



# HIAG Immobilien Half-Year Results 2015

September 1<sup>st</sup>, 2015

# Disclaimer

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# Agenda

- 1. Highlights**
2. Portfolio
3. Financial Results Half-Year 2015
4. Major Developments
5. Market
6. Outlook
7. IR Agenda
8. Appendix

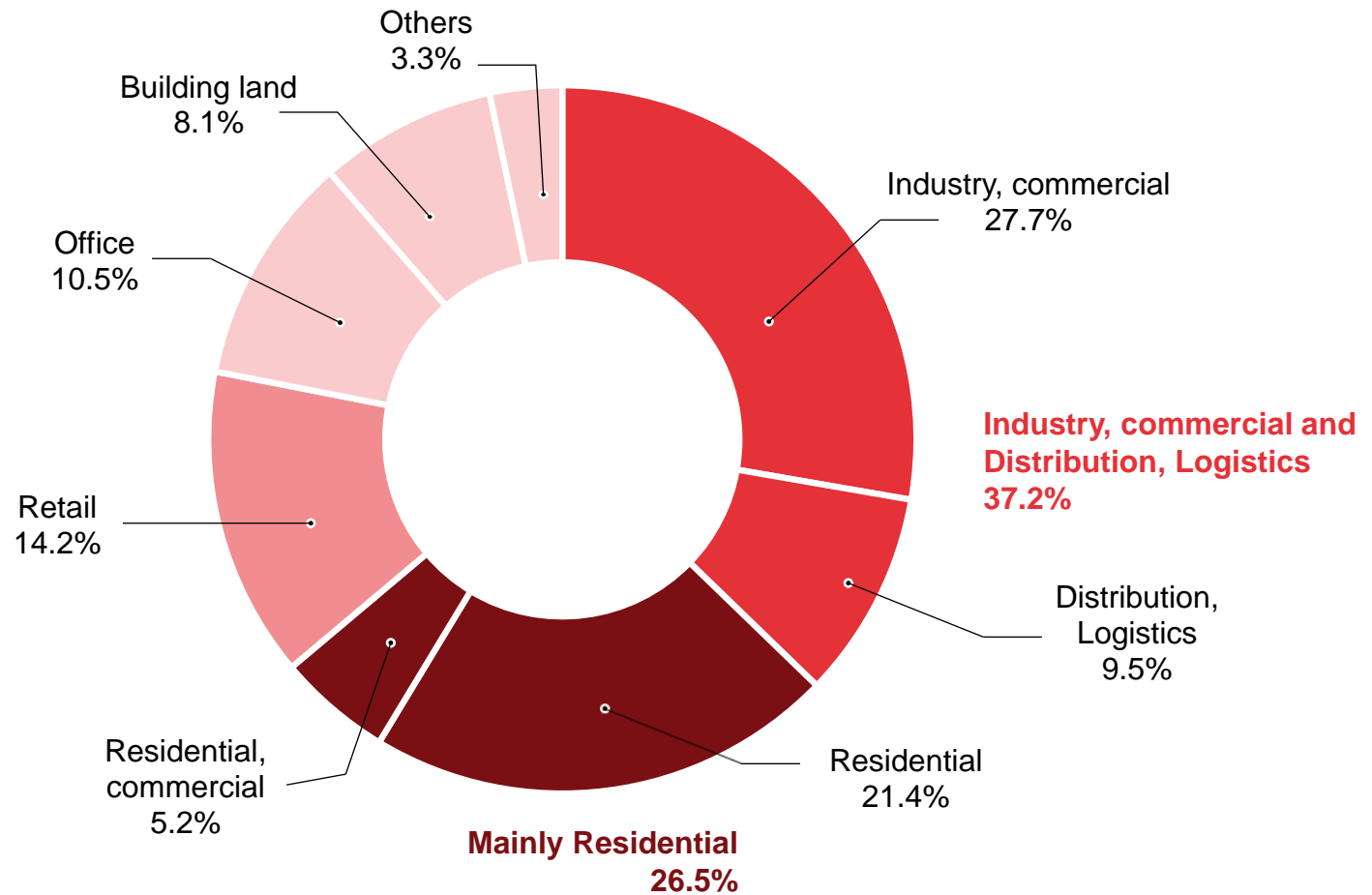
# Highlights

- Increase in property income by 7.4% to CHFm 25.1
- Increase in operating income without revaluation by 9.0% to CHFm 26.2
- CHFm 24.2 net profit
- Earnings per share CHF 3.02
- Growth of portfolio to CHF 1.2 bn
- Solid financing structure with equity ratio at 53.9% and LTV of 38.3%
- Bond Emission of CHFm 100.6 as of July 2015

