

Press release

3 May 2022

Quarterly results as per 31 March 2022 (3 months)

PSP Swiss Property with a successful Q1 2022. Improved ebitda guidance.

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.

Real estate portfolio

At the end of March 2022, the value of the portfolio was CHF 9.193 billion (end of 2021: CHF 9.127 billion), the vacancy rate was 3.5% (end of 2021: 3.8%).

Through selective transactions, we have further optimised our Zurich and Geneva portfolios in particular and thus improved the quality of earnings.

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 / Falkenstrasse 30, 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 59.4 million.

Furthermore, at the end of February 2022, with retroactive effect from 1 January 2022, we acquired the prime commercial property located at Place de la Synagogue 3-5 / Rue Jean-Petitot 4-6 in Geneva for CHF 64.0 million. This prestigious property has around 2 700 m² of usable space, which is mainly used for offices. The property is fully let in the medium to long term, with the main tenant being the IWG-brand “Signature”, a coworking operator.

As of 30 March 2022, we sold the peripherally located development project “Grand-Pré” in Geneva for CHF 60.5 million. In addition, we sold further condominium units of the residential development “Residenza Parco Lago” in Paradiso (Lugano).

At the end of March 2022, the vacancy rate stood at 3.5% (end of 2021: 3.8%). 0.6 percentage points of the vacancy is due to ongoing renovations. Of the lease contracts maturing in 2022 (CHF 54.8 million), 80% had been renewed by the end of March 2022. 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 3.4 years.

Real estate market

Overall, the office letting market has improved in recent months. Demand for attractive office space is good in central locations in our main markets of Zurich and Geneva. The Basel letting market also eased respectively improved in the reporting period. The letting market for older office properties in B and C locations as well as non-food retail space, which was already difficult before the outbreak of the corona crisis, remained challenging.

The transaction market for properties in good inner-city locations has returned to pre-corona levels for some time now. Investment demand for such properties with high cash flow visibility remains high. As a result, yields are low. A slowdown of the market is not evident at the moment.

Quarterly results Q1 2022 (3 months)

In the reporting period, we achieved a net income excluding gains/losses on real estate investments of CHF 69.7 million. This represents an increase of CHF 7.8 million or 12.7% compared to Q1 2021 (CHF 61.8 million). The increase was mainly due to higher rental income (+ CHF 1.7 million), higher income from the sale of project developments and condominiums (+ CHF 5.2 million), and more capitalised own services (+ CHF 1.3 million). With regard to rental income, it must be taken into account that in Q1 2022 practically no more corona-related rent reliefs have accrued (Q1 2021: CHF 1.6 million). On the cost side, operating expenses increased slightly by 0.9 million and financing expenses remained relatively stable at CHF 3.0 million (Q1 2021: CHF 2.9 million). Earnings per share excluding gains/losses on real estate investments, which is the basis for the dividend distribution, amounted to CHF 1.52 (Q1 2021: CHF 1.35).

Net income reached CHF 78.0 million (Q1 2021: CHF 88.8 million). The decrease in net income by CHF 10.8 million or 12.2% compared to the previous year's figure is explained by the portfolio appreciation of CHF 11.9 million, which was lower compared to the previous year's period (Q1 2021: CHF 33.2 million). Earnings per share amounted to CHF 1.70 (Q1 2021: CHF 1.94).

At the end of March 2022, net asset value (NAV) per share was CHF 107.62 (end of 2021: CHF 109.42). NAV before deducting deferred taxes amounted to CHF 129.98 (end of 2021: CHF 131.84). It should be noted that the shareholders' dividend entitlement for the 2021 business year takes place on the date of the Annual General Meeting (a dividend distribution of CHF 3.75 per

share was resolved on 31 March 2022). Consequently, CHF 3.75 per share were already deducted in equity respectively in equity per share and NAV before deducting deferred taxes as at 31 March 2022 and recognised as a liability. The dividend payment was made on 6 April 2022.

Strong capital structure

With total equity of CHF 4.936 billion at the end of March 2022 – corresponding to an equity ratio of 53.4% (end of 2021: CHF 5.019 billion or 54.7%) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.003 billion or 32.5% of total assets (end of 2021: CHF 3.013 billion or 32.8%). The average cost of debt was low at 0.38% (end of 2021: 0.40%). The average fixed-interest period was 4.9 years (end of 2021: 5.1 years). Currently, unused credit lines amount to CHF 780 million (thereof CHF 580 million committed).

PSP Swiss Property has an Issuer Rating A3 and a Senior Unsecured Rating A3 (outlook stable) from Moody's.

