Testatsexemplar

Peach Property Group (Deutschland) GmbH
Köln

Konzernabschluss zum 31. Dezember 2010

Bestätigungsvermerk des Abschlussprüfers

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Konzernabschluss für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2010

Consolidated Financial Statements Peach Property Group (Deutschland) 2010 in line with International Financial Reporting Standards (IFRS)

Consolidated Income Statement

in TEUR	Note	2010	2009
Income from development and construction management services	6	1'560	593
Other operating income		56	19
Operating income		**1'616**	**612**
Personnel expenses	7	-1'148	-389
Sales and marketing expenses	8	-229	0
Other operating expenses	9	-444	-206
Depreciation and amortisation	14	-27	-15
Operating expenses		**-1'848**	**-610**
Operating (loss)/profit		**-232**	**2**
Financial income	10	36	1
Financial expenses	10	-45	-4
Loss before income taxes		**-241**	**-1**
Income taxes	11	-52	0
Loss for the year		**-293**	**-1**
Loss attributable to:			
- Owners of the parent		-293	-1

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

TEUR	2010	2009
Loss for the year	**-293**	**-1**
Total comprehensive income for the year	**-293**	**-1**
Total comprehensive income attributable to:		
- Owners of the parent	**-293**	**-1**

The notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

in TEUR	Notes	31.12.2010	31.12.2009	01.01.2009
Current Assets				
Cash and cash equivalents	12	311	111	25
Trade receivables		24	19	
Other receivables	13	2'731	1'063	
Prepaid Expenses		10	0	
Total current assets		**3'076**	**1'193**	**25**
Non-current assets				
Equipment	14	69	109	0
Intangible assets		5	6	0
Deferred tax assets	17	5	0	0
Total non-current assets		**79**	**115**	**0**
Total Assets		**3'155**	**1'308**	**25**

Liabilities

in TEUR	Note	31.12.2010	31.12.2009	01.01.2009
Current Liabilities				
Accounts payable		45	10	0
Other payables	15	2'664	1'103	0
Accrued expenses	16	230	171	0
Current income tax liabilities	11	57	0	0
Current provisions		23	0	0
Total current liabilities		**3'019**	**1'284**	**0**
Equity				
Share capital	18	25	25	25
Share premium	18	405	0	0
Retained earnings	18	-294	-1	0
Total shareholders' equity		**136**	**24**	**25**
Total liabilities and shareholders' equity		**3'155**	**1'308**	**25**

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

in TEUR	Note	2010	2009
Loss before income taxes		-241	-1
Adjustments for:			
Depreciation and amortisation	**14**	27	15
Interest income	**10**	-36	-1
Interest expenses	**10**	45	4
Contribution in kind to share premium	**18**	405	0
Other non-cash effective items		2	1
Changes in provisions		23	0
Changes in working capital			
Trade receivables		-5	-19
Other receivables		-1	-40
Prepaid expenses		26	0
Accounts payables		35	10
Other payables		-107	279
Accrued expenses		14	167
Interest paid		-1	0
Net cash generated from operating activities		**186**	**415**
Purchases of equipment	**14**	0	-123
Purchases of intangible assets		-1	-7
Disposal of equipment	**14**	14	0
Short term loans granted to related parties	**13**	-1'667	-1'023
Cash flow from investment activities		**-1'654**	**-1'153**
Proceeds from short term loans from related parties	**15**	1'668	824
Cash flow from financing activities		**1'668**	**824**
Increase in cash		**200**	**86**
Cash at the beginning of the year	**12**	111	25
Cash at the end of the year	**12**	**311**	**111**

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of changes in Shareholder's Equity

		attributable to equity holders of the company			
in TEUR	Note	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2009	**18**	**25**	**0**	**0**	**25**
Comprehensive income for the year					
Loss for the year	**18**			-1	-1
Total comprehensive income for the year		**0**	**0**	**-1**	**-1**
Total transactions with owners		**0**	**0**	**0**	**0**
Balance at 31 December 2009		**25**	**0**	**-1**	**24**

		attributable to equity holders of the company			
in TEUR	Note	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2010	**18**	**25**	**0**	**-1**	**24**
Comprehensive income for the year					
Loss for the year	**18**			-293	-293
Total comprehensive income for the year		**0**		**-293**	**-293**
Transactions with owners					
Contribution in kind	**18**	**0**	**405**	**0**	**405**
Total transactions with owners		**0**	**405**	**0**	**405**
Balance at 31 December 2010		**25**	**405**	**-294**	**136**

The notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Business activities

Peach Property Group (Deutschland) GmbH and its subsidiaries (the Group) are a provider of development and construction management services in the luxury segment. Business operations cover the entire cycle from acquisition to sale of properties. These services are rendered mostly to related Group companies outside the Group's consolidation scope.

