

# HIAG

## HIAG Immobilien Holding AG Business Year 2017

19 March 2018

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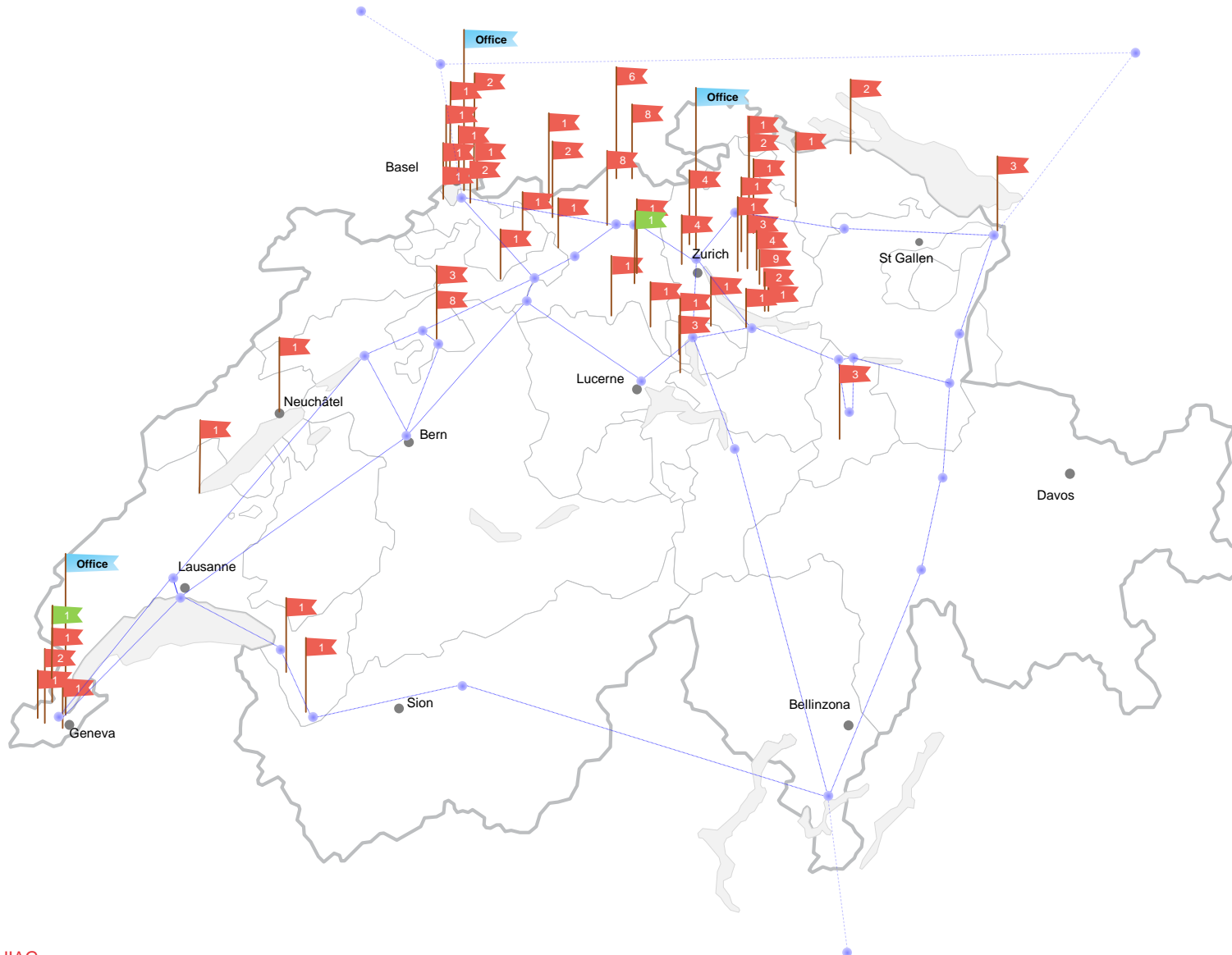
# Agenda

- 1. Highlights**
2. Financial Results Year-End 2017
3. Major developments
4. Market and outlook
5. Financial calendar

# Highlights

- Collected property income raised by 6.5% to CHFm 55.8
- Increase in annualised property income by 3.6%
- WALT increase to 7.9 years after successful rental agreement renewals and new signings
- Growth of portfolio to CHFm 1'283
- Weighted average maturity of liabilities increased to 3.6 years after the successful third bond issuance of CHFm 150 in May 2017
- Successful Launch Event HIAG Data as of March 15
- Increase of dividend by 5.6% to CHF 3.8

