



# HIAG Immobilien Half-Year Results 2016

5 September 2016

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# Agenda

- 1. Highlights**
2. Financial results Half-Year 2016
3. Major developments
4. Update on strategy
5. Market and outlook
6. Financial calendar

# Highlights

- Increase in property income by 3.8% to CHFm 26.1
- CHFm 21.6 net profit
- Increase in EPRA-Earnings by 13.7% to CHFm 14.5
- Annualised return on equity at 6.2%
- Stable vacancy rate in yielding portfolio of 11.3%
- Solid financing structure with equity ratio at 54.6% and LTV ratio of 37.0%
- Increase of the duration to 3.1 years after the successful second bond issuance of CHFm 115 in July 2016

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# Income statement

in CHFm	30.06.2016	30.06.2015	Δ CHFm	Δ %
<b>Property income</b>	<b>26.1</b>	<b>25.1</b>	<b>+1.0</b>	<b>+3.8%</b>
Revaluations of properties	7.4	15.2	-7.8	-51.5%
<b>Total operating income without revaluations</b>	<b>26.7</b>	<b>26.2</b>	<b>+0.5</b>	<b>+1.8%</b>
Total operating expenses	-10.0	-11.1	+1.1	-9.5%
EBITDA	24.0	30.4	-6.3	-20.8%
Adj. EBITDA*	18.0	18.8	-0.9	-4.5%
EBIT	23.9	30.1	-6.2	-20.7%
EBT	21.6	27.9	-6.3	-22.6%
Net income	21.6	24.2	-2.6	-10.6%
<b>EPRA Earnings</b>	<b>14.5</b>	<b>12.7</b>	<b>+1.7</b>	<b>13.7%</b>

