

## Press release

9 November 2021

**Interim results as per 30 September 2021 (9 months)**

# **PSP Swiss Property with good results and improved guidance**

**PSP Swiss Property has achieved a good operational result. With its high-quality portfolio and its solid capital structure, PSP Swiss Property considers itself well positioned. Both, the ebitda guidance and the vacancy rate guidance have been improved.**

### **Real estate portfolio**

At the end of September 2021, the value of the portfolio was CHF 8.998 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. At the "Residenza Parco Lago" development project in Paradiso (completion end of 2021), 71% of the units are sold and 10% are reserved. After the balance sheet date, the property in Locarno was sold for CHF 11.5 million, one building on the Gurten site in Wabern near Bern for CHF 18.1 million and the property located at Schaffhauserstrasse 611 in Zurich for CHF 23.0 million.

All development and renovation projects are proceeding according to plan. Already in Q1 2021, the new building "ATMOS" in Zurich West was successfully completed. "ATMOS" was fully let before completion; it offers modern office space on approximately 24 000 m<sup>2</sup>. 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.

At the end of September 2021, the vacancy rate stood at 3.5% (end of 2020: 3.0%). 0.7 percentage points of the vacancy is due to ongoing renovations. Of the lease contracts maturing in 2021 (CHF 52.4 million), 84% had been renewed by the end of September 2021, 12% became vacant and 4% are still open. The wault (weighted average unexpired lease term) of the total portfolio was 4.1 years. The wault of the ten largest tenants, contributing around 30% of the rental income, was 4.5 years.

### **Interim results Q1-Q3 2021 (9 months)**

In the reporting period, a net income excluding gains/losses on real estate investments of CHF 166.8 million was achieved. This represents an increase of CHF 7.1 million or 4.5% compared to the previous year's period (Q1-Q3 2020: CHF 159.7 million). This increase was mainly due to higher rental income (+ CHF 10.3 million) as well as higher income from the sale of project developments and condominiums (+ CHF 5.9 million). With regard to rental income, it should be taken into account that corona-related rent reliefs of CHF 3.6 million were granted (Q1-Q3 2020: CHF 2.8 million). Still on the income side, capitalised own services decreased by CHF 3.7 million and other income was down by CHF 3.8 million. On the cost side, financing expenses were reduced (- CHF 1.7 million). Compared to the previous year's period, overall operating expenses rose by CHF 3.6 million. Earnings excluding gains/losses on real estate investments per share, which is the basis for the dividend distribution, amounted to CHF 3.64 (Q1-Q3 2020: CHF 3.48).

Net income reached CHF 431.0 million (Q1-Q3 2020: CHF 179.9 million). The increase in net income by CHF 251.1 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 331.9 million (Q1-Q3 2020: CHF 28.0 million) – of which CHF 325.0 million already accrued in the ordinary portfolio valuation in mid-2021. The main reason for the appreciation was the reduction of discount rates of the mid-2021 valuation due to the further decline in investors' yield expectations. Earnings per share amounted to CHF 9.40 (Q1-Q3 2020: CHF 3.92).

At the end of September 2021, net asset value (NAV) per share was CHF 105.80 (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 127.40 (end of 2020: CHF 119.57).

**Strong capital structure**

With total equity of CHF 4.853 billion at the end of September 2021 – corresponding to an equity ratio of 53.6% (end of 2020: CHF 4.579 billion or 52.8 %) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.106 billion or 34.3% of total assets (end of 2020: CHF 3.057 billion or 35.3%). The average cost of debt was low at 0.39% (end of 2020: 0.47%). The average fixed-interest period was 5.1 years (end of 2020: 5.0 years). Currently, unused credit lines amount to CHF 1 billion (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 corona crisis is manageable. Overall, rent reliefs in the amount of CHF 3.6 million were recognised during the reporting period (Q1-Q3 2020: CHF 2.8 million; 2020: CHF 4.6 million). The level of rent collection was at 100% in the reporting period (H1 2021: 99%). At the end of September 2021, outstanding lockdown-related rent receivables amounted to CHF 6.7 million (end of 2020: CHF 5.4 million).

**Market environment and outlook 2021**

Our focus remains unchanged: we modernise selected properties, work on our 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 now expect an ebitda excluding gains/losses on real estate investments of above CHF 275 million (previously: around CHF 275 million; 2020: CHF 271.1 million). With regard to the vacancies, we now expect a rate of 4% at year-end 2021 (previously: below 4.5%, end of September 2021: 3.5%).

