Early Redemption at the Option of the Issuer

Subject to not less than thirty (30) nor more than sixty (60) calendar days' prior notice given by the Issuer to the Holders in accordance with Condition 16, the Issuer may redeem all but not only some of the Bonds outstanding at the Principal Amount (together with unpaid accrued interest to (but excluding) the day of redemption, if any) on the day of redemption fixed in the notice:

i) at any time after the Issue Date and prior to the last calendar day of the Conversion Period, if less than fifteen (15) per cent of the aggregate Principal Amount of the Bonds issued pursuant to the Terms of the Bonds is outstanding at the time of the notice; or

ii) at any time after the Issue Date and prior to the last calendar day of the Conversion Period, if the Parity Value on each of at least twenty (20) out of thirty (30) consecutive Trading Days is equal to or exceeds CHF 1,300 per Bond on such Trading Day, as verified by the Paying and Conversion Agent upon request of the Issuer. The Issuer must publish the notice of early redemption no later than on the fifth (5th) Business Day after the last calendar day of the relevant thirty (30) consecutive Trading Days' observation period.

"**Parity Value**" means, on any Trading Day, the Principal Amount divided by the prevailing Conversion Price in effect on such Trading Day, multiplied by the VWAP per Share on such Trading Day.

c) Early Redemption at the Option of the Holders in Case of Delisting of Shares

If the Shares are delisted from the Relevant Exchange without (immediately or substantially immediately upon cessation) being listed on another Relevant Exchange (a "**Delisting**"), each Holder may, acting in accordance with this Condition 7.c), require the Issuer to redeem all or any of the Bonds held by such Holder at the Principal Amount (together with unpaid accrued interest to such date, if any) on the Delisting Put Date.

As soon as practicable after the public announcement of any event that will result (or is expected by the Issuer to result) in a Delisting and at the latest on the date the Shares are delisted from the Relevant Exchange, the Issuer shall give notice of that fact to the Holders in accordance with Condition 16 (a "**Delisting Notice**").

To exercise its right pursuant this Condition 7.c), the Holder must deposit at its own expense, on any Business Day during the Delisting Put Period, a duly completed and signed notice (a "**Delisting Put**

**Notice**"), together with clearing instructions, in a form satisfactory to the Paying and Conversion Agent allowing for the transfer of the relevant Bond(s) through the Intermediary to the Paying and Conversion Agent at the Specified Office. A Delisting Put Notice, once duly completed and deposited in accordance with Condition 7.c) shall be irrevocable except in the event that such Bond becomes immediately due and repayable before the Delisting Put Date. "**Delisting Put Date**" means (i) the fourteenth (14th) calendar day after the expiry of the Delisting Put Period, or (ii) if the date determined as provided in (i) is not a Business Day, the Business Day immediately following such date. "**Delisting Put Period**" means the period of sixty (60) consecutive calendar days starting on the date of occurrence of the Delisting.

A Delisting Put Notice shall be deemed to be deposited on a Business Day if received before 4.00 p.m. Zurich time on that Business Day at the Specified Office. Any Delisting Put Notice deposited after 4.00 p.m. Zurich time or on a calendar day which is not a Business Day shall be deemed to have been deposited on the following Business Day.

d) Early Redemption at the Option of the Holders in the Case of a Change of Control

Upon the occurrence of a Change of Control, the provisions of Condition 9 shall apply.

e) Purchases

The Issuer and any of its Subsidiaries may at any time purchase Bonds at any price, in the open market or otherwise. Any purchase shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Paying and Conversion Agent for cancellation in accordance with Condition 7.f) below.

Any Bonds while held by or on behalf of the Issuer or any of its Subsidiaries shall not entitle their Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating any quorum at meetings of the Holders.

f) Cancellation

All Bonds which are converted, redeemed, or surrendered, shall forthwith be cancelled and the Permanent Global Certificate be reduced by the corresponding amount. All Bonds so cancelled cannot be reissued or resold.

g) Notices

Where the provisions of this Condition 7 provide for the giving of notice by the Issuer, such notice shall be deemed to be validly given if made in accordance with Condition 16.

**8. Adjustments to the Conversion Price**

**8.1 Events leading to Adjustments to the Conversion Price**

(a) Cash Distributions

Subject to Condition 8.5, if the Issuer makes a distribution to holders of its Shares in cash (a "**Cash Distribution**") (including any dividend payment or repayment in part of the nominal amount of the Shares in cash, but excluding any cash distribution for which an adjustment is otherwise made according to Condition 8.1(c)), the Conversion Price shall be adjusted by the following formula:

$$CP_{before} - D_{excess} = CP_{after}$$

where:

$CP_{before}$ is the Conversion Price in force immediately prior to the date of such Cash Distribution;

$D_{excess}$ is the amount by which the Cash Distribution exceeds the threshold amount of CHF0.50

in respect of any business year; and

$CP_{after}$ is the adjusted Conversion Price following such Cash Distribution.

The adjustment to the Conversion Price occurs at the time when the total amount of the Cash Distributions in a business year exceeds the threshold amount of CHF 0.50, and thereafter at each further Cash Distribution in the relevant business year.

