Press release
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Quarterly results as per 31 March 2017

PSP Swiss Property – Operating earnings in line with the expectations of the Company. FY 2017 ebitda forecast confirmed; lower vacancies expected for year-end 2017.

In line with the publication made earlier, and compared to the previous year, a lower ebitda (excluding changes in fair value) of approximately CHF 225 million is expected for FY 2017. The projected decrease in respect to FY 2016 (CHF 241.6 million) is expected mainly because of less income from apartment sales. At the end of March 2017, NAV per share amounted to CHF 85.27 (end of 2016: CHF 84.30).

Real estate portfolio

At the end of March 2017, the real estate portfolio included 161 office and commercial properties as well as four development sites and six single projects. The carrying value of the total portfolio stood at CHF 6.908 billion (end of 2016: CHF 6.894 billion).

In the reporting period, no investment properties were purchased nor sold. Several buildings are going through an extensive renovation process. The focus is on Zurich city centre, in particular Bahnhofquai and Bahnhofplatz, several properties in Zurich West as well as one property each in Geneva and Lausanne.

The current site developments and projects progressed as planned. One highlight is the construction start of the "Residenza Parco Lago" in Paradiso (near Lugano). Here condominiums as well as office, commercial and retail areas with a floor space totalling 13 000 m^2 are being built. The investment total is approximately CHF 80 million. All units will be sold after their completion towards the end of 2019.

The project „Bahnhofquai/-platz" in Zurich is now proceeding well, following long and intensive discussions with the City Authorities in charge of historical building protection. Renovation work for stage 1 (property located at Bahnhofplatz 1, Bahnhofquai 9/11/15) will start in June 2017. For stage 2 (buildings located at Waisenhausstrasse 2/4 and Bahnhofquai 7), the competition project chosen has been approved by the City Historical Building Committee.

At the “Salmenpark” in Rheinfelden, the construction of stage 2 with an investment total of approximately CHF 70 million is in the planning phase (96 residential units for sale). Currently, a sale of this construction project is in evaluation.

Vacancy rate

At the end of March 2017, the vacancy rate stood at 9.1% (end of 2016: 9.3%). 0.7 percentage points of these 9.1% were due to ongoing renovations. The properties in Zurich West and Wallisellen (carrying value CHF 0.8 billion) contributed 2.0 percentage points to the overall vacancy rate. The remaining properties with a carrying value of CHF 5.3 billion (i.e. the total investment portfolio excluding the objects under renovation as well as those in Zurich West and Wallisellen) made up 6.4 percentage points.

Quarterly results Q1 2017

In Q1 2017, net income (excluding changes in fair value) reached CHF 40.3 million (Q1 2016: CHF 46.9 million). The decline was expected and reflects mainly the lower income from condominium sales compared to the previous year’s period. This income dropped by CHF 7.2 million to CHF 1.5 million (Q1 2016: CHF 8.7 million). Moreover, rental income decreased by CHF 1.0 million. During the reporting period, there were no revaluations and no sales of investment properties. As a result, overall net income, i.e. income including changes in fair value, was also CHF 40.3 million (Q1 2016: CHF 46.9 million). Earnings per share amounted to CHF 0.88 (Q1 2016: CHF 1.02).

Strong capital structure

With total equity of CHF 3.911 billion (end of 2016: CHF 3.867 billion) – corresponding to an equity ratio of 55.4% (end of 2016: 54.9%) – PSP Swiss Property had a strong capital base at the end of March 2017. Interest-bearing debt amounted to CHF 2.258 billion, corresponding to 32.0% of total assets (end of 2016: CHF 2.248 billion respectively 31.9%).

At the end of March 2017, the passing average interest rate was 1.27% (end of 2016: 1.28%). The average fixed-interest period was 4.1 years (end of 2016: 4.3 years).

No major committed bank loans will be due until 2019. Currently, unused committed credit lines amount to CHF 580 million.

PSP Swiss Property has ratings from two international rating agencies: from Fitch the Senior Unsecured Rating A- (outlook stable) and from Moody’s the A3 Issuer Rating (outlook stable).

Subsequent events

On 3 April 2017, the property located at Eisenbahnstrasse 95 in Gwatt (Thun) was sold for CHF 7.0 million.

The ordinary Annual General Meeting on 5 April 2017 approved all proposals of the Board of Directors. Among other resolutions, the payment of an ordinary dividend of CHF 3.35 per share for the 2016 business year was approved. The payout totalling CHF 153.7 million took place on 11 April 2017.

There were no further material subsequent events.