# Acquisitions in proximity to existing sites

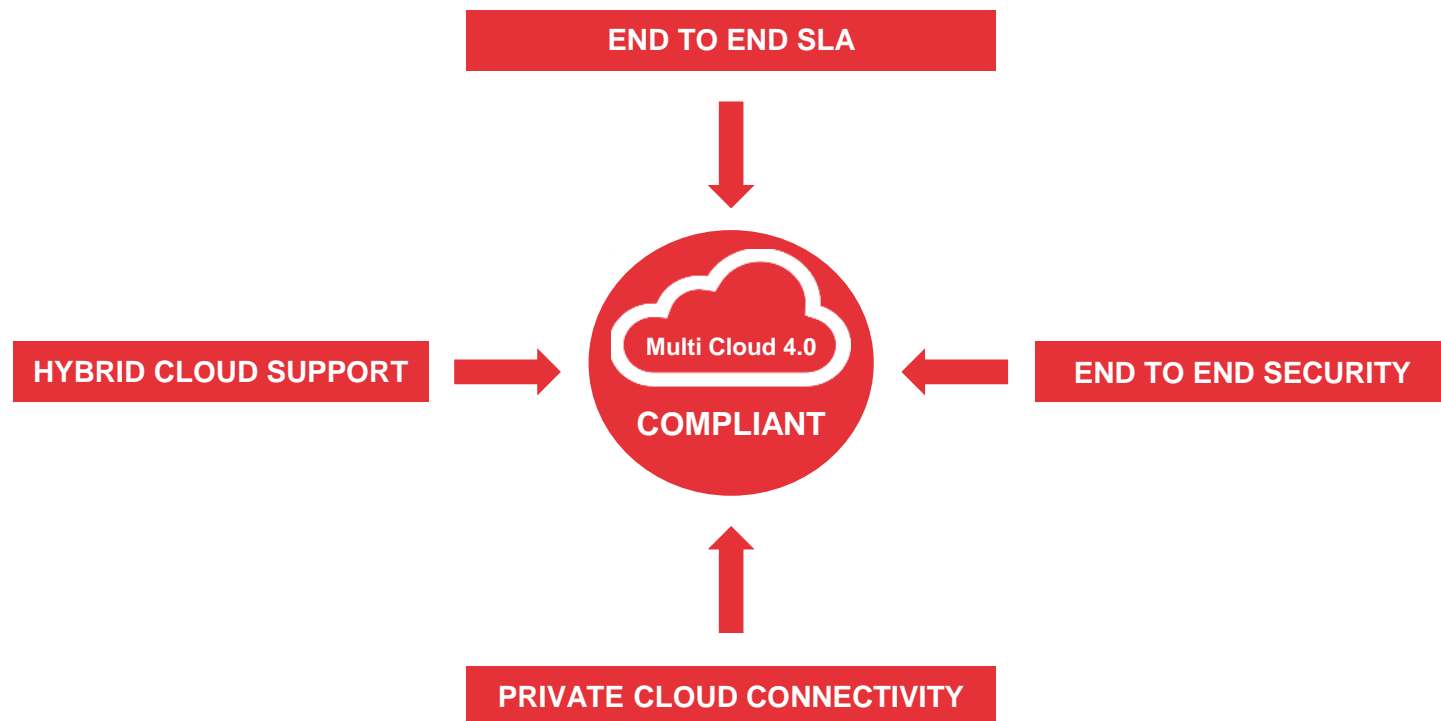




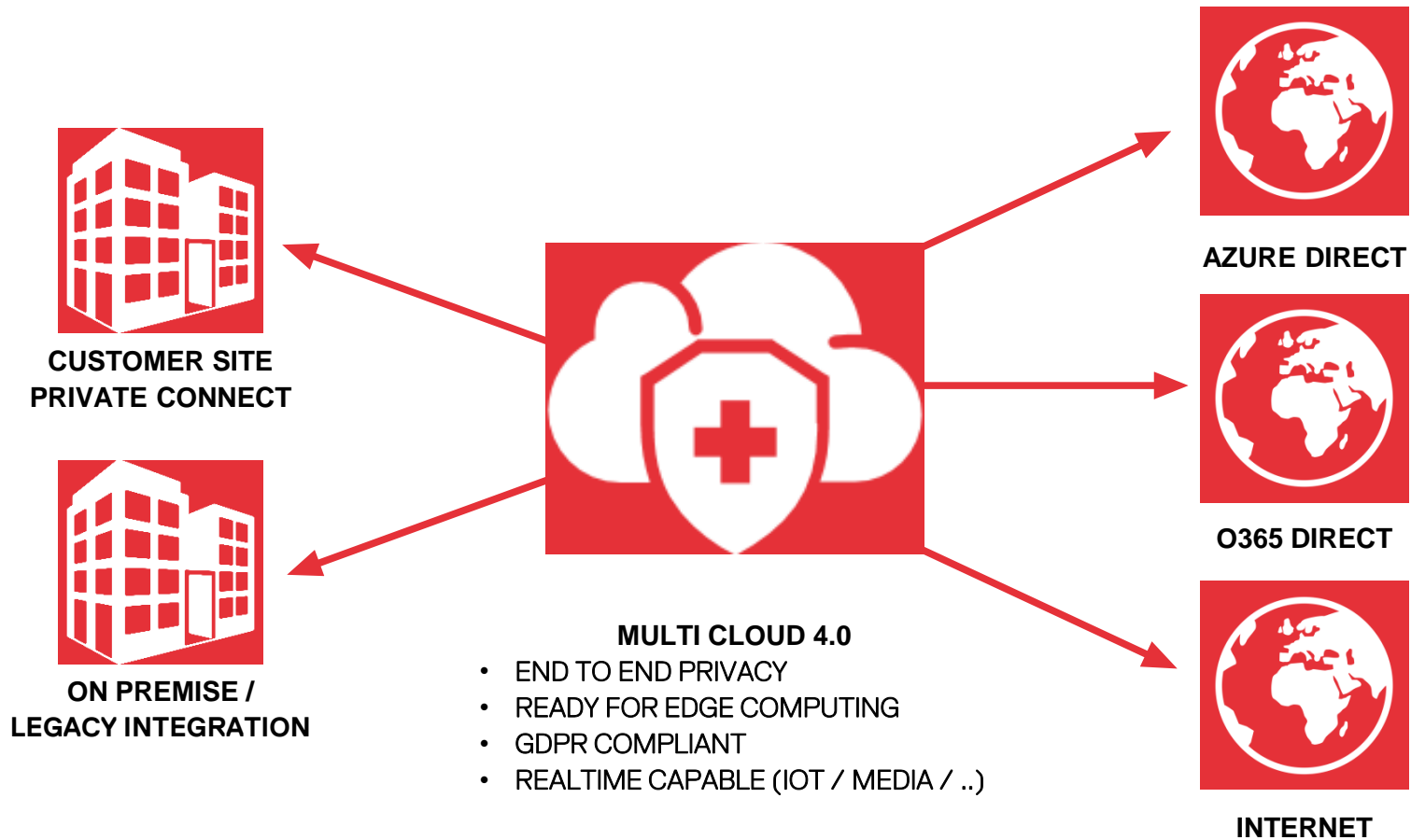
HIAG Data launch event

# HIAG Data

## Key Elements of Cloud Success



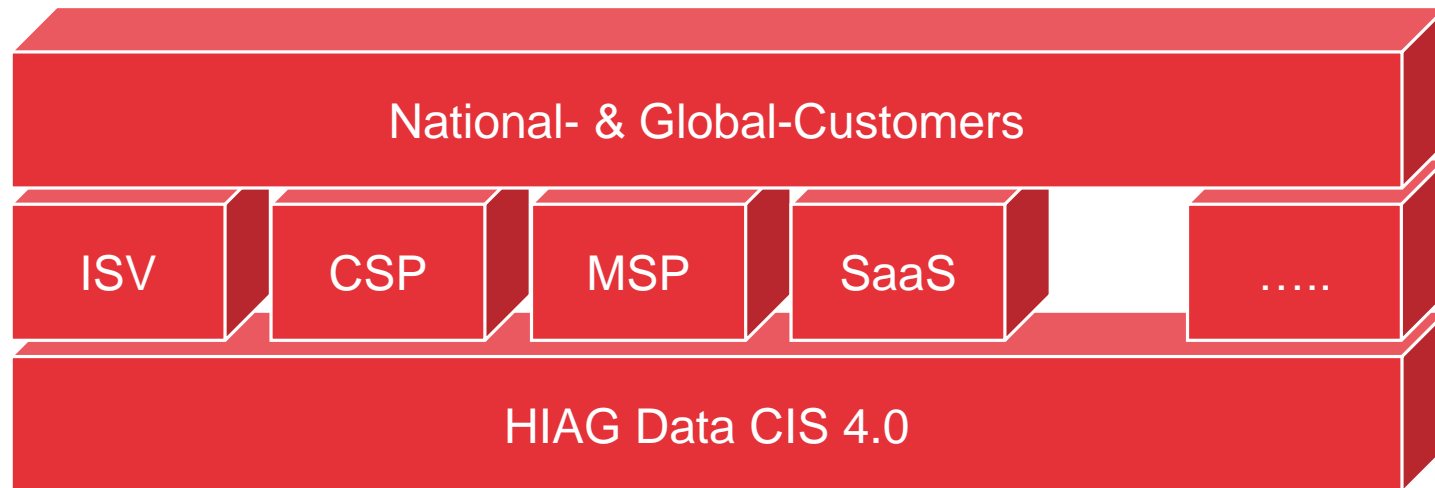
# HIAG Data Network Centric Multi Cloud 4.0





