Ad-hoc announcement pursuant to article 53 Listing Rules, SIX Exchange

# Press release

27 February 2024

## Annual results as per 31 December 2023

**PSP Swiss Property achieves very good operating results and increases the dividend to CHF 3.85 per share.**

- Rental income was increased by 5.0% to CHF 331.9 million (EPRA like-for-like growth was 5.1%).
- With Ebitda excluding gains/losses on real estate investments of CHF 297.7 million and a vacancy rate of 3.6%, the forecasts were exceeded.
- The quality portfolio is highly stable in value – the devaluation of CHF -161.3 million corresponded to 1.7% of the portfolio value end of 2022.
- LTV was 34.7%; the average passing cost of debt was low at 0.91%.
- $CO_2$ emissions/$m^2$ were reduced by further 13.3%.
- A dividend distribution of CHF 3.85 per share will be proposed to the Annual General Meeting on 4 April 2024 (previous year: CHF 3.80).
- PSP Swiss Property is confident that in 2024, with its focus on the sustainable development of its properties with attractive rental space in central locations, it will once again be able to generate very good operating results and continue its shareholder-friendly dividend policy.

### Real estate market

Demand for attractive rental space remained strong in the centres of Geneva and Zurich, which are relevant for PSP Swiss Property. By contrast, the market for older office properties in B and C locations and non-food retail space remained challenging; PSP Swiss Property is not active in this area.

The transaction market for prime assets in good inner-city locations has hardly changed in 2023 in terms of prices and initial yields. Despite higher interest rates, required yields remain very low for such investments. The number of closed transactions, however, has decreased significantly in the reporting period; but the level of activity was sufficient to keep the valuation level stable for prime assets.

## Real estate portfolio

At the end of 2023, the value of the portfolio was CHF 9.6 billion (end of 2022: CHF 9.4 billion), the vacancy rate was 3.6% (end of 2022: 3.0%). Of the lease contracts maturing in 2024 (CHF 31.3 million), 24% were open. The wault (weighted average unexpired lease term) of the total portfolio was 4.7 years.

In the reporting period, we purchased the modern office building “Westpark” at Pfingstweidstrasse 60, 60b in Zurich for CHF 216.5 million. We sold the investment property at Bahnhofstrasse 23 in Interlaken for CHF 3.0 million, part of the Wädenswil site for CHF 13.0 million and the project “Spiegel” in Köniz for CHF 2.7 million. There were partial sales at the project “Residenza Parco Lago” in Paradiso and at the “Salmenpark” site in Rheinfelden totalling CHF 19.8 million.

Six projects were successfully completed, and the properties were reclassified back into the investment portfolio. The renovation of the "P-West" car park in Zurich-West was completed in Q1 2023. The “Clime” property (a sustainable wooden building) in Basel was handed over to the tenants in Q2 2023. The two projects “Hôtel de Banque” in Geneva and “Bahnhofplatz” in Zurich (both comprehensive renovations and modernisations) were completed in Q3 2023. Furthermore, the new “B2Binz” building and the extensive renovation of the “Zürcherhof”, both in Zurich, were finalised in Q4 2023.

## Sustainability

Further significant improvements were made at property and portfolio level in the reporting period. For example, we were able to reduce the specific $CO_2$ emissions of our portfolio per square meter of rental space by further 13.3% compared to the previous year. In the annual report, we are reporting for the first time in accordance with the requirements of the TCFD (Taskforce on Climate-Related Financial Disclosures) and communicate more detailed information on our assessment of the physical risks associated with climate change. Furthermore, our analysis (based on the assumptions of the Carbon Risk Real Estate Monitor CRREM) has shown that, from today's perspective, we are well on track with our portfolio to make our contribution to the climate target of a maximum warming of 1.5°C ("1.5°C target aligned"). We are committed to achieve the net zero target by 2050.

In addition, an ESG factor was added to the variable, performance-related remuneration of the Executive Board as of 1 January 2024, which is intended to additionally align the performance-related remuneration with the sustainability goals of the business strategy in the long term based on the green asset portfolio.