\* EBITDA - revaluation of properties + revaluation promotion

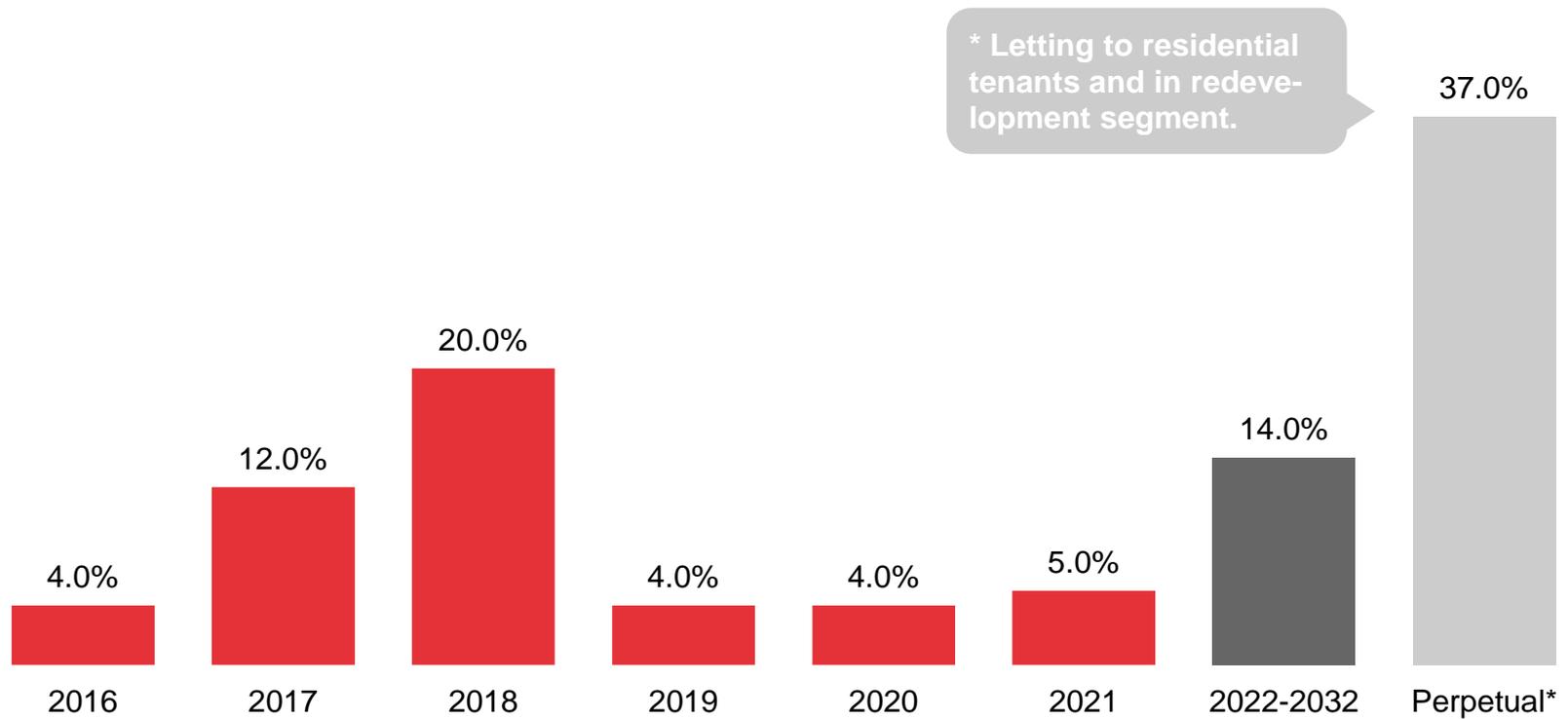
# Stable annualised property income

in CHFm	31.12.2014	31.12.2015	30.06.2016	Δ CHFm	Δ %
Target annualised property income	60.4	61.0	61.1	+0.1	+0.2%
<b>Actual annualised property income</b>	<b>49.8</b>	<b>51.4</b>	<b>51.5</b>	<b>+0.1</b>	<b>+0.2%</b>
Actual property income	48.7	51.2	26.1		



# Ongoing negotiations of expiring contracts – except VBS

Expiry profile based on property income as of 30 June 2016



# Minor reduction of vacancy rate

in %	30.06.2016	31.12.2015
Yielding properties	11.3%	11.1%
Yielding properties undergoing repositioning*	32.0%	32.4%
Redevelopment properties	18.6%	19.3%
<b>Total portfolio</b>	<b>15.9%</b>	<b>16.0%</b>

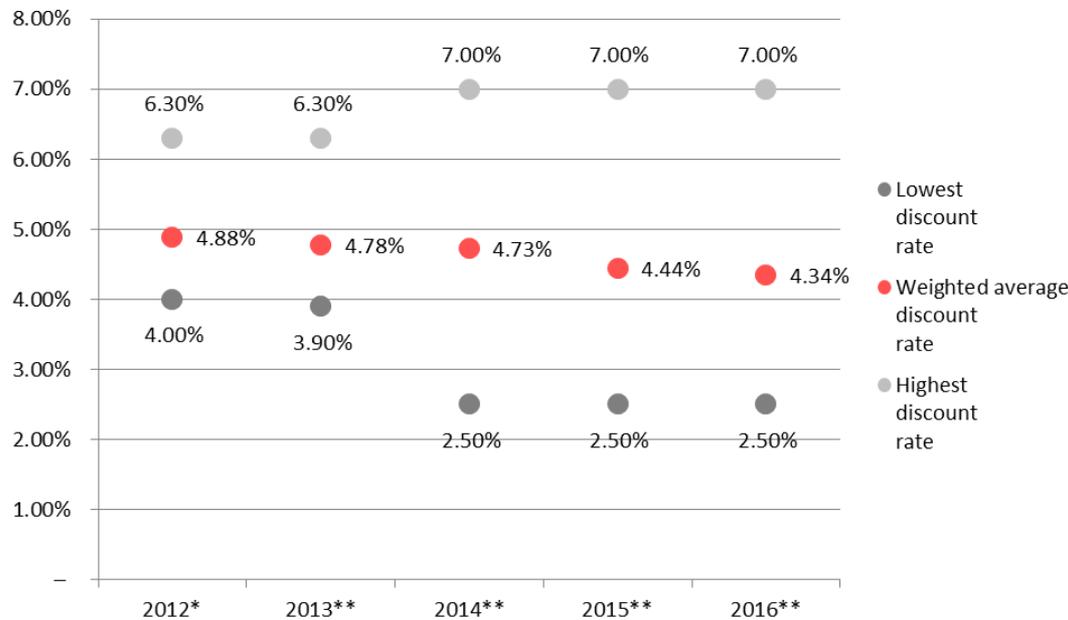
\* Properties Mandachstrasse 50-56 (Niederhasli), Lorzenparkstrasse 2-16 (Cham) and Sternenfeldstrasse 14 (Birsfelden)