With respect to the development properties, the Group is involved in the development and construction management of premium locations in Berlin, Düsseldorf and Hamburg.

The parent company is Peach Property Group (Deutschland) GmbH (formerly Johanna 118 Beteiligungsverwaltungs GmbH), Im Zollhafen 24, 50578 Cologne. Peach Property Group (Deutschland) GmbH was founded in September 2008 and is registered since September 2009 under its current name under the register number HRB 67091.

Peach Property Group (Deutschland) GmbH is a 100% subsidiary of Peach German Properties AG, Stansstad, Switzerland. Peach German Properties AG is a 100% subsidiary of Peach Property Group AG (Peach), the ultimate parent of the Group. Peach has its registered office in Zurich and its shares are listed on the SIX Swiss Exchange.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies were consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These are the Group's first consolidated financial statements prepared in accordance with IFRSs. The accounting policies set out in note 2.2 have been applied in preparing the financial statements for the year ended 31 December 2010 and 2009. The business activity of the Group only started during the financial year 2009. No adjustments to the opening balance sheet as per 1 January 2009 were required since it consisted only of cash and an offsetting equity position.
The consolidated financial statements of the Group are prepared in accordance with "International Financial Reporting Standards" (IFRS) as adopted by the European Union.

These consolidated financial statements were authorized by the Board of Directors of the Company on 26 September 2012.

Consolidation is based on audited or reviewed financial statements with 31 December year end. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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The consolidated financial statements were prepared under the historical cost convention and under the assumption that the company's ability to continue as a going-concern is not impaired. Any departures from this principle are expressly specified in Notes 2.2 to 2.21.

For financial statements in accordance with IFRS, management is required to exercise its judgment in the process of applying the Group's accounting policies. All assessments and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that seem reasonable under the given circumstances. Significant estimates and assumptions used for the valuation of assets and liabilities are disclosed in Note 4.

Standards, amendments and interpretations to existing standards that are not yet effective

The following standards, amendments and interpretations to existing standards have been published but are not effective yet and were not early adopted in these consolidated financial statements.

Standard / Interpretation	Effective date	Impact	Time of adoption
IAS 32 (amendment) - Financial Instruments-Presentation: Classification of rights issues	1 February 2010	1)	Financial year 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity	1 July 2010	1)	Financial year 2011
IAS 24 (revised) - Related Party Disclosures	1 January 2011	2)	Financial year 2011
IFRIC 14 (amendment) - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011	1)	Financial year 2011
IFRS 9 - Financial Instruments - Measurement and Classification	1 January 2011	3)	Financial year 2011
Annual Improvements 2010	1 July 2011	1)	Financial year 2011
Amendments to IFRS 7 - Financial instruments: disclosures: transfer of financial assets	1 July 2011	1)	Financial year 2012
Amendments to IAS 12 - Deferred tax: recovery of underlying assets	1 January 2012	1)	Financial year 2012
Amendments to IAS 1 'Presentation of items of other comprehensive income'	1 July 2012	2)	Financial year 2013
Amendments to IFRS 7 - Disclosures: offsetting financial assets and liabilities	1 Janaury 2013	3)	Financial year 2013
IFRS 10 - Consolidated financial statements	1 January 2013	1)	Financial year 2013
IFRS 11 - Joint arrangements	1 January 2013	1)	Financial year 2013
IFRS 12 - Disclosures of interests in other entities	1 January 2013	2)	Financial year 2013
IFRS 13 - Fair value measurement	1 January 2013	2)	Financial year 2013
IAS 27 (revised) - Separate financial statments	1 January 2013	1)	Financial year 2013
IAS 28 (revised) - Associates and joint ventures	1 January 2013	1)	Financial year 2013
Amendments to IAS 19 - Employee benefits	1 January 2013	3)	Financial year 2013
Annual improvements 2011	1 January 2013	1)	Financial year 2013
Amendments to IAS 32 - Presentation - Offsetting of financial assets and liabilities	1 January 2014	3)	Financial year 2014
IFRS 9 - Financial instruments: measurement and classification	1 January 2015	3)	Financial year 2013

1) No significant impact on the consolidated financial statements expected for Peach Property Group Germany.