**Annual results 2023**

Rental income increased by CHF 15.7 million or 5.0% to CHF 331.9 million (2022: CHF 316.2 million). The operating result, i.e. net income excluding gains/losses on real estate investments, was up by CHF 103.5 million or 43.9% to CHF 339.2 million (2022: CHF 235.7 million). The release of deferred taxes of CHF 106.9 million had a positive impact on earnings (thereof, CHF 30.6 million were released in the first half of 2023; 2022: no release of deferred taxes). On the other hand, lower profits from the sale of development projects and condominiums had a negative impact (CHF -11.2 million compared to 2022). Operating expenses fell by CHF 1.3 million or 2.3% to CHF 56.4 million (2022: CHF 57.7 million). Financing costs increased by CHF 11.3 million or 98.0% to CHF 22.9 million (2022: CHF 11.6 million). Earnings per share excluding gains/losses on real estate investments, which form the basis for the dividend distribution, amounted to CHF 7.40 resp. CHF 5.07 excluding the release of deferred taxes (2022: CHF 5.14). Net profit reached CHF 207.6 million (2022: CHF 330.0 million). The decline by CHF 122.4 million or 37.1% was due in particular to the portfolio devaluation of CHF -161.3 million (2022: appreciation by CHF 124.9 million). Earnings per share amounted to CHF 4.53 (2022: CHF 7.19).

Equity per share (net asset value; NAV) amounted to CHF 113.82 at the end of 2023 (end of 2022: CHF 113.33). NAV before deduction of deferred taxes was CHF 134.48 (end of 2022: CHF 136.62).

**Solid capital structure**

With total equity of CHF 5.2 billion at the end of 2023 – corresponding to an equity ratio of 53.3% – the equity base remained solid (end of 2022: CHF 5.2 billion or 54.8%). LTV (without considering a short-term fixed-term deposit) was 34.7% (end of 2022: 32.6%). The average passing cost of debt was at 0.91% (end of 2022: 0.47%). The average fixed-interest period was 3.9 years (end of 2022: 4.1 years). Currently, unused credit lines amount to CHF 1.1 billion (thereof CHF 0.8 billion committed).

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

**Main proposals to the Annual General Meeting on 4 April 2024**

The main proposals will include:

- Distribution of a gross dividend of CHF 3.85 per share (previous year: CHF 3.80).
- Re-election of the current Chairman of the Board of Directors and of all current members of the Board of Directors and Compensation Committee; new election of Ms. Katharina

Lichtner to the Board of Directors (Ms. Lichtner's CV is available at www.psp.info/en/company/governance/board-of-directors-executive-board).

- Total amount of remuneration for the Board of Directors until the Annual General Meeting 2025 of CHF 0.9 million (previous year: CHF 0.8 million) and for the Executive Board for the 2025 financial year of CHF 4.250 million (previous year: CHF 4.150 million).
- Re-election of Ernst & Young, Zurich, as auditors and of Proxy Voting Services GmbH, Zurich, as independent shareholder representative.

The composition and chairmanship of the committees are to remain unchanged. It is foreseen that Ms. Lichtner will sit on the Audit Committee.

**Outlook**

We expect higher rental income in 2024 than in 2023. The indexation of rental agreements will contribute to this. In addition, there is income from successful lettings in the development projects. The “Hochstrasse” project in Basel is already fully let, as is the “The12” project in Zurich. Additional income will come from the acquired “Westpark” in Zurich West, where the vacancy rate has also been reduced recently. Income from the sale of development projects and condominiums is expected to decrease, while operating costs will remain stable. We also expect a release of deferred taxes in 2024, but this will amount to only around CHF 10 million. Financial expenses will increase again due to higher interest rates.

Valuations will to a large degree depend on the development of the transaction market. We will continue to be selective in this market and take advantage of opportunities if they offer the prospect of added value.

We expect Ebitda excluding gains/losses on real estate investments of above CHF 295 million for the 2024 financial year (2023: CHF 297.7 million). We expect a vacancy rate of below 4% at the end of 2024 (end of 2023: 3.6%).