# HIAG Data

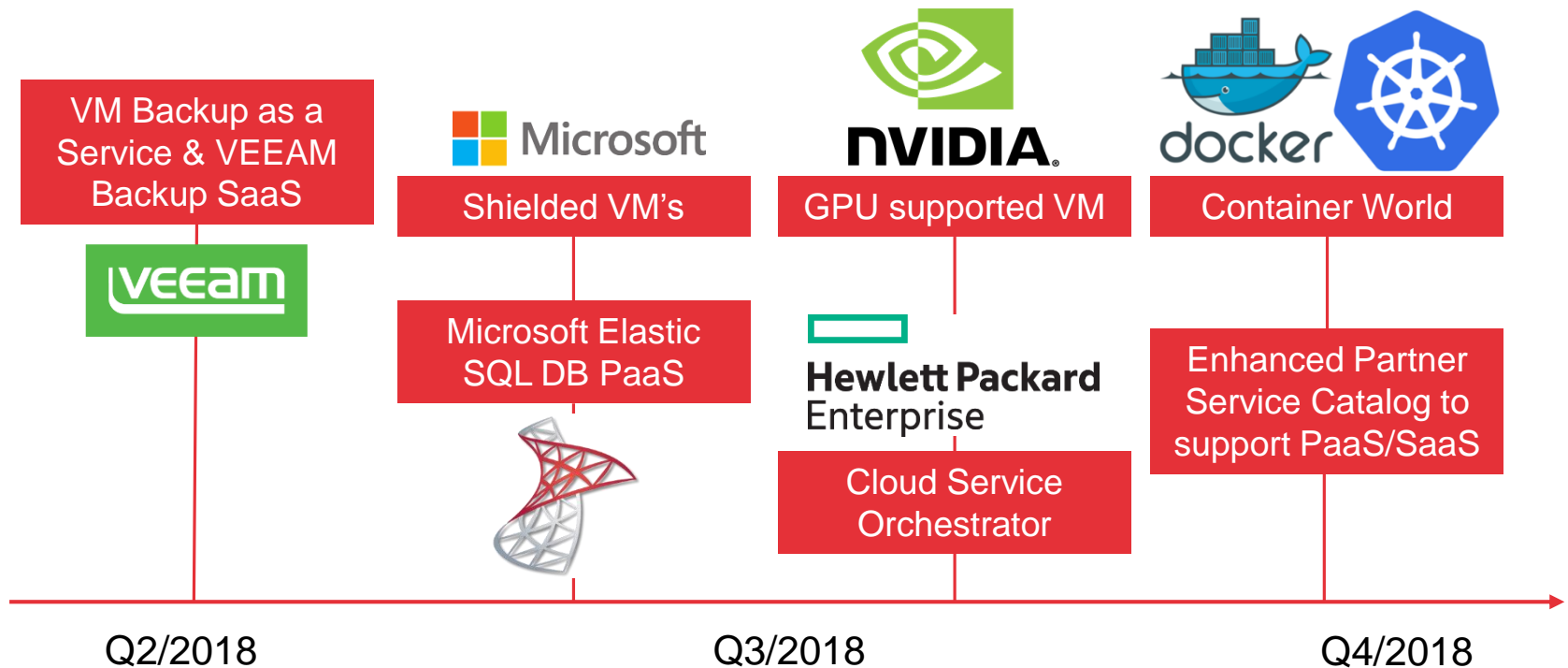
## A 100% indirect partner model



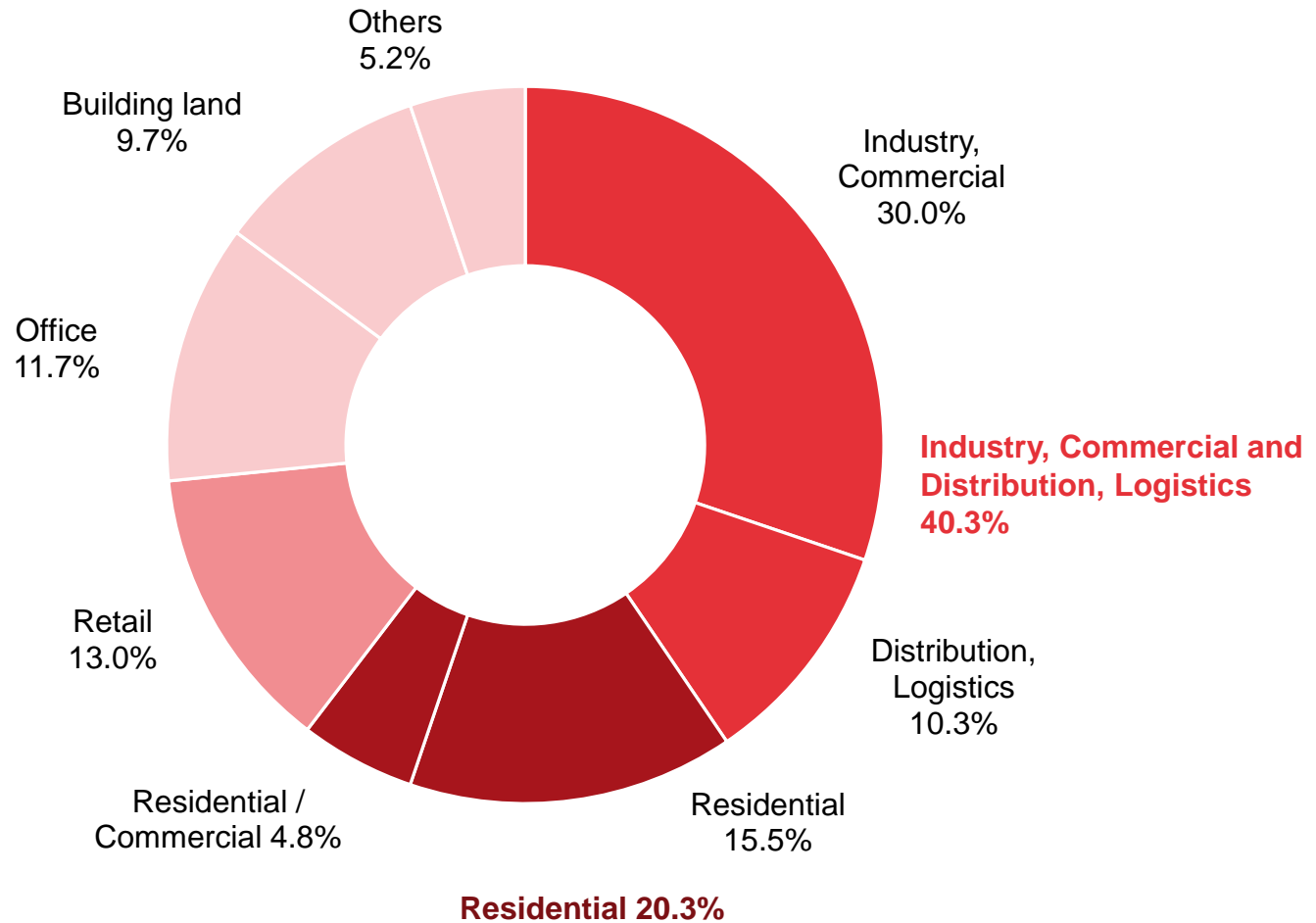
# HIAG Data – Our Mission

- We want to empower infrastructure for cloud native business models.
- We bring the cloud to within the companies walls, as if it was in the basement.
- We help transform the CSPs customers existing environment into a true end to end cloud experience.

# HIAG Data Cloud Business Services - Roadmap



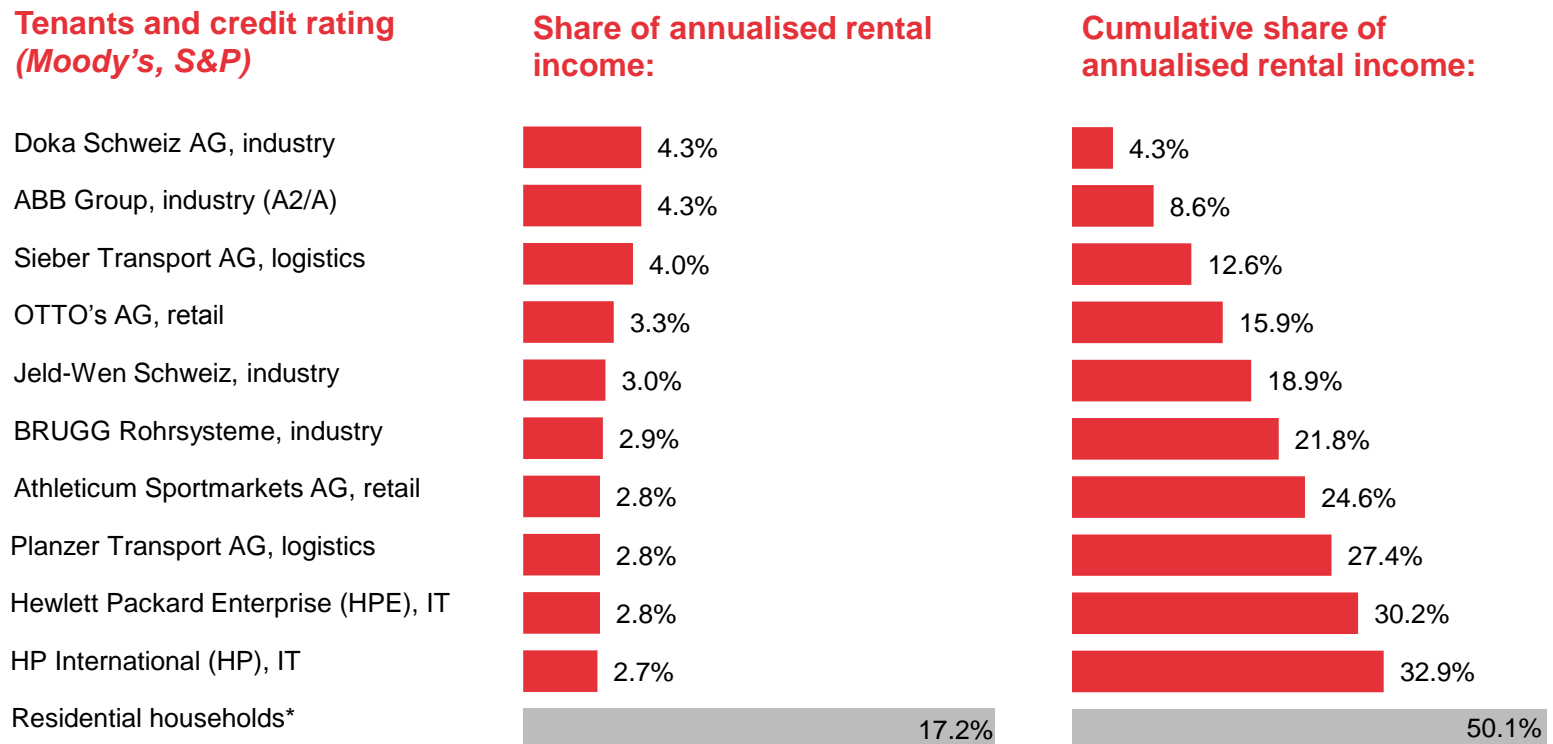
# Stable and attractive mix of uses with only little exposure to office markets



Based on GAV as of 31.12.2017

# A strong, stable and diversified tenant base

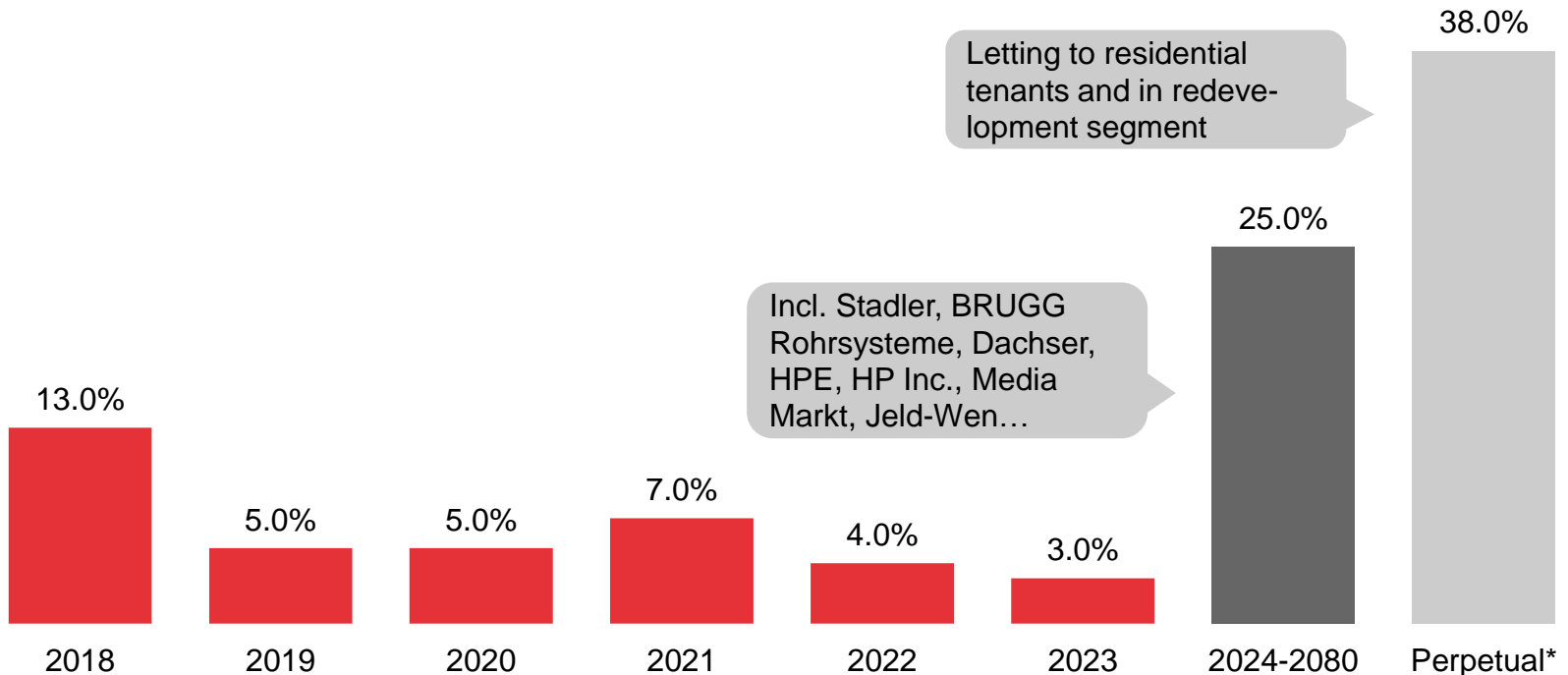
Top 10 tenants (Group) based on annualised property income as of 31.12.2017