Such adjustment shall become effective on the trading day on SIX Swiss Exchange (the "**Trading Day**") on which the Shares are first traded ex-Cash Distributions.

(b) Change of Share Capital by means of Capitalization of Reserves, Profits or Premiums by Distribution, Division or Consolidation of Shares

Subject to Condition 8.5, in the event of a change in the Issuer's share capital by capitalization of reserves, profits or premiums, in each case, by means of the distribution of Shares, or as a result of the division or consolidation of Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such change by the following formula:

$$N_{old} / N_{new}$$

where:

$N_{old}$ is the number of Shares existing immediately prior to the relevant change in the Issuer's share capital; and

$N_{new}$ is the number of Shares existing immediately after giving effect to the relevant change in the Issuer's share capital;

provided, however, that this Condition 8.1(b) shall not apply to any scrip dividend or other distribution other than a Cash Distribution (the "**Non-Cash Distribution**"), the issuance or distribution of which shall result in an adjustment to the Conversion Price pursuant to Condition 8.1(d).

Such adjustment shall become effective on the date on which such Shares are distributed or, in the event of division or consolidation of Shares, on the first day the Shares are traded on the new basis on SIX Swiss Exchange.

(c) Issues of Shares or other Securities by way of Conferring Subscription or Purchase Rights

Subject to Condition 8.5, if (a) the Issuer grants to holders of Shares any rights or options, warrants or other rights to subscribe for or acquire Shares, other securities or securities convertible or exchangeable into Shares or other securities of the Issuer or (b) any third party with the agreement of the Issuer issues to holders of Shares any rights, options or warrants to purchase any Shares, other securities or securities convertible or exchangeable into Shares or other securities of the Issuer (any right, option or warrant described in subclause (a) or (b), a "**Purchase Right**"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such grant or issuance by the result of the following formula:

$$(P_{cum} – R) / P_{cum}$$

where:

$P_{cum}$ is the VWAP (as defined below) of one Share on the later of (x) the Trading Day immediately preceding the date on which the Shares are first traded ex- Purchase Rights on SIX Swiss

Exchange following the grant or issuance, as applicable, of the relevant Purchase Right and (y) the Trading Day on which the subscription or purchase price for the relevant Purchase Right is announced, or, if the day on which such subscription or purchase price is announced is not a Trading Day, the next following Trading Day; and

R is the value of the relevant Purchase Right relating to one Share or other security of the Issuer, as applicable, such value to be calculated as follows:

(A) If the relevant Purchase Price relates to Shares

$$R = P_{cum} – TERP$$

where:

$$TERP = ((N_{old} \times P_{cum}) + (N_{new} \times (P_{rights} + Div))) / (N_{old} + N_{new})$$

and:

TERP is the theoretical ex-Purchase Rights price; and

$N_{old}$ is the number of Shares existing before the change in share capital; and

$N_{new}$ is the number of Shares being newly issued; and

$P_{rights}$ is the price at which one new Share can be subscribed, exercised or purchased; and

Div is the amount (in CHF) of the Cash Distribution by which the entitlement per existing Share exceeds the entitlement per new Share, (x) if Cash Distributions have already been proposed to the general meeting of shareholders of the Issuer but not yet paid, based on the proposed Cash Distribution amount, or (y) if Cash Distributions have not yet been so proposed, based on the last Cash Distribution;

provided, however, that no such adjustment shall be made with respect to any Purchase Right relating to Shares if the subscription or purchase price for one new Share is at least 95 percent of $P_{cum}$;

(B) if the relevant Purchase Right relates to other securities or to securities convertible or exchangeable into Shares or other securities of the Issuer and such Purchase Right or other securities of the Issuer are traded on a regulated stock exchange in Switzerland, the European Economic Area, the United Kingdom, the United States of America or Canada:

$$R = N_{rights} \times P_{rights}$$

where:

$N_{rights}$ is the number of Purchase Rights granted or issued per Share; and

$P_{rights}$ is the average of the last paid prices (in CHF) (or, if no dealing is recorded, the arithmetic mean of the bid and offered prices) on a spot basis of one Purchase Right on each Trading Day on which such Purchase Rights are traded or, if the subscription or purchase period in respect thereof is longer than ten (10) Trading Days, the average of the last paid prices (or, if no dealing is recorded, the arithmetic mean of the bid and offered prices) on a spot basis on the first ten (10) Trading Days of such period.

(C) if neither sub-clause (A) nor (B) of this Condition 8.1(c) is applicable:

R shall be determined by a Common Expert (as defined below).

Any such determination pursuant to this Condition 8.1(c) shall become effective on

(i) in case of sub-clause (A) of this Condition 8.1(c), the date on which the Shares are first traded ex-Purchase Rights on SIX Swiss Exchange or, if the subscription or purchase price is announced only at a later time, the date that is one Trading Day after the announcement of the subscription or purchase price for the Purchase Right;

(ii) in case of sub-clause (B) of this Condition 8.1(c), the date that is five Trading Days after the earlier of (x) the end of the subscription or purchase period (or trading period in case of tradable Purchase Rights) and (y) the tenth day of the subscription or purchase period (or trading period in case of tradable Purchase Rights); and

(iii) in case of sub-clause (C) of this Condition 8.1(c), the date determined by the Common Expert (as defined below).

