Press release
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Half-year results as per 30 June 2017

PSP Swiss Property – Operating earnings in line with the Company's expectations. Improved FY 2017 ebitda and vacancy rate forecast.

Totalling CHF 80.4 million, net income (excluding changes in fair value) was as expected. The decline compared to the previous year's result (H1 2016: CHF 89.0 million) was mainly due to the expected lower income from condominium sales. After the balance sheet date, the "Salmenpark II" residential project in Rheinfelden was sold for CHF 27.6 million. The related sales profit that originally was not expected for the current year will lead to improved FY 2017 operating results. Thus, an ebitda (excluding changes in fair value) of above CHF 240 million is now expected (previously: approximately CHF 225 million). As per year-end 2017, we now expect a lower vacancy rate of 8.5% (previously: around 9%). At the end of June 2017, NAV per share amounted to CHF 83.23 (end of 2016: CHF 84.30). In this regard, it should be considered that on 11 April 2017, a dividend of CHF 3.35 per share was paid out.

Real estate portfolio

At the end of June 2017, the real estate portfolio included 160 office and commercial properties as well as four development sites and six single projects. The carrying value of the total portfolio stood at CHF 6.947 billion (end of 2016: CHF 6.894 billion).

On 3 April 2017, the investment property located at Eisenbahnstrasse 95 in Gwatt (Thun) was sold for CHF 7.0 million. No purchases were made. Several buildings are going through an extensive renovation process. The focus is on Zurich city centre, several properties in Zurich West and one property in Geneva.

The site developments and projects progressed as planned. One highlight is the successful letting progress on the new construction "Grosspeter Tower" in Basel; currently 70% of the space is let.

Construction of the “Residenza Parco Lago” in Paradiso (Lugano) started in March 2017. It will consist mainly of condominiums. The investment amounts to approximately CHF 80 million. All units will be sold after their completion towards the end of 2019.

Project „Bahnhofquai/-platz” in Zurich consists of three stages. Renovation work for stage 1 (Bahnhofplatz 1, Bahnhofquai 9/11/15) representing an investment total of approximately CHF 51 million started in June 2017. Most of the space will be dedicated to offices as well as retail use. The building permission request for stage 2 (Waisenhausstrasse 2/4, Bahnhofquai 7) will be submitted in spring 2018. The project includes a restaurant and possibly offices, retail or a hotel. Various options are currently being assessed. From today's perspective, capital expenditure for stage 2 will amount to approximately CHF 33 million. Stage 3 (Bahnhofplatz 2) is under review; the cost estimate for the renovation is approximately CHF 12 million.

Vacancy rate

At the end of June 2017, the vacancy rate stood at 8.7% (end of 2016: 9.3%). 0.6 percentage points of these 8.7% were due to ongoing renovations. Another 1.4 percentage points are related to the property located at Av. des Morgines 8/10 in Petit-Lancy (Geneva).

Half-year results H1 2017

In H1 2017, net income (excluding changes in fair value) reached CHF 80.4 million (H1 2016: CHF 89.0 million). The decline was expected and reflects mainly the lower income from condominium sales compared to the previous year’s period. This income dropped by CHF 8.7 million to CHF 1.9 million (H1 2016: CHF 10.5 million). Moreover, rental income decreased by CHF 2.0 million. Particularly the lost income caused by the lease termination of a single tenant at the property located at Av. des Morgines 8/10 in Petit-Lancy could not be compensated by new lettings. Earnings per share (excluding changes in fair value) amounted to CHF 1.75 (H1 2016: CHF 1.94).

Net income (including changes in fair value) was CHF 94.5 million (H1 2016: CHF 65.0 million). Higher net income was caused by the revaluation of the properties which resulted in an overall appreciation by CHF 17.7 million (H1 2016: depreciation by CHF 31.8 million). Earnings per share (including changes in fair value) amounted to CHF 2.06 (H1 2016: CHF 1.42).

Of the CHF 17.7 million portfolio revaluation, CHF 14.5 million were related to the investment portfolio and CHF 3.2 million to project developments. Mid-2017, the weighted average nominal discount rate stood at 3.73% (year-end 2016: 3.82%). The discount rate reduction by 9 basis points and successful new lettings had a positive effect on valuations, compensating the

depreciations due to selective lower market rents and higher renovation expenses at various properties.

Operating expenses decreased, mainly because of lower personal expenses, by CHF 1.6 million to CHF 27.1 million (H1 2016: CHF 28.8 million). Financial expenses decreased by CHF 0.3 million to CHF 13.1 million (H1 2016: CHF 13.3 million).

Strong capital structure

With total equity of CHF 3.818 billion (end of 2016: CHF 3.867 billion) – corresponding to an equity ratio of 53.8% (end of 2016: 54.9%) – PSP Swiss Property had a strong capital base at the end of June 2017. Interest-bearing debt amounted to CHF 2.388 billion, corresponding to 33.6% of total assets (end of 2016: CHF 2.248 billion respectively 31.9%).

At the end of June 2017, the passing average interest rate was 1.23% (end of 2016: 1.28%). The average fixed-interest period was 3.8 years (end of 2016: 4.3 years).

