Press release

19 August 2022

Half-year results as per 30 June 2022

PSP Swiss Property with a successful H1 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 June 2022, the value of the portfolio was CHF 9.344 billion (end of 2021: CHF 9.127 billion), the vacancy rate was 3.7% (end of 2021: 3.8%).

Through selective transactions, we further optimised our portfolio, in particular in Zurich and Geneva already in Q1 2022 and thus improved the quality of earnings. No investment properties or development projects were acquired or sold in Q2 2022.

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. 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) during the reporting period.

At the end of June 2022, the vacancy rate stood at 3.7% (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), 90% were renewed by the end of June 2022. The wault (weighted average unexpired lease term) of the total portfolio was 4.2 years. The wault of the ten largest tenants, contributing around 30% of the rental income, was 3.5 years.

Real estate market

The office letting market has improved in recent quarters and has remained intact recently. Demand for attractive office and retail space is good in central locations in our main markets of Zurich and Geneva. The Basel letting market also eased respectively slightly improved in the reporting period. The letting market for older office properties in B and C locations as well as peripheral non-food retail space remains challenging.

The transaction market for properties in good inner-city locations has hardly changed compared to Q1 2022. Only fewer transactions were observed. Investment demand for such properties with high cash flow visibility remains high; as a result, yields remain low. A slowdown of this segment is not expected in the short term. For investments in peripheral locations or for properties that are not up to date in terms of quality, on the other hand, yields have risen slightly due to the more difficult economic prospects respectively slightly higher long-term interest rates.

Half-year results H1 2022 (6 months)

In the reporting period, we achieved a net income excluding gains/losses on real estate investments of CHF 124.5 million. This represents an increase of CHF 11.9 million or 10.6% compared to H1 2021 (CHF 112.6 million). The increase was mainly due to higher rental income (+ CHF 4.5 million), higher income from the sale of project developments and condominiums (+ CHF 6.2 million), and more capitalised own services (+ CHF 1.4 million). Regarding rental income, it must be considered that in H1 2022 practically no more corona-related rent reliefs have accrued, i.e., only CHF 0.02 million (H1 2021: CHF 3.5 million). On the cost side, operating expenses increased slightly by 0.5 million and financing expenses remained stable at CHF 5.7 million (H1 2021: CHF 5.8 million). Earnings per share excluding gains/losses on real estate investments, which is the basis for the dividend distribution, amounted to CHF 2.71 (H1 2021: CHF 2.45).

Net income reached CHF 227.2 million (H1 2021: CHF 371.4 million). The decrease in net income by CHF 144.2 million or 38.8% compared to the previous year’s figure is explained by the portfolio appreciation of CHF 131.9 million, which was lower compared to the previous year’s period (H1 2021: CHF 325.0 million). Earnings per share amounted to CHF 4.95 (H1 2021: CHF 8.10).

At the end of June 2022, net asset value (NAV) per share was CHF 111.02 (end of 2021: CHF 109.42). NAV before deducting deferred taxes amounted to CHF 134.06 (end of 2021: CHF 131.84).

Strong capital structure

With total equity of CHF 5.092 billion at the end of June 2022 – corresponding to an equity ratio of 54.1% (end of 2021: CHF 5.019 billion or 54.7%) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.148 billion or 33.5% of total assets (end of 2021: CHF 3.013 billion or 32.8%). At the end of June 2022, the average cost of debt was low at 0.38% (end of 2021: 0.40%). The average fixed-interest period was 4.5 years (end of 2021: 5.1 years). The well-structured liability side of our balance sheet limits the exposure to rising interest rates. Currently, unused credit lines amount to CHF 895 million (thereof CHF 620 million committed).

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

Outlook 2022

An accurate outlook for the commercial property market is difficult due to the current manifold uncertainties. We expect demand for modern office space and attractive retail space at prime locations will persist. The market for inferior office and retail space in peripheral locations is likely to remain tight.

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 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 CHF 290 million (previously: above CHF 285 million; 2021: CHF 278.8 million). Regarding the vacancies, we continue to expect a rate of below 4% at year-end 2022 (end of June 2022: 3.7%).

Key figures

Key financial figures	Unit	2021	H1 2021	H1 2022	+/-[1]
Rental income	CHF 1 000	309 638	153 284	157 787	2.9%
EPRA like-for-like change	%	-0.2	-1.4	3.2[2]	
Net changes fair value real estate investments	CHF 1 000	464 920	324 985	131 894	
Income property sales (inventories)	CHF 1 000	20 059	15 349	21 502	
Income property sales (investment properties)	CHF 1 000	9 462	0	-447	
Total other income	CHF 1 000	4 971	1 265	2 630	
Net income	CHF 1 000	595 022	371 357	227 154	-38.8%
Net income excl. real estate gains[3]	CHF 1 000	**221 124**	**112 583**	**124 478**	10.6%
Ebitda excl. real estate gains	CHF 1 000	**278 756**	**142 378**	**155 060**	8.9%
Ebitda margin	%	83.0	83.8	84.7	
Total assets	CHF 1 000	**9 182 479**		**9 409 879**	2.5%
Shareholders' equity	CHF 1 000	**5 019 087**		**5 092 161**	1.5%
Equity ratio	%	54.7		54.1	
Return on equity	%	12.4		9.0	
Interest-bearing debt	CHF 1 000	3 012 749		3 147 635	4.5%
Interest-bearing debt in % of total assets	%	32.8		33.5	
Portfolio key figures					
Number of investment properties	Number	158		161	
Carrying value investment properties	CHF 1 000	**8 509 792**		**8 779 484**	3.2%
Implied yield, gross	%	3.6		3.6	
Implied yield, net	%	3.1		3.1	
Vacancy rate end of period (CHF)	%	3.8		3.7	
Number of sites/development properties	Number	18		14	
Carrying value sites/development properties	CHF 1 000	**617 180**		**564 689**	-8.5%
Headcount					
Employees/FTE	People	98/90		97/90	
Per share figures					
Earnings per share (EPS)[4]	CHF	12.97	8.10	4.95	-38.8%
EPS excl. real estate gains[4]	CHF	**4.82**	**2.45**	**2.71**	10.6%
EPRA EPS[4]	CHF	**4.48**	**2.20**	**2.30**	4.3%
Distribution per share	CHF	**3.75**[5]	**n.a.**	**n.a.**	
Net asset value per share (NAV)[6]	CHF	**109.42**		**111.02**	1.5%
NAV per share before deferred taxes[6]	CHF	**131.84**		**134.06**	1.7%
EPRA NRV[6]	CHF	**135.40**		**137.04**	1.2%
Share price end of period	CHF	113.70		106.20	-6.6%

1 Change to H1 2021 or carrying value as of 31 December 2021 as applicable.
2 EPRA like-for-like growth excluding effect from Covid-19 rent reliefs is +0.3% (2021: -0.5%; H1 2021: +1.3%).
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

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Report and presentation are available on www.psp.info

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Today, 9:30am (CET): conference call, Q & A only in English

Pre-registering (required) **here**.

Agenda

Publication Q1-Q3 2022 · 8 November 2022

Publication FY 2022 · 21 February 2023

Annual General Meeting 2023 · 5 April 2023

Publication Q1 2023 · 5 May 2023

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 9.3 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 2000 (symbol: PSPN, security number: 1829415, ISIN CH0018294154).

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