\* includes residential/commercial properties

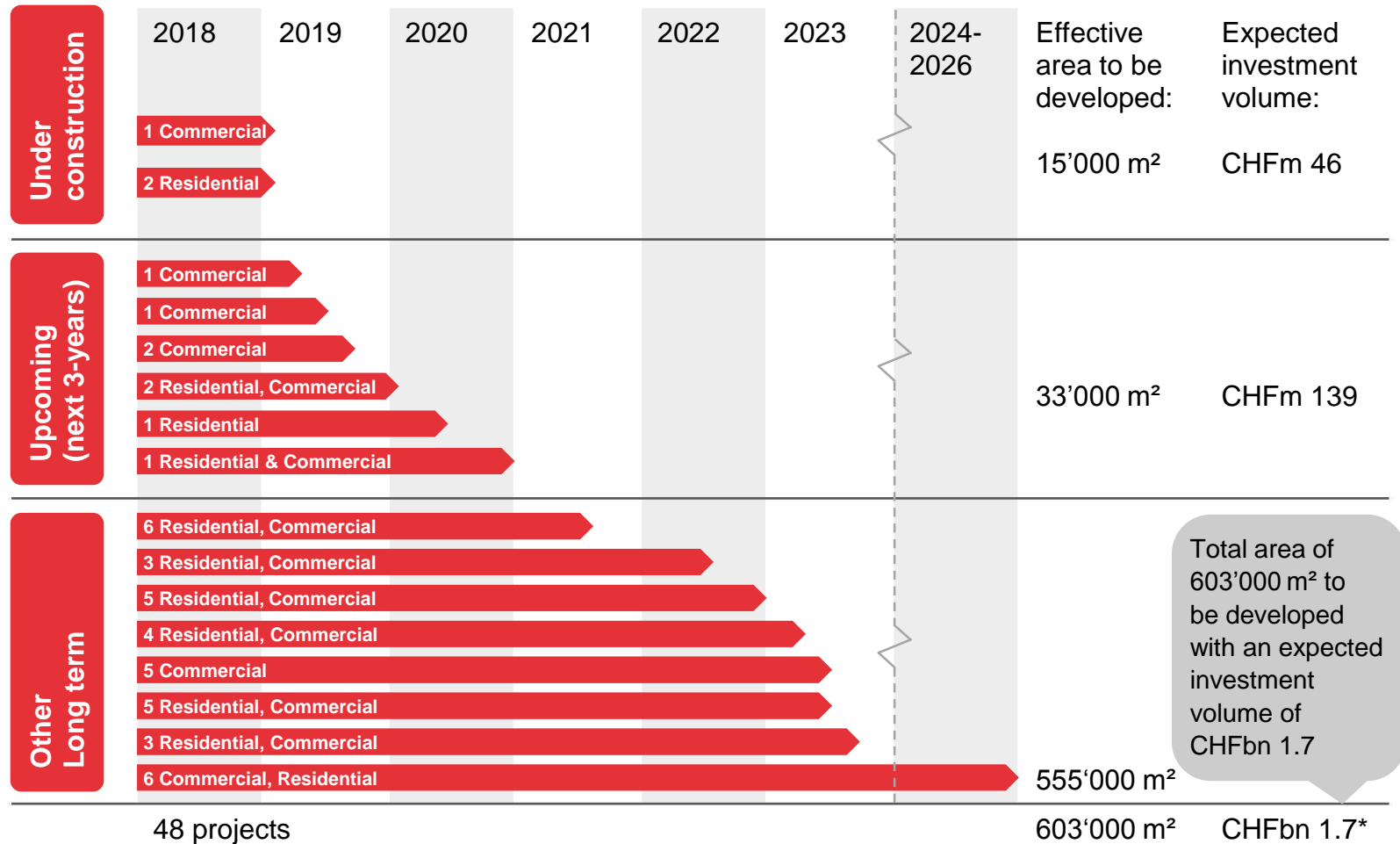
# Increase in weighted average lease term to 7.9 years

## Expiry profile



Expiry profile based on property income as of 31.12.2017

# Robust project pipeline – upcoming projects with expected investment of CHFm 139



Timelines based on currently expected project timelines. Investment volume subject to assumptions on future developments

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# Income statement as of 31.12.2017

in CHFm	31.12.2017	31.12.2016	Δ CHFm	Δ %
<b>Property income</b>	<b>55.8</b>	<b>52.4</b>	<b>+3.4</b>	<b>+6.5%</b>
Revaluations of properties	33.3	20.0	+13.3	
<b>Total operating income without revaluations</b>	<b>67.0</b>	<b>53.8</b>	<b>+13.1</b>	<b>+24.7%</b>
Total operating expenses	-27.1	-17.8	-9.4	+52.7%
EBITDA	73.1	56.0	+17.1	+30.5%
EBT	66.6	50.7	+15.9	+31.4%
<b>EBT without revaluations</b>	<b>33.3</b>	<b>30.7</b>	<b>+2.6</b>	<b>+8.4%</b>
Net income	57.5	46.4	+11.1	+23.9%
<b>EPRA Earnings</b>	<b>33.1</b>	<b>30.5</b>	<b>+2.5</b>	<b>+8.2%</b>
Cash Flow from operating activities incl. sales promotion	62.1	72.3	-10.2	

# Increase of annualised property income by CHFm 2.0 (+3.6%)

in CHFm	31.12.2015	31.12.2016	31.12.2017	Δ CHFm	Δ %
Target annualised property income	61.0	63.9	65.4	+1.5	+2.4%
<b>Actual annualised property income</b>	<b>51.4</b>	<b>54.2</b>	<b>56.1</b>	<b>+2.0</b>	<b>+3.6%</b>
Actual property income	51.2	52.4	55.8	+3.4	+6.5%



- Like-for-Like increase in annualised property income by CHFm 1.3 (2.4%)

# Further decrease of vacancy rate to 14.3%

in %	31.12.2017	31.12.2016
Yielding properties	12.3%	11.7%
Yielding properties undergoing repositioning*	36.8%	32.5%
Redevelopment properties	13.1%	15.2%
<b>Total Portfolio</b>	<b>14.3%</b>	<b>15.3%</b>

- The property Lorzenparkstrasse 2-16 ZG has been newly classified as a yielding property in the reporting period (12.0% as of 31.12.2017, 32.7% as of 31.12.2016)
- Like for like vacancy rate (without acquisition of Meyrin site)
  - Yielding Portfolio: 12.4%
  - Total Portfolio: 14.4%

