

bfw liegenschaften ag achieves good results for the 1st Half-Year 2013

Frauenfeld, 12 September 2013 – bfw liegenschaften ag (SIX Swiss Exchange: BLIN) developed solidly during the first half of 2013. The company achieved EBIT of CHF 9.3 million (+15% compared to H1 2012 with CHF 8.1 million) and reported net earnings including effects from changes in fair value of real estate investments of CHF 10.6 million (H1 2012 CHF 4.4 million). Excluding the fair value changes in interest rate swaps and receiver swaptions, which had led to a positive effect before taxes of CHF 5.5 million during the reporting period 2013, net earnings amounted to CHF 6.2 million (H1 2012 CHF 4.8 million).

The balance sheet structure as of 30 June 2013 remained very solid with an equity ratio of 47.7%. The Net Asset Value per share as of balance sheet date was CHF 34.72.

Solid base of income

Net rental income for the first half of 2013 was CHF 9.9 million and remained almost unchanged compared to the previous year period (H1 2012: CHF 9.8 million). No properties were sold during the first half of 2013. In the comparable period 2012, the sale of a residential property in Thusis (January 2012) and a vacant commercial part in Neuhausen had led to earnings from the sale of properties in an amount of CHF 0.3 million.

Total operating income (rental income and earnings from the sale of properties) amounted to CHF 9.9 million for the first half of 2013 (H1 2012: CHF 10.1 million). Direct operating expenses for investment properties were slightly lower by CHF 0.1 million and amounted to CHF 1.9 million; the reduction is mainly due to lower maintenance and repair costs (H1 2012: CHF 2.0 million). As a percentage of net rental income, the direct operating expenses represented 19.2% (H1 2012: 20.3%).

Personnel, consulting and administrative expenses increased to CHF 1.25 million (H1 2012: CHF 0.9 million). Consulting expenses for legal matters and communication were further reduced by additional cost cutting measures (by TCHF 31 to TCHF 113). The loyalty bonuses paid to previous board members Prof. Dr. Jaeger and Dr. Raggenbass during 2012 have also not occurred again (TCHF 55). On the other hand, execution costs for the payment from capital contribution reserves as approved by the AGM 2013 increased (by TCHF 58 to TCHF 63), as the payment in 2013 was done partially in cash and partially through the allotment of treasury shares (previous year entire amount paid in cash). Personnel expenses for the CFO (TCHF 118) included in the previous year period in personnel costs and the expenses for the CEO who stepped down at 30 June 2012 (TCHF 119) included in the consulting costs of last year were inapplicable as cost items within these expense lines in 2013. The corresponding remuneration of the entire Executive Board (CEO and CFO) is part of the service agreement with bfw vermögensverwaltung ag, whose costs are included in administrative expenses for the first half of 2013. Overall the administrative expenses increased during the first half of 2013, through the service agreement (expenses of TCHF 748), whereas the other items in administrative expenses were reduced (by TCHF 80 to TCHF 79).

The valuation of the investment portfolio by the independent real estate evaluator KPMG resulted in positive changes in the fair value of real estate investments in the amount of CHF 2.6 million for the first half of 2013 (H1 2012: CHF 0.9 million). The changes in market values were mainly due to a slight reduction of the discount rate applied by the real estate evaluator, and due to the successful development of the new building projects.

EBIT reached CHF 9.3 million and increased by about 15% compared to the previous year period (H1 2012: CHF 8.1 million).

Financial expenses, net, were CHF 1.9 million (H1 2012: CHF 2.1 million). The decline is mainly due to slightly lower average interest rates across the entire reporting period. As a result of the higher interest rate level at the end of the reporting period 2013, the fair value reflection of the interest rate swaps and receiver swaptions led to a positive effect before taxes of CHF 5.5 million in the income statement (H1 2012: negative effect of CHF -0.6 million). In accordance with IAS 39, the interest rate swaps and receiver swaptions must be valued at their current fair value at each balance sheet date and changes in the fair value have to be reflected in the income statement. However, bfw liegenschaften ag has already pointed out in the past that these fair value adjustments do not impact cash flow and do not affect the company's operating effectiveness or its dividend policy at all.

