Press release

23 February 2021

Annual results as per 31 December 2020

PSP Swiss Property with another successful business year. Proposal for an increased dividend of CHF 3.65 per share.

To date, PSP Swiss Property has managed the challenges due to the corona crisis well. The lockdown in spring 2020 and the regulatory measures towards the end of 2020 had – due to rental income structure – only a marginal impact on the annual results. Ebitda excluding gains/losses on real estate investments of CHF 271.1 million and vacancies of 3.0% are in line with the guidance of the Company.

Real estate portfolio

At the end of 2020, the value of the portfolio was CHF 8.577 billion (end of 2019: CHF 7.982 billion).

With effect from 1 August 2020, we entered an asset swap with Zurich Insurance Group. The commercial building at Seilerstrasse 8 in Bern with 4'500 m^2 rental space was acquired for CHF 23.7 million (we already own the immediately adjacent property at Seilerstrasse 8a). As a counter transaction, the development property at Zurlindenstrasse 134 in Zurich was sold for CHF 15.0 million, resulting in a gain of CHF 7.6 million.

End of September 2020, we acquired three attractive commercial buildings in Geneva's prime downtown location for CHF 295 million (CHF 304.1 million including transaction costs). The three adjacent properties are located at Rue de la Confédération 2 (8'100 m^2 rental space), Rue de la Corraterie 5/7 (5'400 m^2) and Rue de la Cité 6 (2'100 m^2). The substance of the properties is very good and the location between the banking quarter, the old town and the prestigious Rue du Rhône is highly frequented. The main tenant is the seller UBS; smaller areas are let to five small companies. UBS will maintain its branch office at Rue de la Confédération 2 following layout modifications in the properties over the next two years. UBS will return a large part of the rented space in the two properties Rue de la Corraterie 5/7 and Rue de la Cité 6 at the end of March 2022.

At the end of March 2020, we acquired a plot with a commercial building (built in 1975/1991) at Grubenstrasse 6 in Zurich (district 2) for CHF 33.5 million. We will replace the compound with a modern new building offering a mixed use (around 5’200 m^2 of office and 6’100 m^2 of commercial space). The investment total will amount to approximately CHF 35 million. The new property will benefit from its good location; the bus and suburban railway stations Zurich Binz are located right next to the building. We submitted the building application in mid-May 2020. Demolition work on the existing building was completed end of September 2020. The new building will be realised between 2021 and 2023.

The office building at Grosspeterstrasse 18 in Basel no longer meets today's requirements. Planned is a new construction with around 5’600 m^2 of office space; 50% has already been pre-let to Swisscom. A further 8% of the space has been pre-let to a catering operator. The investment total amounts to around CHF 37 million. In August 2020, we started the dismantling process. Completion is scheduled for the end of 2022.

The properties acquired at Bärenplatz in Bern in January 2019 will be extensively renovated and modernised by the end of 2021. The investment sum amounts to around CHF 16 million. The ground floor and the first basement floor are intended to be used for gastronomy (around 1’100 m^2), with office space above (around 1’300 m^2) and some small apartments (around 900 m^2) in the uppermost parts of the building. 30% of the space (gastronomy area) has already been pre-let. Negotiations with a potential office tenant are advanced.

The hotel project "Rue du Marché" in Geneva with an investment sum of around CHF 35 million has successfully been completed. The hotel operator citizenM started operations at the beginning of September 2020.

The revaluation of the properties resulted in an appreciation of CHF 101.6 million. Thereof, CHF 93.7 million were related to the investment portfolio and CHF 7.9 million to the sites and developments projects. At year-end 2020, the portfolio’s weighted average nominal discount rate stood at 3.20% (year-end 2019: 3.32%). The appreciation resulted mainly from the lower discount rate as well as from various lettings and the reduction in vacancies. On the other hand, more cautious income forecasts in connection with Covid-19 resulted in lower valuations for a number of properties.

At the end of 2020, the vacancy rate stood at 3.0% (end of 2019: 3.5%). 0.5 percentage points of all vacancies is due to ongoing renovations. Of the lease contracts maturing in 2021 (CHF 52.4 million), 67% were already renewed. 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 5.2 years.

Sustainability

In order to continue to play our part in reaching national and international goals to fight climate change, we will further reduce our properties' specific CO_2 emissions. During the reporting period, we have set a new CO_2 target and the corresponding CO_2 reduction path until 2050. It is our goal to reduce by half the specific CO_2 emissions by 2035 (based on 2019 emissions).

Annual results 2020

Net income excluding gains/losses on real estate investments was CHF 215.8 million; this corresponds to an increase of CHF 0.6 million or 0.3% compared to the previous year (2019: CHF 215.2 million). In this respect, it is worth mentioning that in 2019 the release of deferred taxes at the level of net income excluding gains/losses on real estate investments had a positive one-off effect of CHF 22.1 million. Excluding this amount, operating net income rose even more by CHF 22.7 million or 11.8% in 2020. Earnings per share excluding gains/losses on real estate investments, which is the basis for the dividend distribution, amounted to CHF 4.70 (2019: CHF 4.69).

