

## Press release

22 February 2022

### Annual results as per 31 December 2021 (12 months)

## **PSP Swiss Property with a very successful business year. Proposal for an increased dividend of CHF 3.75 per share.**

**PSP Swiss Property has achieved a very good operational result. With its high-quality portfolio and its strong capital structure, PSP Swiss Property considers itself well positioned. For the current business year, an increase in ebitda and a stable vacancy rate are guided.**

### **Real estate portfolio**

At the end of 2021, the value of the portfolio was CHF 9.127 billion (end of 2020: CHF 8.577 billion).

During the reporting period, several projects were successfully completed and reclassified into the investment portfolio. The modern “ATMOS” building in Zurich West with approximately 24 000 m<sup>2</sup> of rentable space was completed. The areas (hotel, restaurant and office) of the very extensive renovation on Bahnhofquai and Bahnhofplatz in Zurich were handed over to the tenants. The property located at Zollstrasse 6 in Zurich was completely renovated. The properties Zurich, Schaffhauserstr. 611, and Locarno, Via Respini 7/9, as well as a part of the property located in Wabern, Gurtenbrauerei 32/37, were sold. No investment properties were bought.

Four investment properties were reclassified as development projects. At Zeughausgasse 26/28 in Bern, the outdated building structure will be comprehensively renovated by mid-2022 and the hotel use will be extended to all upper floors. SV Group will open its extended-stay hotel “Stay Kooook” with 85 rooms there in summer 2022. The restaurant on the ground floor will be extended to include the neighbouring retail space. The investment amounts to around CHF 20 million. At Gartenstrasse 32 in Zurich, the facade and technical installations will be completely renewed by

mid-2022 as part of a comprehensive renovation. A modern photovoltaic system will also be installed. The investment sum amounts to around CHF 7 million. Negotiations with a renowned bank for the lease of the entire building are about to be concluded. The property located at Freie Strasse 38 in Basel is an ideal commercial building for mixed retail and office use. After the main tenant moved out, the building is undergoing a comprehensive refurbishment until mid-2022. The investment sum amounts to around CHF 5 million. Following the departure of the single tenant from the office building Richtistrasse 3 in Wallisellen, various alternative uses are being examined and clarified for this property. The main focus is on a new concept for the usable space. Around CHF 3 million will be invested until mid-2022.

The “Residenza Parco Lago” development in Paradiso (Lugano), which was under construction since 2017, was successfully completed. By year-end 2021, 76% of the units were sold and further 7% were reserved. Furthermore, we sold a development project in Kilchberg, a part of a site in Wädenswil and further residential units in Rheinfelden. No sites or projects were bought.

At the end of 2021, the vacancy rate stood at 3.8% (end of 2020: 3.0%). 0.5 percentage points of the vacancy is due to ongoing renovations. Of the lease contracts maturing in 2022 (CHF 54.8 million), 72% had been renewed by the end of 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 3.6 years.

## **Sustainability**

More and more investors invest in line with sustainability criteria. In this respect, we benefit from our long-term focus on sustainability that has always been an integral part of our strategy. External benchmarks such as CDP or GRESB and the repeated “Great Place to Work®” certification attest to the fact that we are on the right track. “Great Place to Work®” is testament to an excellent workplace culture and high employer attractiveness. In autumn 2021, we achieved a second certification as “Great Place to Work®”.

Going forward, we will continue to reduce the specific CO<sub>2</sub> emissions of our properties in order to make our contribution to achieving the national and international goals for combating climate change. In the reporting year, we implemented the target defined in 2020 (to halve the specific CO<sub>2</sub> emissions by 2035 compared to 2019) and the related CO<sub>2</sub> reduction path in our tools and planning. In the coming years, we intend to engage our tenants and suppliers even more in our sustainability efforts.

**Annual results 2021 (12 months)**

In the reporting period, we achieved a net income excluding gains/losses on real estate investments of CHF 221.1 million. This represents an increase of CHF 5.3 million or 2.5% compared to the previous year's period (2020: CHF 215.8 million). This rise was mainly due to higher rental income (+ CHF 13.4 million) as well as higher income from the sale of project developments and condominiums (+ CHF 3.9 million). With regard to rental income, it should be taken into account that corona-related rent reliefs of CHF 3.7 million were granted (2020: CHF 4.6 million). Capitalised own services decreased by CHF 3.8 million and other income also by CHF 3.8 million. On the cost side, financing expenses were reduced (- CHF 2.1 million). Compared to the previous year's period, overall operating expenses rose by CHF 3.1 million. Earnings excluding gains/losses on real estate investments per share, which is the basis for the dividend distribution, amounted to CHF 4.82 (2020: CHF 4.70).