## Key figures

| Key financial figures                                  | Unit      | 2020                    | Q1-Q3 2020     | Q1-Q3 2021        | +/- <sup>1</sup> |
|--|-----------|-------------------------|----------------|-------------------|------------------|
| Rental income  | CHF 1 000 | 296 274                 | 221 174        | 231 507           | 4.7%             |
| EPRA like-for-like change                              | %         | -0.2                    | -0.3           | -0.8 <sup>2</sup> |                  |
| Net changes fair value real estate investments         | CHF 1 000 | 101 578                 | 27 977         | 331 871           |                  |
| Income property sales (inventories)                    | CHF 1 000 | 16 115                  | 11 124         | 16 998            |                  |
| Total other income                                     | CHF 1 000 | 12 571                  | 11 902         | 4 369             |                  |
| Net income   | CHF 1 000 | 292 091                 | 179 917        | 430 995           | 139.6%           |
| <b>Net income excl. real estate gains<sup>3</sup></b>  | CHF 1 000 | <b>215 795</b>          | <b>159 720</b> | <b>166 840</b>    | 4.5%             |
| <b>Ebitda excl. real estate gains</b>                  | CHF 1 000 | <b>271 058</b>          | <b>205 619</b> | <b>210 731</b>    | 2.5%             |
| Ebitda margin  | %         | 83.4                    | 84.2           | 83.3              |                  |
| <b>Total assets</b>                                    | CHF 1 000 | <b>8 665 045</b>        |                | <b>9 061 821</b>  | 4.6%             |
| <b>Shareholders' equity</b>                            | CHF 1 000 | <b>4 579 165</b>        |                | <b>4 852 842</b>  | 6.0%             |
| Equity ratio   | %         | 52.8                    |                | 53.6              |                  |
| Return on equity                                       | %         | 6.5                     |                | 12.2              |                  |
| Interest-bearing debt                                  | CHF 1 000 | 3 057 204               |                | 3 106 349         | 1.6%             |
| Interest-bearing debt in % of total assets             | %         | 35.3                    |                | 34.3              |                  |
| <b>Portfolio key figures</b>                           |           |                         |                |                   |                  |
| Number of investment properties                        | Number    | 160                     |                | 159               |                  |
| <b>Carrying value investment properties</b>            | CHF 1 000 | <b>7 681 998</b>        |                | <b>8 130 092</b>  | 5.8%             |
| Implied yield, gross                                   | %         | 3.8                     |                | 3.7               |                  |
| Implied yield, net                                     | %         | 3.3                     |                | 3.2               |                  |
| Vacancy rate end of period (CHF)                       | %         | 3.0                     |                | 3.5               |                  |
| Number of sites/development properties                 | Number    | 16                      |                | 17                |                  |
| <b>Carrying value sites/development properties</b>     | CHF 1 000 | <b>895 091</b>          |                | <b>867 653</b>    | -3.1%            |
| <b>Headcount</b>                                       |           |                         |                |                   |                  |
| Employees/FTE  | People    | 96/89                   |                | 97/89             |                  |
| <b>Per share figures</b>                               |           |                         |                |                   |                  |
| Earnings per share (EPS) <sup>4</sup>                  | CHF       | 6.37                    | 3.92           | 9.40              | 139.6%           |
| <b>EPS excl. real estate gains<sup>4</sup></b>         | CHF       | <b>4.70</b>             | <b>3.48</b>    | <b>3.64</b>       | 4.5%             |
| <b>EPRA EPS</b>  | CHF       | <b>4.32</b>             | <b>3.29</b>    | <b>3.37</b>       | 2.5%             |
| <b>Distribution per share</b>                          | CHF       | <b>3.65<sup>5</sup></b> | <b>n.a.</b>    | <b>n.a.</b>       |                  |
| <b>Net asset value per share (NAV)<sup>6</sup></b>     | CHF       | <b>99.83</b>            |                | <b>105.80</b>     | 6.0%             |
| <b>NAV per share before deferred taxes<sup>6</sup></b> | CHF       | <b>119.57</b>           |                | <b>127.40</b>     | 6.5%             |
| <b>EPRA NRV</b>  | CHF       | <b>123.19</b>           |                | <b>130.90</b>     | 6.3%             |
| Share price end of period                              | CHF       | 118.30                  |                | 112.60            | -4.8%            |

1 Change to Q1-Q3 2020 or carrying value as of 31 December 2020 as applicable.

2 EPRA like-for-like growth excluding Covid-19 rent reliefs is +1.1% (2020: +1.5%, Q1-Q3 2020: +1.0%).

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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### **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 FY 2021 · 22 February 2022

Annual General Meeting 2022 · 31 March 2022

Publication Q1 2022 · 3 May 2022

Publication H1 2022 · 19 August 2022

Publication Q1-Q3 2022 · 8 November 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 5.3 billion. The 97 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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