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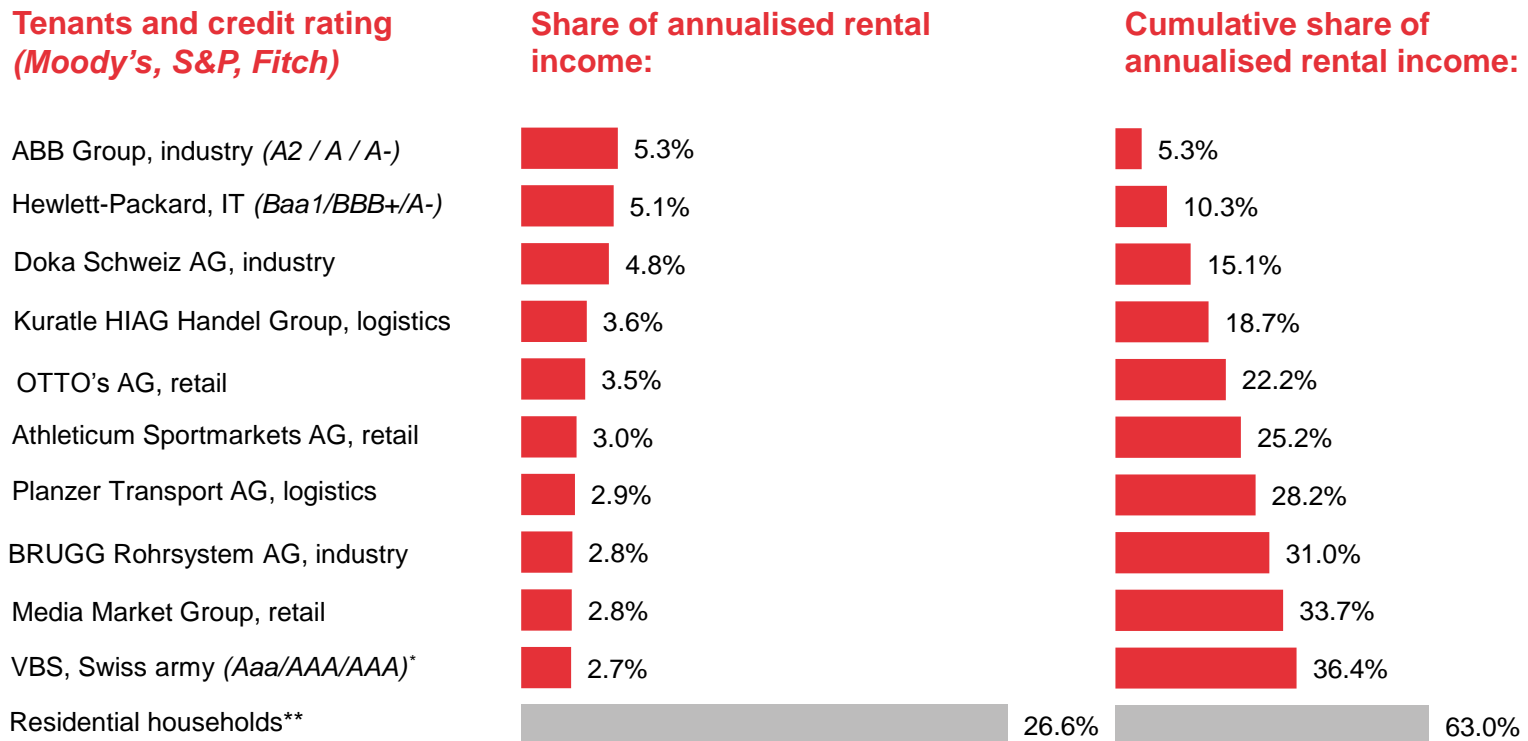
# HIAG Immobilien's portfolio is highly diversified by use...



