

SWISS PRIME SITE

**CAPITAL MARKETS
DAY 2017**
ZURICH, 25 OCTOBER 2017



Today's Agenda – Swiss Prime Site Capital Markets Day 2017

10.00 – 11.00	Management presentations René Zahnd (CEO Swiss Prime Site) & Peter Lehmann (CEO Swiss Prime Site Immobilien)
11.00 – 12.30	First site visit
12.30 – 13.30	Lunch
13.30 – 16.00	Second site visit
16.00 – 17.00	Apero
17.00	End of programme

SWISS PRIME SITE

**WE OFFER
PERSPECTIVES**



Guidance for 2017 confirmed

Top line

- Increase operating income

Profitability

- Raise operating result (EBIT) before revaluations

Vacancy-rate management

- Cut vacancy rate

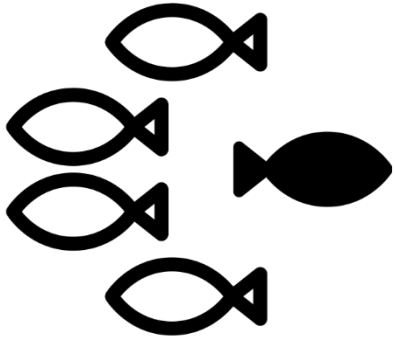
Portfolio

- Further growth through project developments and acquisitions

Dividend policy

- Maintain attractive dividend pay-out

Five reasons for project development



INDEPENDENCE

Gaining independence from investment property transaction market



GROWTH

Exploiting additional income streams (rental income, capital and revaluation gains)



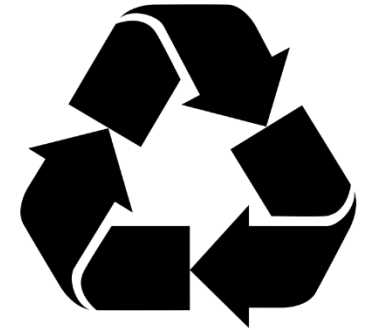
PROFITABILITY

Exploiting opportunities for higher yields within the portfolio



INNOVATION

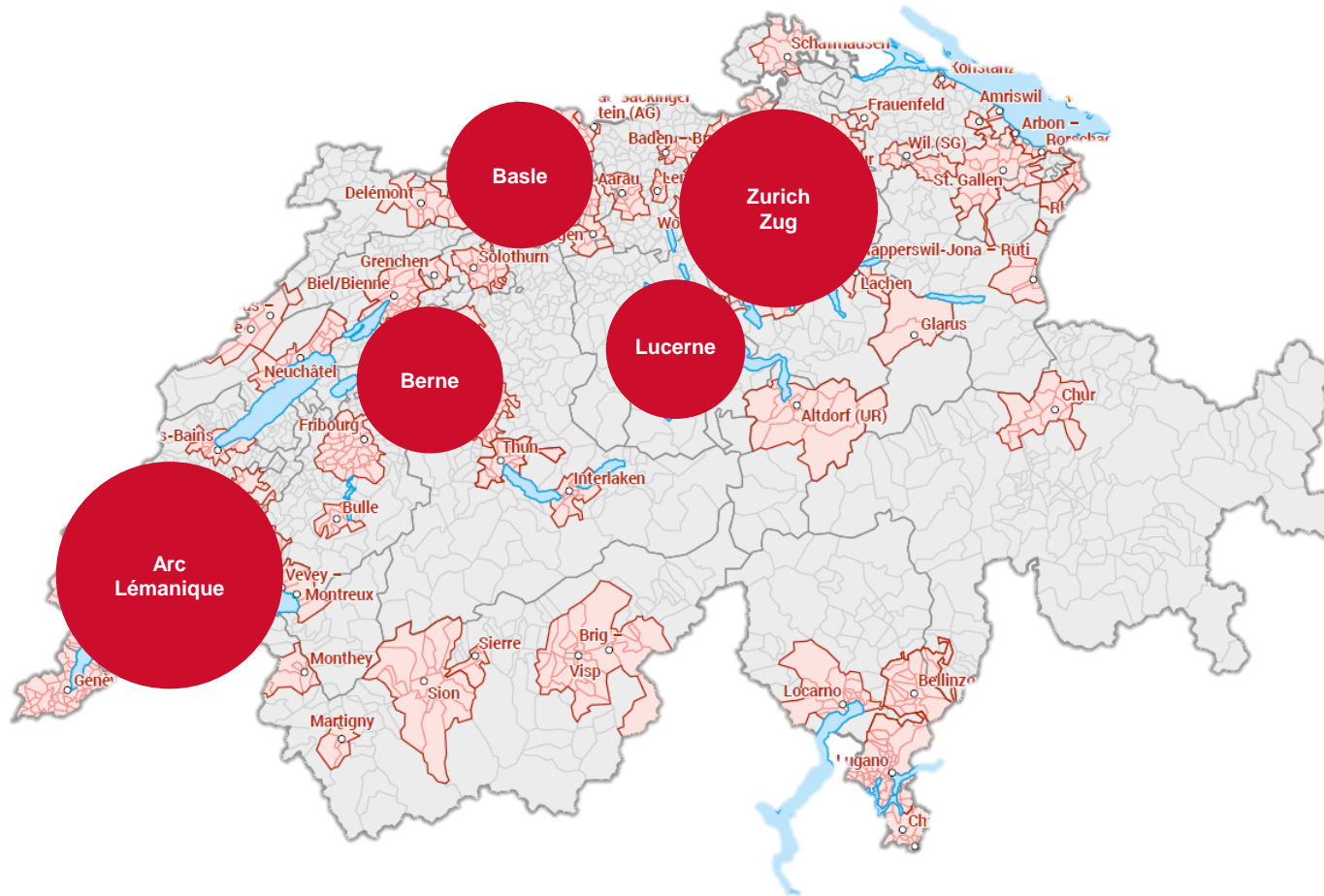
Acquiring further redevelopment know how