2) Will require additional disclosures or changes in the presentation of the consolidated financial statements for Peach Property Group Germany.

2.2 Consolidation

a) <u>Subsidiaries</u>

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. Control is generally assumed to exist if the Group owns a shareholding of more than one half of the voting rights. Control means the ability to take decisions over the company's financial and operational business in order to be able to derive the resulting benefit. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date on which control has ceased. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group, effective at the date on which control was transferred. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition–by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated income statement. The accounting treatment of goodwill is explained in the intangible assets section.

b) <u>Transactions with non-controlling interests</u>

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) <u>Joint ventures and associated companies</u>

Investments in joint ventures and associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. The Group's share of post-acquisition profit or loss is recognised in the income statement from the date of acquisition. Dividends received from joint ventures and associates are deducted from the investment. The Group did not hold any joint ventures or associated companies in the current or previous reporting period.

2.3 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates («the functional currency»). The consolidated financial statements are presented in Euro (EUR), which is also Peach Property Group (Deutschland) GmbH's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities held in foreign currency are converted in the accounts at the period end exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the Group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency according to the modified closing date method as follows: Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet (equity is translated at historic rates); income and expenses for each income statement are translated at average exchange rates, and all resulting exchange differences are recognised in other comprehensive income within equity until disposal. Foreign exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. The Group does so far not hold any investments in subsidiaries reporting in other currencies than the Euro.

2.4 Revenue recognition

The income from property development comprises income from sales of development projects services as well as income from the sale of constructed development properties. Revenues are recorded in accordance with IAS 18, i.e. when risks and rewards are transferred.

For self-constructed development properties, revenues are recorded when construction of the sold units has been completed and risk and reward has been transferred. Costs of development properties incurred are capitalized and reversed to expenses from property development at the time the sale is recognised.

Marketing and sales costs are expensed in the income statement as incurred. This leads to a situation in which costs for objects sold are incurred, whereas revenue recognition from the transaction has to be recorded in the income statement at a later date – upon transfer of risks and rewards of the residential property to the buyer.

For general development and construction activities, client-specific contracts are recorded by applying the percentage of completion method. Client-specific contracts are sales agreements, where the buyer is able to determine the major structural elements of the design of the real estate before construction begins or specify major structural changes once construction is in progress. Income from client-specific contracts for services rendered during the year is recorded in relation to the contract costs incurred during the financial year compared to the total estimated contract costs. Expected future project losses are recognised in the assessment of a contract and charged to the income statement immediately after

they become apparent. On the other hand, additional services, price overruns and premiums are recognised in the assessment of a contract as soon as they are accepted by the client.
Income from lease in investment property is accounted for in line with IAS 17 at the contractual due date. Any agreed lease free periods are spread on a linear basis over the agreed contract time.
Any reduction in revenue, such as rebates or discounts, related directly to the services rendered, is deducted from income.

In the financial years 2010 and 2009 the Group only generated revenues from development and construction management services sold to related parties.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at banks. They are disclosed at nominal values.

2.6 Trade receivables and other receivables

Receivables resulting from construction activities for third parties are included in trade receivables. Advance payments made by the principals are offset as advances with the development properties.

Trade receivables and other receivables are accounted for at nominal values less provision for impairment. The fair value of receivables approximates the nominal value less provision for impairment.

2.7 Development property

Development properties include the renovation of existing buildings as well as the construction of new buildings. For such projects, Peach is normally developing the properties as well as placing the properties on the market.

Land not yet developed is valued at the lower of acquisition costs or net realisable. Project costs for which Peach acts as the developer due to contractual obligations, but where no sales contract or no general contract agreement has been signed yet, are recorded at cost. Project costs contain third-party services as well as internally provided services. Internally provided services are capitalized, when sufficient positive cash flows are expected from the respective development properties.

Borrowing costs incurred for funds borrowed specifically for items of development properties are capitalised with the actual amount incurred. Borrowing costs incurred for funds borrowed to support general operations are capitalised pro rata according to their proportionate relation to items of development properties.