Based on GAV as of 30.06.2015

# ...and let to a diversified base of strong tenants...

## Top 10 tenants (Group) based on annualised property income



Tenant base as of 30.06.2015

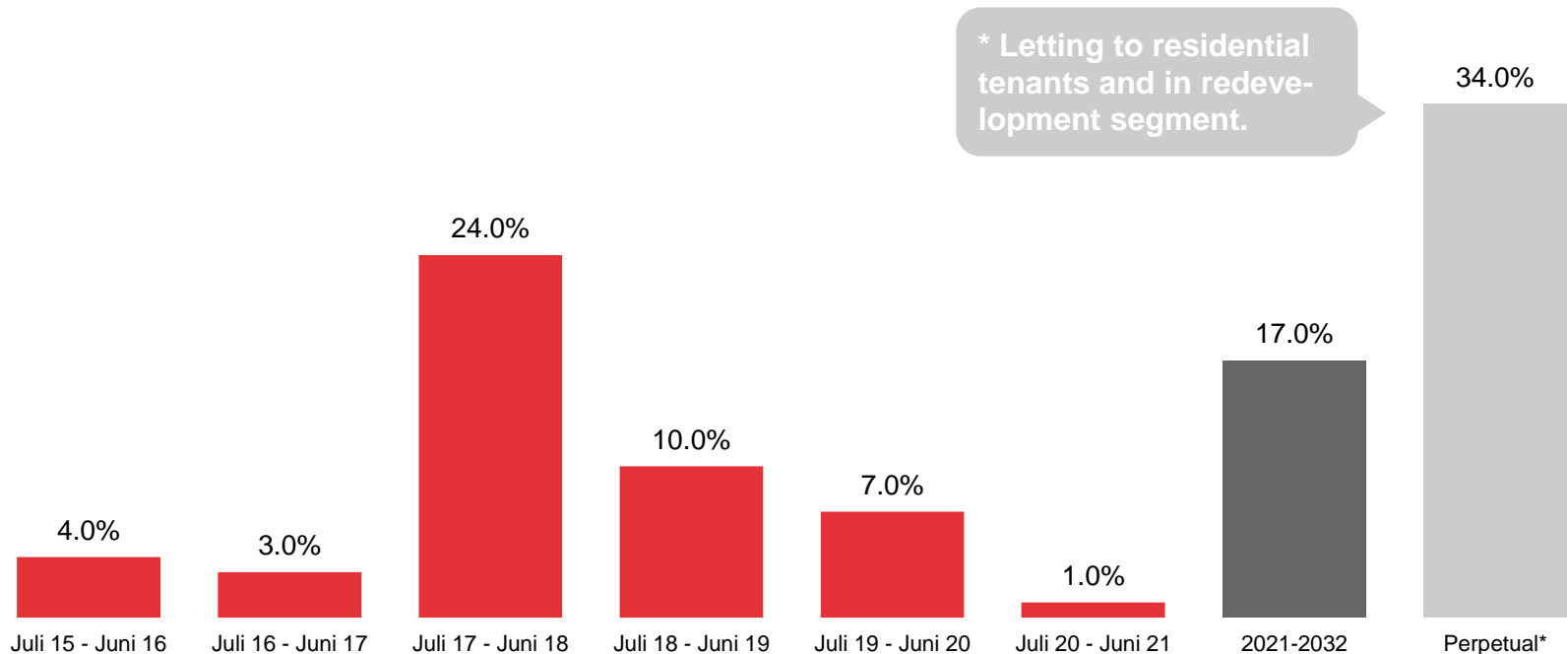
\* Credit rating of Swiss government.

\*\* Includes residential/commercial properties.