"**Common Expert**" means an independent investment bank of international repute or an independent law firm or accounting firm of international repute or an independent financial advisor with relevant expertise of international repute (an "**Expert**") selected and instructed by the Issuer and the Paying and Conversion Agent by mutual agreement. If the Issuer and the Paying and Conversion Agent do not mutually agree on an Expert within seven (7) calendar days from the beginning of the appointment process, each of the Issuer and the Paying and Conversion Agent shall select an Expert, whereby the so elected Experts shall together select a third Expert. In case the two selected Experts do not mutually agree on a third Expert within seven (7) calendar days after being appointed, each of them shall select another Expert, whereby a Swiss notary public appointed by the Paying and Conversion Agent will pick one of these two Experts as third Expert by drawing lots. In the case of the appointment of three Experts references in the Terms of the Bonds to a Common Expert shall be deemed to refer to these three Experts, deciding by majority decision. Decisions of the Common Expert shall be final and binding on the Issuer, the Holders and the Paying and Conversion Agent. The Paying and Conversion Agent shall incur no liability against the Issuer or the Holders in respect of any action taken, or suffered to be taken, in accordance with such decision and in good faith. The fees and costs of the Common Expert shall be borne by the Issuer.

(d) **Non-Cash Distribution, including Scrip Dividends**

Subject to Condition 8.5, in the event of a Non-Cash Distribution, the Conversion Price shall be adjusted as follows:

(i) in the case of a scrip dividend, by multiplying the Conversion Price in force immediately prior to such scrip dividend by the result of the following formula:

$$N / (N + 1)$$

where:

N is the aggregate number of Shares entitling a holder of Shares to receive one Share pursuant to the terms of such scrip dividend;

(ii) in case of a Non-Cash Distribution (other than a scrip dividend) that (x) consists of securities of the Issuer that will be or are traded on a regulated stock exchange in Switzerland, the European Economic Area, the United Kingdom, the United States of America or Canada or (y) has a value that is otherwise determinable by reference to a stock exchange quotation, by multiplying the Conversion Price in force immediately prior to such Non-Cash Distribution by the result of the following formula:

$$(P_{cum} - (D/S) / P_{cum}$$

where:

$P_{cum}$ is the VWAP of one Share on the later of (x) the last Trading Day immediately preceding the date on which the Shares are first traded ex-Non-Cash Distribution on SIX Swiss Exchange following the relevant Non-Cash Distribution and (y) the Trading Day on which the subscription or purchase price for the relevant Purchase Right is announced, or, if the day on which such subscription or purchase price is announced is not a Trading Day, the next following Trading Day; and

D is the aggregate value of the Non-Cash Distribution (in CHF) on the Trading Day immediately following the date in respect of which $P_{cum}$ has been determined, as determined by the Paying and Conversion Agent based, in principle, on the closing price on SIX Swiss Exchange in case of Condition 8.1(d)(i)(x) or by a Common Expert in case of Condition 8.1(d) (i)(y); and

S is the number of Shares outstanding as of the last Trading Day preceding the date on which the Shares are first traded ex-Non-Cash Distribution on SIX Swiss Exchange following the relevant Non-Cash Distribution.

(iii) in all other cases, by multiplying the Conversion Price in force immediately prior to such Non-Cash Distribution by the result of the following formula:

$$P_{after} / P_{before}$$

where:

$P_{after}$ is the current market price per Share immediately after the date of such Non-Cash Distribution (for the purposes of this Condition 8.1(d)(ii), the "**Distribution Date**"); and

$P_{before}$ is the current market price per Share immediately prior to the date of such Non-Cash Distribution;

where for purposes of this provision the current market price per Share shall be deemed to be the VWAP of a Share (x) in the case of $P_{before}$, on each of the five (5) consecutive Trading Days immediately preceding the date on which such Non-Cash Distribution is announced, and (y) in the case of $P_{after}$, on each of the five (5) consecutive Trading Days immediately after but including the Distribution Date, in each case, as determined by the Paying and Conversion Agent.

Any such adjustment pursuant to this Condition 8.1(d) shall become effective (1) in the case of clause (i) of this Condition 8.1(d), on the date on which the Non-Cash Distribution is made, and (2) in the case of clause (ii) of this Condition 8.1(d), on the date that is the sixth Trading Day immediately after the Issue Date.

**8.2 Other Events**

If (A) the Issuer determines, after consultation with the Paying and Conversion Agent, or (B) the Paying and Conversion Agent determines after consultation with the Issuer, that, notwithstanding clauses (a) to (d) of Condition 8.1, an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not described in Condition 8.1 or circumstances have arisen that might have an adverse effect on the Holders' right to receive Shares upon conversion of the Bonds and no adjustment to the Conversion Price under Condition 8.1 would otherwise arise, the Paying and Conversion Agent shall engage the services or obtain the advice of a Common Expert to determine as soon as practicable what adjustment, if any, to the Conversion Price or amendment, if any, to the terms of this Condition 8 would be fair and reasonable to take in order to take such events or circumstances into account and the date on which such adjustment or amendment should take effect; provided, however, that no such adjustment or amendment shall require the Issuer to deliver any securities, cash or other assets to the Holders, other than any additional Shares, if any, that would be deliverable upon conversion of the Bonds as a result of any such adjusted Conversion Price. If several events occur which become effective on the same Trading Day and which would lead to an adjustment of the Conversion Price pursuant to Condition 8.1, the decision as to the manner of or calculating the adjustment of the Conversion Price shall be taken by the Common Expert. The Paying and Conversion Agent shall have no responsibility to make any enquiries as to whether or not any event has occurred that might require an adjustment to the Conversion Price or amendment, if any, to the terms of this Condition 8. The fees and costs of the Common Expert shall be borne by the Issuer.