Taking into account these fair value changes of the interest rate swaps and receiver swaptions, the earnings including effects from changes in fair value of real estate investments and deferred taxes amounted to CHF 10.6 million for the first half of 2013 (H1 2012: CHF 4.4 million). Excluding the fair value changes in the interest rate swaps and receiver swaptions, the net earnings for the first half of 2013 were CHF 6.2 million (H1 2012: CHF 4.8 million).

The return on equity (based on net earnings including changes in the fair value of real estate investments) was 12.1% for the first half of 2013. If the above mentioned fair value changes in the interest rate swaps and receiver swaptions are not considered, the return on equity amounted to 6.8% (H1 2012: 5.1% and 5.4%, respectively).

Balance sheet with high equity ratio

The balance sheet total increased slightly by 0.8% i.e. CHF 3.1 million compared to year-end 2012 and reached CHF 378.1 million as of 30 June 2013.

During the first half of 2013, mortgage liabilities increased by a net amount of CHF 0.4 million and amounted to a total of CHF 180.8 million (31.12.2012: CHF 180.4 million). The duration of the mortgage liabilities was 3 years as of 30 June 2013 (31.12.2012: 3.4 years). Approximately a third (CHF 62.0 million) of all mortgage liabilities is hedged with interest rate swaps and receiver swaptions. No additional swaps were executed during the first half of 2013.

Equity amounted to CHF 180.2 million as of 30 June 2013 (31.12.2012: CHF 172.4 million). This corresponds to an equity ratio of 47.7%, which represents an increase of the equity ratio by 1.7 percentage points compared to year-end 2012. Excluding the fair value changes in the interest rate swaps and receiver swaptions, the equity ratio was 49.1% (31.12.2012: 48.0%).

The Net Asset Value per share rose to CHF 34.72 as of 30 June 2013 (31.12.2012: CHF 34.01). Excluding the fair value changes in the interest rate swaps and receiver swaptions, the Net Asset Value amounted to CHF 35.74 for the reporting period 2013.

New projects

The company acquired a commercial property in Weinfelden for about CHF 4.5 million in January 2013.

In June 2013, the transfer of ownership of the plots for an approved new building project "Seeleben" in Romanshorn took place. This project includes construction of three multi-occupancy homes with 36 rental apartments and 36 underground parking spaces in co-ownership. The first occupation of the planned apartments is scheduled for autumn 2014. The total investment volume of the project is expected to be about CHF 11.4 million. The new building project is reflected in the balance sheet with a DCF value of CHF 2.0 million as of 30 June 2013.

The new building project "Bellevue Park" in Kreuzlingen progresses as planned. Until autumn 2014, three buildings with 52 residential city apartments, as well as a small portion of office and commercial areas will be built. The project is reflected in the balance sheet with a DCF value of CHF 6.1 million as of 30 June 2013. The additional investment volume is expected to be about CHF 18.5 million.

The existing property in Grenchen (Viaduktstrasse, Fortima area) includes land reserves, which allow the construction of a residential real estate. The company plans 28 apartments and 28 underground parking spaces and is targeting to receive the building permission during the second half of 2013. The investment volume for this project will be approximately CHF 7.5 million. The first occupation is scheduled towards the end of 2014. The corresponding land has been valued with CHF 0.5 million as of 30 June 2013.

Sale of property in Eschlikon after balance sheet date

The company sold the residential / commercial property in Eschlikon (Winterthurerstrasse/Sportlerweg) in July 2013, with transfer of benefits and risks at 1 September 2013. This property had shortcomings with regards to statics that were not compliant with seismic and structural safety norms. bfw liegenschaften ag had already made a provision of CHF 1.0 million for the refurbishment in its annual results 2012. Costs for the complete redevelopment were estimated to be about CHF 2.0 million. As this was a case of hidden defects (the shortcomings existed already in 2009, when the company bought the real estate), bfw liegenschaften ag negotiated with the previous owner about a reversal of the purchase transaction. The purchase price in 2009 was CHF 10.0 million. In order to avoid a lengthy legal case with unpredictable outcome, both parties agreed to reverse the earlier purchase transaction at a price of CHF 9.5 million, with costs for legal certification at the expense of the company. The DCF value of this property was CHF 9.2 million as of 30 June 2013.