# Revaluation of properties

<b>in CHFm</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Revaluation of properties	+7.4	+15.2
Thereof revaluation promotion	+1.3	+3.7
Thereof adjustment costs for environmental risks	+0.5	-0.1

- 1<sup>st</sup> HY15 without acquisition effect: +CHFm 10.2
- Positive contributions: Biberist, Meyrin, Cham
- Negative contributions: Kleindöttingen, Birsfelden

# No significant variation of discount rate



	30.06.2016	31.12.2015
Weighted average real discount rate yielding portfolio**	4.64%	4.66%
Weighted average real discount rate redevelopment portfolio**	4.15%	4.12%
Weighted average real discount rate total portfolio	4.34%	4.44%

\* except land and building rights including power plant

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

# No unexpected major variance in operating expenses

<b>in CHFm</b>	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>Δ CHFm</b>	<b>Δ %</b>
Personnel expenses	4.1	3.8	+0.2	+6.0%
Maintenance and repairs*	1.8	2.2	-0.4	-18.3%
<i>in % of total property value</i>	<i>0.15%</i>	<i>0.18%</i>		
Insurance and fees	0.5	0.6	-0.1	-16.3%
Energy costs and building maintenance	1.2	1.5	-0.3	-18.3%
Rent and leases**	0.7	0.6	0.0	7.3%
Other expenses	1.7	2.3	-0.6	-24.1%
<b>Total operating expenses</b>	<b>10.0</b>	<b>11.1</b>	<b>-1.1</b>	<b>-9.5%</b>

• in line and benchmark with portfolio volume

\*\* building rights (CHFm 0.4) and offices in Basel, Zurich, Geneva (CHFm 0.3)

# Key financial figures per share

in CHF	30.06.2016	30.06.2015
Earnings per share (EPS)	2.7	3.0
EPS without revaluation	1.8	1.1
<b>EPS without revaluation including revaluation of promotion</b>	<b>2.0</b>	<b>1.6</b>
Time-weighted average number of shares	8'000'000	8'000'000
EPRA Earnings per share	1.8	1.6
Average number of shares	8'000'000	8'000'000
Swiss GAAP FER NAV per share	87.8	88.6
EPRA NAV per share	95.7	96.5
Number of shares (diluted)	8'000'000	8'000'000

# Balance sheet as of 30 June 2016

in CHFm	30.06.2016	31.12.2015	Δ CHFm	Δ %
Properties	1'123.5	1'105.3		
Properties held for sale	103.2	118.7		
<b>GAV</b>	<b>1'226.7</b>	<b>1'224.0</b>	<b>+2.7</b>	<b>+0.2%</b>
LTV Ratio	37.0%	36.8%		
Swiss GAAP FER NAV	702.6	708.7		
Swiss GAAP FER NAV per share*	87.8	88.6		
<b>Capital contribution reserves</b>	<b>73.0</b>	<b>101.0</b>	<b>-28.0</b>	
<b>Equity ratio</b>	<b>54.6%</b>	<b>54.4%</b>		
Return on Equity	6.2%	8.8%		
EPRA NAV	765.3	771.9		
EPRA NAV per share*	95.7	96.5		

\* Number of shares 8'000'000 as of 30.06.2016 and 8'000'000 as of 31.12.2015

# Diversified financing structure

in CHFm	30.06.2016	31.12.2015
Bank financing	390.8	402.3
Bond (CS rating: Low BBB stable / Vontobel rating: BBB stable)	100.0	100.0
Total	490.8	502.3

- Most of the Group's bank financing agreements are perpetual with interest only
  - Current LTV ratio of 37.0% (36.8% as of 31.12.2015)
  - Target LTV ratio unchanged of below 50%
  - Interest coverage ratio of 7.3x (7.2x as of 31.12.2015)
  - Increase of the duration (from 2.1 years to 3.1 years\*)
  - Average cost of debt of 1.0% (1.0% as of 30.06.2015)
  - The Group continues not to hedge any interest rate risks
- 
- Bond of CHFm 115 with a coupon of 1.00% and a maturity of 7 years issued in July 2016. The proceeds will be primarily used for the repayment of bank financing (CHFm 71.9 as of 30.06.2016).

