

Press release

30 April 2021

Quarterly results as per 31 March 2021

PSP Swiss Property with a successful Q1 2021. PSP Swiss Property considers itself well positioned for the current year.

In Q1 2021, PSP Swiss Property has managed the challenges related to the continuing corona crisis well. The corona crisis and the regulatory measures had only a marginal impact on the quarterly results. With its high-quality portfolio and its solid capital structure, PSP Swiss Property considers itself well positioned for the current year. Ebitda and vacancy rate guidances are being confirmed.

Real estate portfolio

At the end of March 2021, the value of the portfolio was CHF 8.641 billion (end of 2020: CHF 8.577 billion). In Q1 2021, the "Seestrasse" development project in Kilchberg was sold for CHF 20.0 million and with a gain of CHF 7.3 million. At the "Residenza Parco Lago" project in Paradiso (near Lugano), further 13 condominiums were sold. In total, 62% of the units are sold and 4% are reserved. The project will be completed in the current quarter. Furthermore, the new building "ATMOS" in Zurich West has successfully been completed and reclassified to the investment portfolio. "ATMOS" was already fully let one year ago; it offers modern office space on approximately 24 000 m². At present, the tenants are completing their interior work. The two investment properties located at Zeughausgasse 26/28 in Bern and Zollstrasse 6 in Zurich were reclassified as development projects. The current Hotel Metropole located at Zeughausgasse 26/28 in Bern's old town is undergoing extensive renovation since January 2021 (project "Metropole"). The historic building will benefit from a new hotel concept as well as an expanded restaurant. The space is already 100% pre-let. The renovation will last until summer 2022, with an investment of around CHF 20 million. The property located at Zollstrasse 6 in Zurich is undergoing a complete renovation. The retail space on the ground floor will remain in operation

during the construction work which will take until the end of 2021. The total investment amounts to around CHF 4 million.

At the end of March 2021, the vacancy rate stood at 3.1% (end of 2020: 3.0%). 0.5 percentage points of all vacancies is due to ongoing renovations. Of the lease contracts maturing in 2021 (CHF 52.4 million), 75% were done at the end of March 2021. The wault (weighted average unexpired lease term) of the total portfolio was 3.9 years. The wault of the ten largest tenants, contributing around 30% of the rental income, was 4.6 years.

Quarterly results Q1 2021 (January to March)

In the reporting period, a net income excluding gains/losses on real estate investments of CHF 61.8 million was achieved. This represents an increase of CHF 13.7 million or 28.5% compared to Q1 2020 (CHF 48.1 million). The increase was mainly due to higher rental income (+ CHF 3.4 million) and higher income from the sale of project developments and condominiums (+ CHF 12.4 million). With regard to rental income, it should be taken into account that corona-related rent reliefs of CHF 1.6 million were granted in Q1 2021 (there were no rent reliefs in the same period of the previous year). On the cost side, financing expenses were reduced (- CHF 0.9 million) compared to the previous year's period. Operating expenses remained relatively stable at CHF 13.2 million (Q1 2020: CHF 12.9 million). Earnings per share excluding gains/losses on real estate investments, which is the basis for the dividend distribution, amounted to CHF 1.35 (Q1 2020: CHF 1.05).

Net income reached CHF 88.8 million (Q1 2020: CHF 47.9 million). The increase in net income by CHF 40.9 million or 85.3% compared to the previous year's period is explained on the one hand by the effects mentioned above, on the other hand by the portfolio appreciation. This is because the internal value analysis as at the end of March 2021 led to a review by the external valuation expert. The appreciation amounted to CHF 33.2 million (Q1 2020: devaluation by CHF 0.2 million). Earnings per share amounted to CHF 1.94 (Q1 2020: CHF 1.04).

At the end of March 2021, net asset value (NAV) per share was CHF 98.26 (end of 2020: CHF 99.83). NAV before deducting deferred taxes amounted to CHF 118.25 (end of 2020: CHF 119.57). It should be noted that the shareholders' dividend entitlement for the 2020 business year took place on the date of the Annual General Meeting. On 31 March 2021, a dividend distribution of CHF 3.65 gross per share was resolved. Consequently, the distribution was already deducted in equity respectively in equity per share as at 31 March 2021. The dividend payment was made on 8 April 2021.

Strong capital structure

With total equity of CHF 4.507 billion at the end of March 2021 – corresponding to an equity ratio of 51.6% (end of 2020: CHF 4.579 billion or 52.8 %) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.017 billion or 34.6% of total assets (end of 2020: CHF 3.057 billion or 35.3%). The average cost of debt was low at 0.38% (end of 2020: 0.47%). The average fixed-interest period was 5.4 years (end of 2020: 5.0 years). Currently, unused credit lines amount to CHF 995 million (thereof CHF 700 million committed).