Outlook 2013

bfw liegenschaften ag is positive for the remaining part of the current year. From today's point of view, it is expected that demand for investment properties and attractive residential properties will remain high. The company's operating focus will remain unchanged on the expansion of its portfolio through purchases of properties in attractive areas and with appealing net yields, and on the implementation of the new building projects. The sale of certain properties for opportunistic portfolio reasons is also possible.

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Key Figures

Income Statement

in TCHF

	H1 2013	H1 2012
Rental income	9 878	9 834
Total earnings from sale of properties	0	283
Total operating income	9 878	10 116
Direct operating expenses for investment properties	- 1 896	- 1 994
Personnel expenses	0	- 118
Consulting expenses	- 424	- 609
Administrative expenses	- 827	- 159
Total operating expenses	- 3 147	- 2 881
Changes in fair value of real estate investments	2 607	910
EBIT	9 338	8 146
Financial income	31	51
Financial expenses	- 1 938	- 2 108
Amortisation interest rate swaps	- 114	- 114
Valuation of the fair value of interest rate swaps	5 508	- 560
Taxes	- 2 186	- 1 036
Earnings incl. effects from changes in fair value of real estate investments / deferred taxes	10 639	4 380
Earnings excl. effects from changes in fair value of real estate investments / deferred taxes	8 457	3 716
Earnings excl. fair value adjustments of interest rate swaps / deferred taxes	6 233	4 821
Balance sheet as of 30 June 2013 / 31 December 2012	30.06.2013	31.12.2012
in TCHF		
Total assets	378 111	374 968
Total liabilities	197 892	202 570
Equity	180 219	172 398
Equity ratio	47.7%	46.0%
Equity excl. fair value adjustments of interest rate swaps / deferred taxes	185 533	180 066
Equity ratio excl. fair value adjustments of interest rate swaps / deferred taxes	49.1%	48.0%
Net Asset Value (NAV) in CHF	34.72	34.01
Net Asset Value excl. fair value adjustments of interest rate swaps / deferred taxes in CHF	35.74	35.52
Total investment portfolio	30.06.2013	31.12.2012
Total value of real estate portfolio in TCHF	346 666	335 869
Total number of investment properties	44	43
Total number of new building projects	2	2
Yield net	4.6%	4.4%
Yield net, excl. new building projects	4.7%	4.5%
Vacancy rate	3.4%	4.9%
Ø interest rate excl. amortisation of extendable interest rate swaps	2.1%	2.3%
Ø interest rate incl. amortisation of extendable interest rate swaps	2.3%	2.4%
Ø remaining life to maturity of mortgages	3.0 years	3.4 years

The Half-Year Report 2013 (German version) is available at www.bfwliegenschaften.ch – Investor Relations – Financial Reports. Direct link <http://www.bfwliegenschaften.ch/index.php?id=2136>

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Agenda

12 March 2014	Publication Results Fiscal Year 2013 and Annual Report 2013
23 April 2014	Annual General Meeting of Shareholders
10 September 2014	Publication Results 1st Half-Year 2014 and Half-Year Report 2014

Information on bfw liegenschaften ag

www.bfwliegenschaften.ch

bfw liegenschaften ag is a real-estate company with headquarters in Frauenfeld in the canton of Thurgau, Switzerland. It focuses on attractive residential properties in commuting areas close to business centres in the German-speaking part of Switzerland. The registered A shares of bfw liegenschaften ag are listed on the SIX Swiss Exchange (Symbol BLIN, Securities Number 1820611, ISIN Number CH 001 820 6117).

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