Net income reached CHF 595.0 million (2020: CHF 292.1 million). The increase in net income by CHF 302.9 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 464.9 million (2020: CHF 101.6 million); of which CHF 331.9 million accrued in the valuations in the course of the financial year until the end of September 2021. The main reason for the appreciation was the reduction of discount rates due to the further decline in investors' yield expectations and successful lettings. Earnings per share amounted to CHF 12.97 (2020: CHF 6.37).

At the end of 2021, net asset value (NAV) per share was CHF 109.42 (end of 2020: CHF 99.83). NAV before deducting deferred taxes amounted to CHF 131.84 (end of 2020: CHF 119.57).

**Strong capital structure**

With total equity of CHF 5.019 billion at the end of 2021 – corresponding to an equity ratio of 54.7% (end of 2020: CHF 4.579 billion or 52.8%) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.013 billion or 32.8% of total assets (end of 2020: CHF 3.057 billion or 35.3%). The average cost of debt was low at 0.40% (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 900 million (thereof CHF 600 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 3.7 million were recognised during the reporting period (2020: CHF 4.6 million). The level of rent collection was at 100% in the reporting period (2020: 97%). At the end of 2021, outstanding lockdown-related rent receivables amounted to CHF 3.5 million (end of 2020: CHF 5.4 million).

**Subsequent events**

On 11 February 2022, a 0.0% private placement (all-in -0.45%) with a volume of CHF 100 million and a maturity in August 2022 was issued.

With effect from 17 February 2022, we entered an asset swap with Swiss Life AG and the Anlagestiftung Swiss Life. We acquired two commercial properties in Zurich, at Lintheschergasse 10 and Mühlebachstrasse 2, for a total of CHF 67.6 million. In return, we sold three properties (Rue du Pont 22 in Lausanne, Lintheschergasse 23 and Löwenstrasse 16 in Zurich) for a total of CHF 59.8 million. The balance was settled in cash.

**Material proposals to the Annual General Meeting on 31 March 2022**

For the business year 2021, the Board of Directors proposes an increase in the ordinary dividend payment to CHF 3.75 per share (previous year: CHF 3.65). In relation to net income excluding gains/losses on real estate investments, this corresponds to a payout ratio of 77.8%; in relation to the 2021 year-end share price of CHF 113.70, it corresponds to a yield of 3.3%.

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.

In addition, the Board of Directors proposes to the Annual General Meeting of 31 March 2022 the election of Mr. Mark Abramson as new member of the Board of Directors. Mr. Abramson, 1970, American and Israeli citizen, resident of New York City, U.S.A, MA in Economics (American University, Washington D.C., USA), is an independent advisor for private and publicly traded real estate investment firms and companies. From 2005 to 2017, Mr. Abramson was working in Munich, Germany – most recently – as partner and co-head of the public equity investment

management business of Heitman LLC, Chicago, U.S.A., a large global real estate investor. (For his more detailed biography see also [www.psp.info](http://www.psp.info) > company > board).

Furthermore, the Board of Directors proposes the re-election of Ernst & Young AG, Zurich, as statutory auditors for the business year 2022.

### **Outlook 2022**

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 2022 business year, we expect an ebitda excluding gains/losses on real estate investments of CHF 285 million (2020: CHF 278.8 million). With regard to the vacancies, we expect a rate of below 4% at year-end 2022 (end of 2021: 3.8%).