Costs related to projects where there is a signed sales contract or general contract agreement, are recorded in the income statement when the development property has been sold and completed.

For client-specific contracts, i.e. contracts where the buyer is able to determine the major structural elements of the design of the real estate before construction begins or specify major structural changes once construction is in progress, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance

sheet date (percentage of completion method). Application of the percentage of completion method requires that the project costs can be estimated reliably and the project is expected to be profitable. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The stage of completion is measured as the percentage of contract costs incurred for work performed to balance sheet date compared to the estimated total contract costs. The calculation is prepared for each individual project and is based on the estimated final outcome.
The Group did not hold development property in the current or previous reporting period.

2.8 Investment property

Self-constructed or purchased residential and business premises that are retained and managed over a longer period are recognized separately as investment property in accordance with IAS 40.
Investment property is initially recognized at acquisition costs including directly attributable transaction costs. Subsequent reassessment is prepared in accordance with the fair value model. Investment properties are assessed at least once per year by an independent real estate expert. The valuation is made according to the Discounted Cash Flow method (DCF method). Changes in the fair value are recognized in the income statement. The resulting deferred tax liabilities or tax assets are charged or credited to the income statement as tax expenses or income, respectively.
The Group did not hold investment property in the current and previous reporting period.

2.9 Equipment

Equipment is recorded at historical cost less accumulated depreciations and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the Group will profit from future economic benefits associated with the item and that the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other cost for equipment is recorded in the income statement.

Depreciations are recorded on a straight-line basis over the assets' estimated useful lives as follows:

Fixtures	10 years
Furniture	5 years
IT equipment	3 years
Vehicles	4 years
Other equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised in the income statement. Equipment is derecognised at the time of disposal or if it is determined that no future economic benefits associated with the item are expected to flow to the entity.

2.10 Intangible assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and implement specific software. These costs are amortised on a straight-line basis over their estimated useful lives of five years.

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date and subsequently carried at cost less accumulated amortization.

2.11 Long-term receivables

Contingent consideration from an acquisition is classified in long-term receivables. The valuation is made according to a probability-weighted approach considering a corresponding discount rate at every balance sheet date. The selling price to be achieved is determined on the basis of various scenarios.

2.12 Impairment of equipment, intangible assets and development properties

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indicators exist, the recoverable amount of the asset is determined by means of an impairment test. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised for the amount by which the asset's (or the cash-generating units) carrying amount exceeds its recoverable amount.

Non-financial assets, with the exception of goodwill, that suffered an impairment loss in the past are reviewed for a possible reversal of the impairment at each reporting date.

At the end of each reporting period, the existing amount of the development properties valued at acquisition or construction cost is subject to an impairment test. Therefore, the net realisable value comprising the estimated selling price less additional foreseeable construction and selling costs, will be assessed. In addition to the estimates made by the entity itself, appraisal reports by an independent property surveyor are obtained by Peach. Valuations are carried out according to the DCF method. An impairment loss is recognised for the amount by which the carrying amount exceeds the fair value less costs to sell.

2.13 Accounts payable and other payables

Accounts payable and other payables which are due within one year are disclosed at their nominal values. The fair value of such liabilities approximates their nominal value.

2.14 Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs incurred and subsequently valued at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.15 Provisions

Provisions are recorded if:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation, taking into account any significant risks and uncertainties.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2.16 Current and deferred income taxes

Income taxes include current and deferred income taxes. Income taxes are recorded in the income statement, except for income tax on transactions directly recorded in other comprehensive income or directly in equity. In such cases, income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated as the expected income tax due on the relevant taxable income. The calculation is based on the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for on temporary differences arising in the following cases: the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and investments in subsidiaries, if it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

For retained profits of subsidiaries, associates or interests in joint ventures that cannot be transferred without tax consequences, a deferred income tax liability is recognised, if a transfer of profits is planned in the foreseeable future.

2.17 Pension plan

All employees of the Group are employed in Germany and are covered by a public defined contribution plan. Peach Property Group (Deutschland) GmbH does not offer a company-specific solution. Employer's contributions are paid into the statutory regulated pension fund. Employees have no direct entitlements towards the employer. Consequently no provision is recorded for such obligations.

2.18 Share capital

The share capital is comprised of all issued registered shares. Dividends are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders. Transaction costs directly attributable to the issue of new shares are immediately deducted, net of tax, from share premium.