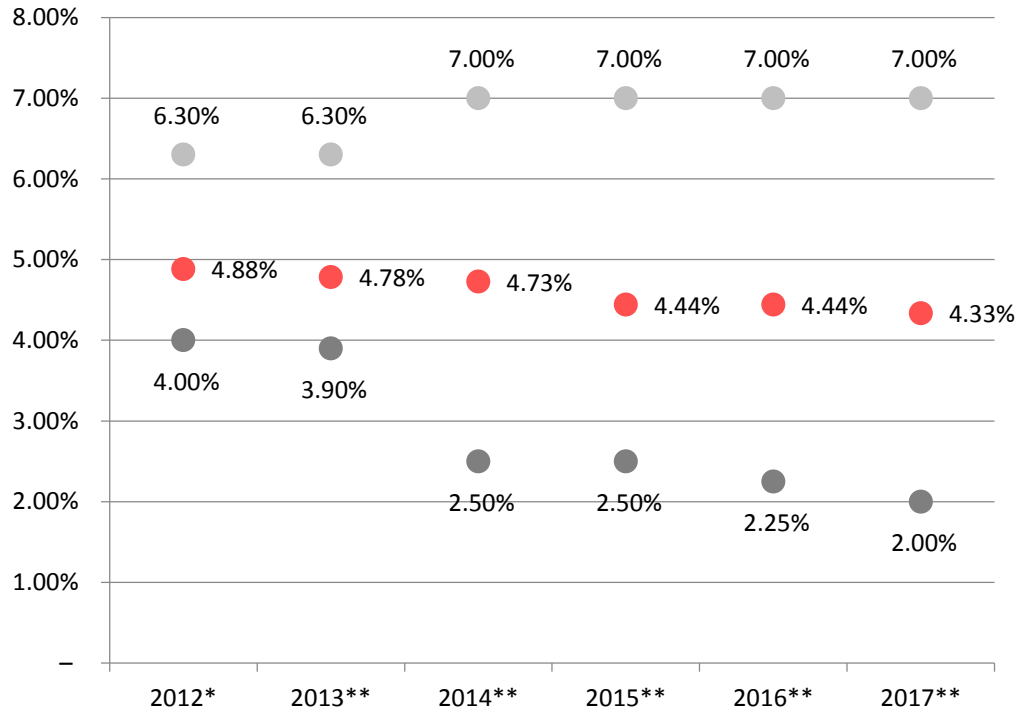
\* Mandachstrasse 50-56 (Niederhasli), Sternefeldpark 14 (Birsfelden) as of 31.12.2017

# Revaluation of properties above expectations .....

in CHFm	31.12.2017	31.12.2016
Revaluations of properties	+33.3	+20.0
Thereof revaluation promotion	-2.2	+2.4
Thereof adjustment costs for environmental risks	-0.2	-0.0

- Positive contributions: Cham, Kleindöttingen, Meyrin, St. Margrethen and Wetzikon
- Negative contributions: Baar and Menziken

# ... with a slightly lower discount rate



- Decrease in yielding portfolio driven by new rental agreements and rental agreement renewals
- Promotion projects discounted at 2.0%, «promotion» effect will disappear after units are sold

	31.12.2017	31.12.2016
Weighted average real discount rate yielding portfolio**	4.31%	4.55%
Weighted average real discount rate redevelopment portfolio**	4.41%	4.14%
Weighted average real discount rate total portfolio**	4.33%	4.44%

\* except land and building rights incl. power plant

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

# Increase in operating expenses due to segment IaaS and one time effects

in CHFm	31.12.2017	31.12.2016	Δ CHFm	Δ %
Personnel expenses	9.3	5.6	+3.7	
Maintenance and repairs	5.9	3.6	+2.3	
Insurance and fees	1.0	0.9	+0.1	
Energy costs and building maintenance	2.1	2.4	-0.3	
Rent and leases	1.6	1.5	+0.1	
Other expenses	7.2	3.8	+3.5	
<b>Total operating expenses</b>	<b>27.1</b>	<b>17.8</b>	<b>+9.3</b>	<b>+52.6%</b>
from which segment IaaS	4.1	1.2	+2.9	
from which external services related to asset sales	0.7	-	+0.7	
<b>Total operating expenses excl. segment IaaS &amp; asset sales</b>	<b>22.3</b>	<b>16.5</b>	<b>+5.8</b>	<b>+35.1%</b>

# Real estate operating expenses impacted by one time effects

in CHFm	31.12.2017	31.12.2016	Δ CHFm	Δ %
Personnel expenses	8.0	5.0	+3.0	+59.1%
Maintenance and repairs	4.2	3.6	+0.7	+18.8%
Insurance and fees	1.0	0.9	+0.0	+5.0%
Energy costs and building maintenance	2.1	2.4	-0.3	-11.8%
Rent and leases	1.4	1.3	+0.1	+7.9%
Other expenses	6.3	3.3	+3.0	+91.0%
<b>Total operating expenses</b>	<b>23.0</b>	<b>16.5</b>	<b>+6.5</b>	<b>+39.2%</b>
from which external services related to asset sales	0.7	-	+0.7	
<b>Total operating expenses excl. external services related to asset sales</b>	<b>22.3</b>	<b>16.5</b>	<b>+5.8</b>	<b>+35.1%</b>

# Key financial figures per share

in CHF	31.12.2017	31.12.2016
Earnings per share	7.2	5.8
Earnings per share without revaluation	3.0	3.3
<b>Earnings per share without revaluation, non cash taxes and segment laaS</b>	<b>4.6</b>	<b>4.7</b>
<b>EPRA Earnings per share</b>	<b>4.1</b>	<b>3.8</b>
Time-weighted average number of shares	8'035'289	8'000'787
Swiss GAAP FER NAV per share	94.5	90.7
EPRA NAV per share	103.7	99.2
Number of outstanding shares	8'047'629	8'035'885
<b>Planned dividend payout (cash distribution out of capital contribution)*</b>	<b>3.8</b>	<b>3.6</b>
<b>Payout ratio in %**</b>	<b>82%</b>	<b>77%</b>
<b>Cash yield in %***</b>	<b>3.1%</b>	<b>3.4%</b>

\* Proposition to the annual General Meeting on 19 April 2018 for the business year 2017: cash distribution out of capital contribution reserves

\*\* Distribution per share in relation to earnings without revaluation, non cash taxes and segment laaS

\*\*\* Distribution per share in relation to share price at end of period



# Balance sheet as of 31 December 2017

in CHFm	31.12.2017	31.12.2016	Δ CHFm	Δ %
Properties	1'251.6	1'176.3		
Properties held for sale	31.1	66.0		
<b>GAV</b>	<b>1'282.7</b>	<b>1'242.3</b>	<b>+40.4</b>	<b>+3.3%</b>
LTV Ratio	37.6%	36.2%		
Swiss GAAP FER NAV	760.7	729.1		
Swiss GAAP FER NAV per share*	94.5	90.7		
<b>Capital contribution reserves</b>	<b>47.7</b>	<b>75.5</b>	<b>-27.8</b>	
<b>Equity ratio</b>	<b>54.4%</b>	<b>54.7%</b>		
Return on Equity	7.9%	6.6%		
EPRA NAV	834.1	797.3		
EPRA NAV per share*	103.7	99.2		

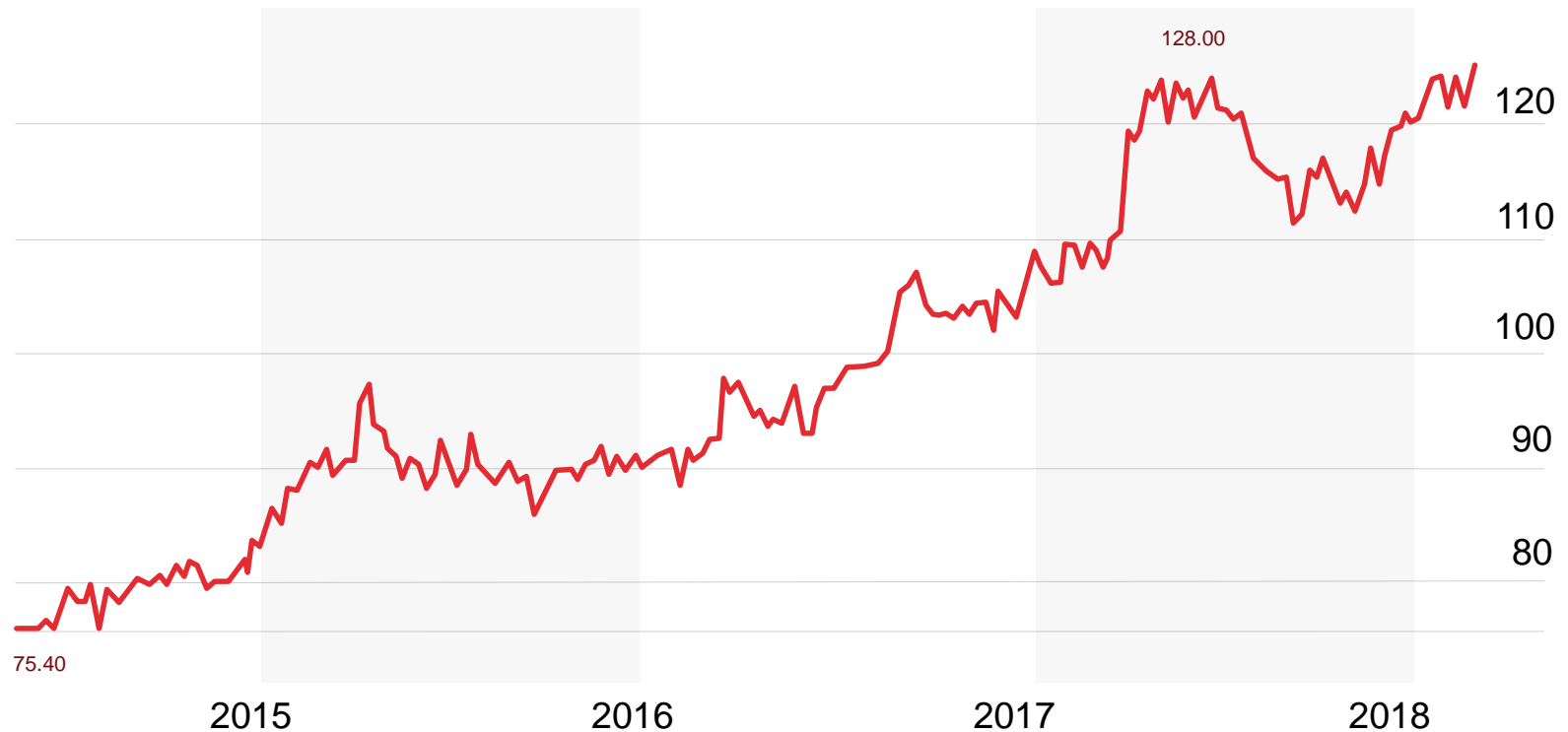
\* Number of outstanding shares 8'047'629 as of 31.12.2017 and 8'035'885 as of 31.12.2016