## Key figures

| Key financial figures | Unit | 2022 | 2023 | +/-[1] |
|---|---|---|---|---|
| Rental income | CHF 1 000 | 316 231 | 331 905 | 5.0% |
| EPRA like-for-like change | % | 2.2 | 5.1 | |
| Net changes fair value real estate investments | CHF 1 000 | 124 886 | -161 261 | |
| Income from property sales (inventories) | CHF 1 000 | 25 181 | 14 012 | |
| Income from property sales (investment properties) | CHF 1 000 | -447 | 910 | |
| Total other income | CHF 1 000 | 7 669 | 7 000 | |
| Net income | CHF 1 000 | 329 960 | 207 595 | -37.1% |
| Net income excl. real estate gains[2] | CHF 1 000 | 235 714 | 339 213 | 43.9% |
| Ebitda excl. real estate gains | CHF 1 000 | 293 822 | 297 742 | 1.3% |
| Ebitda margin | % | 83.9 | 84.4 | |
| Total assets | CHF 1 000 | 9 483 866 | 9 786 900 | 3.2% |
| Shareholders' equity | CHF 1 000 | 5 198 379 | 5 220 722 | 0.4% |
| Equity ratio | % | 54.8 | 53.3 | |
| Return on equity | % | 6.5 | 4.0 | |
| Interest-bearing debt | CHF 1 000 | 3 092 389 | 3 465 833 | 12.1% |
| Interest-bearing debt in % of total assets | % | 32.6 | 35.4[3] | |
| **Portfolio key figures** | | | | |
| Number of investment properties | Number | 162 | 162 | |
| Carrying value investment properties | CHF 1 000 | 8 886 673 | 9 046 911 | 1.8% |
| Implied yield, gross | % | 3.5 | 3.6 | |
| Implied yield, net | % | 3.1 | 3.2 | |
| Vacancy rate (CHF) | % | 3.0 | 3.6 | |
| Number of sites and development properties | Number | 13 | 11 | |
| Carrying value sites and development properties | CHF 1 000 | 534 382 | 560 582 | 4.9% |
| **Headcount** | | | | |
| Employees/FTE | Number | 100/91 | 101/90 | |
| **Per share figures** | | | | |
| Earnings per share (EPS)[4] | CHF | 7.19 | 4.53 | -37.1% |
| EPS excl. real estate gains[4] | CHF | 5.14 | 7.40 | 43.9% |
| EPRA EPS[4] | CHF | 4.66 | 7.17 | 53.8% |
| Distribution per share | CHF | 3.80 | 3.85[5] | 1.3% |
| Net asset value per share (NAV)[6] | CHF | 113.33 | 113.82 | 0.4% |
| NAV before deduction of deferred taxes[6] | CHF | 136.62 | 134.48 | -1.6% |
| EPRA NRV[6] | CHF | 139.42 | 137.10 | -1.7% |
| Share price end of period | CHF | 108.50 | 117.60 | 8.4% |

1 Change to 2022 or carrying value as of 31 December 2022 as applicable.
2 "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".
3 Excluding debt capital of CHF 100 million invested as a short-term fixed-term deposit: 34.7%.
4 Based on average number of outstanding shares.
5 Proposal to the Annual General Meeting on 4 April 2024 for the business year 2023: Dividend payment.
6 Based on number of outstanding shares.

**Further information**

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**Report and presentation are available on**
www.psp.info/en/downloads

**Today, 9am (CET): Conference call**

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

**Today, 11am (CET): Media conference (in German)**

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

**Agenda**

Annual General Meeting 2024 · 4 April 2024

Publication Q1 2024 · 7 May 2024

Publication H1 2024 · 20 August 2024

Publication Q1-Q3 2024 · 12 November 2024

Publication FY 2024 · 25 February 2025

Annual General Meeting 2025 · 3 April 2025

**PSP Swiss Property – leading Swiss real estate company**

PSP Swiss Property owns a real estate portfolio of CHF 9.6 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 5.2 billion. The 101 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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