2.19 Derivative financial instruments

Derivative financial instruments are measured at their fair value. Changes in fair value are recorded in the income statement. Hedge accounting is not applied. Derivative financial instruments can be used in the normal course of the business to hedge market risks (interest rate risk). In the current as well as the prior reporting period no such instruments were used.

2.20 Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Peach does not enter into any agreements that could be interpreted to be a finance lease as per definition in IAS 17.

2.21 Segment reporting

IFRS 8 requires the determination of segments as well as the presentation of segment information to be based on the same information used internally by management (management approach). IFRS 8 defines an operating segment as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Development and management of properties is the only operating segment of the Group. A detailed description of the operating segment is included in note 5.

3. Financial risk management

3.1 Financial risk factors

Due to its business activities, the Group is exposed to various financial risks: market risk, credit risk and liquidity risk.

The principles and compliance of risk management is monitored by the Audit and Risk Committee as well as the Board of Directors of Peach. Risk management focuses on the identification, description, management, monitoring and control of risks of defaults, interest rates, foreign currencies and liquidity.

Market risks

a) Foreign exchange risk
The Group is not exposed to foreign exchange risk as most of its activities are based in Germany. Loans received from and payables to related parties (group companies outside the consolidation scope) are denominated in EUR. The current set up led to no foreign exchange gains or losses in the current and prior reporting period.

b) Interest rate risk
The Group's interest rate risk is deemed to be low. Interest mostly relates to short term loan receivables (TEUR 2'690, prior year TEUR 1'023) and short term loan payables (TEUR 2'492, prior year TEUR 824) with identical fixed interest rates of 3% (prior year 3%).

Interest rate sensitivity of financial instruments with fixed rates
Peach does not record any fixed-rate financial instruments at fair value. Consequently, a change in interest rates would have no impact on the statement of comprehensive income.

Interest rate sensitivity of financial instruments with variable rates
There are no financial instruments with variable rates.

Credit risk

Default risk is the risk that a client or a counterparty of a financial instrument is not able to pay their contractual obligations which would result in financial loss for Peach. Default risks are mainly related to trade receivables and cash and cash equivalents.

To minimise default risks related to cash and cash equivalents, the company has invested its short-term bank accounts with top rated, high quality financial institutions (at least Rating A).

The maximum default risk corresponds to the carrying amounts of the individual financial assets at 31 December 2010. A detailed overview of financial instruments is provided in Note 3.4.

Liquidity risk

The liquidity risk is the risk that Peach cannot settle its financial obligations when they fall due. The future liquidity development is analysed by means of rolling cash flow forecasts which are continuously updated.

The following table shows the contractual due dates of the Group's financial liabilities. The table does not include liabilities towards group companies not included in the consolidation scope (TEUR 2'492, prior year TEUR 824) since these amounts are considered to be equity under a Group consideration:

Liquidity risk	(excluding Group liabilities)	
in TEUR	**0 - 3 months**	**Total**
2010		
Accounts payables	45	**45**
Other payables	172	**172**
Current income tax payables	57	**57**
Accrued expenses	230	**230**
2009		
Accounts payables	10	**10**
Other payables	279	**279**
Accrued expenses	171	**171**

Liquidity is managed by short- and medium-term liquidity planning.

3.2 Capital risk management

According to the investment policies of the Audit and Risk Committee, Peach aims to attain an equity ratio of 30 - 40% in the long term. This is as well applicable for the Group. On Group level however, loans received from group companies outside the scope of consolidation are included in the calculation.

The equity ratio at 31 December 2010 and for the prior year was calculated as follows:

in TEUR	**2010**	**2009**
Equity	136	24
Total balance sheet	3'155	1'308
Equity ratio	**4%**	**2%**

in TEUR	**2010**	**2009**
Equity	136	24
Total loans from Group companies	2'492	824
Total balance sheet	3'155	1'308
Equity ratio	**83%**	**65%**

Further information concerning equity is disclosed in note 18.

3.3. Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using appropriate valuation techniques. These may, for example, include methods such as current transaction prices for similar instruments, quoted market prices or dealer quotes for similar instruments or discounted cash flow calculations to estimate the present value of the estimated future cash flows of a financial instrument or other methods.

The carrying amounts less impairment provisions of trade receivables and accounts payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Financial instruments that are measured in the balance sheet at fair value are reported according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
- Inputs for the asset or liability that are not based on observable market data (level 3).