\* As of 30.06.2016, the bond issued in July has been taken into account for the duration calculation

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# Windisch «Feinspinnerei» Topping-out ceremony as of 8 September

Under construction / Pre-marketing / Commercialisation

- Commercialisation of Spinnerei III end of August at 96%
- Project Feinspinnerei: topping-out ceremony as of 8 September 2016, 44% sold end of August 2016



# Baar «The Cloud» Commercialisation at 76%

## Commercialisation

- First units delivered in 1<sup>st</sup> HY 2016
- 76% of condominiums sold end of August 2016
- First net cash effect expected during 2<sup>nd</sup> HY 2016



# «HQ EMEA HP» Meyrin Building shell completed

## Under construction

- Construction status: building shell completed, delivery planned in Q3 2017
- Topping-out ceremony took place on 9 June 2016
- Launching of the website: [www.thehive-gva.ch](http://www.thehive-gva.ch)



# «Papieri» Biberist

## General building permit obtained

### Under renovation

- General building permit granted
- Rental agreement for the high bay storage came into force (annualised CHFm 1)
- Renovation has started (expected investment volume of approximately CHFm 4)



# Frauenfeld

## Building permits obtained

### Permits obtained

- Two sub-projects comprising 21 apartments and 2'300m<sup>2</sup> of office and commercial area granted (total expected investment volume of approximately CHFm 23)
- Third permit submitted, no objection so far



# Niederhasli

## Doka Schweiz commits to the site

### Under redevelopment

- Agreement with Doka Schweiz on the framework for a long-term development
- Office building of 2'600m<sup>2</sup> and commercial halls of 4'200m<sup>2</sup> to be developed
- Building permit approbation uncertain due to the implemented planning zone

