

Press release

20 August 2021

Half-year results as per 30 June 2021

PSP Swiss Property with a successful H1 2021

In H1 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 half-year results. With its high-quality portfolio and its solid capital structure, PSP Swiss Property considers itself well positioned. The ebitda guidance is being confirmed, slightly improved vacancy rate expected by year-end.

Real estate portfolio

At the end of June 2021, the value of the portfolio was CHF 8.962 billion (end of 2020: CHF 8.577 billion). Already in Q1 2021, the "Seestrasse" development project in Kilchberg was sold for CHF 20.0 million with a gain of CHF 7.3 million. In Q2 2021, a smaller part of the remaining site in Wädenswil was sold for CHF 0.4 million with a gain of 0.358 million. At the "Residenza Parco Lago" project in Paradiso (near Lugano), 67% of the units are sold and 8% are reserved. The project will be completed end of 2021. Already in Q1 2021, the new building "ATMOS" in Zurich West was successfully completed and reclassified to the investment portfolio. "ATMOS" was fully let before completion; it offers modern office space on approximately 24 000 m². Three investment properties were reclassified as development projects. The Hotel Metropole located at Zeughausgasse 26/28 in Bern's old town is undergoing an extensive renovation since January 2021. 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 properties located at Zollstrasse 6 and Gartenstrasse 32 in Zurich are undergoing a complete renovation. At Zollstrasse 6, the retail space on the ground floor remains open during the construction work that will take until the end of 2021. The total investment amounts to around CHF 4 million. At Gartenstrasse 32, around CHF 7 million are earmarked for the renovation work until mid-2022.

The valuation of the properties by the independent appraiser resulted in an appreciation of CHF 325.0 million. Thereof, CHF 254.9 million were related to the investment portfolio and CHF 70.1 million to the sites and developments projects. The appreciation resulted mainly from the lower discount rate as well as from completed developments and refurbishments and from various lettings. In contrast, more cautious income forecasts in connection with Covid-19 had the effect of reducing the value in individual cases. At mid-2021, the portfolio's weighted average nominal discount rate stood at 3.10% (year-end 2020: 3.20%).

At the end of June 2021, the vacancy rate stood at 3.1% (end of 2020: 3.0%). 0.5 percentage points of the vacancy is due to ongoing renovations. Of the lease contracts maturing in 2021 (CHF 52.4 million), 79% were renewed at the end of June 2021. The wault (weighted average unexpired lease term) of the total portfolio was 4.0 years. The wault of the ten largest tenants, contributing around 30% of the rental income, was 4.8 years.

Half-year results H1 2021 (January to June)

In the reporting period, a net income excluding gains/losses on real estate investments of CHF 112.6 million was achieved. This represents an increase of CHF 14.3 million or 14.6% compared to H1 2020 (CHF 98.3 million). The increase was mainly due to higher rental income (+ CHF 6.6 million) and higher income from the sale of project developments and condominiums (+ CHF 14.0 million). With regard to rental income, it should be taken into account that corona-related rent reliefs of CHF 3.5 million were granted in H1 2021 (H1 2020: CHF 2.3 million). On the cost side, financing expenses were reduced by CHF 1.3 million compared to the previous year's period. Overall operating expenses rose by CHF 2.4 million from CHF 25.9 million (H1 2020) to CHF 28.2 million. Earnings excluding gains/losses on real estate investments per share, which is the basis for the dividend distribution, amounted to CHF 2.45 (H1 2020: CHF 2.14).

Net income reached CHF 371.4 million (H1 2020: CHF 121.8 million). The increase in net income by CHF 249.6 million compared to the previous year's figure was due, on the one hand, to the effects mentioned above, but, above all, it resulted from the portfolio appreciation of CHF 325.0 million (H1 2020: CHF 31.1 million). Earnings per share amounted to CHF 8.10 (H1 2020: CHF 2.66).

At the end of June 2021, net asset value (NAV) per share was CHF 104.46 (end of 2020: CHF 99.83); the dividend payment of CHF 3.65 per share made on 8 April 2021 should be taken into account. NAV before deducting deferred taxes amounted to CHF 125.91 (end of 2020: CHF 119.57).