Rental income increased by CHF 5.8 million to CHF 296.3 million (2019: CHF 290.5 million). This is despite the fact that rent reliefs of CHF 4.6 million were recorded in connection with the lockdown. Income from the sale of condominiums and projects was up by CHF 3.3 million to CHF 16.1 million (2019: CHF 12.8 million). Capitalised own services increased by CHF 1.3 million to CHF 6.2 million (2019: CHF 4.9 million). Furthermore, other income was up by CHF 3.3 million (mainly because of higher revenue from VAT recovery) to CHF 6.4 million (2019: CHF 3.1 million). Operating expenses decreased by CHF 2.2 million to CHF 55.2 million (2019: CHF 57.4 million). Financial expenses declined by CHF 5.9 million to CHF 13.2 million (2019: CHF 19.1 million).

Net income reached CHF 292.1 million (2019: CHF 453.4 million). One-off effects during the previous year also explain the decline in net income by CHF 161.3 million or 35.6%. In addition to the tax effect already mentioned, the portfolio appreciation in the reporting year was lower at CHF 101.6 million compared to 2019 (CHF 244.2 million). Furthermore in 2019, income of CHF 15.0 million resulted from the sale of two investment properties (2020: CHF 0 million). Earnings per share amounted to CHF 6.37 (2019: CHF 9.89).

At the end of 2020, net asset value (NAV) per share was CHF 99.83 (end of 2019: CHF 97.02). NAV before deducting deferred taxes amounted to CHF 119.57 (end of 2019: CHF 115.82).

Strong capital structure

With total equity of CHF 4.579 billion at the end of 2020 – corresponding to an equity ratio of 52.8% (end of 2019: CHF 4.450 billion or 55.4%) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.057 billion, corresponding to 35.3% of total assets (end of 2019: CHF 2.596 billion or 32.3%). The small increase compared to mid-2020 (34.3%) was due to the debt-financed acquisition of the properties in Geneva totalling CHF 304 million. At the end of 2020, the average cost of debt was low at 0.47% (end of 2019: 0.73%). The average fixed-interest period was 5.0 years (end of 2019: 4.4 years). Currently, unused credit lines amount to CHF 1 billion (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

The measures taken by the authorities in spring 2020 and towards the end of 2020 to combat coronavirus do have a severe impact on the population and the economy. How long it will take to return to normality is impossible to predict from today’s perspective. This depends on how a future spread of the coronavirus can be contained and how severe the spring 2020 lockdown and current restrictions have damaged or will damage the economy.

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 4.6 million were recognised during the reporting period. The level of rent collection was high at 97% in 2020. At the end of 2020, outstanding lockdown-related rent receivables amounted to CHF 5.4 million.

Subsequent events

On 4 February 2021, a 0.200% bond (all-in 0.22%) with a volume of CHF 200 million and a maturity in 2031 was issued. On 16 February 2021, a 0.000% private placement (all-in -0.42%) with a volume of CHF 50 million and a maturity in September 2021 was issued.

Material proposals to the Annual General Meeting on 31 March 2021

For the business year 2020, the Board of Directors proposes an increase in the ordinary dividend payment to CHF 3.65 per share (previous year: CHF 3.50). In relation to net income excluding gains/losses on real estate investments, this corresponds to a payout ratio of 77.6%; in relation to the 2020 year-end share price of CHF 118.30, it corresponds to a yield of 3.1%.

Except for Mr. Nathan Hetz, all members of the Board of Directors and the Compensation Committee as well as Mr. Luciano Gabriel as Chairman of the Board of Directors stand for re-election. The Audit Committee and the Compensation Committee shall consist of the three current members: Peter Forstmoser, Adrian Dudle, and Josef Stadler; Peter Forstmoser is again foreseen as Chairman of both committees. The Nomination Committee shall also consist of the current three members, Josef Stadler (Chairman), Corinne Denzler and Adrian Dudle.

Furthermore, the Board of Directors proposes the re-election of Ernst & Young AG, Zurich, as statutory auditors for the business year 2021.

Market environment and outlook 2021

An outlook on the Swiss economy remains difficult, especially due to the measures enacted by the authorities in mid-January 2021 and the uncertainties about the future development of the corona crisis. These imponderables might weigh on the economy well into the current business year. It is just as difficult to predict the impact on the property sector. We assume that demand for office space will continue to be strongest in well-located and easily accessible locations, while marketing and letting in peripheral locations will remain difficult. The non-food retail rental market is likely to remain very difficult for some time to come.

Our focus remains unchanged: we modernise selected properties, develop our projects and concentrate on our letting activities. We will only consider acquisitions if they allow for added value in the long term. In financing, we will continue to pursue our proven conservative approach. And, as in the past, we will consider tapping the capital market if required.

For the 2021 business year, we expect a slightly higher ebitda excluding gains/losses on real estate investments of around CHF 275 million (2020: CHF 271.1 million). With regard to the vacancies, we expect a rate of around 4.5% at year-end 2021 (end of 2020: 3.0%). 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 an imminent easing of the current partial lockdown and a relatively swift normalisation of the general economic environment.