**8.3 Retroactive Adjustments**

If the date of delivery of any Shares upon conversion of the Bonds is after the relevant record date for any issue, sale, grant or offer leading to an adjustment pursuant to Condition 8.1, but the Conversion Date is before the relevant adjustment to the Conversion Price becomes effective, the Issuer shall (conditional upon the relevant adjustment becoming effective) ensure that there shall be issued to the Holder to whom such Shares are to be delivered such additional number of Shares (if any) (the "**Additional Shares**") as, together with the Shares delivered or to be delivered upon conversion of such Bonds, is equal to the Shares that would have been required to be delivered upon conversion of such Bonds if the relevant adjustment to the Conversion Price had in fact been made and become effective immediately prior to the Conversion Date (the "**Retroactive Adjustment**"). Upon a Retroactive Adjustment becoming effective in accordance with this Condition 8.3, the relevant Additional Shares shall be delivered as soon as possible after calculation of the number of the Additional Shares. Without prejudice to the foregoing and to mandatory provisions of applicable law, in the event that an issue, sale, grant or offer leading to an adjustment pursuant to Condition 8.1 is effected between the Conversion Date and the date of delivery of the relevant Additional Shares or any other record date for such issue, sale, grant or offer, the Issuer shall request a Common Expert to determine the amount of the further consideration to be made available to each Holder, so that each Holder may be substantially treated as if such Holder had actually received the relevant Additional Shares on the date of delivery of the Shares due upon the conversion of the Bonds. The fees and costs of the Common Expert shall be borne by the Issuer.

**8.4 Calculation and Notice of Adjustments**

Each adjustment to be made pursuant to Conditions 8.1, 8.2 and 8.3 shall be calculated by the Paying and Conversion Agent or Common Expert (as applicable) and shall be (in the absence of manifest error) binding on all parties concerned. The Paying and Conversion Agent shall for the purpose of the foregoing provisions only be liable for making, or not making, adjustments or taking, or not taking, any other measures in connection with the Bonds, if and to the extent that it fails to show the due care of a proper merchant (*ordentlicher Kaufmann*). Where not otherwise provided, the Paying and Conversion Agent may also engage the services or obtain the advice of a Common Expert whose advice or services seem necessary to the Paying and Conversion Agent and rely upon any advice so obtained, and the Paying and Conversion Agent shall incur no liability as against the Issuer or the Holders in respect of any action taken, or not taken in accordance with such advice and in exercising due care of a proper merchant.

In the case of any adjustment pursuant to this Condition 8, the resulting Conversion Price, if not an integral multiple of CHF 0.01 (one hundredth of one CHF), shall be rounded to the nearest whole or multiple of CHF 0.01, with CHF 0.005 (five thousandths of one CHF) being rounded upwards.

Upon any adjustment to the Conversion Price pursuant to this Condition 8, the Issuer shall notify the Holders in accordance with Condition 16 as soon as practicable after the date on which such adjustment becomes effective.

**8.5 Events not Giving Rise to Adjustments**

Notwithstanding the foregoing, no adjustment to the Conversion Price shall be made:

a) as a result of any issue or distribution of Shares or other securities if the pre-emptive right (*Bezugsrecht*) in respect thereof under the Swiss Code of Obligations has been validly excluded by resolution of the general meeting of shareholders or the board of directors of the Issuer unless a pre-emptive right in respect thereof is granted indirectly to the shareholders by a third party with the agreement of the Issuer, provided that the subscription or purchase price at which one new Share or other security can be subscribed or purchased is at least 95 percent of the arithmetic average of the VWAP ("**VWAP**" means volume weighted average price in respect of a Share on any Trading Day published by or derived from Bloomberg page VWAP or as far as none exists according to another appropriate source determined by the Paying and Conversion Agent) over a period of five (5) Trading Days ending on the Trading Day preceding the date of announcement of such issue or distribution; or

b) as a result of any public issue of bonds convertible into Shares or bonds with warrants or options to subscribe for Shares, including the issuance of Shares under such instruments and such Shares being sourced from conditional capital (*bedingtes Kapital*) or authorized capital (*genehmigtes Kapital*) of the Issuer, irrespective of whether in respect of such issue the advance subscription rights to acquire such bonds (*Vorwegzeichnungsrecht*) have been excluded or not, unless advance subscription rights have been granted and are traded on SIX Swiss Exchange; provided that the implied conversion price for such bonds is at least 95 percent of the arithmetic average VWAP over a period of five (5) Trading Days ending on the Trading Day preceding the date of the announcement of such issue; or

c) if an increase in the Conversion Price would result from such adjustment, except in case of an exchange of the Shares for other securities or a consolidation of Shares; or

d) if Shares or other securities of the Issuer or pre-emptive rights (*Bezugsrechte*) on Shares or other securities of the Issuer are issued, offered or granted to, or for the benefit of employees (including directors and officers) of the Issuer or its subsidiaries; or

e) if the nominal value of the Shares will be reduced from CHF 30 to CHF 1 without any distribution of cash or non cash.