Market environment and outlook 2017

While the outlook for Switzerland’s economy as a whole is positive, PSP Swiss Property expects the office and retail property market to remain challenging. There is an oversupply on the office letting market. The overall absorption of the vacancies, especially at the outskirts, will probably take several years. In contrast, the letting outlook for offices in central locations is significantly better than for those in the periphery. The situation on the market for retail space remains tense, due to shopping tourism and growing online shopping. Central locations (“high street retail”) suffer the least under these structural changes.

The focus of PSP Swiss Property remains on the renovation and modernisation of selected properties, the further development of our sites and projects as well as the letting activities.

For the 2017 business year, an ebitda (excluding changes in fair value) of approximately CHF 225 million is still expected (2016: CHF 241.6 million). As already announced, the decline reflects the expected lower income from condominium sales compared to 2016 and slightly decreasing rental income.

With regard to the vacancies at year-end 2017, an improved rate of around 9% is now expected (previous forecast: around 10%).

Key figures

Key financial figures	Unit	2016	Q1 2016	Q1 2017	+/-[1]
Rental income	CHF 1 000	276 316	69 402	68 375	-1.5%
EPRA like-for-like change	%	-1.6	1.1	-2.9[2]	
Net changes fair value real estate investments	CHF 1 000	-50 208	0	0	
Income property sales (condominiums)	CHF 1 000	14 224	8 653	1 490	
Income property sales (investment properties)	CHF 1 000	1 354	0	0	
Total other income	CHF 1 000	6 291	569	708	
Net income	CHF 1 000	134 867	46 900	40 256	-14.2%
Net income excl. gains/losses on real estate investments[3]	CHF 1 000	**172 548**	**46 900**	**40 256**	-14.2%
Ebitda excl. gains/losses on real estate investments	CHF 1 000	**241 572**	**64 996**	**57 163**	-12.1%
Ebitda margin	%	81.3	82.7	81.0	
Total assets	CHF 1 000	**7 041 368**	**6 829 297**	**7 065 680**	0.3%
Shareholders' equity	CHF 1 000	**3 866 754**	**3 912 345**	**3 911 317**	1.2%
Equity ratio	%	54.9	57.3	55.4	
Return on equity	%	3.5	4.8	4.1	
Interest-bearing debt	CHF 1 000	2 248 436	1 944 140	2 257 630	0.4%
Interest-bearing debt in % of total assets	%	31.9	28.5	32.0	
Portfolio key figures					
Number of investment properties	Number	161	164	161	
Carrying value investment properties	CHF 1 000	**6 297 968**	**6 334 365**	**6 302 738**	0.1%
Implied yield, gross	%	4.3	4.3	4.3	
Implied yield, net	%	3.6	3.8	3.6	
Vacancy rate end of period (CHF)	%	9.3	8.7	9.1	
Number of sites/development properties	Number	10	8	10	
Carrying value sites/development properties	CHF 1 000	**595 885**	**424 432**	**605 389**	1.6%
Employees					
End of period	People	90	88	90	
Equal full-time employees	FTE	84	82	85	
Per share figures					
Earnings per share (EPS)[4]	CHF	2.94	1.02	0.88	-14.2%
EPS excl. gains/losses on real estate investments[4]	CHF	**3.76**	**1.02**	**0.88**	-14.2%
Distribution per share	CHF	**3.35[5]**	**n.a.**	**n.a.**	
Net asset value per share (NAV)[6]	CHF	**84.30**	**85.30**	**85.27**	1.2%
NAV per share before deferred taxes[6]	CHF	**100.95**	**101.82**	**102.02**	1.1%
Share price end of period	CHF	88.00	92.50	91.15	3.6%

1 Change to Q1 2016 or carrying value as of 31 December 2016 as applicable.

2 -0.1%, excl. property Av. des Morgines 8/10 in Petit-Lancy.

3 "Net income excluding gains/losses on real estate investments" corresponds to the consolidated net income excluding net changes in fair value of the real estate investments, realised income on sales of investment properties and all of the related taxes. Income from the sale of properties which were developed by the Company itself is, however, included in the "net income excluding gains/losses on real estate investments".

4 Based on average number of outstanding shares.

5 For the business year 2016. Cash payment made on 11 April 2017.

6 Based on number of outstanding shares.

Further information

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Quarterly report and presentation are available on www.psp.info

www.psp.info/reports
www.psp.info/presentations

There is no analyst/media conference and no conference call.

Agenda

Publication H1 2017	18 August 2017
Publication Q1-Q3 2017	14 November 2017
Publication FY 2017	27 February 2018
Annual General Meeting 2018	5 April 2018

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 6.9 billion in Switzerland’s main economic areas; its market capitalisation amounts to CHF 4.1 billion. The 90 employees are based in Geneva, Olten, Zug and Zurich.

Since March 2000, PSP Swiss Property is listed on the SIX Swiss Exchange (symbol: PSPN, security number: 1829415, ISIN CH0018294154).