# ...with a long-dated expiry profile

## Expiry profile based on property income

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# Income statement

in CHFm	30.06.2015	30.06.2014	Δ CHFm	Δ %
Property income	25.1	23.4	+1.7	7.4%
Other operating income	1.1	0.6	0.5	68.3%
Total operating income without revaluation	26.2	24.0	+2.2	9.0%
Revaluation of properties	15.2	16.2	-1.0	-6.2%
Total operating income	41.4	40.2	+1.2	3.0%
Total operating expenses	-11.1	-9.3	-1.8	19.4%
EBITDA	30.4	30.9	-0.5	-1.6%
Adj. EBITDA*	18.9	17.3	+1.6	+9.2%
EBIT	30.1	30.6	-0.5	-1.6%
EBT**	27.9	26.3	+1.6	6.1%
Net income **	24.2	24.6	-0.4	-1.6%
Net Income without IPO costs	24.2	26.1	-1.9	-7.3%
EPRA Earnings	12.7	11.5	+1.2	10.4%

\* EBITDA - revaluation of properties + revaluation promotion

\*\* incl. IPO costs of CHFm 1.5 as of 30.06.2014

# Annualised property income +3.4% YTD

in CHFm*	31.12.2013	30.06.2014	31.12.2014	30.06.2015	Δ CHFm	Δ %
Target annualised property income	57.0	58.1	59.1	61.2	+0.8	+1.3%
Actual annualised property income	46.6	49.0	49.8	51.5	+1.7	+3.4%
Actual property income	42.2	23.4	47.4	25.1		



- Like for like increase in annualised property income by CHFm 1.5 (+3.1%)

# Continuing reduction of vacancy rate

in %	30.06.2015	31.12.2014
Yielding properties	10.0%	11.7%
Yielding properties undergoing repositioning*	33.0%	33.8%
Redevelopment properties	22.2%	24.9%
<b>Total portfolio</b>	<b>16.3%</b>	<b>18.0%</b>

\* properties Mandachstrasse 50-56 (Niederhasli), Lorzenparkstrasse 2-16 (Cham) and Sternenfeldstrasse 14 (Birsfelden)

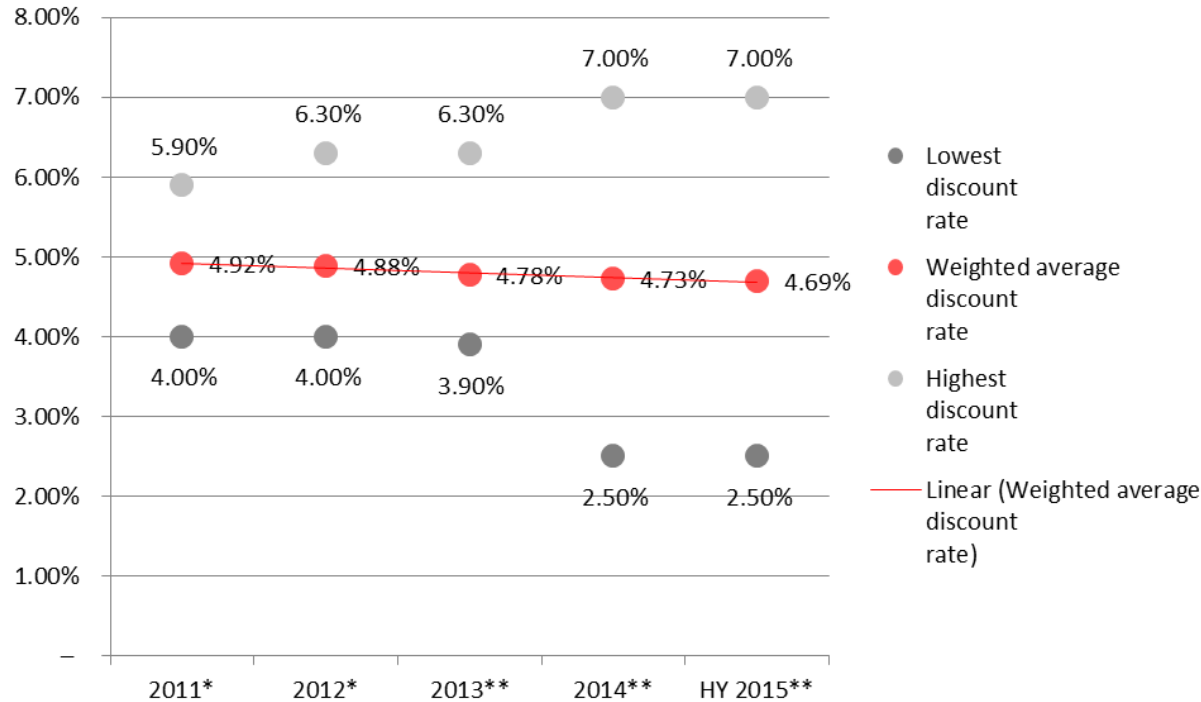
# Revaluation of properties within expected fluctuation range