Key figures

Key financial figures	Unit	2019	2020	+/-[1]
Rental income	CHF 1 000	290 460	296 274	2.0%
EPRA like-for-like change	%	1.2	-0.2[2]	
Net changes fair value real estate investments	CHF 1 000	244 176	101 578	
Income property sales (inventories)	CHF 1 000	12 835	16 115	
Income property sales (investment properties)	CHF 1 000	14 961	0	
Total other income	CHF 1 000	7 957	12 571	
Net income	CHF 1 000	453 425	292 091	-35.6%
Net income excl. real estate gains[3]	CHF 1 000	**215 214**	**215 795**	0.3%
Ebitda excl. real estate gains	CHF 1 000	**256 145**	**271 058**	5.8%
Ebitda margin	%	82.0	83.4	
Total assets	CHF 1 000	**8 036 244**	**8 665 045**	7.8%
Shareholders' equity	CHF 1 000	**4 450 220**	**4 579 165**	2.9%
Equity ratio	%	55.4	52.8	
Return on equity	%	10.5	6.5	
Interest-bearing debt	CHF 1 000	2 596 136	3 057 204	17.8%
Interest-bearing debt in % of total assets	%	32.3	35.3	
Portfolio key figures				
Number of investment properties	Number	162	160	
Carrying value investment properties	CHF 1 000	**7 259 441**	**7 681 998**	5.8%
Implied yield, gross	%	4.0	3.8	
Implied yield, net	%	3.4	3.3	
Vacancy rate end of period (CHF)	%	3.5	3.0	
Number of sites/development properties	Number	12	16	
Carrying value sites/development properties	CHF 1 000	**722 223**	**895 091**	23.9%
Headcount				
Employees/FTE	People	94/89	96/89	
Per share figures				
Earnings per share (EPS)[4]	CHF	9.89	6.37	-35.6%
EPS excl. real estate gains[4]	CHF	**4.69**	**4.70**	0.3%
EPRA EPS	CHF	**3.94**	**4.32**	9.7%
Distribution per share	CHF	**3.60**	**3.65[5]**	1.4%
Net asset value per share (NAV)[6]	CHF	**97.02**	**99.83**	2.9%
NAV per share before deferred taxes[6]	CHF	**115.82**	**119.57**	3.2%
EPRA NRV	CHF	**119.20**	**123.19**	3.3%
Share price end of period	CHF	133.60	118.30	-11.5%

1 Change to 2019 or carrying value as of 31 December 2019 as applicable.
2 EPRA like-for-like growth excluding Covid-19 impact is +1.5%.
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 Proposal to the AGM on 31 March 2021 for the business year 2020: dividend payment.
6 Based on number of outstanding shares.

Further information

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Report and presentation are available on www.psp.info

www.psp.info/reports

www.psp.info/presentations

Today, 9am Uhr (CET): webcast in German

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

Today, 11am 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

Annual General Meeting 2021 · 31 March 2021 · without physical presence of shareholders at the registered office of the Company, Kolinplatz 2, 6300 Zug

Publication Q1 2021 · 30 April 2021

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

Annual General Meeting of Wednesday, 31 March 2021 (without personal onsite participation of shareholders)

The Annual General Meeting takes place on **Wednesday, 31 March 2021, at 11 a.m. at the company's registered office, Kolinplatz 2, 6300 Zug**. In accordance with art. 27 of Ordinance 3 on Measures to Combat the Coronavirus (Covid-19 Ordinance 3) of 19 June 2020, the Annual General Meeting will be held **without personal onsite participation of shareholders**. Voting rights may be exercised exclusively through the **independent shareholder representative**.

The invitation with the agenda items and the proposals of the Board of Directors – including the reply form for issuance of powers of attorney and voting instructions to the independent shareholder representative – will be sent by post to the shareholders entitled to vote presumably on Tuesday, 9 March 2021. The invitation will also be published in the Swiss Official Gazette of Commerce as well as on www.psp.info. Powers of attorney and voting instructions to the independent shareholder representative may be given by reply form or by using our internet-based electronic proxy voting system "netVote" on https://netvote.ch/pspswissproperty. The marked and signed reply form must be transmitted until Monday, 29 March 2021, 5 p.m. (CEST) at the latest to the independent shareholder representative, Proxy Voting Services GmbH, Grossmünsterplatz 1, P.O. Box, CH-8024 Zürich). Electronic powers of attorney and voting instructions as well as possible amendments to the voting instructions must be transmitted until Monday, 29 March 2021, 11.59 p.m. (CEST) at the latest.

Shareholders entered in the share register as shareholders with voting rights on Thursday, 25 March 2021, 5 p.m. (CEST), (record date) shall be entitled to vote at the General Meeting. The share register will be administrated until Thursday, 25 March 2021. The share register will be closed from 26 March 2021 until 31 March 2021 inclusive.

In so far the General Meeting approves the proposed dividend payment, the payment date is presumably on 8 April 2021, ex-date on 6 April 2021.

Legally binding is exclusively the information contained in the invitation and the reply form, which expressly remain reserved.

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 96 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).

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