In the current as well as the prior reporting period no such instruments were held by the Group.

3.4. Categories of financial instruments

The following table shows the carrying amounts of all financial instruments for each category:

in TEUR	**2010**	**2009**
Loans and receivables		
Cash and cash equivalents	311	111
Trade receivables	24	19
Other receivables	2'731	1'063
	3'066	**1'193**
Financial liabilities recorded at amortised cost		
Accounts payable	45	10
Other payables	2'664	1'103
Current income tax payables	57	0
Accrued expenses	230	171
	2'996	**1'284**

4. Critical accounting estimates and assumptions

Preparation of consolidated financial statements in accordance with IFRS requires the Group to make assumptions concerning the future and to make certain judgements and estimates, which have a direct influence on the values reported in the balance sheet and statement of comprehensive income. These assumptions, judgements and estimates are based on experience values and other factors that are deemed appropriate under the prevailing circumstances. Assumptions are reviewed continuously. Changes in estimates which have an impact on the consolidated financial statements are recorded in the statement of comprehensive income in the period in which the estimate was adjusted.

The balance sheet and statement of comprehensive income items where estimates and assumptions are critical and which therefore carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred tax assets

All of Group's accumulated losses brought forward have been capitalised. At 31 December 2010, accumulated losses resulting in a deferred tax asset of TEUR 5 (prior year TEUR 0) were capitalised. Management used judgment with respect to future taxable profits in order to capitalise the accumulated losses.

5. Segment reporting

Management has determined the operating segment on the basis of the internal reporting to the CEO of the ultimate parent, Peach Property Group AG (Group CEO), the key decision-maker in the Company and total Peach Group.

The Group CEO defines business operations and oversees the internal reporting to assess the performance and resource allocation. The Group has only one operational segment, the development and management of properties. Property development includes the acquisition of land, the development, construction and sale of property. Main operations include evaluation of property, project planning, financing and sales and customer management.

The objects developed by the Group are located in city centres or their close proximity in Germany. The Group's customers are either the acquirers of residential property, lessors of residential or retail property or related parties (group companies outside the Group's consolidation scope) that acquire the services of the Group for the development or construction of their objects.

6. Income from development and construction management services

in TEUR	2010	2009
Sales provisions	61	0
Development and construction management services sold to related parties	1'499	593
Total	**1'560**	**593**

Income from development and construction management services sold to related parties was generated mostly with the following group companies outside the Group's consolidation scope:

Yoo Berlin GmbH & Co.KG	936	125
Am Zirkus 1 Berlin GmbH & Co. KG	75	0
VD Berlin Chausseestrasse 106 GmbH & Co.KG	344	220
Yoo Düsseldorf GmbH & Co.KG	40	124
VD Harvestehuder Weg I GmbH & Co. KG	53	124
Other	51	0
Total	**1'499**	**593**

7. Personnel expenses

in TEUR	2010	2009
Salaries	-1'008	-341
Social security costs	-140	-48
Total	**-1'148**	**-389**
Headcount	13	17

8. Sales and Marketing expenses

in TEUR	2010	2009
Sales Marketing Expenses	-229	0
Total	**-229**	**0**

The sales and marketing cost are related to the sales activities for the development property held by Yoo Berlin GmbH & Co. KG.

9. Other operating expenses

in TEUR	2010	2009
Fees and legal expenses	-74	-50
Rent	-65	-26
Travel and representation expenses	-52	-64
IT expenses	-41	-3
Advertisements / PR	-46	-45
Other operating expenses	-166	-18
Total	**-444**	**-206**

The position other operating expenses contains the administration cost of the Group.

10. Financial income and expenses

in TEUR	2010	2009
Financial expenses		
Interest expenses	-44	-4
Other financial expenses	-1	0
Total	**-45**	**-4**
Financial income		
Interest income	36	1
Total	**36**	**1**

The financial expenses and financial income represent mostly interest paid and received for short term loans from and to related parties (group companies outside the consolidation scope).