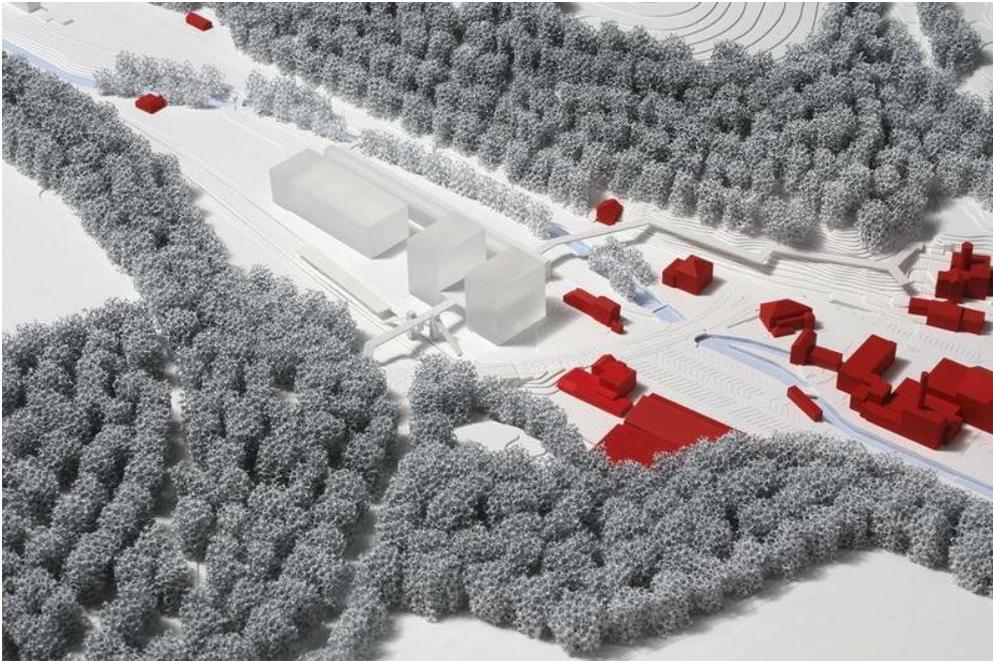


# Aathal, Talwies

## Coop established as the main tenant

### Under redevelopment

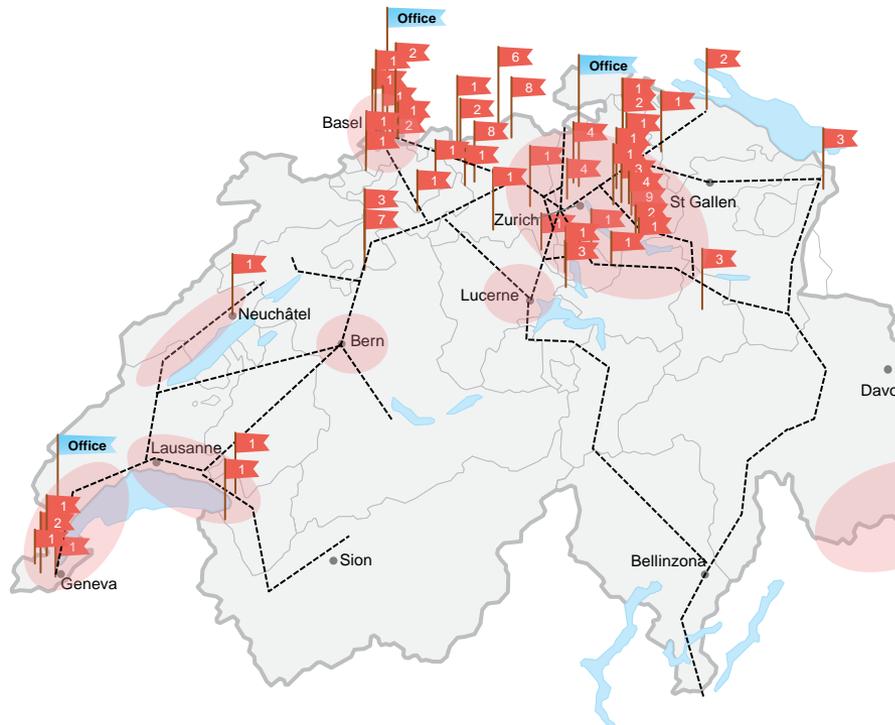
- Long term contract signed with Coop Bau+Hobby
- Supermarket with a surface area of about 4'700m<sup>2</sup>
- Design plan to be submitted for preliminary examination by the end of 2016



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# HIAG supplies infrastructure...



 Flags refer to sites; numbers refers to number of properties (113 in total as of 30 June 2016).

 Simplified indication of high land value; source Wüest & Partner.

...transforming our tenants  
Capex into Opex  
**unleashing financial resources**

...optimising surfaces to suit tenants  
business models  
**enabling value creation**

...creating polyvalent buildings to widen  
scope of potential users  
**reducing refitting costs**

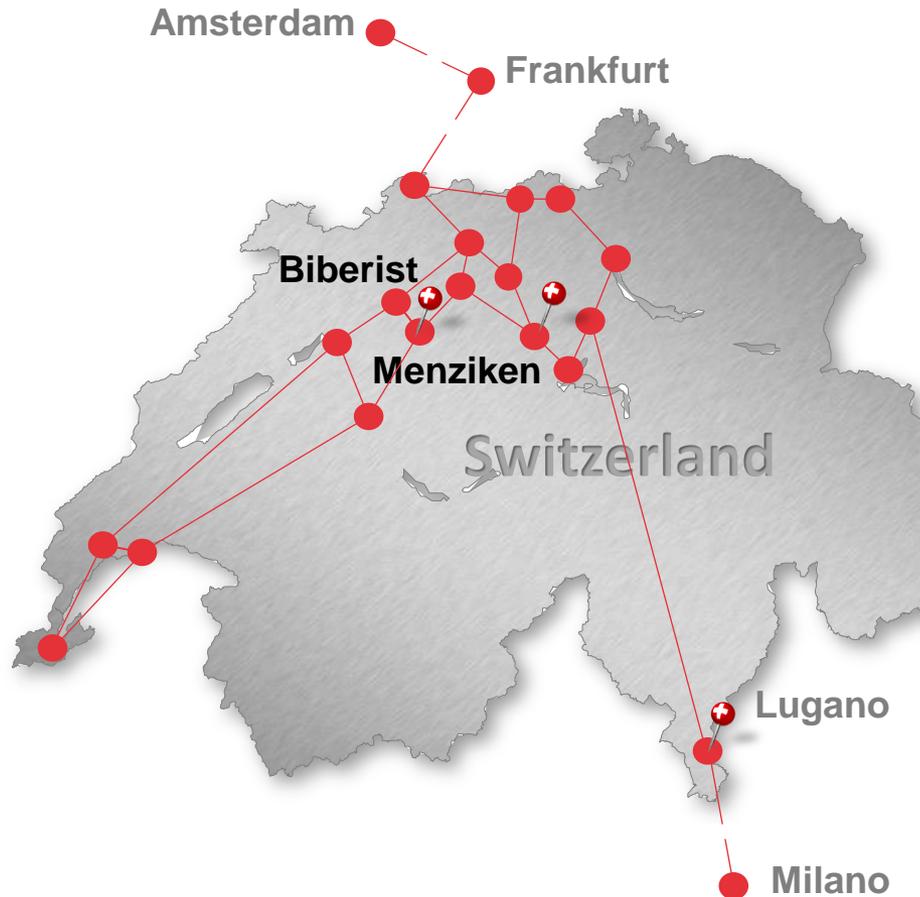
...focusing on the main levers of value  
creation  
**sticking to core competences**

