Press release

17 August 2018

Half-year results as per 30 June 2018

PSP Swiss Property with successful lettings. Improved ebitda guidance for FY 2018 and lower vacancies expected.

Compared to the previous year's period, net income (excluding changes in fair value) rose by CHF 5.5 million or 6.8% to CHF 85.6 million. For FY 2018, PSP Swiss Property expects an improved ebitda (excluding changes in fair value) of CHF 240 million. Lower vacancies below 6% are expected at year-end 2018.

Real estate portfolio and letting activities

At the end of June 2018, the carrying value of the total portfolio was CHF 7.342 billion (end of 2017: CHF 7.046 billion). The property portfolio purchased from Edmond de Rothschild (Suisse) S.A. is included since Q1 2018. All properties are centrally located and perfectly maintained. Strategically, this acquisition perfectly fits the existing portfolio of PSP Swiss Property and strengthens its position in particular in the French-speaking part of Switzerland.

Furthermore, the new construction "Grosspeter Tower" in Basel was completed and reclassified to the investment portfolio. It has become one of the city's most distinctive buildings with a hotel and offices. As per mid-2018, around two third of the space was let and recently Migros Bank and Spaces, a provider of co-working facilities, signed lease agreements. As a result, the "Grosspeter Tower" is practically fully let.

The development projects progressed as planned; the already concluded pre-lettings are promising. At the renovation project opposite Zurich's main train station (Bahnhofplatz 1, Bahnhofquai 9/11/15), No18, a provider of co-working facilities, will move in at the end of 2019. Ruby Hotels & Resort, a German hotel group, becomes tenant at the property located at Beatenplatz (Waisenhausstrasse 2/4, Bahnhofquai 7). The opening of Ruby's first hotel in Zurich with around 210 rooms is scheduled for 2021. The tenant for the restaurant will be assigned in

autumn 2018. The attractiveness of the entire building complex will improve substantially thanks to the ongoing renovations and the renowned tenants.

UBS AG recently leased 4'200 m^2 at the building being renovated at Hardturmstrasse 161 / Förrlibuckstrasse 150 in Zurich-West. Already since April 2018, Westhive provides co-working facilities to start-ups as well as marketing and technology companies. The tenant mix at this property including also companies in the telecommunication, IT, medtech and energy sectors as well as the public authorities is well diversified.

In March 2018, the demolition of the two "Orion" buildings also located in Zurich West (Förrlibuckstrasse 178/180, Hardturmstrasse 181/183/185) started. They will be replaced by a state-of-the-art new office building for CHF 130 million by 2021. A significant lease agreement with a renowned anchor tenant might be signed shortly.

Some of the developments – to be reclassified to the investment portfolio after their completion – will generate rental income starting in FY 2020. Only the residential project „Residenza Parco Lago" in Paradiso – all units to be sold – will have an earlier P/L impact. By adopting IFRS 15 (Revenue from Contracts with Customers), income from condominium sales are recorded during the current business year.

In the context of streamlining the portfolio, the property located at Av. des Morgines 8/10 in Petit-Lancy was sold for CHF 55 million in June 2018, leading to a pre-tax gain of CHF 2.3 million. Furthermore, the property located at Bernerstrasse Süd 167/169 in Zurich and the development project "Bahnhofareal" in Rheinfelden might be sold shortly.

As per end of June 2018, the vacancy rate was successfully lowered to 6.8% (end of 2017: 8.2%). The improvement resulted from several new lettings and the sale of Av. des Morgines 8/10 in Petit-Lancy. 1.0 percentage points of all vacancies are due to ongoing renovations. Of the lease contracts maturing in 2018 (CHF 29.1 million), 87% were renewed, respectively extended at the end of June 2018.

Half-year results H1 2018

With the adoption of IFRS 15, Revenue from Contracts with Customers, the previous year's period H1 2017 and FY 2017 had to be restated. Revenues relating to condominium sales are now recorded using the so-called percentage-of-completion-method. The application of IFRS 15 did not have any material impact on H1 2017 resp. FY 2017 (for details see H1 2018 report and presentation available on www.psp.info).

During the reporting period, net income (excluding changes in fair value) reached CHF 85.6 million (H1 2017: CHF 80.1 million). The increase of CHF 5.5 million or 6.8% resulted mainly from

higher rental income as well as a rise in capitalised own services, both also related to the portfolio purchase (Edmond de Rothschild). Rental income rose by CHF 2.3 million to CHF 138.7 million (H1 2017: CHF 136.4 million), capitalised own services by CHF 2.0 million to CHF 3.3 million (H1 2017: CHF 1.3 million).

Operating expenses increased by CHF 1.9 million to CHF 29.0 million (H1 2017: CHF 27.1 million). Financial expenses declined by CHF 1.5 million to CHF 11.5 million (H1 2017: CHF 13.1 million).

Net income (including changes in fair value) reached CHF 158.3 million (H1 2017: CHF 94.2 million). The significant increase of CHF 64.1 million compared to the previous year's period resulted mainly from the periodic revaluation of the properties, which resulted in an overall appreciation of CHF 91.5 million (H1 2017: appreciation of CHF 17.7 million). At the same time, however, tax expenses increased by CHF 15.7 million to CHF 40.5 million (H1 2017: CHF 24.8 million). EPS (including changes in fair value) amounted to CHF 3.45 (H1 2017: CHF 2.05). EPS (excluding changes in fair value), which is the basis for the dividend distribution, amounted to CHF 1.87 (H1 2017: CHF 1.75).