in CHFm	30.06.2015	30.06.2014
Revaluation of properties	15.2	16.2
Thereof revaluation of promotion projects	3.7	2.6
Thereof adjustment costs for environmental risks	-0.1	-

## Main drivers:

- Dornach (CHFm +5.0)
- Baar, The Cloud (CHFm +2.7)
- Windisch (CHFm +2.4)
- Dietikon (CHFm -2.3)

# Discount rate used in the portfolio evaluation: no significant yield compression



	30.06.2015	31.12.2014
Weighted average real discount rate yielding portfolio**	4.73%	4.77%
Weighted average real discount rate redevelopment portfolio**	4.66%	4.67%
Weighted average real discount rate total portfolio**	4.69%	4.73%

\* except land and building rights incl. power plant

\*\* except land, building rights and power plant

# Operating expenses

<b>in CHFm unless otherwise stated</b>	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>Δ CHFm</b>	<b>Δ %</b>
Personnel expenses	3.8	3.1	0.7	22.6%
Thereof Long Term Incentive Plan 2014-2019 (LTIP)	0.5	-	0.5	
# Full-time employees Core Team / HR-PF Services	25.9	24.2		
# Full-time employees Facility Management	12.8	13.2		
Maintenance and repairs	2.2	1.4	0.8	57.1%
in % of total property value	1.9%	1.2%		
Insurance and fees	0.6	0.6	-	-
Energy costs and building maintenance	1.5	1.2	0.3	25.0%
Rent and leases	0.6	0.6	-	-
Other expenses	2.4	2.4	-	-
<b>Total operating expenses</b>	<b>11.1</b>	<b>9.3</b>	<b>1.8</b>	<b>19.4%</b>