SUSTAINABILITY

Actively influencing sustainable development models and projects

Development drivers – Spaces

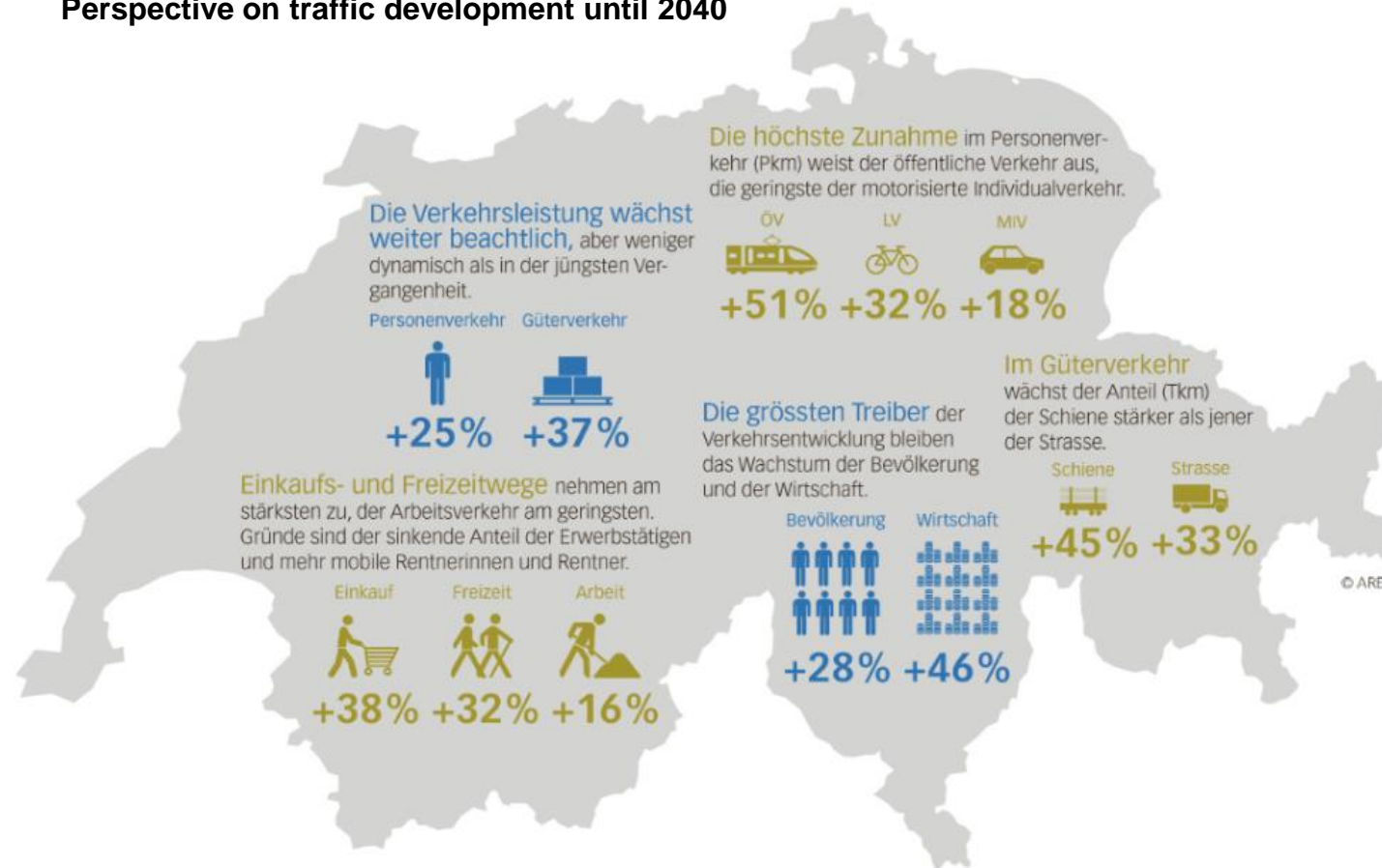


Density

- Immigration is a key population and business driver