## 9. Change of Control

a) A "**Change of Control**" occurs when:

i) an offer to acquire Shares, whether expressed as a public takeover offer, a merger or similar scheme with regard to such acquisition, or in any other way, is made in circumstances where (A) such offer is available to (aa) all holders of Shares, (bb) all holders of Shares other than the offeror and any persons acting in concert with such offeror, or (cc) all holders of Shares other than persons who are excluded from the offer by reason of being connected with one or more specific jurisdictions (or a combination of the exceptions pursuant to (bb) and (cc)), and (B) such offer having become or been declared unconditional with respect to acceptances, the Issuer becomes aware that the right to cast more than fifty (50) per cent of all the voting rights (whether exercisable or not) of the Issuer has become or will become vested in the offeror and any persons acting in concert with the offeror; or

ii) the Issuer consolidates with or merges into any other company, save where, following such consolidation or merger, shareholders of the Issuer immediately prior to such consolidation or merger have the right to cast at least fifty (50) per cent of the voting rights (whether exercisable or not) of such other company; or

iii) the Issuer becomes aware that the right to cast more than fifty (50) per cent of all voting rights (whether exercisable or not) of the Issuer has become unconditionally vested directly or indirectly in any person (or in persons acting in concert with each other in respect of the exercise of such voting rights); or

iv) the legal or beneficial ownership of all or substantially all of the assets owned, directly or indirectly, by the Issuer is acquired by a person or persons acting in concert.

b) Change of Control Notice
Upon the occurrence of a Change of Control, the Issuer shall give notice of the fact that a Change of Control occurred (the "**Change of Control Notice**") to the Holders no later than two (2) Business Days after the occurrence of a Change of Control in the form set out in Condition 16. The Change of Control Notice shall:

i) inform the Holders of their right to either (A) require redemption of the Bonds pursuant to Condition 9.d) or, (B) exercise their Conversion Rights for a period of fourty (40) Business Days (the "**Change of Control Period**") starting on the Business Day following the date on which the Change of Control Notice is given in accordance with Condition 16 at the applicable Change of Control Conversion Price, as further described in Condition 9.c);

ii) specify the Change of Control Redemption Date;

iii) specify the Conversion Price in effect immediately prior to the Change of Control and the Change of Control Conversion Price applicable as a consequence of the Change of Control (calculated, for this purpose, based on the date immediately preceding the date on which the Change of Control Notice is given); and

iv) provide details concerning the Change of Control.

c) Change of Control Conversion Price in the case of a Change of Control
If a Change of Control occurs, upon any exercise of the Conversion Right where the Conversion Date falls during the Change of Control Period, the Conversion Price applicable solely to such exercise of the Conversion Right (the "**Change of Control Conversion Price**"), shall be the Conversion Price adjusted as follows:

$$COCCP = \frac{CP}{1 + Pr} \times \left(1 + \left(Pr \times \left(1 - \frac{c}{t}\right)\right)\right)$$

where:

| | |
|---|---|
| COCCP | is the Change of Control Conversion Price; |
| CP | is the Conversion Price in effect on the Conversion Date; |
| Pr | is initial conversion premium of 37.93 per cent.; |
| c | is the number of calendar days from (and including) the date of occurrence of the Change of Control to (and including) the tenth (10$^{th}$) Business Day prior to the Maturity Date; and |
| t | is the number of calendar days from (and including) the Issue Date to (and including) the tenth (10$^{th}$) Business Day prior to the Maturity Date. |

d) Early Redemption at the option of the Holders in the case of a Change of Control
Upon the occurrence of a Change of Control, the Holder of each Bond may require the Issuer to redeem any Bond of such Holder on the Change of Control Redemption Date at its Principal Amount (together with unpaid accrued interest, if any, as of the Change of Control Redemption Date). To exercise such option, a Holder must present, on any Business Day during the Change of Control Period, at the Specified Office a duly completed redemption notice in a form satisfactory to the Paying and Conversion Agent (a "**Change of Control Redemption Notice**"), together with clearing instructions in a form satisfactory to the Paying and Conversion Agent allowing for the transfer of the relevant Bond(s) through the Intermediary to the Paying and Conversion Agent.

A Change of Control Redemption Notice shall be deemed to be deposited on a Business Day if received before 4.00 p.m. Zurich time on that Business Day at the Specified Office. Any Change of Control Redemption Notice deposited after 4.00 p.m. Zurich time or on a calendar day which is not a Business Day shall be deemed to have been deposited on the following Business Day. A Change of Control Redemption Notice so deposited shall be irrevocable except in the event that such Bond becomes immediately due and repayable before the Change of Control Redemption Date. "**Change of Control Redemption Date**" means (i) the fourteenth (14th) calendar day after the expiry of the Change of Control Period, or (ii) if the date determined as provided in (i) is not a Business Day, the Business Day immediately following such date.

e) Conversion after the Change of Control Redemption Date
With respect to the Bonds that remain outstanding after the Change of Control Redemption Date, in the case of a Change of Control as defined in Condition 7.a).ii) and if the Issuer is not the surviving company, the Issuer shall use its commercially reasonable efforts to ensure that each Bond shall be convertible into such shares or other equity securities, including depositary receipts issued for the same and any other consideration (including cash) which such Holder would have received in the Change of Control transaction if such Holder had exercised its Conversion Rights immediately prior to the date of the Change of Control Notice (and then participated in the Change of Control transaction).