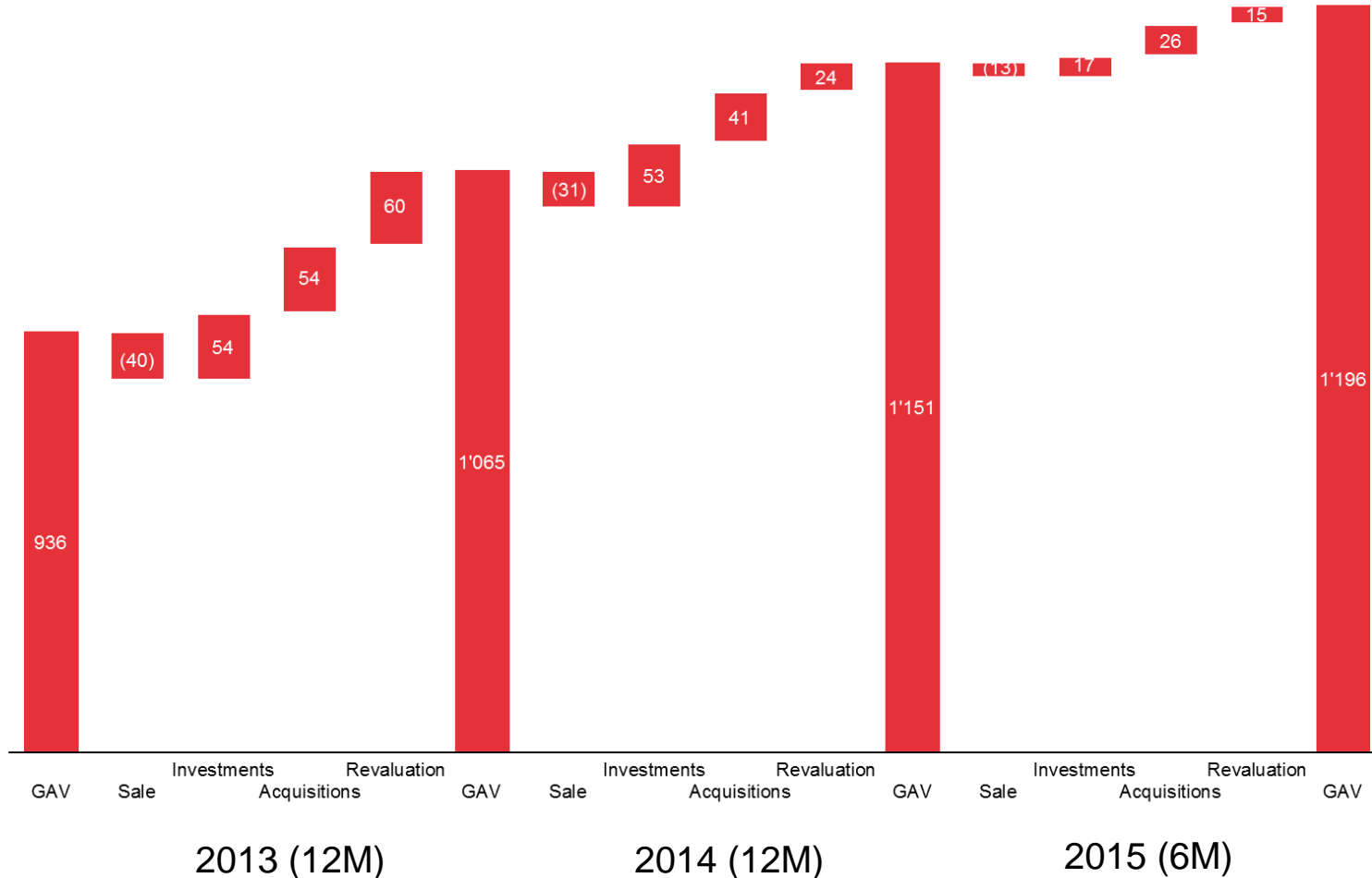
# Balance sheet

in CHFm	30.06.2015	31.12.2014	Δ CHFm	Δ %
Properties	1'082.1	1'048.7		
Properties held for sale	114.0	102.4		
<b>GAV</b>	<b>1'196.1</b>	<b>1'151.1</b>	<b>44.9</b>	<b>3.9%</b>
LTV-Ratio	38.3%	37.0%		
Swiss GAAP FER NAV	673.6	675.6		
Swiss GAAP FER NAV per share	84.20	84.45		
Capital contribution reserves	105.8	132.2	-26.4	
Equity ratio	53.9%	54.4%		
EPRA NAV	737.2	732.0		
EPRA NAV per share	92.15	91.49		



# Continuous portfolio growth

GAV growth in CHFm



# Financing structure

in CHFm	30.06.2015	31.12.2014
Bank financing	485.2	487.8
Bond	-	-
Total	485.2	487.8

- Most of the Group's financing agreements are entered into for an indefinite period\*; such agreements provide for termination only in certain circumstances (e.g. insolvency, breach of interest payment)
- Current LTV-ratio of 38%
- Average cost of debt of 1.04%
- Target LTV-ratio of below 50%
- The Company is currently not hedging any interest rate risks
  
- Bond of CHFm 100.6 with a coupon of 1.00% and a maturity of 6 years issued as at July 2015. The proceeds are to be used primarily for the repayment of bank financing (CHFm 88.8). Thanks to this bond, HIAG Immobilien has diversified its financing structure and has benefit from attractive conditions on the capital market

\* Swiss mortgage style financing; typically interest only and perpetual.