- Cantons to implement new Federal Law on Spatial Planning (RPG 1) by 2019

Development drivers – Traffic axes

Perspective on traffic development until 2040

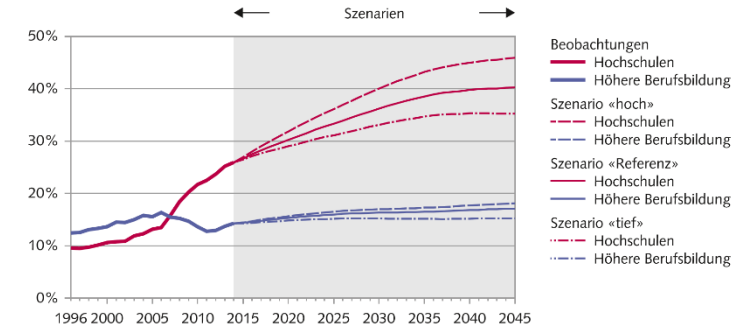
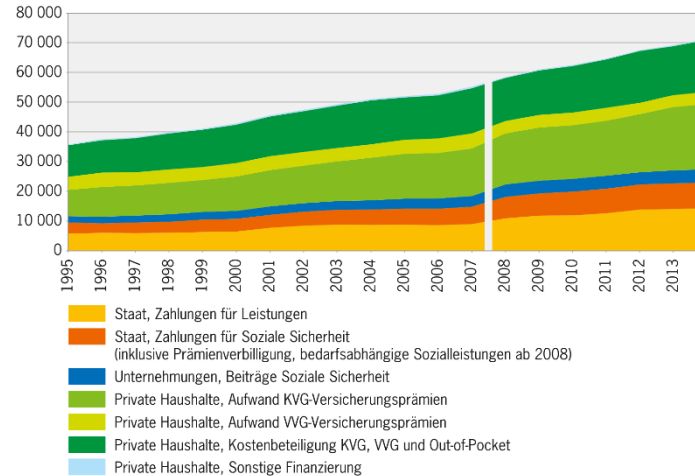
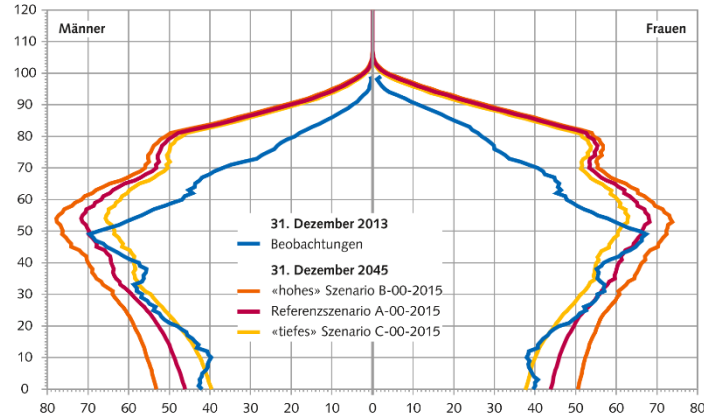