## 10. Maturity and Early Termination

### 10.1 Maturity

The Bonds have a fixed term and expire on the Maturity Date.

### 10.2 Early Repayment at the Option of the Holder in the event of delisting of the Shares from SIX Swiss Exchange

If the Shares are delisted from SIX Swiss Exchange prior the Maturity Date, each Holder shall be entitled pursuant to this Condition 10.2 to request from the Issuer the repayment of all or part of the Bonds held by such Holder at their Principal Amount (plus accrued, unpaid interest) on the Relevant Put Date (as defined below). No later than ten (10) Trading Days prior to the delisting of the Shares from SIX Swiss Exchange, the Issuer shall notify the Holders thereof in accordance with Condition 16 (the "**Delisting Notification**").

In order to exercise its right, the Holder must request early repayment through its custodian bank from the Paying and Conversion Agent within the period beginning on the date of the Delisting Notice and ending 60 (sixty) Business Days after the publication of the Delisting Notice (the "**Put Period**").

An exercise of the right to request early repayment is irrevocable, except in the event that the Bonds become due and repayable before the Relevant Put Date (as defined below).

The relevant put date (the "**Relevant Put Date**") shall be 14$^{th}$ (fourteenth) calendar day after the expiry of the Put Period.

## 11. Paying and Conversion Agent

Bank J. Safra Sarasin AG, 8001 Zurich is appointed as paying and conversion agent (the "**Paying and Conversion Agent**"). The Paying and Conversion Agent acts solely as agent of the Issuer and the Issuer and has no contractual or fiduciary relationship with the Holders.

If, in the opinion of the Paying and Conversion Agent, events occur which would result in it no longer being able to act as Paying and Conversion Agent, it shall be entitled to have its obligations fulfilled in whole or in part by a third bank domiciled in Switzerland with the same rights and obligations. In the event that the agreement between the Issuer and the Paying and Conversion Agent is terminated by any party, the Issuer is obliged to appoint another Paying and Conversation Agent no later than ten (10) Business Days before the termination of the respective contract term. The appointment of another Paying and Conversion Agent must be announced by the Issuer without delay in accordance with Condition 16.

## 12. Payment / Payment Service

The Issuer undertakes to pay any amounts due under these Terms of the Bonds on the respective due date free of charge in favor of the Holders.

The Shares required for payment with respect to the Paying and Conversion Agent service will be made available by the Issuer to the Paying and Conversion Agent in full for the benefit of the Holders and on the respective due date. The orderly receipt of these payments shall release the Issuer (to the extent of the receipt of payment) from the corresponding obligations towards the Holders unless the Paying and Conversion Agent refuses the payment service based on legitimate reasons.

If the due date for payment falls on a day which is not a Business Day, the payment shall be made on the next following Business Day.

## 13. Status of the Bonds and Negative Pledge

(a) The Bonds constitute senior, direct, unconditional, (subject to Condition 13(b)) unsecured and unsubordinated obligations of the Issuer and (subject as aforesaid) rank and will rank pari passu among themselves and with all other senior, unsecured and unsubordinated obligations of the

Issuer, except for such preferences as are provided for by any mandatorily applicable provision of law.

(b) So long as any Bonds remain outstanding, the Issuer will not, and the Issuer will procure that no Material Subsidiary will, create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its assets or revenues, present or future, to secure any Capital Market Indebtedness or to secure any guarantee or indemnity in respect of any Capital Market Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Bonds are secured equally and rateably therewith by such encumbrance or security interest or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be.

For the purposes of this Condition, "**Capital Market Indebtedness**" means any present or future financial indebtedness of the Issuer and the Material Subsidiaries (including obligations by reason of any guarantee or other assumption of liability for any such obligation of a third party) in the form of, or represented or evidenced by notes, bonds, debentures or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt with on any stock exchange, over-the-counter-market or other recognized securities market, or a *Schuldscheindarlehen*.

For the purposes of this Condition, "**Material Subsidiary**" means any operating subsidiary of the Issuer whose assets represent ten (10) per cent or more of the consolidated assets of the Issuer and its subsidiaries at any time, and for this purpose:

a. the assets of any such Subsidiary shall be ascertained by reference to:

   i. the financial statements of such subsidiary at the date to which the last audited consolidated financial statements of the Issuer and its subsidiaries have been prepared;

   ii. if such corporate body becomes a subsidiary of the Issuer after that date, the latest financial statements of such subsidiary adjusted to take into account subsequent acquisitions and disposals or other changes in circumstances;

b. the consolidated assets of the Issuer shall be ascertained by reference to the last audited consolidated financial statements of the Issuer and its subsidiaries; and

c. once a subsidiary has become a Material Subsidiary, it shall be considered one until it has been demonstrated to the reasonable satisfaction of the Paying and Conversion Agent that it has ceased to be a Material Subsidiary, a written report from the Issuer's auditors to this effect being sufficient for this purpose.