# Strong credit metrics and solid capital structure – LTV-ratio of 38%

in CHFm	31.12.2013	30.06.2014	31.12.2014	30.06.2015
GAV	1'065.3	1'122.1	1'151.1	1'191.1
Unpledged properties				
Cash & cash equivalents	19.0	69.2	62.2	26.4
Gross financial debt	507.7	487.7	487.8	485.2
Due within 12 months*	40.3	11.0	11.3	95.3
EBITDA before revaluation of properties (HY)				
		14.7		15.2
Net financial result**				
		2.8		2.2
LTV-ratio	45.8%	37.3%	37.0%	38.3%
Interest Coverage Ratio***	5.6x	5.3x	5.8x	6.9x
Duration (in years)****				
	1.3	1.7	2.1	1.4
Average interest rate				
	1.11%	1.11%	1.03%	1.04%
Fixed interest rate over 1 year****				
	58.8%	50.4%	48.4%	48.3%

\* Thereof CHFm 30 as of 31.12.2013 bridge financing repaid after the IPO, thereof CHFm 88.8 as of 30.06.2015 to be repaid with the proceeds from the Bond issued in July 2015

\*\* Exclusive IPO costs of CHFm 1.5

\*\*\* EBITDA before revaluation of properties / net financial expense

\*\*\*\* Bond issued as at Juli 2015. As at 30.06.2015 the planned repayments with the Bond proceeds (CHFm 88.8) have been disclosed as 'Short Term' with a duration < 1 year

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# Baar «The Cloud» Show apartment finished in June 2015

## Under construction

- Construction status: topping out in July / costs and timing in plan
- Investment volume CHFm 67
- 35% of condominiums sold and signed reservations as of August 31<sup>st</sup>, 2015



# Windisch «Feinspinnerei» Construction starting in October 2015

## Commercialization / further development

- Project Spinnerkönig fully let as at Juli 2015
- Commercialization Project Spinnerei III as at August 2015: 82%
- Project Feinspinnerei: construction to start in October 2015



# Bremgarten «Jeld-Wen»

## Construction starting in October 2015

### Under redevelopment

- Within 2 years, 2'500 m<sup>2</sup> office and 4'900 m<sup>2</sup> commercial space added during operation
- Investment volume of approximately CHFm 15
- Rental agreement was prolonged by 12 years





# «Papieri» Biberist Masterplan approved boosting

## Under redevelopment

- Communal authorities approve unanimously Masterplan Papieri 2033
- High bay storage in permission process
- Land swap with Canton for development in preparation for renaturation project of Emme





# Dornach competition in preparation

- Property transfer on January 12<sup>th</sup>, 2015 after the fulfilment of the contractually designated conditions of execution
- Negotiation on follow up rental agreement ongoing
- Urbanist Competition in preparation, expected to be commenced in 2016



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# Market

- Economic slow down will have impact on real estate market, but no direct impact on yielding portfolio expected
- Space requirements might be revised in sectors that have to expect long term impact of stronger CHF
- Condominiums still attractive at low financing cost, but less sales off plan
- Acquisition: Negative interest and dynamic market might rise price expectations for areas to be developed, that are not sustainable

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# Outlook

- Property income expected by around +4% in 2015 (without acquisitions)
- Operative income by around +6% in 2015 (excl. revaluation, without acquisitions)
- 150 condominiums at CHFm 171 for sale in 3-4y horizon
- HIAG Immobilien to stick to its acquisition metrics

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# IR Agenda

- September 9<sup>th</sup>, 2015 EPRA Annual Conference, Berlin
- October 1<sup>st</sup>, 2015 Investora, Zürich
- October 23<sup>rd</sup>, 2015 Site visit «The Cloud», Baar
- November 13<sup>th</sup>, 2015 Vontobel Immobilientag 2015, Zürich
- March 21<sup>st</sup>, 2016 Publication annual result 2015
- April 19<sup>th</sup>, 2016 General Meeting 2016

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[www.hiag.com](http://www.hiag.com)

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# Key financial figures per share

in CHF	30.06.2015	30.06.2014
Earning per share	3.02	3.44
Earning per share without revaluation	1.12	1.17
Earning per share without revaluation including revaluation of promotion	1.58	1.54
EPRA Earnings per share	1.59	1.60
Swiss GAAP FER NAV per share	84.20	84.45
EPRA NAV per share	92.15	91.49