No major committed bank loans will be due until 2019. Currently, unused committed credit lines amount to CHF 710 million.

PSP Swiss Property has ratings from two international rating agencies: Senior Unsecured Rating A- (outlook stable) from Fitch and A3 Issuer Rating (outlook stable) from Moody's.

Subsequent events

On 24 July 2017, the CHF 100 million 0.045% private placement (maturing 2021) issued in December 2016 was increased by CHF 50 million to CHF 150 million.

On 17 August 2017, the "Salmenpark II" residential project in Rheinfelden was sold for CHF 27.6 million.

There were no further material subsequent events.

Market environment and outlook 2017

While the outlook for Switzerland's economy as a whole is positive, PSP Swiss Property expects the office and retail property market to remain challenging. One positive aspect is the fact that the office market seems to be stabilising, especially in Zurich's city centre. Due to the optimistic economic growth forecasts for 2017 and 2018, the demand for office space might recover to some degree.

The acquisition market for prime objects is expected to remain highly competitive. This is due to the continuing low interest rates and the resulting investment plight of institutional investors.

The focus of PSP Swiss Property remains on the renovation and modernisation of selected properties, the further development of our sites and projects as well as the letting activities.

For FY 2017, an improved ebitda (excluding changes in fair value) of above CHF 240 million is now expected (previously: approximately CHF 225 million; 2016: CHF 241.6 million). The increase reflects the gain realised through the sale of the “Salmenpark II” residential project in Rheinfelden.

With regard to the vacancies at year-end 2017, a lower rate of 8.5% is now expected (previously: around 9%; end of June 2017: 8.7%).

Key figures

Key financial figures	Unit	2016	H1 2016	H1 2017	+/-[1]
Rental income	CHF 1 000	276 316	138 353	136 364	-1.4%
EPRA like-for-like change	%	-1.6	-0.6	-2.1[2]	
Net changes fair value real estate investments	CHF 1 000	-50 208	-31 755	17 739	
Income property sales (condominiums)	CHF 1 000	14 224	10 520	1 859	
Income property sales (investment properties)	CHF 1 000	1 354	1 075	308	
Total other income	CHF 1 000	6 291	2 952	3 259	
Net income	CHF 1 000	134 867	64 953	94 509	45.5%
Net income excl. gains/losses on real estate investments[3]	CHF 1 000	**172 548**	**88 967**	**80 427**	-9.6%
Ebitda excl. gains/losses on real estate investments	CHF 1 000	**241 572**	**124 398**	**114 861**	-7.7%
Ebitda margin	%	81.3	81.8	81.1	
Total assets	CHF 1 000	**7 041 368**	**6 805 159**	**7 101 157**	0.8%
Shareholders' equity	CHF 1 000	**3 866 754**	**3 780 337**	**3 817 522**	-1.3%
Equity ratio	%	54.9	55.6	53.8	
Return on equity	%	3.5	3.4	4.9	
Interest-bearing debt	CHF 1 000	2 248 436	2 063 904	2 387 739	6.2%
Interest-bearing debt in % of total assets	%	31.9	30.3	33.6	
Portfolio key figures					
Number of investment properties	Number	161	163	160	
Carrying value investment properties	CHF 1 000	**6 297 968**	**6 306 324**	**6 317 042**	0.3%
Implied yield, gross	%	4.3	4.3	4.2	
Implied yield, net	%	3.6	3.7	3.6	
Vacancy rate end of period (CHF)	%	9.3	9.1	8.7	
Number of sites/development properties	Number	10	8	10	
Carrying value sites/development properties	CHF 1 000	**595 885**	**430 551**	**629 494**	5.6%
Employees					
End of period	People	90	87	89	
Equal full-time employees	FTE	84	82	84	
Per share figures					
Earnings per share (EPS)[4]	CHF	2.94	1.42	2.06	45.5%
EPS excl. gains/losses on real estate investments[4]	CHF	**3.76**	**1.94**	**1.75**	-9.6%
Distribution per share	CHF	**3.35[5]**	**n.a.**	**n.a.**	
Net asset value per share (NAV)[6]	CHF	**84.30**	**82.42**	**83.23**	-1.3%
NAV per share before deferred taxes[6]	CHF	**100.95**	**98.90**	**100.22**	-0.7%
Share price end of period	CHF	88.00	94.50	89.60	1.8%

1 Change to H1 2016 or carrying value as of 31 December 2016 as applicable.

2 +0.7%, excl. property Av. des Morgines 8/10 in Petit-Lancy.

3 "Net income excluding gains/losses on real estate investments" corresponds to the consolidated net income excluding net changes in fair value of the real estate investments, realised 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 2016. Cash payment made on 11 April 2017.

6 Based on number of outstanding shares.

Further information

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Half-year report and presentation are available on www.psp.info

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Today, 15:00 hours (CET): conference call held in English

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Agenda

Publication Q1-Q3 2017	14 November 2017
Publication FY 2017	27 February 2018
Annual General Meeting 2018	5 April 2018
Publication Q1 2018	8 May 2018

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 6.9 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 4.0 billion. The 89 employees are based in Geneva, Olten, Zug and Zurich.

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