Source: Federal Department of the Environment, Transport, Energy and Communications (DETEC)

Mobility

- General increase in traffic volumes until 2040
- Further development of the traffic axes throughout the country

Development drivers – Key themes



Demography

- All scenarios predict continuous increase in average age of Swiss population

Health

- Significant increase in healthcare spending seen over last 20 years is expected to continue

Education

- Digital «re/evolution» creates demand for continuing education across all sectors and age bands

Source: Federal Statistical Office

Development drivers – Growth & Profitability



Development drivers – Innovation



Development drivers – Sustainability

Schönburg

Greenhouse gas emissions cut by more than 40% (9,433 t CO₂)
Embodied energy use reduced by more than 30% (26,754 MWh)



Development drivers – Industry 4.0

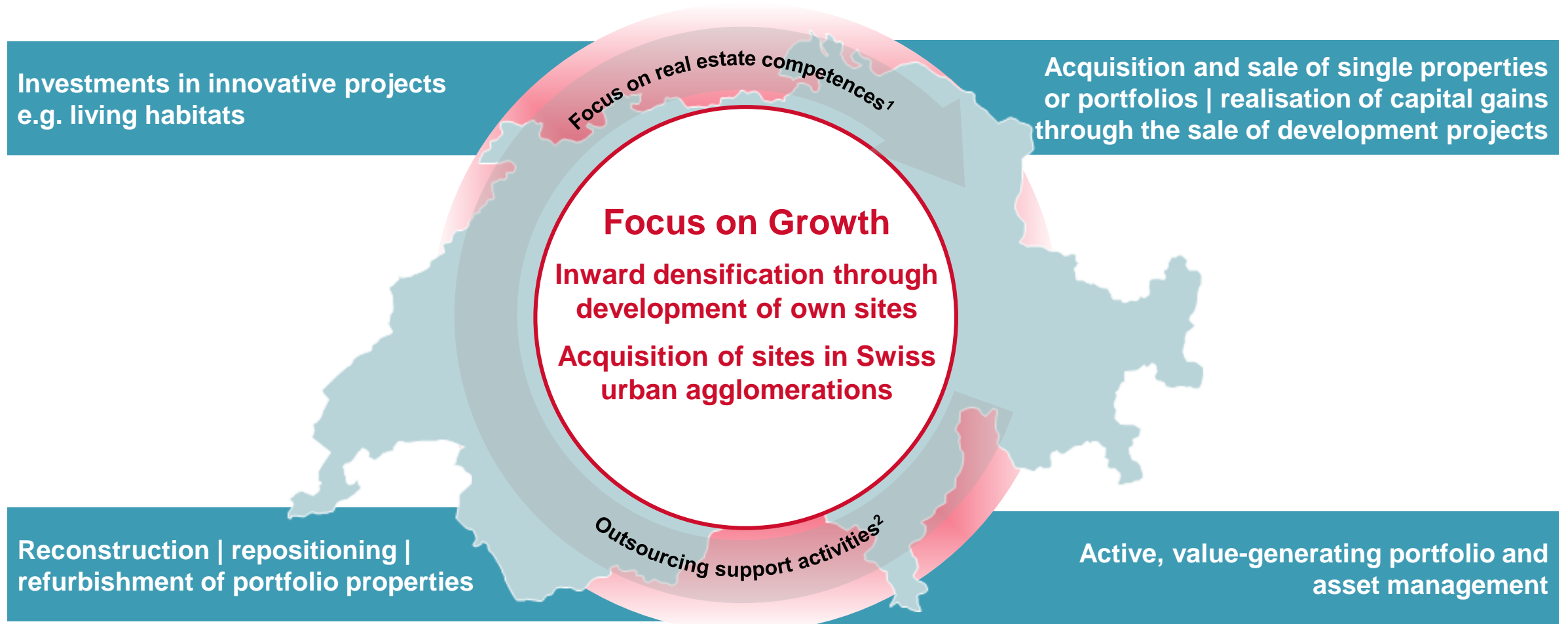


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**WE PROVIDE
ADDED VALUE**



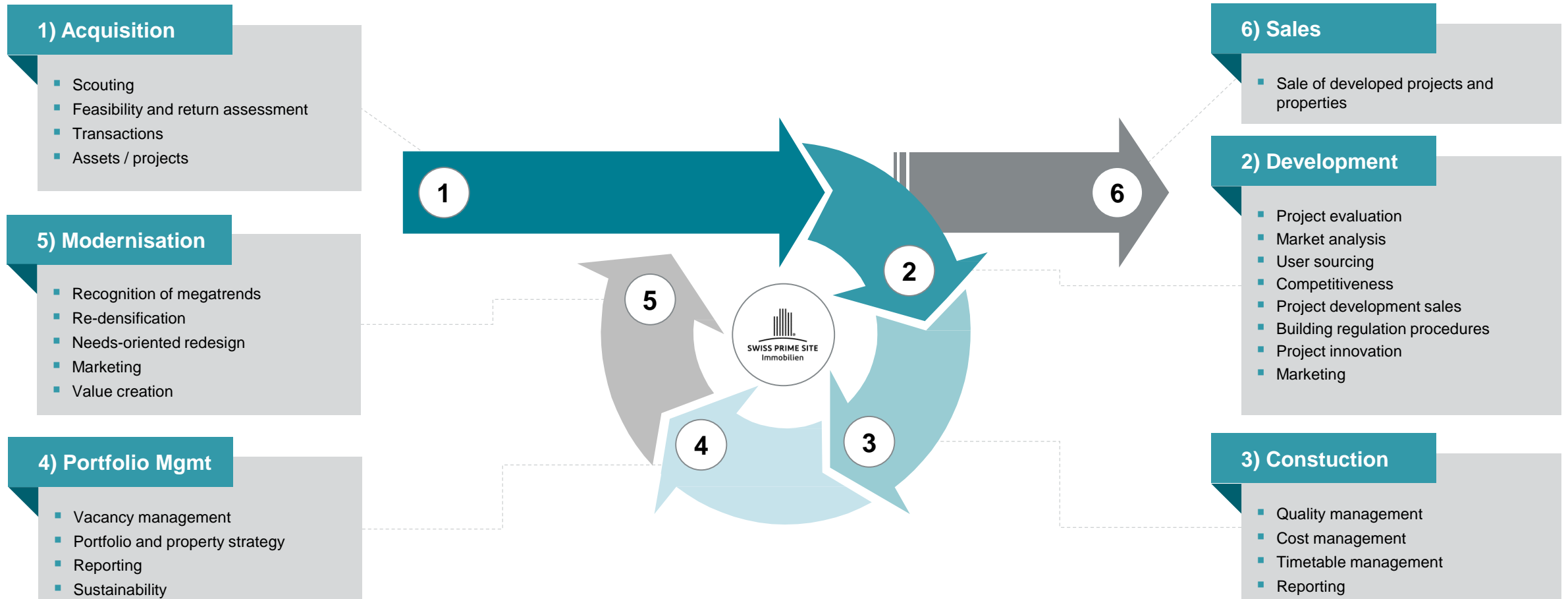
Real estate strategy – Focus on growth and inward densification



¹ portfolio management, asset management, sales and acquisitions, development, construction (management), transaction management, market knowledge

² realisation, facility management, property management, construction management/supervision, property valuation, macro analysis

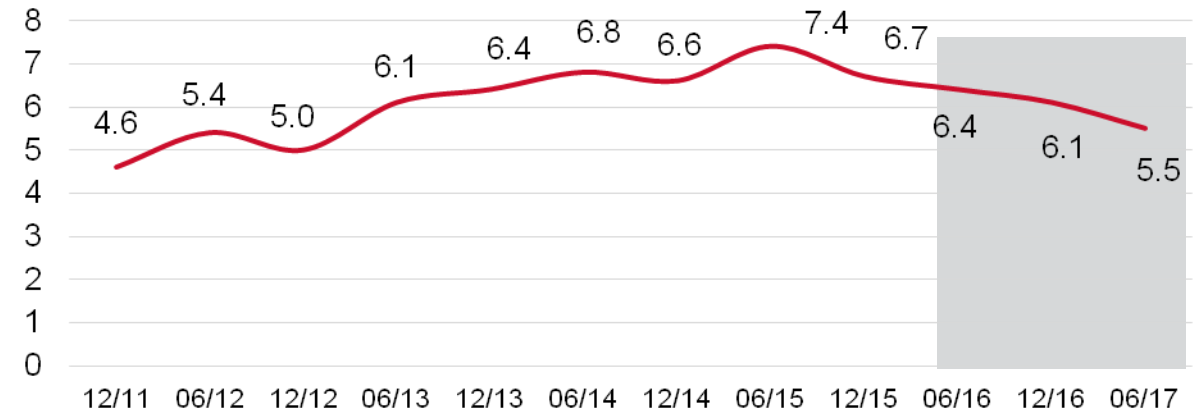
Real estate business model – Active portfolio and asset management