...building on our presence on 40 sites  
**100% swissness**

and has proven to successfully explore  
hidden potentials.

**track record**

# ...in brick & mortar... ...and glass & metal



## HIAG Data supplies an IT-infrastructure platform

...transforming our tenants  
Capex into Opex

enabling growth

...optimising platform to meet needs of  
IoT and industry 4.0...

creating access to new markets

...industrialising IT-infrastructure...

increasing flexibility

...focusing on the main levers of value  
creation...

sticking to core competences

...leveraging Swiss companies' USPs.

100% swissness

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# Market

- Economic recovery hindered by uncertainty about outcome of monetary experiment
- Brexit to impact possible solution on migration settlement with EU
- Interest rate environment not expected to change fundamentally
- Highly attractive Real Estate yields encourage additional capital inflow in area acquisition, high transaction activity can be observed in the market
- Production in residential staying above current absorption will eventually lead to sustainable vacancy rates

# Outlook

- Property income expected to increase in 2nd HY 2016 at slower pace than 2015, more dynamic rise in annualised rental income
- HIAG Immobilien currently in due diligence engaged but will stick to its acquisition metrics and policy
- HIAG Data expected to have noteworthy impact on operating income in 2017
- Dividend payout policy of 4% of NAV

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# Financial calendar

20 March 2017          Publication annual results 2016, ZH

20 April 2017          General Meeting in Biberist (SO)

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

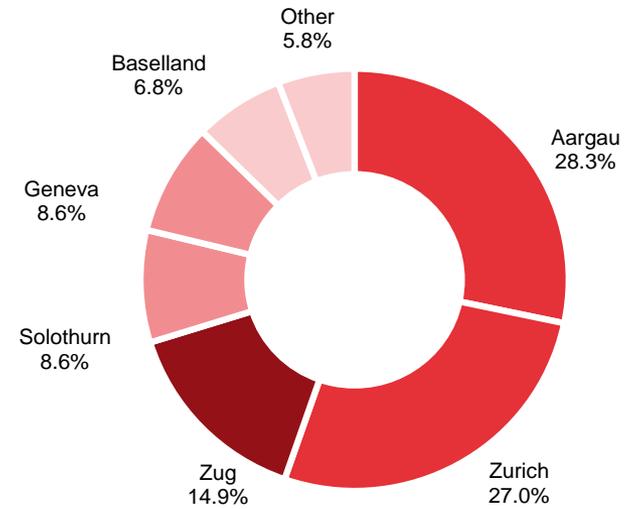
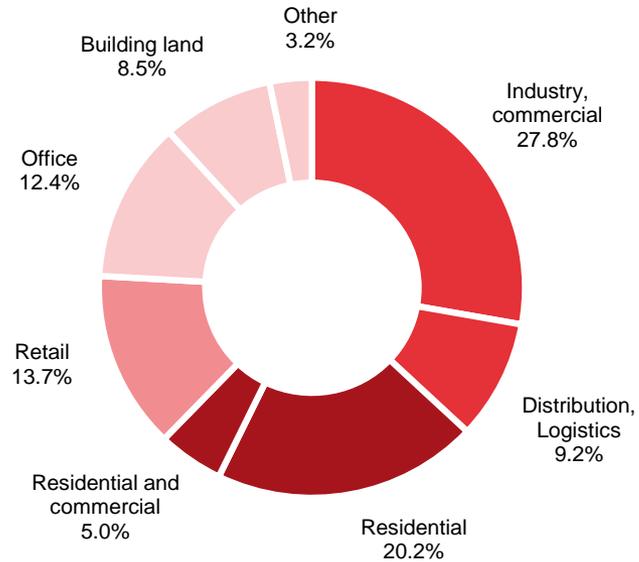
[www.hiag.com](http://www.hiag.com)