# Portfolio key figures

in CHFm

30.06.2015 31.12.2014

Portfolio	1'196	1'151
Yielding Portfolio	705	703
Redevelopment Portfolio	491	448
Annualised property income	51.5	49.8
Number of properties	115	115
Number of redevelopment properties	54	53
Number of projects	51	51
Vacancy rate	16.3%	18.0%

# Condominium sales

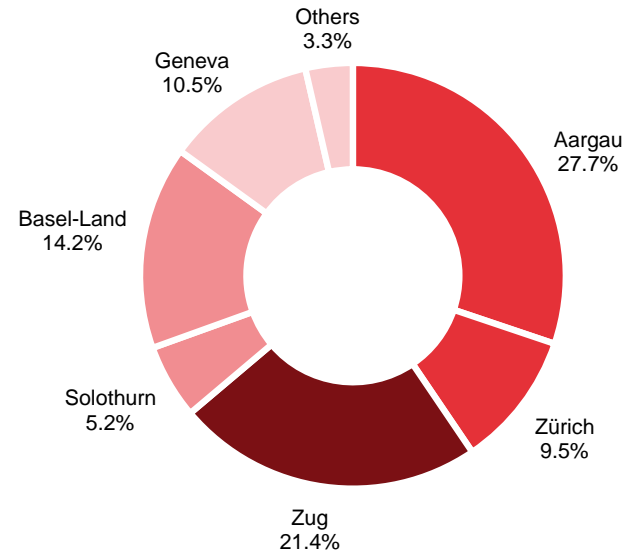
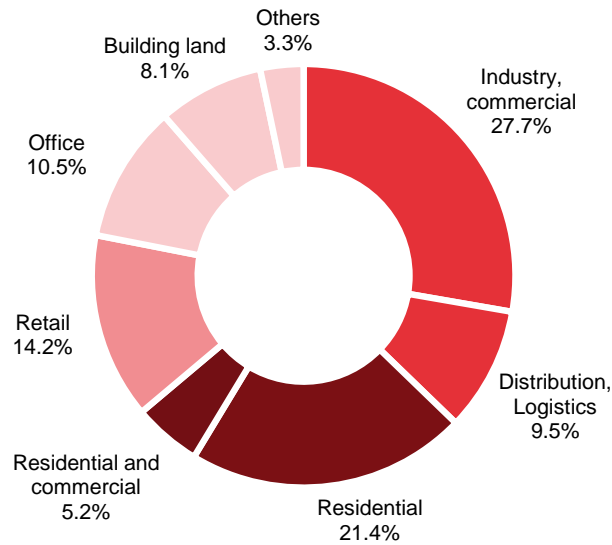
<b>Promotion projects</b>	<b>Stegbünt</b>	<b>Spinnerei III</b>	<b>The Cloud</b>
# of condominiums	63	50	102
# reservations payed	0	6	14
# sales contracts signed	60	35	22
% of condominiums sold as of 31.07.2015	95%	70%	22%
% of condominiums sold and paid reservations as of 31.07.2015	95%	82%	35%
Total target revenues in CHFm	42.0	35.3	138.6
Revenues from sales up to 31.12.2014 in CHFm	36.1	16.6	16.5

<b>Rental apartments</b>	<b>Spinnerkönig</b>
# apartments	63
# lease contracts signed	63
% apartments let	100%

# Cash flow

<b>in CHFm</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
Funds from operations incl. sales of condominiums	+20.9	+13.6
Cash Flow from Investments	-16.8	-60.8
Cash Flow from Financing	-28.9	+102.4

# Portfolio split by type of use and region



# EPRA key financial figures

in CHFm except otherwise stated

30.06.2015 30.06.2014

EPRA Earnings	12.7	11.5
EPRA Earnings per share (CHF)	1.59	1.60
EPRA NAV	737.2	732.0
EPRA NNAV	673.4	675.0
EPRA NAV per share (CHF)	92.15	91.49
EPRA vacancy rate (yielding portfolio)	14.3%	15.8%
EPRA vacancy rate (yielding portfolio excl. properties in repositioning)	9.9%	11.7%