**14. Events of Default**

The Paying and Conversion Agent will be entitled to declare all or some only of its Bonds due and demand immediate redemption of such Bonds at the Principal Amount (together with unpaid accrued interest up to such date) as provided hereinafter, if (each event an "**Event of Default"**):

a) there is a failure by the Issuer (i) to pay the Principal Amount, the Interest Amount, the Cash Settlement Amount, or any other amount payable under the Terms of the Bonds on any of the Bonds when due or (ii) to deliver Shares upon conversion of any Bonds, if and when due and such failure continues for a period of ten (10) Trading Days; or

b) a default is made by the Issuer in the performance or observance of any material covenant, condition or provision contained in the Terms of the Bonds which is to be performed or observed on its part and such default continues for a period of thirty (30) Business Days following the service by a Holder on the Issuer of a notice requiring such default to be remedied; or

c) any other present or future financial indebtedness of the Issuer or any Material Subsidiary for or in respect of monies borrowed or raised is not paid when due or, as the case may be, within any applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (howsoever described), or any security in respect of any such financial indebtedness becomes enforceable or any guarantee of, or indemnity in respect of, any such financial indebtedness given by the Issuer or any Material Subsidiary is not honoured when due and called upon or, as the case may be, within any applicable grace period, provided that no such event shall be taken into account for the purposes of this Condition 14 c) unless such indebtedness, either alone or when aggregated with other indebtedness relative to all, if any, other such events which shall have occurred and be continuing shall at any time have an outstanding nominal value of at least CHF 20,000,000 (or its equivalent in another currency); or

d) any guarantee, mortgage, lien or any other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person but not the serving of a payment order (*Zahlungsbefehl*)) provided that the aggregate amount of the relevant indebtedness in respect of which such guarantee, mortgage, lien or other encumbrance was created or permitted to subsist equals or exceeds CHF 15,000,000 or its equivalent in any other currency or currencies, and any such steps taken are not abandoned or discontinued within thirty (30) calendar calendar days of being taken; or

e) the Issuer, or any Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes a stay of execution; or

f) a postponement of payments (*Stillhaltevereinbarung*), a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium or postponement of payments is agreed or declared in respect of or affecting all or substantial part of (or of a particular type of) the debts of the Issuer or any Material Subsidiary; or

g) the Issuer alters its legal or commercial structure through bankruptcy, winding-up, liquidation, disposal of all or substantially all of its assets, changes the objects of the company and/or commercial activities or merges with a third party (other than the Issuer or any of its Subsidiaries) and such merger does not constitute a Change of Control, in so far as the relevant action has or may have a material adverse effect on the capacity of the Issuer to meet its obligations under the Terms of the Bonds now or in the future; or

h) a dissolution or merger involving the Issuer as a result of which the Issuer is not the surviving legal entity, unless the successor legal entity assumes all the Issuer's liabilities in respect of the Bonds.

The Issuer shall inform the Paying and Conversion Agent without delay that any event mentioned under paragraphs (a) through (i) has occurred and provide the Paying and Conversion Agent with all necessary documents. The Issuer accepts responsibility for the information contained in those documents. Notice of an Event of Default shall be published in accordance with Condition 16.

**15. Substitution of the Issuer**

The Issuer may, without the consent of the Holders, at any time substitute itself in respect of all rights and obligations arising under or in connection with the Bonds with any legal entity of which all shares carrying voting rights are directly or indirectly held by the Issuer (the "**New Issuer**"), provided that:

a) the New Issuer has issued a statement confirming that (i) it assumes any and all obligations of the Issuer arsing under or in connection with the Bonds, (ii) it is in a position to fulfil all payment obligations arising from or in connection with the Bonds in freely disposable CHF without any need to withhold or deduct any taxes or duties at source and to transfer without restriction all amounts required to be paid under the Bonds to the Paying and Conversion Agent and (iii) the interests of the Holders are adequately protected;

b) the Issuer and the New Issuer have entered into such documents as are necessary to give effect to such substitution;

c) the New Issuer has obtained all necessary governmental authorizations of the country of its domicile or its deemed residence for tax purposes; and

d) the Issuer has issued an irrevocable and unconditional guarantee as per article 111 CO in respect to the obligations of the New Issuer.

Notice of any substitution shall be given by the Issuer to the Holders in accordance with Condition 16.

In the event of such substitution, any reference to the Issuer shall be deemed to refer to the New Issuer and any reference to Switzerland shall be deemed to refer to the country in which the New Issuer has its domicile or is resident for tax purposes.

**16. Notices**

All notices to Holders regarding the Bonds shall be published by the Paying and Conversion Agent in accordance with the applicable regulations of the SIX Swiss Exchange and the directions by and at the expense of the Issuer in due time and shall be valid as soon as published (i) for so long as the Bonds are listed on SIX Swiss Exchange electronically on the internet website of SIX Swiss Exchange under the section headed "Official Notices" (currently https://www.six-group.com, where notices are currently published under the address "https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#/") or (ii) in case the Bonds were no longer listed on SIX Swiss Exchange in a daily newspaper with general circulation in Switzerland (which is expected to be the Neue Zürcher Zeitung).