# Appendix

# Portfolio key figures

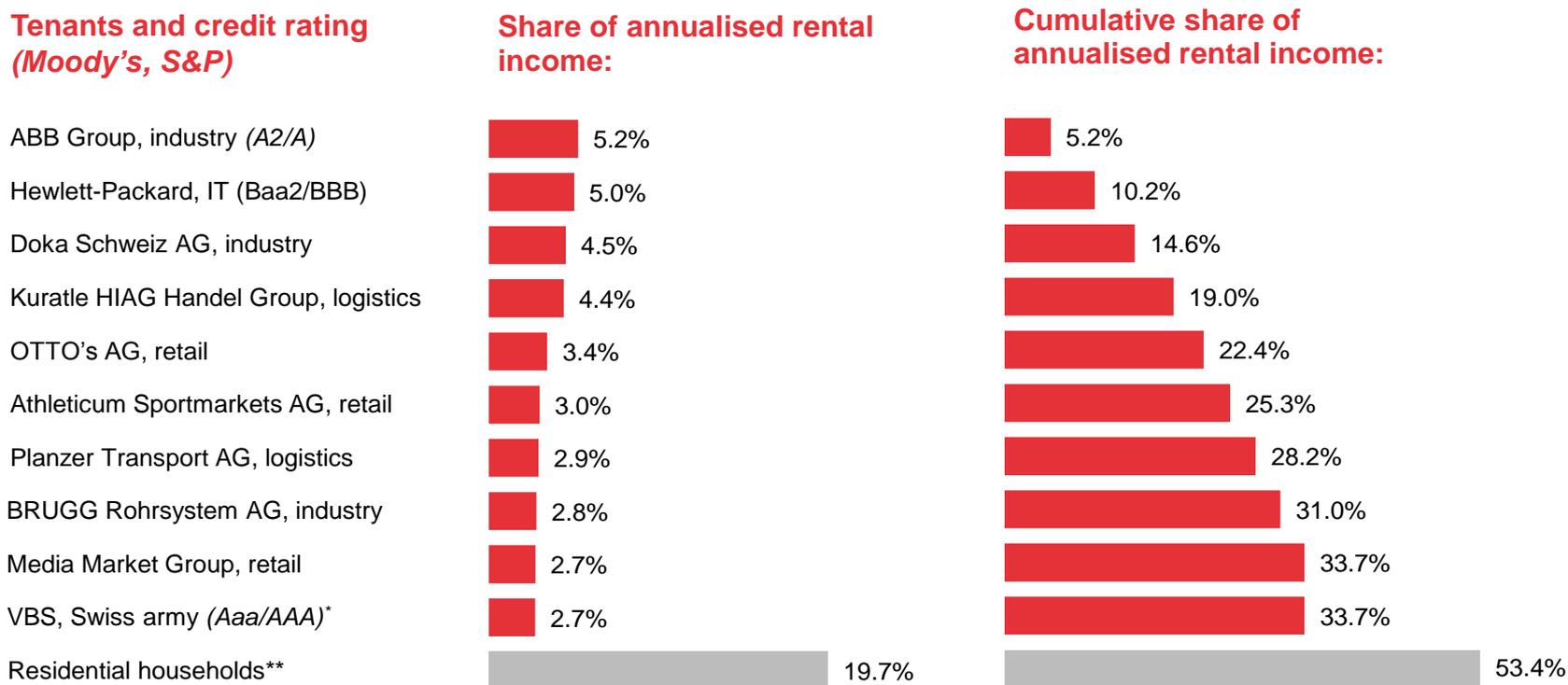
in CHFm	30.06.2016	31.12.2015
Portfolio	1'227	1'224
Yielding Portfolio	714	717
Redevelopment Portfolio	512	507
Annualised property income	51.5	51.4
Number of properties	113	115
Number of redevelopment properties	52	54
Number of projects	48	48
Vacancy rate	15.9%	16.0%