# Further increase in the financing duration

in CHFm	31.12.2017	31.12.2016
Bank financing	155.7	297.7
Bonds (CS rating: Low BBB stable / Vontobel rating: BBB stable)	365.0	215.0
Leasing financing	8.4	-
Total	529.1	512.7

- Bonds represent 69% of financing structure (42% as of 31.12.2016)
- New leasing financing related to HIAG Data equipment
- Current LTV ratio of 37.6% (36.2% as of 31.12.2016)
- Target LTV ratio unchanged of below 50%
- Increase of the duration (from 3.1 years to 3.6 years)
- Interest coverage ratio of 8.3x (7.4x as of 31.12.2016)
- Average cost of debt of 1.0% (1.1% as of 31.12.2016)
  
- Bond of CHFm 150 with a coupon of 0.8% and a maturity of 5 years issued in May 2017. The proceeds were primarily used for the repayment of bank financing.

# Steady increase of NAV, dividend and share price since IPO



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# Frauenfeld «Walzmühle» Building new villages

## Under construction

- First construction phase started in July 2017, comprising 8 loft houses and 10 loft apartments as well as 2'300 m<sup>2</sup> office and commercial space ([www.walzmuehle.ch](http://www.walzmuehle.ch))
- Total expected investment volume of first stage amounting to roughly CHFm 25



# Niederhasli

## Strengthening the Swiss Industry

### Under redevelopment

- Long term lease agreement with Doka Schweiz for a new development giving space for development of about 300 apartments around railway station
- Office building of 2'600 m<sup>2</sup> and commercial halls of 4'200 m<sup>2</sup> to be developed
- Planning zone repealed, building permit granted, start of construction in 2018



# St. Margrethen

## Focusing on long-term collaborations

### Under redevelopment

- Building lease for about 70'000 m<sup>2</sup> signed by Stadler Rail in April 2017 with contractual period until 2080
- Groundbreaking ceremony scheduled for 24 April 2018



# Dietikon

## Retailing at good locations will remain

### Yielding / under redevelopment

- 10-year extension of rental agreement with Media Markt for 5'500 m<sup>2</sup>
- 15-year rental agreement signed with an international renowned retail company for a total space of 20'000 m<sup>2</sup> to become the largest tenant in HIAG's portfolio





# Biberist «Papieri» Setting the stage for new opportunities

## Yielding/under construction/under redevelopment

- Dismantling of PM 9 to be completed in summer 2018
- Sale agreements for PM 6 and PM 8 signed, dismantling finished by early 2019
- HIAG Data operational headquarter and testing DC operational, construction for dark-site-DC 'Walzenhalle' planned to start in 2018



# Meyrin «The Hive»

## Creating clusters

### Completion / Under refurbishment

- In Q2 2017, new building for HPE/HP Inc. completed below budget and delivered ahead of schedule
- Refurbishment of 'Hive 1' initiated and new rental agreement signed with Regus
- Ongoing negotiations about 'Hive 3' and planning of a cooking school / restaurant



# Brunegg

## Identifying valuable locations

### New acquisition

- Sale-lease back transaction with Sulser Logistik AG comprising an area of total 28'000 m<sup>2</sup>
- Land reserve of 5'000 m<sup>2</sup> adding to existing logistic space and high-rack warehouse to be developed in 2018



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# Market

- Positive economic outlook supporting long term investment decisions
- Interest rate environment not expected to change fundamentally. Expectations on possible increase still have no impact on transaction prices
- Initiatives to increase productivity in construction processes by means of new technology start to show first effects
- Open ecosystems to speed up transformation to cloud solutions

# Outlook

- Property income expected to increase slightly about 1%
- HIAG is continuously evaluating opportunities but not willing to dilute portfolio yield
- Revenue contribution of HIAG Data for 2018 to increase sharply following the launch of 'Network Centric Multicloud 4.0'
- HIAG Data EBITDA contribution to approach breakeven in 2018
- Unchanged dividend payout policy of 4% of NAV

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# Financial calendar

19 April 2018                      Annual General Meeting in Windisch

3 September 2018                  Publication half-year results 2018

[investor.relations@hiag.com](mailto:investor.relations@hiag.com)

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



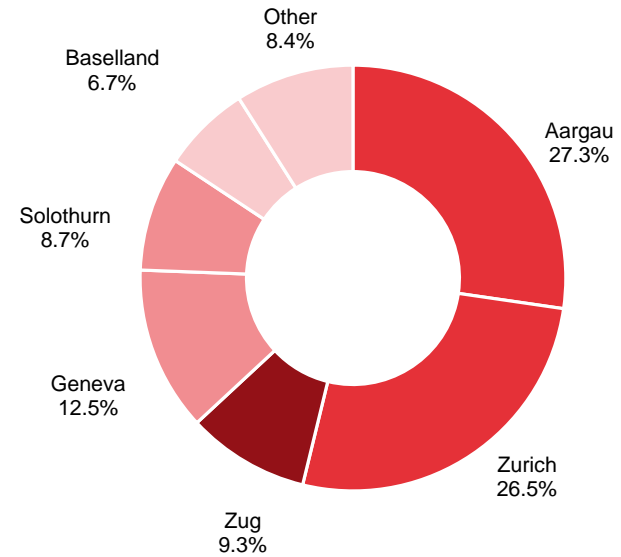
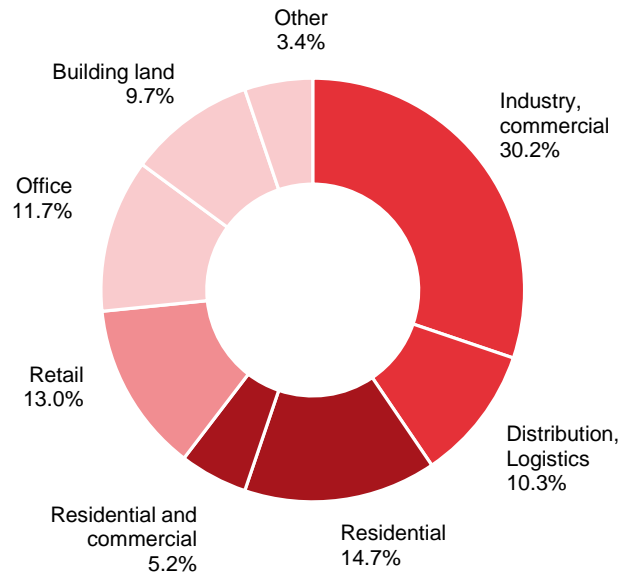
# Appendix

# Portfolio key figures

in CHFm

	31.12.2017	31.12.2016
Portfolio	1'283	1'242
Yielding Portfolio	901	756
Redevelopment Portfolio	381	487
Annualised property income	56.1	54.2
Number of properties	111	112
Number of redevelopment properties	44	50
Number of projects	48	50
Vacancy rate	14.3%	15.3%

# Portfolio split by type of use and region



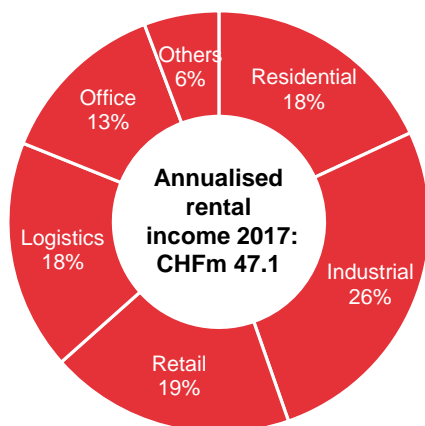
GAV as of 31.12.2017

# Yielding Portfolio – Overview

## Description

- HIAG's Yielding Portfolio includes the properties for which currently no redevelopment is planned and which are intended to generate a stable and predictable income
- HIAG's Yielding Portfolio includes 68 properties located on 26 sites accounting for a GAV of CHFm 901, 70% of total GAV
- The annualised rental income of the Yielding Portfolio amounted to CHFm 47.1 as of 31 December 2017