If such publication is not possible, the notices shall be made public in any other appropriate manner.

**17. Listing of the Bonds and the Shares**

The Bonds will be listed or admitted to trading on the standard bond segment of the SIX Swiss Exchange around the Issue Date. The Bonds will not be listed or admitted to trading on any other exchange or similar trading platform in or outside of Switzerland.

Upon conversion of any Bonds to Shares, the Shares to be issued on conversion will be listed on SIX Swiss Exchange on the same segment as the other Shares outstanding at such time.

**18. Holders' Meeting**

The Paying and Conversion Agent may consult with the Holders by way of calling a meeting of the bondholders (a "**Bondholders' Meeting**") prior to taking a decision pursuant to Condition 14 of these Terms of the Bonds. The meetings of Holders shall be governed by Articles 1157 et seq. CO. The legally valid resolution of the Holders' meeting to serve a default notice, shall replace the right reserved by the Paying and Conversion Agent according to these Terms of the Bonds to serve a default notice on behalf of the Holders. If the Bondholders' Meeting votes against the serving of a default notice, the right to serve such default notice shall revert to the Paying and Conversion Agent whereby the Paying and Conversion Agent shall not be bound by the resolution of the Bondholders' Meeting if and to the extent that new circumstances arise or become known which require a revised assessment of the facts.

**19. Amendment to the Terms of the Bonds**

The Terms of the Bonds may be amended at any time by agreement between the Issuer and the Paying and Conversion Agent, provided that such amendments are of a formal, minor or technical nature or that they are made to correct a manifest error and are not materially prejudicial to the interests of the Holders. Any such amendment to the Terms of the Bonds shall be binding on the Holders.

Notice of any such amendment shall be published in accordance with Condition 16 of these Terms of the Bonds.

**20. Statute of Limitations**

Claims for payment cease to be enforceable by legal action in accordance with the applicable Swiss statute of limitations, presently after ten (10) years from their relevant due dates for payment of the Principal Amount or the Cash Settlement Amount, respectively, and presently after five (5) years from their relevant due dates for payment of Interest Amounts.

**21. Taxation**

With the exception of the Swiss Federal Stamp Duty in accordance with Condition 5.b).iii), all payments by or on behalf of the Issuer to the Paying and Conversion Agent pursuant to these Terms of the Bonds remain subject to deduction for any applicable taxes, duties, assessments or governmental charges of any nature, including, without limitation, Swiss Withholding Tax (currently 35 % on Interest Amounts).

**22. Governing Law and Jurisdiction**

The Bonds and these Terms of the Bonds shall in every respect (including without limitation questions of form, content and interpretation) be subject to and governed by substantive Swiss law.

Any dispute which may arise between Holders on the one hand and the Issuer on the other hand regarding the Bonds and the Terms of the Bonds shall be submitted to the exclusive jurisdiction of the courts of the City of Zurich (Zurich 1), Switzerland.

The Issuer shall be discharged by and to the extent of any payment or delivery of Shares made in respect of any Bonds to a person recognised as a creditor by an enforceable judgement of a Swiss court.

**23. Amendment to these Terms of the Bonds**

The Terms of the Bonds may be amended from time to time by agreement between the Issuer and the Paying and Conversion Agent, acting on behalf of and with effect for all present and future Holders, provided that in the sole opinion of the Paying and Conversion Agent such amendment is of a formal, minor or technical nature, is made to correct a manifest error or is not materially prejudicial to the interests of the Holders.

Notice of any such amendment shall be published in accordance with Condition 16 above.

Any such amendment shall be binding on the Issuer and the Holders in accordance with its terms.

**24. Role of Agents**

a) Paying and Conversion Agent

Bank J. Safra Sarasin AG will act as Paying and Conversion Agent of these Bonds, but only in the cases stated explicitly in these Terms of the Bonds. In any other cases, Bank J. Safra Sarasin AG is not obliged to take or to consider any actions on behalf of or for the benefit of the Holders.

The Paying and Conversion Agent shall have the right to rely on any determination made by the an Independent Expert without further inquiry and liability to any person, and the Paying and Conversion Agent shall not incur any liability against the Issuer or the Holders in respect of any action taken, or suffered to be taken, or not taken, in accordance with any determination or decision of an Independent Expert.

b) Independent Expert

Any determination and decisions of an Independent Expert appointed by the Issuer in accordance with Terms of the Bonds shall be final and binding on the Issuer, the Holders and the Paying and Conversion Agent.

Any Independent Expert appointed by the Issuer in accordance with Terms of the Bonds will not assume any obligations towards or relationship of agency with, and shall not incur any liability in respect of anything done, or omitted to be done, in its capacity as Independent Expert as against the Paying and Conversion Agent or the Holders.

**25. Severability**

If at any time any one or more of the provisions of the Terms of the Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the completeness and accuracy of all information contained in this Prospectus and hereby confirms that, to the best of its knowledge, the information stated herein is correct and no material facts or circumstances have been omitted therefrom.

**Peach Property Group AG**

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PROPERTY GROUP