11. Income taxes

in TEUR	2010	2009
Current income taxes	-57	0
Deferred income taxes	5	0
Income taxes	**-52**	**0**

The income tax expense can be analysed as follows:

Loss before income taxes	-241	-1
Income taxes at a rate of 28.5% (2009: 28.5%)	68	0
Application of different tax rates and other impacts	-5	0
Impact from contribution in kind to share premium	-115	
Income taxes	**-52**	**0**

The tax rate applied represents the tax rate of the parent company Peach Property (Deutschland) GmbH. The impact of Real Value Living GmbH, its subsidiary, is disclosed in the reconciling items.

12. Cash and cash equivalents

in TEUR	31.12.2010	31.12.2009
Cash at banks	311	111
Total	**311**	**111**

Cash and cash equivalents comprise the current account balances with German banks.
The amount of TEUR 23 (prior year TEUR 10) is related to advances of client and is not freely available.

13. Other receivables

in TEUR	31.12.2010	31.12.2009
Other receivables	41	40
Other receivables from related parties	2'690	1'023
Total	**2'731**	**1'063**

Other receivables from related parties are short term loans to the following group companies outside the Group's consolidation scope:

Yoo Berlin GmbH & Co.KG	499	154
Am Zirkus 1 GmbH & Co.KG	503	0
VD Berlin Chausseestrasse 106 GmbH & Co.KG	288	300
VD Harvestehuder Weg I GmbH & Co. KG	1'397	405
Yoo Düsseldorf GmbH & Co.KG	0	164
Other	3	0
Total	**2'690**	**1'023**

The other receivables do not contain any overdue amounts. No allowances for bad debt were required.

14. Equipment

in TEUR	**Other equipment**	**Total**
Cost		
Balance at 1 January 2010	123	123
Disposals	-11	-11
Balance at 31 December 2010	112	112
Accumulated depreciation		
Balance at 1 January 2010	-14	-14
Charge for the year	-25	-25
Disposals	-4	-4
Balance at 31 December 2010	-43	-43
Net book amount at 1 January 2010	**109**	**109**
Net book amount at 31 December 2010	**69**	**69**

in TEUR	**Other equipment**	**Total**
Cost		
Balance at 1 January 2009	0	0
Additions	123	123
Balance at 31 December 2009	123	123
Accumulated depreciation		
Balance at 1 January 2009	0	0
Charge for the year	-14	-14
Balance at 31 December 2009	-14	-14
Net book amount at 1 January 2009	**0**	**0**
Net book amount at 31 December 2009	**109**	**109**

15. Other payables

in TEUR	31.12.2010	31.12.2009
Various tax payables	154	76
Office equipment	0	149
Other payables to third parties	18	54
Other payables to related parties	2'492	824
Total	**2'664**	**1'103**

Other payables from related parties represent short term loans received from the following group companies outside the Group's consolidation scope:

Peach Property Group AG	1'843	623
Peach German Properties AG	357	201
Yoo Düsseldorf GmbH & Co.KG	292	0
Total	**2'492**	**824**

16. Accrued expenses

in TEUR	31.12.2010	31.12.2009
Consulting and audit fees	55	50
Personnel expenses	163	82
Rent	0	24
Other accrued expenses	12	15
Total	**230**	**171**

Personnel expenses include accrued amounts for salary as well as bonus payments.

17. Deferred Taxes

in TEUR	31.12.2010	31.12.2009
Deferred tax assets:		
- Deferred tax assets to be recovered > 12 months	5	0
Total	**5**	**0**

in TEUR	31.12.2010		31.12.2009	
	Assets	Liabilities	Assets	Liabilities
Tax losses	5	0	0	0

All of the Group's existing accumulated losses brought forward have been capitalised as deferred tax assets, as sufficient taxable income is expected going forward that renders offsetting possible.

in TEUR	2010	2009
Expiration after more than 7 years	17	1

18. Equity

Registered capital

	in TEUR
1 January 2009	**25**
31 December 2009	**25**
31 December 2010	**25**

Share premium

	in TEUR
1 January 2009	**0**
31 December 2009	**0**
Contribution in kind	405
31 December 2010	**405**

At 28 December 2010 Peach German Properties AG, a sister company of Peach Property Group (Deutschland) GmbH, transferred its project management contract with Am Zirkus 1 GmbH & Co. KG (another related party), with all risks and rewards to Peach Property Group (Deutschland) GmbH. In this context a receivable in the amount of TEUR 405 was contributed to the Company free of charge. The fair value of the receivable was accounted for in share premium.

