

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

Press release

20 August 2024

Half-year results as per 30 June 2024

PSP Swiss Property achieved very good operating results and confirms the guidance of an ebitda of CHF 300 million and a vacancy rate below 4% for the 2024 business year.

Real estate market

The portfolio of PSP Swiss Property reflects a specific segment of the property market in Switzerland: commercial properties in central locations in the main economic centres. The demand for attractive rental space remained stable in this segment, especially in the city centres of Zurich and Geneva. By contrast, the market for older office properties in B and C locations and non-food retail spaces in secondary locations remained challenging.

The transaction market for attractive properties in good city-centre locations hardly changed in terms of prices and initial yields in the reporting period. Required yields for such investment opportunities remained low. Properties with high cash flow visibility are the most preferred. There is hardly any pressure to sell such assets and, consequently, there are only few buying opportunities. However, investors expect higher returns than in the past for properties in peripheral locations and for properties with poor sustainability profiles.

Real estate portfolio

At the end of H1 2024, the value of the real estate portfolio was CHF 9.7 billion (end of 2023: CHF 9.6 billion) and the vacancy rate was 4.0% (end of 2023: 3.6% resp. end of Q1 2024: 4.1%). The portfolio included 157 investment properties. In addition, there were two sites and eight development properties.

As of 28 June 2024, a commercial property with a letting area of around 5 000 m² located in Geneva's "Quartier des Banques" district was bought for CHF 58.0 million. Six smaller investment properties in secondary locations were sold for a total of CHF 82.5 million as part of the ongoing portfolio optimisation during the reporting period. The sales proceeds exceeded their last

valuation by CHF 11.3 million (16.1%). The last residential unit in the “Residenza Parco Lago” development project in Paradiso was already sold in Q1 2024 for CHF 3.5 million.

Overall, revaluations of the properties by the independent external valuation expert resulted in an appreciation of CHF 44.7 million in the reporting period (of which CHF 31.2 million were already recognised in Q1 2024). Of the total revaluation, CHF 33.4 million were attributable to the investment portfolio and CHF 11.3 million to sites and development properties; the revaluation of the property purchased in Geneva at the end of June 2024 also had a positive effect. The revaluation in Q1 2024 was due to property-specific factors for three investment properties and one development property. There were also selective changes to the discount rate and market rent as a result of lettings. The weighted average discount rate for the entire portfolio remained unchanged at nominal 3.85% as at mid-2024 (end of 2023: 3.85%).

Of the lease contracts maturing in 2024 (CHF 31.3 million), 7% were open at the end of H1 2024. The wault (weighted average unexpired lease term) of the total portfolio was 4.7 years at the end of H1 2024. The wault of the ten largest tenants, contributing 25% to the rental income, was 5.5 years.

Consolidated half-year results

The operating result, i.e. net income excluding gains/losses on real estate investments, decreased by CHF 36.9 million or 24.5% to CHF 113.6 million (H1 2023: CHF 150.5 million). The previous year's result for H1 2023 was impacted by the release of deferred taxes of CHF 30.6 million (H1 2024: CHF 3.4 million). Rental income increased by CHF 12.9 million or 7.9% to CHF 176.2 million in the reporting period (H1 2023: CHF 163.3 million). Lower income from the sale of development projects and condominiums by CHF 9.7 million, lower capitalised own services by CHF 1.7 million, a CHF 0.4 million increase in operating expenses and a CHF 8.5 million increase in net financing costs had a negative effect. The reason for the higher financing costs is the increase in market interest rates since autumn 2022. However, it should be noted that financing costs were still low in relative terms, with an average cost of debt of 0.95% over the last four quarters (end of 2023: 0.72%).

Earnings per share excluding gains/losses on real estate investments, which form the basis for the dividend distribution, amounted to CHF 2.48 (H1 2023: CHF 3.28).

Net profit reached CHF 156.3 million (H1 2023: CHF 76.9 million). The increase by CHF 79.4 million or 103.2% was due in particular to the portfolio appreciation of CHF 44.7 million (in H1 2023, there was a devaluation of CHF 90.7 million). Earnings per share amounted to CHF 3.41 (H1 2023: CHF 1.68).

Equity per share (net asset value; NAV) amounted to CHF 113.35 at the end of H1 2024 (end of 2023: CHF 113.82). NAV before deduction of deferred taxes totalled CHF 134.30 (end of 2023: CHF 134.48). It should be noted that a dividend distribution of CHF 3.85 gross per outstanding share was made on 10 April 2024.