## Key figures

Key financial figures	Unit	2020	2021	+/- <sup>1</sup>
Rental income	CHF 1 000	296 274	309 638	4.5%
EPRA like-for-like change	%	-0.2	-0.2 <sup>2</sup>	
Net changes fair value real estate investments	CHF 1 000	101 578	464 920	
Income property sales (inventories)	CHF 1 000	16 115	20 059	
Income property sales (investment properties)	CHF 1 000	0	9 462	
Total other income	CHF 1 000	12 571	4 971	
Net income	CHF 1 000	292 091	595 022	103.7%
<b>Net income excl. real estate gains<sup>3</sup></b>	CHF 1 000	<b>215 795</b>	<b>221 124</b>	2.5%
<b>Ebitda excl. real estate gains</b>	CHF 1 000	<b>271 058</b>	<b>278 756</b>	2.8%
Ebitda margin	%	83.4	83.0	
<b>Total assets</b>	CHF 1 000	<b>8 665 045</b>	<b>9 182 479</b>	6.0%
<b>Shareholders' equity</b>	CHF 1 000	<b>4 579 165</b>	<b>5 019 087</b>	9.6%
Equity ratio	%	52.8	54.7	
Return on equity	%	6.5	12.4	
Interest-bearing debt	CHF 1 000	3 057 204	3 012 749	-1.5%
Interest-bearing debt in % of total assets	%	35.3	32.8	
<b>Portfolio key figures</b>				
Number of investment properties	Number	160	158	
<b>Carrying value investment properties</b>	CHF 1 000	<b>7 681 998</b>	<b>8 509 792</b>	10.8%
Implied yield, gross	%	3.8	3.6	
Implied yield, net	%	3.3	3.1	
Vacancy rate end of period (CHF)	%	3.0	3.8	
Number of sites/development properties	Number	16	18	
<b>Carrying value sites/development properties</b>	CHF 1 000	<b>895 091</b>	<b>617 180</b>	-31.0%
<b>Headcount</b>				
Employees/FTE	People	96/89	98/90	
<b>Per share figures</b>				
Earnings per share (EPS) <sup>4</sup>	CHF	6.37	12.97	103.7%
<b>EPS excl. real estate gains<sup>4</sup></b>	CHF	<b>4.70</b>	<b>4.82</b>	2.5%
<b>EPRA EPS</b>	CHF	<b>4.32</b>	<b>4.48</b>	3.6%
<b>Distribution per share</b>	CHF	<b>3.65</b>	<b>3.75<sup>5</sup></b>	2.7%
<b>Net asset value per share (NAV)<sup>6</sup></b>	CHF	<b>99.83</b>	<b>109.42</b>	9.6%
<b>NAV per share before deferred taxes<sup>6</sup></b>	CHF	<b>119.57</b>	<b>131.84</b>	10.3%
<b>EPRA NRV</b>	CHF	<b>123.19</b>	<b>135.40</b>	9.9%
Share price end of period	CHF	118.30	113.70	-3.9%

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

2 EPRA like-for-like growth excluding Covid-19 rent reliefs is -0.5% (2020: +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 2022 for the business year 2021: dividend payment.

6 Based on number of outstanding shares.

**Further information**

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**Report and presentation are available on [www.psp.info](http://www.psp.info)**

[www.psp.info/reports](http://www.psp.info/reports)

[www.psp.info/presentations](http://www.psp.info/presentations)

**Today, 10am (CET): conference call, presentation 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, 3pm (CET): conference call, Q & A only in English**

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 2022 · 31 March 2022

Publication Q1 2022 · 3 May 2022

Publication H1 2022 · 19 August 2022

Publication Q1-Q3 2022 · 8 November 2022

Publication FY 2022 · 21 February 2023

Annual General Meeting 2023 · 5 April 2023

**Annual General Meeting of Thursday, 31 March 2022, at the Company's registered office, Kolinplatz 2, 6300 Zug, without personal participation of shareholders**

The Annual General Meeting takes place on **Thursday, 31 March 2022, 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 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 Wednesday, 9 March 2022. The invitation will also be published in the Swiss Official Gazette of Commerce as well as on [www.psp.info](http://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://pspswissproperty.netvote.ch>. The marked and signed reply form must be transmitted until Tuesday, 29 March 2022, 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 Tuesday, 29 March 2022, 11.59 p.m. (CEST) at the latest.

Shareholders entered in the share register as shareholders with voting rights on Friday, 25 March 2022, 5 p.m. (CET), (record date) shall be entitled to vote at the General Meeting. The share register will be administrated until Friday, 25 March 2022. The share register will be closed from Saturday, 26 March 2022 until Thursday, 31 March 2022 inclusive.

In so far the General Meeting approves the proposed dividend payment, the payment date is presumably on Wednesday, 6 April 2022, ex-date on Monday, 4 April 2022.

**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 9.1 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 5.1 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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