Retained earnings

	in TEUR
1 January 2009	**0**
Loss 2009	-1
31. Dezember 2009	**-1**
Loss 2010	-293
31 December 2010	**-294**

19. Scope of consolidation

Germany		Registered in	Share Capital TEUR	Share-holding	Closing date
Real Value Living GmbH	1)	Cologne	25	100	31.12.

1) Sale and agency services company

Changes to the scope of consolidation 2010

Under the purchase and transfer agreement as of 25 March 2010, Peach Property Group (Deutschland) GmbH acquired Johanna 133 Beteiligungsverwaltungs GmbH, which subsequently changed its name to Real Value GmbH, for a purchase price of TEUR 28. Under the terms of this acquisition, Peach Property Group (Deutschland) GmbH acquired cash and cash equivalents TEUR 25. The buyer's and seller's broker fees in connection with the sales in Germany were processed through Real Value Living GmbH.

Changes to the scope of consolidation 2009

There were no changes to the scope of consolidation

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20. Related party transactions

in TEUR **Disclosures regarding transactions with related parties**	**2010**	**2009**
Other operating income		
- Group companies not included in scope of consolidation	1'424	593
- Associates and Joint ventures from Group companies not included in scope of consolidation	75	0
Sales and Marketing expenses		
- Group companies not included in scope of consolidation	-229	0
Interest income on loans and receivables		
- Group companies not included in scope of consolidation	36	0
Interest expense:		
- Group companies not included in scope of consolidation	-44	-4
Other receivables from related parties (on 31.12.)		
- Group companies not included in scope of consolidation	2'187	1'023
- Associates and Joint ventures from Group companies not included in scope of consolidation	503	0
Other payables due to related parties (on 31.12.)		
- Group companies not included in scope of consolidation	2'492	824

The Group considers all group companies of Peach that are not consolidated as well as joint ventures and associates that are not included in its consolidated financial statements as related parties. For transactions with group companies we refer to Notes 6, 8, 10, 13 and 15.

Transactions with related parties are settled on normal commercial terms and conditions (arm's length conditions).

21. Remunerations to members of the Board of Directors and Management

The Board of directors is compensated on consolidation level Peach for its services. Based on materiality considerations the expenses have not been broken down to the individual Group companies.

All of the payroll cost of the operative management of the Group is charged to group companies of Peach for development services performed. The amounts of TEUR 1'148 (prior year TEUR 270) is capitalised in these companies.

22. Contingent liabilities

As per year end there are no material contingent liabilities that require disclosure.

23. Assets pledged as collateral for own commitments

As per year end there are no pledged assets.

24. Operating lease

Future lease payables under non-cancellable operating leasing agreements amount to:

in TEUR	**2010**	**2009**
up to 1 year	175	78
1 - 5 years	405	508
Total	**580**	**586**

The future lease payments relate to the office premises of Peach Property Group (Deutschland) GmbH.

25. Subsequent events

No subsequent events to report.

Bestätigungsvermerk des Abschlussprüfers

An die Peach Property Group (Deutschland) GmbH, Köln

Wir haben den von der Peach Property Group (Deutschland) GmbH, Köln, aufgestellten Konzernabschluss – bestehend aus Bilanz, Gesamtergebnisrechnung, Eigenkapitalveränderungsrechnung, Kapitalflussrechnung und Anhang – für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2010 geprüft. Die Aufstellung des Konzernabschlusses nach den IFRS, wie sie in der EU anzuwenden sind, liegt in der Verantwortung des Geschäftsführers der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Konzernabschluss abzugeben.

Wir haben unsere Konzernabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Konzernabschluss unter Beachtung der IFRS, wie sie in der EU anzuwenden sind, vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld des Konzerns sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben im Konzernabschluss überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der Jahresabschlüsse der in den Konzernabschluss einbezogenen Unternehmen, der Abgrenzung des Konsolidierungskreises, der angewandten Bilanzierungs- und Konsolidierungsgrundsätze und der wesentlichen Einschätzungen des Geschäftsführers sowie die Würdigung der Gesamtdarstellung des Konzernabschlusses. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Konzernabschluss den IFRS, wie sie in der EU anzuwenden sind, und vermittelt unter Beachtung dieser Vorschriften ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns.

Köln, den 26. September 2012

PricewaterhouseCoopers
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ppa. Katrin Dummersdorf
Wirtschaftsprüfer

Leerseite aus bindetechnischen Gründen

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