Capital structure

With total equity of CHF 5.199 billion at the end of June 2024 – corresponding to an equity ratio of 53.4% – the equity base remains strong (end of 2023: CHF 5.221 billion or 53.3%). Interest-bearing debt capital amounted to CHF 3.435 billion or 35.3% of total assets (end of 2023: CHF 3.466 billion or 35.4%). At the end of June 2024, the passing average cost of debt was 1.02% (end of 2023: 0.91%). The average fixed interest rate was 3.9 years (end of 2023: 3.9 years).

At the time of publication of this report, PSP Swiss Property had CHF 0.975 billion in open credit facilities, of which CHF 0.745 billion were committed.

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

Outlook

In the market segment relevant to PSP Swiss Property, especially in the economic centres Zurich and Geneva, demand for office and retail space is expected to further improve slightly. The Berne letting market remains stable, whereas the market in Basel is more difficult.

Rental income in the 2024 business year is expected to be higher than in 2023, mainly thanks to properties purchased. Further reasons are the indexation of rental agreements to inflation, increasing turnover-linked rents as well as additional rental income from completed development projects. Income from the sale of development projects and condominiums will decrease compared to last year, while operating costs are expected to remain stable. Financial expenses will increase compared to 2023 for known reasons.

Ebitda excluding gains/losses on real estate investments is still expected to be CHF 300 million for the 2024 financial year (2023: CHF 297.7 million). The vacancy rate is still expected to be below 4% at the end of 2024 (end of June 2024: 4.0%).

Key figures

Key financial figures	Unit	2023	H1 2023	H1 2024	+/- ¹
Rental income	CHF 1 000	331 905	163 339	176 201	7.9%
EPRA like-for-like change	%	5.1	5.0	5.0	
Net changes fair value real estate investments	CHF 1 000	-161 261	-90 712	44 697	
Income from property sales (inventories)	CHF 1 000	14 012	10 312	568	
Income from property sales (investment properties)	CHF 1 000	910	910	11 288	
Total other income	CHF 1 000	7 000	3 397	1 751	
Net income	CHF 1 000	207 595	76 916	156 329	103.2%
Net income excl. real estate gains ²	CHF 1 000	339 213	150 522	113 599	-24.5%
Ebitda excl. real estate gains	CHF 1 000	297 742	150 470	152 302	1.2%
Ebitda margin	%	84.4	85.0	84.9	
Total assets	CHF 1 000	9 786 900		9 737 644	-0.5%
Shareholders' equity	CHF 1 000	5 220 722		5 199 117	-0.4%
Equity ratio	%	53.3		53.4	
Return on equity	%	4.0	3.0	6.0	
Interest-bearing debt	CHF 1 000	3 465 833		3 435 459	-0.9%
Interest-bearing debt in % of total assets	%	35.4 ³		35.3	
Portfolio key figures					
Number of investment properties	Number	162		157	
Carrying value investment properties	CHF 1 000	9 046 911		9 086 379	0.4%
Implied yield, gross	%	3.6	3.7	3.8	
Implied yield, net	%	3.2	3.3	3.4	
Vacancy rate (CHF)	%	3.6		4.0	
Number of sites and development properties	Number	11		10	
Carrying value sites and development properties	CHF 1 000	560 582		578 656	3.2%
Headcount					
Employees/FTE	Number	101/90		98/87	
Per share figures					
Earnings per share (EPS) ⁴	CHF	4.53	1.68	3.41	103.2%
EPS excl. real estate gains ⁴	CHF	7.40	3.28	2.48	-24.5%
EPRA EPS ⁴	CHF	7.17	3.11	2.46	-21.0%
Distribution per share	CHF	3.85 ⁶	n.a.	n.a.	
Net asset value per share (NAV) ⁶	CHF	113.82		113.35	-0.4%
NAV before deduction of deferred taxes ⁶	CHF	134.48		134.30	-0.1%
EPRA NRV ⁶	CHF	137.10		136.98	-0.1%
Share price end of period	CHF	117.60		115.30	-2.0%

1 Change to previous year's period 1 January to 30 June 2023 or to carrying value as of 31 December 2023 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 invested as fixed-term deposit totalling CHF 100 million: 34.7%.

4 Based on average number of outstanding shares.

5 For the 2023 business year. Cash payment was made on 10 April 2024.

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 (CEST): Conference call

Pre-registering (required) [here](#).

Agenda

Publication Q1-Q3 2024 · 12 November 2024

Publication FY 2024 · 25 February 2025

Annual General Meeting 2025 · 3 April 2025

Publication Q1 2025 · 13 May 2025

Publication H1 2025 · 19 August 2025

Publication Q1-Q3 2025 · 11 November 2025

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 9.7 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 5.6 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 2000 (symbol: PSPN, security number: 1829415, ISIN CH0018294154).

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