# Portfolio split by type of use and region



# A strong, stable and diversified tenant base

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



Tenant base as of 30.06.2016

\* Credit rating of Swiss Government

\*\* Includes residential/commercial properties

# Condominium sales

<b>Project</b>	<b>Spinnerei III, Windisch</b>	<b>The Cloud, Feinspinnerei, Baar</b>	<b>Windisch</b>
Status	Marketing	Under construction	Under construction
Targeted completion of construction	-	2016	2017
# of condominiums	50	99	29
% of units sold as of 30.06.2016	92%	61%	14%
% of units sold and signed reservations as of 30.06.2016	96%	74%	34%
% of units sold as of 31.08.2016	92%	70%	31%
% of units sold and signed reservations as of 31.08.2016	96%	76%	44%

# Strong credit metrics and solid capital structure – LTV ratio of 37.0%

in CHFm	30.06.2016	31.12.2015
GAV	1'226.7	1'224.0
Cash & cash equivalents	36.8	52.4
Gross financial debt	490.8	502.3
Thereof repayment of bank financing related to the bond issued in July	71.9	n.a.
Thereof amortisation due within 12 months	5.7	8.9
EBITDA before revaluation of properties	16.6	33.5
Net financial result	-2.3	-4.6
<b>LTV ratio</b>	<b>37.0%</b>	<b>36.8%</b>
<b>Interest coverage ratio*</b>	<b>7.3x</b>	<b>7.2x</b>
<b>Duration (in years)**</b>	<b>3.1</b>	<b>2.1</b>
<b>Average interest rate</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Fixed interest rate over 1 year**</b>	<b>52.6%</b>	<b>44.0%</b>

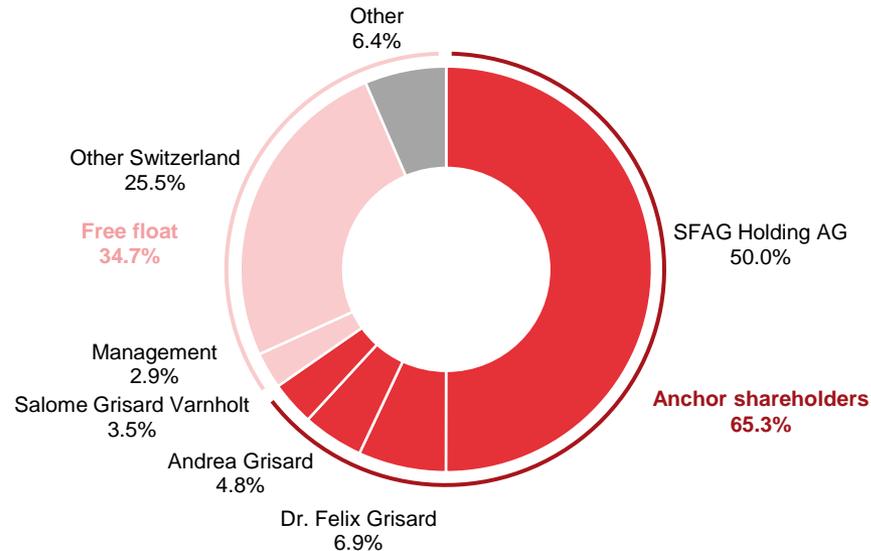
\* EBITDA before revaluation of properties / net financial expense

\*\* Excl. building credit and short term bank debt / As of 30.06.2016, the Bond issued in July has been taken into account

# Cash flow

<b>in CHFm</b>	<b>HY 2016</b>	<b>HY 2015</b>
<b>Funds from operations incl. sales of condominiums net of financing</b>	<b>+22.2</b>	<b>+20.9</b>
Cash Flow from Operations	+14.6	+10.0
Cash Flow from Investments	+9.0	-16.8
Cash Flow from Financing	-39.2	-28.2

# Shareholder structure as of 30.06.2016



## Major shareholders

30.06.2016

SFAG Holding AG*	50.0%	<b>Anchor shareholders: 65.3%</b>
Dr. Felix Grisard	6.9%	
Andrea Grisard	4.8%	
Salome Grisard Varnholt	3.5%	
Management	2.9%	<b>Free Float: 34.7%</b>
Other Switzerland	25.5%	
Other	6.4%	
<b>Total</b>	<b>100.0%</b>	

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