Strong capital structure

With total equity of CHF 4.791 billion at the end of June 2021 – corresponding to an equity ratio of 53.1% (end of 2020: CHF 4.579 billion or 52.8 %) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.137 billion or 34.7% of total assets (end of 2020: CHF 3.057 billion or 35.3%). The average cost of debt was low at 0.37% (end of 2020: 0.47%). The average fixed-interest period was 5.0 years (end of 2020: 5.0 years). Currently, unused credit lines amount to CHF 975 million (thereof CHF 700 million committed).

PSP Swiss Property has an Issuer Rating A3 and a Senior Unsecured Rating A3 (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 3.5 million were recognised during the reporting period (H1 2020: CHF 2.3 million). The level of rent collection was high at 99% in H1 2021 (2020: 97%). At the end of June 2021, outstanding lockdown-related rent receivables amounted to CHF 9.1 million (end of 2020: CHF 5.4 million).

Market environment and outlook 2021

An outlook for the current business year is, due to the ongoing pandemic, difficult. However, we assume that demand for office space will improve overall, especially for attractive space in good locations. 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 now expect a rate of below 4.5% at year-end 2021 (previously: around 4.5%, end of June 2021: 3.1%). The forecasts regarding 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 by year-end.

Key figures

Key financial figures	Unit	2020	H1 2020	H1 2021	+/- ¹
Rental income	CHF 1 000	296 274	146 689	153 284	4.5%
EPRA like-for-like change	%	-0.2	-0.9	-1.4 ²	
Net changes fair value real estate investments	CHF 1 000	101 578	31 131	324 985	
Income property sales (inventories)	CHF 1 000	16 115	1 335	15 349	
Total other income	CHF 1 000	12 571	4 872	1 265	
Net income	CHF 1 000	292 091	121 780	371 357	204.9%
Net income excl. real estate gains³	CHF 1 000	215 795	98 251	112 583	14.6%
Ebitda excl. real estate gains	CHF 1 000	271 058	127 691	142 378	11.5%
Ebitda margin	%	83.4	83.5	83.8	
Total assets	CHF 1 000	8 665 045		9 031 599	4.2%
Shareholders' equity	CHF 1 000	4 579 165		4 791 446	4.6%
Equity ratio	%	52.8		53.1	
Return on equity	%	6.5		15.9	
Interest-bearing debt	CHF 1 000	3 057 204		3 136 801	2.6%
Interest-bearing debt in % of total assets	%	35.3		34.7	
Portfolio key figures					
Number of investment properties	Number	160		159	
Carrying value investment properties	CHF 1 000	7 681 998		8 111 296	5.6%
Implied yield, gross	%	3.8		3.7	
Implied yield, net	%	3.3		3.2	
Vacancy rate end of period (CHF)	%	3.0		3.1	
Number of sites/development properties	Number	16		17	
Carrying value sites/development properties	CHF 1 000	895 091		850 229	-5.0%
Headcount					
Employees/FTE	People	96/89		98/89	
Per share figures					
Earnings per share (EPS) ⁴	CHF	6.37	2.66	8.10	204.9%
EPS excl. real estate gains⁴	CHF	4.70	2.14	2.45	14.6%
EPRA EPS	CHF	4.32	2.12	2.20	4.0%
Distribution per share	CHF	3.65⁵	n.a.	n.a.	
Net asset value per share (NAV)⁶	CHF	99.83		104.46	4.6%
NAV per share before deferred taxes⁶	CHF	119.57		125.91	5.3%
EPRA NRV	CHF	123.19		129.45	5.1%
Share price end of period	CHF	118.30		117.50	-0.7%

1 Change to H1 2020 or carrying value as of 31 December 2020 as applicable.

2 EPRA like-for-like growth excluding Covid-19 rent reliefs is +1.3% (2020: +1.5%, H1 2020: +0.7%).

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 (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 Q1-Q3 2021 · 9 November 2021

Publication FY 2021 · 22 February 2022

Annual General Meeting 2022 · 31 March 2022

Publication Q1 2022 · 3 May 2022

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 9.0 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 5.6 billion. The 98 employees are based in Basel, Geneva, 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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