At the end of June 2018, NAV per share was CHF 87.17 (end of 2017: CHF 86.96); the dividend payment of CHF 3.40 per share made on 11 April 2018 must be taken into consideration in this regard. NAV before deducting deferred taxes amounted to CHF 105.14 (end of 2017: CHF 104.22).

Strong capital structure

With total equity of CHF 3.999 billion (end of 2017: CHF 3.989 billion) – corresponding to an equity ratio of 53.2% (end of 2017: 54.0%) – the capital base remains strong. Interest-bearing debt amounted to CHF 2.591 billion, corresponding to 34.5% of total assets (end of 2017: CHF 2.491 billion respectively 33.7%). Excluding debt capital invested as fixed-term deposit totalling CHF 125 million, the debt ratio was 33.4%. At the end of June 2018, the passing average interest rate was 0.92% (end of 2017: 0.99%). The average fixed-interest period was 3.4 years (end of 2017: 3.6 years). Currently, unused committed credit lines amount to CHF 850 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 31 July 2018, the land relating to the land lease property located at Zeughausgasse 26 in Bern was purchased for CHF 7.9 million.

Market environment and outlook 2018

PSP Swiss Property expects that the predicted economic expansion will have a positive impact on the demand for office space, at least in central locations. The outlook for retail space in central locations is also significantly better than for assets in the periphery. The investment market for commercial properties is expected to remain challenging.

The focus of PSP Swiss Property remains on the modernisation of selected properties, the further development of the sites and projects as well as ongoing letting activities. Acquisitions are considered primarily in the strategic investment areas and must be justified by potential added value in the long-term.

For FY 2018, an improved ebitda (excluding changes in fair value) of CHF 240 million is now expected (previous guidance: more than CHF 235 million; 2017: CHF 242.2 million).

With regard to the vacancies, a lowered rate of below 6% is expected at year-end 2018 (previous guidance: around 7.5%; end of June 2018: 6.8%).

Key figures

Key financial figures	Unit	2017[1]	H1 2017[1]	H1 2018	+/-[2]
Rental income	CHF 1 000	272 454	136 364	138 688	1.7%
EPRA like-for-like change	%	-1.1	-2.1	0.2	
Net changes fair value real estate investments	CHF 1 000	83 253	17 739	91 524	
Income property sales (condominiums)	CHF 1 000	19 614	1 501	1 683	
Income property sales (investment properties)	CHF 1 000	627	308	2 346	
Total other income	CHF 1 000	5 043	3 259	5 031	
Net income	CHF 1 000	256 890	94 217	158 274	68.0%
Net income excl. real estate gains[3]	CHF 1 000	**177 738**	**80 135**	**85 601**	6.8%
Ebitda excl. real estate gains	CHF 1 000	**242 187**	**114 503**	**117 675**	2.8%
Ebitda margin	%	81.5	81.1	80.5	
Total assets	CHF 1 000	**7 384 243**		**7 515 079**	1.8%
Shareholders' equity	CHF 1 000	**3 988 560**		**3 998 519**	0.2%
Equity ratio	%	54.0		53.2	
Return on equity	%	6.6		7.9	
Interest-bearing debt	CHF 1 000	2 491 087		2 590 740	4.0%
Interest-bearing debt in % of total assets	%	33.7		34.5[4]	
Portfolio key figures					
Number of investment properties	Number	157		166	
Carrying value investment properties	CHF 1 000	**6 383 901**		**6 729 952**	5.4%
Implied yield, gross	%	4.2	4.2	4.1	
Implied yield, net	%	3.5	3.6	3.5	
Vacancy rate end of period (CHF)	%	8.2		6.8	
Number of sites/development properties	Number	12		11	
Carrying value sites/development properties	CHF 1 000	**661 892**		**612 535**	-7.5%
Employees					
End of period/Equal FTE	People	86/81		93/88	
Per share figures					
Earnings per share (EPS)[5]	CHF	5.60	2.05	3.45	68.0%
EPS excl. real estate gains[5]	CHF	**3.87**	**1.75**	**1.87**	6.8%
Distribution per share	CHF	**3.40[6]**	**n.a.**	**n.a.**	
Net asset value per share (NAV)[7]	CHF	**86.96**		**87.17**	0.2%
NAV per share before deferred taxes[7]	CHF	**104.22**		**105.14**	0.9%
Share price end of period	CHF	92.35		92.00	-0.4%

1 Restated IFRS 15, Revenue from Contracts with Customers.
2 Change to H1 2017 or carrying value as of 31 December 2017 as applicable
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 Excluding debt capital invested as fixed-term deposit totalling CHF 125 million: 33.4%.
5 Based on average number of outstanding shares.
6 For the business year 2017. Cash payment was done on 11 April 2018.
7 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, 10:30 hrs (CET): conference call held in English

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Other numbers · https://media.choruscall.ch/documents/Attended_DI_numbers.pdf

Agenda

Publication Q1-Q3 2018 · 13 November 2018

Publication FY 2018 · 26 February 2019

Annual General Meeting 2019 · 4 April 2019

Publication Q1 2019 · 7 May 2019

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns a real estate portfolio of CHF 7.3 billion in Switzerland's main economic areas; its market capitalisation amounts to CHF 4.3 billion. The 93 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).

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