## Rental income by main use



## Top 5 yielding sites

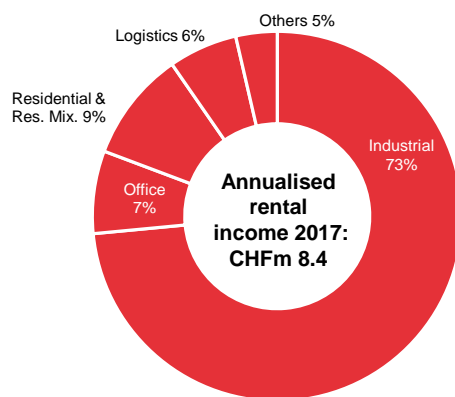
(in CHFm)	Dietikon	Klein-döttingen	Klingnau	Niederhasli	Meyrin
<b>Value</b>	126.2	91.4	79.7	77.8	76.4
<b>50% of total Yielding Portfolio</b>					
<b>Net yield</b>	5.1%	4.2%	4.9%	5.6%	4.5%
<b>Lettable area in m<sup>2</sup></b>	38'097	64'714	45'844	31'678	17'679
<b>Annualised property rent in CHFm</b>	6.5	3.8	3.9	4.3	3.4
<b>Occupancy rate</b>	95.3%	64.6%	80.0%	79.9%	99.0%

# Redevelopment Portfolio – Overview

## Portfolio segmentation

	Marketing	Under construction	Mid-term	Long-term
Expected main redevelopment steps	On-going	On-going	3-5 years	5-10 years
m <sup>2</sup> to be redeveloped	-	c. 15'200	c. 33'200	c. 555'100
Number of properties	3	3	7	32
Number of projects	3	3	8	37

## Rental income by main use



## Selected redevelopment sites

### With partial use of existing substance:

(in CHFm)	Biberist	Brugg	Neuchâtel
Value	48.1	22.6	17.1
Net site area (m <sup>2</sup> )	265'069	44'585	11'397
Annualised property rent	1.2	1.7	0.8
Net yield	2.5%	7.5%	4.8%

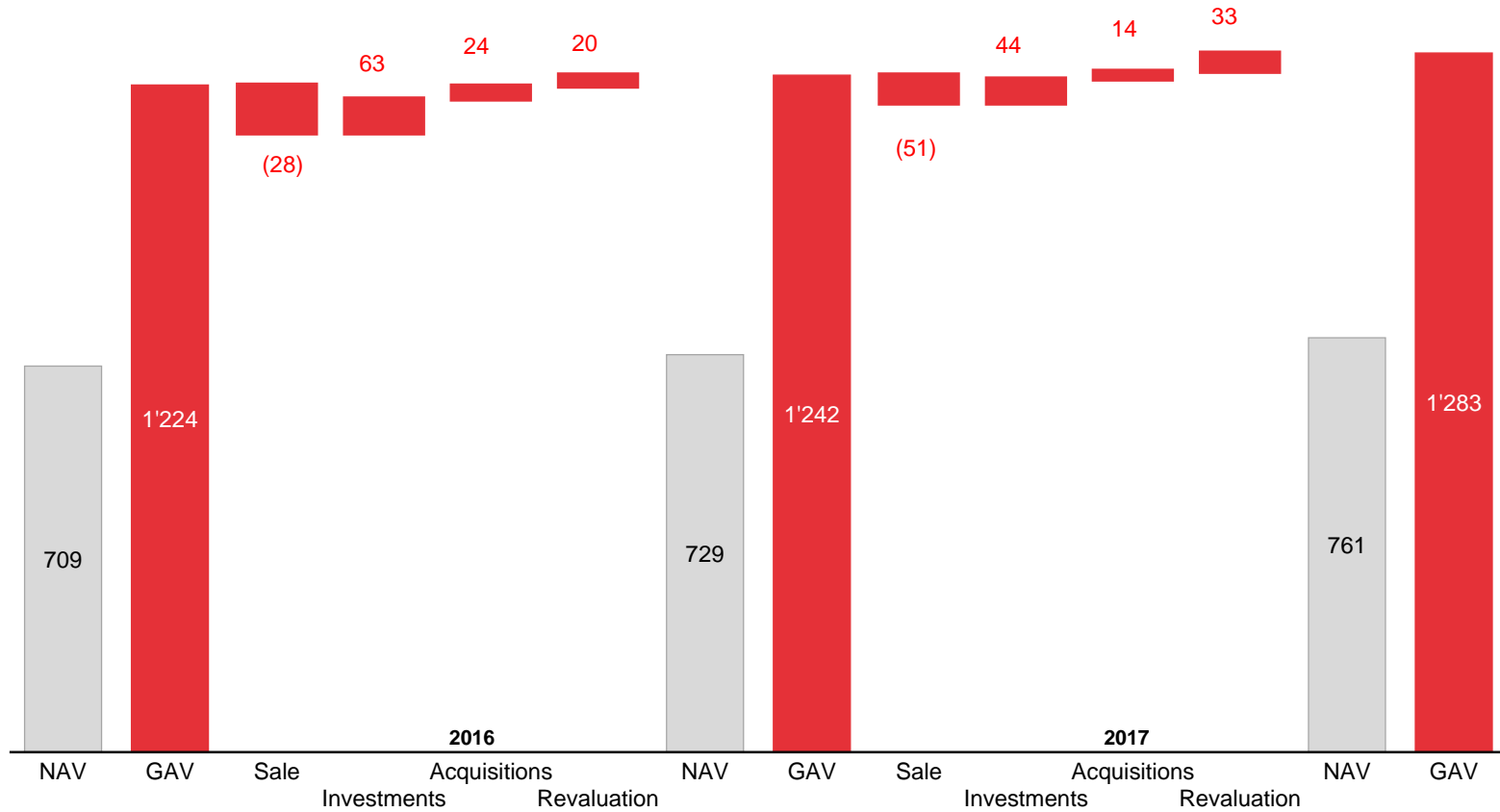
### Without use of existing substance:

(in CHFm)	Cham	Dornach	Wetzikon (Schönau)	Lancy	Hausen-Lupfig	Meyrin
Value	43.5	32.1	30.5	18.0	16.8	23.7
Net site area (m <sup>2</sup> )	26'236	136'685	25'322	8'783	62'168	28'464
CHF / m <sup>2</sup>	1'659	235	1'204	2'047	270	833
Annualised property rent (CHFm)	-	0.8	0.2	0.6	-	-
Net yield	-	2.7%	0.8%	3.3%	-	-

# Condominium sales

<b>Project</b>	<b>Spinnerei III, Windisch</b>	<b>The Cloud, Baar</b>	<b>Feinspinnerei, Windisch</b>
Status	Marketing	Marketing	Marketing
Targeted completion of construction	Completed	Completed	Completed
# of condominiums	50	100	29
% of units sold as of 31.12.2017	98%	91%	72%
% of units sold and signed reservations as of 31.12.2017	98%	93%	79%
% of units sold as of 28.02.2018	98%	93%	76%
% of units sold and signed reservations as of 28.02.2018	98%	94%	79%

# Continuous portfolio growth



in CHFm  
 NAV defined as shareholders' equity per Swiss GAAP FER

# Solid credit metrics and capital structure

in CHFm	31.12.2017	31.12.2016
GAV	1'282.7	1'242.3
Cash & cash equivalents	38.9	52.4
Gross financial debt	529.1	502.3
Thereof bonds	365.0	215.0
EBITDA before revaluation of properties	39.9	36.1
Net financial result	-4.8	-4.9
<b>LTV ratio</b>	<b>37.6%</b>	<b>36.2%</b>
<b>Interest coverage ratio*</b>	<b>8.3x</b>	<b>7.4x</b>
<b>Duration (in years)**</b>	<b>3.6</b>	<b>3.1</b>
<b>Average interest rate</b>	<b>1.0%</b>	<b>1.1%</b>
Fixed interest rate over 1 year***	82%	65%

\* EBITDA before revaluation of properties / net financial result

\*\* Weighted average duration

\*\*\* Excl. building credit and short term bank debt



# Cash flow

<b>in CHFm</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>Cash Flow from operating activities incl. sales promotion</b>	<b>+62.1</b>	<b>+72.3</b>
Cash Flow from Investments	-65.3	-38.5
Cash Flow from Financing	-20.6	-23.4