Constitutions

The Board of Directors as of its meeting of 2 May 2022 is constituted as follows: The Compensation Committee was completed with the Board members Henrik Saxborn and Corinne Denzler. It now consists – like new the Nomination Committee – of Henrik Saxborn (Chair), Corinne Denzler and Adrian Dudle. The Audit Committee consists new of Adrian Dudle (Chair), Mark Abramson and Aviram Wertheim. Henrik Saxborn was elected Vice Chairman of the Board of Directors.

Outlook 2022

GDP growth of around 2% is forecasted for the Swiss economy in 2022. Ultimately, the real estate sector should also benefit from this. Nevertheless, a precise outlook for the commercial real estate market is difficult. We expect demand for modern office space in A-locations to hold up in the coming months. The letting market for older office properties in B- and C-locations as well as for non-food retail space is expected to remain difficult.

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

Key figures

Key financial figures	Unit	2021	Q1 2021	Q1 2022	+/- ¹
Rental income	CHF 1 000	309 638	77 434	79 102	2.2%
EPRA like-for-like change	%	-0.2	-2.1	3.3 ²	
Net changes fair value real estate investments	CHF 1 000	464 920	33 152	11 864	
Income property sales (inventories)	CHF 1 000	20 059	13 240	18 444	
Income property sales (investment properties)	CHF 1 000	9 462	0	-447	
Total other income	CHF 1 000	4 971	623	1 949	
Net income	CHF 1 000	595 022	88 814	77 975	-12.2%
Net income excl. real estate gains³	CHF 1 000	221 124	61 839	69 685	12.7%
Ebitda excl. real estate gains	CHF 1 000	278 756	78 459	86 991	10.9%
Ebitda margin	%	83.0	85.9	86.4	
Total assets	CHF 1 000	9 182 479		9 247 322	0.7%
Shareholders' equity	CHF 1 000	5 019 087		4 936 311	-1.6%
Equity ratio	%	54.7		53.4	
Return on equity	%	12.4		6.3	
Interest-bearing debt	CHF 1 000	3 012 749		3 002 836	-0.3%
Interest-bearing debt in % of total assets	%	32.8		32.5	
Portfolio key figures					
Number of investment properties	Number	158		157	
Carrying value investment properties	CHF 1 000	8 509 792		8 532 923	0.3%
Implied yield, gross	%	3.6	3.8	3.7	
Implied yield, net	%	3.1	3.3	3.2	
Vacancy rate end of period (CHF)	%	3.8		3.5	
Number of sites/development properties	Number	18		18	
Carrying value sites/development properties	CHF 1 000	617 180		659 593	6.9%
Headcount					
Employees/FTE	People	98/90		96/89	
Per share figures					
Earnings per share (EPS) ⁴	CHF	12.97	1.94	1.70	-12.2%
EPS excl. real estate gains⁴	CHF	4.82	1.35	1.52	12.7%
EPRA EPS⁴	CHF	4.48	1.12	1.16	3.6%
Distribution per share	CHF	3.75⁵	n.a.	n.a.	
Net asset value per share (NAV)⁶	CHF	109.42		107.62	-1.6%
NAV per share before deferred taxes⁶	CHF	131.84		129.98	-1.4%
EPRA NRV⁶	CHF	135.40		133.22	-1.6%
Share price end of period	CHF	113.70		121.60	6.9%

1 Change to Q1 2021 or carrying value as of 31 December 2021 as applicable.

2 EPRA like-for-like growth excluding Covid-19 rent reliefs is +0.7% (2021: -0.5%; Q1 2021: +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 2021. Cash payment was made on 6 April 2022.

6 Based on number of outstanding shares.

Further information

Giacomo Balzarini, CEO · Phone +41 (0)44 625 59 59 · Mobile +41 (0)79 207 32 40

Vasco Cecchini, CCO & Head IR · Phone +41 (0)44 625 57 23 · Mobile +41 (0)79 650 84 32

Report and presentation are available on www.psp.info

www.psp.info/reports

www.psp.info/presentations

Today, 9:30am (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

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

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 9.2 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 5.7 billion. The 96 employees are based in Basel, Geneva, Zug and Zurich.

PSP Swiss Property has been listed on the SIX Swiss Exchange since March 2000 (symbol: PSPN, security number: 1829415, ISIN CH0018294154).



[Join us on LinkedIn](#)

None of the information in this press release constitutes an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. None of the securities of the Company referred to in this press release have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the applicable securities laws of any state or other jurisdiction of the United States.