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

Remarks with regard to the corona crisis

Thanks to its broad portfolio diversification and its focus on office use in central locations, the exposure of PSP Swiss Property in the sectors affected by the official business closures is manageable. Moreover, the impact on these tenants varies widely. Overall, rent reliefs in the amount of CHF 1.6 million were recognised during the reporting period (for the whole of 2020: CHF 4.6 million). The level of rent collection was high at 98% in Q1 2021 (2020: 97%). At the end of March 2021, outstanding lockdown-related rent receivables amounted to CHF 7.4 million (end of 2020: CHF 5.4 million).

Market environment and outlook 2021

A precise outlook for the current business year is, due to the ongoing pandemic, difficult. We expect the demand for office space to stagnate temporarily. The market for retail space, excluding high-street, will remain under pressure.

Our focus remains unchanged: we modernise selected properties, work on development projects and concentrate on our letting activities. We will only consider acquisitions if they allow for added value in the long term and continue to selectively dispose non-strategic assets. In financing, we will continue to pursue our proven conservative approach.

For the 2021 business year, we continue to expect an ebitda excluding gains/losses on real estate investments of around CHF 275 million (2020: CHF 271.1 million). With regard to the vacancies, we still expect a rate of around 4.5% at year-end 2021 (end of March 2021: 3.1%). The forecasts with regard to ebitda and vacancies are conditional on the future development of the corona crisis. They are based on the assumption of a continued gradual easing of the measures enacted by the authorities and, as a result, a normalisation of the business environment.

Key figures

Key financial figures	Unit	2020	Q1 2020	Q1 2021	+/- ¹
Rental income	CHF 1 000	296 274	74 042	77 434	4.6%
EPRA like-for-like change	%	-0.2 ²	0.5	-2.1 ²	
Net changes fair value real estate investments	CHF 1 000	101 578	-235	33 152	
Income property sales (inventories)	CHF 1 000	16 115	851	13 240	
Total other income	CHF 1 000	12 571	1 024	623	
Net income	CHF 1 000	292 091	47 928	88 814	85.3%
Net income excl. real estate gains³	CHF 1 000	215 795	48 117	61 839	28.5%
Ebitda excl. real estate gains	CHF 1 000	271 058	63 301	78 459	23.9%
Ebitda margin	%	83.4	83.4	85.9	
Total assets	CHF 1 000	8 665 045		8 731 089	0.8%
Shareholders' equity	CHF 1 000	4 579 165		4 507 098	-1.6%
Equity ratio	%	52.8		51.6	
Return on equity	%	6.5		7.8	
Interest-bearing debt	CHF 1 000	3 057 204		3 016 817	-1.3%
Interest-bearing debt in % of total assets	%	35.3		34.6	
Portfolio key figures					
Number of investment properties	Number	160		160	
Carrying value investment properties	CHF 1 000	7 681 998		7 899 810	2.8%
Implied yield, gross	%	3.8		3.8	
Implied yield, net	%	3.3		3.3	
Vacancy rate end of period (CHF)	%	3.0		3.1	
Number of sites/development properties	Number	16		16	
Carrying value sites/development properties	CHF 1 000	895 091		741 650	-17.1%
Headcount					
Employees/FTE	People	96/89		99/91	
Per share figures					
Earnings per share (EPS) ⁴	CHF	6.37	1.04	1.94	85.3%
EPS excl. real estate gains⁴	CHF	4.70	1.05	1.35	28.5%
EPRA EPS	CHF	4.32	1.04	1.12	7.8%
Distribution per share	CHF	3.65⁵	n.a.	n.a.	
Net asset value per share (NAV)⁶	CHF	99.83		98.26	-1.6%
NAV per share before deferred taxes⁶	CHF	119.57		118.25	-1.1%
EPRA NRV	CHF	123.19		121.76	-1.2%
Share price end of period	CHF	118.30		115.20	-2.6%

1 Change to Q1 2020 or carrying value as of 31 December 2020 as applicable.

2 EPRA like-for-like growth excluding Covid-19 impact is +0.2% (2020: +1.5%, Q1 2020: +0.5%).

3 "Net income excluding gains/losses on real estate investments" corresponds to the net income excluding net changes in fair value of the real estate investments, net 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 2020. Cash payment was made on 8 April 2021.

6 Based on number of outstanding shares.

Further information

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Report and presentation are available on www.psp.info

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Today, 9:30am Uhr (CET): conference call in English (Q & A only)

Pre-registering (required) [here](#).

Should you have any issues with the registration, please dial the following number 10-15 minutes prior to the start: CH/Europe +41 (0) 58 310 50 00; UK +44 (0) 207 107 0613; US +1 (1) 631 570 56 13

Agenda

Publication H1 2021 · 20 August 2021

Publication Q1-Q3 2021 · 9 November 2021

Publication FY 2021 · 22 February 2022

Annual General Meeting 2022 · 31 March 2022

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 8.6 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 5.2 billion. The 99 employees are based in Geneva, Olten, Zug and Zurich.

PSP Swiss Property has been listed on the SIX Swiss Exchange since March 2020 (symbol: PSPN, security number: 1829415, ISIN CH0018294154).



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