# EPRA key financial figures

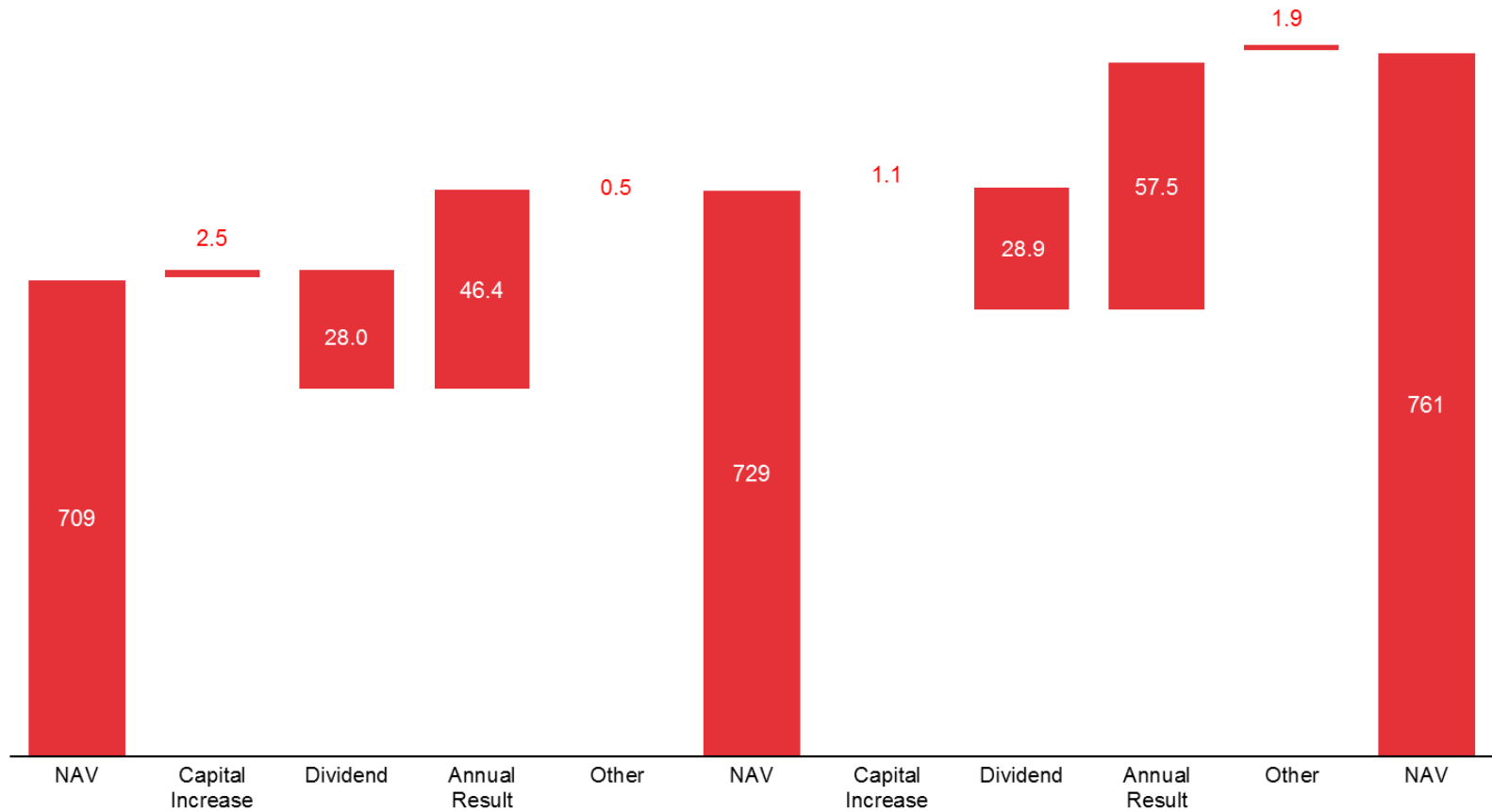
in CHFm except figures per share in CHF

	31.12.2017	31.12.2016
EPRA Earnings	33.1	30.5
EPRA Earnings per share (CHF)	4.1	3.8
Average number of shares	8'035'289	8'000'787
EPRA NAV	834.1	797.3
EPRA NNAV	760.4	729.6
EPRA NAV per share (CHF)	103.7	99.2
Number of outstanding shares (diluted)	8'047'629	8'035'885
EPRA vacancy rate (yielding portfolio)	14.3%	15.3%
Adjusted EPRA vacancy rate (yielding portfolio excl. properties in repositioning)	12.3%	11.7%

# Reconciliation Swiss GAAP FER - EPRA

in CHFm	31.12.2017	31.12.2016
<b>Swiss GAAP FER NAV</b>	<b>729.1</b>	<b>708.7</b>
Effect Incentive Plan / Treasury shares	+0.5	-0.0
Deferred Tax Liabilities	+67.6	+63.2
<b>EPRA NAV</b>	<b>797.3</b>	<b>771.9</b>
<b>Swiss GAAP FER Earnings</b>	<b>57.5</b>	<b>46.4</b>
Revaluation of properties	-33.3	-20.0
Deferred Tax / Tax losses carry forward	+8.9	+3.9
Other	-	+0.2
<b>EPRA Earnings</b>	<b>33.1</b>	<b>30.5</b>

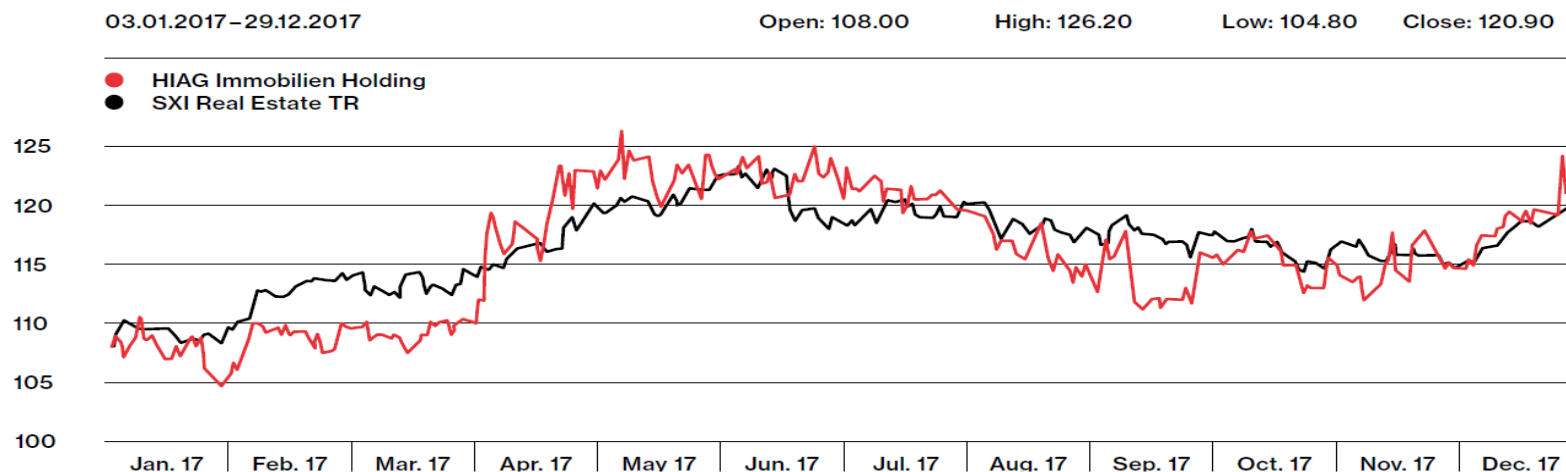
# Strong NAV growth



in CHFm

NAV defined as shareholders' equity as per Swiss GAAP FER

# 2017 Share price performance



## Share price in CHF 2017

High 128.0

Low 104.4

End of period 120.9

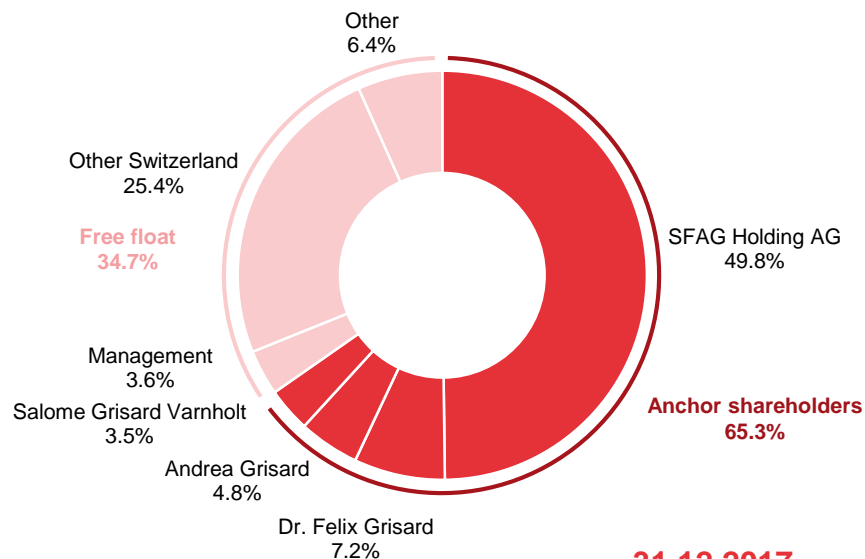
## Market capitalisation in CHFm 2017

End of period 973.3

## Issued shares 2017

End of period 8'050'000

# Shareholder structure as of 31.12.2017



## Major shareholders

31.12.2017

SFAG Holding AG*	49.8%	<b>Anchor shareholders: 65.3%</b>
Dr. Felix Grisard	7.2%	
Andrea Grisard	4.8%	
Salome Grisard Varnholt	3.5%	
Management	3.6%	<b>Free Float: 34.7%</b>
Other Switzerland	24.4%	
Other	6.7%	
<b>Total</b>	<b>100.0%</b>	

\* Owned by Salome Grisard Varnholt, Dr. Felix Grisard and Andrea Grisard