Portfolio – Focus on Swiss economic areas | Vacancy rate cut to 5.5%



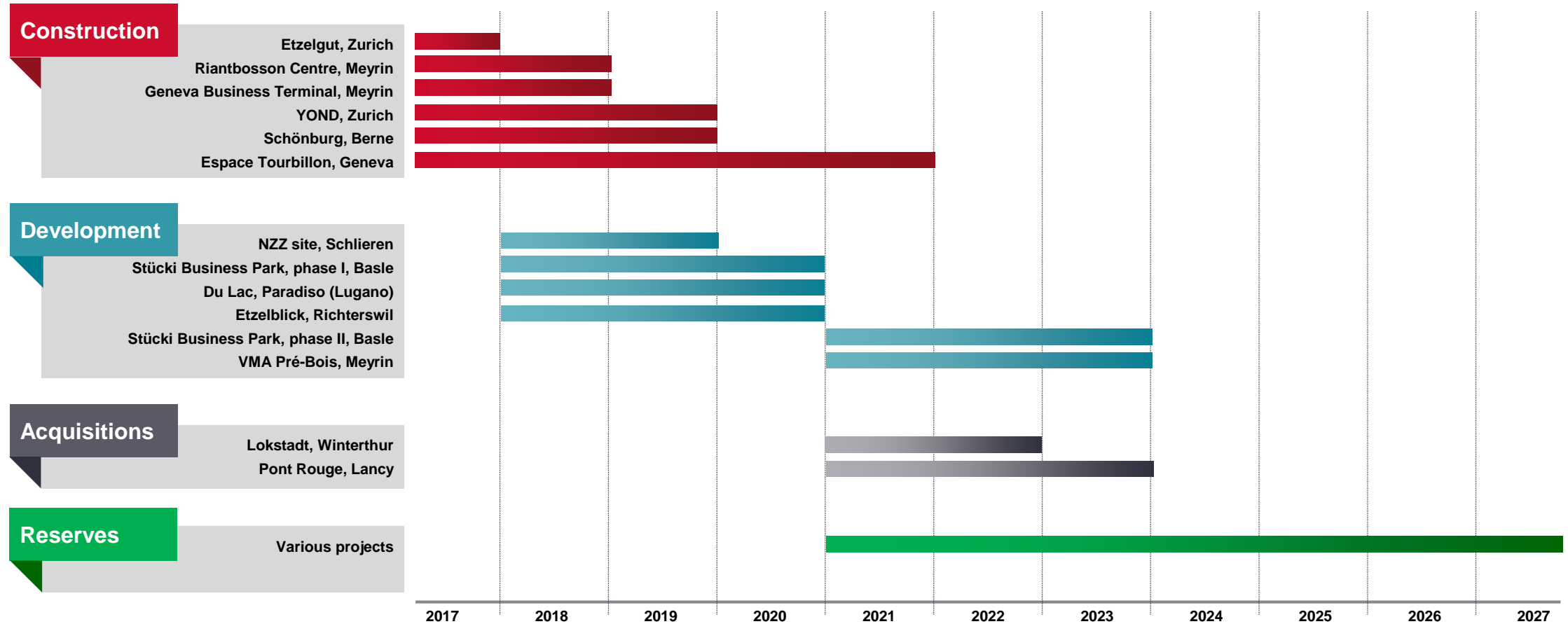
Vacancy rate in % (Group)



Comments

- Significant reduction in vacancy rate to 5.5%
- Further improvements expected in H2 2017

Substantial CHF 2.1 billion pipeline covering all phases



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**WE SHAPE THE
FUTURE**



Construction projects with expected average net yield of 5.4% (1|3)



Espace Tourbillon, Plan-les-Ouates (Commercial)

Realisation	2017 – 2021
Investment volume*	CHF 233 million
Rental space	50 400 m ²
Rental income	CHF 19 million
Gross yield (on cost)	8.2%
Net yield (on cost)	7.3%

*including land



Schönburg, Berne (Hotel, Retail, Residential)

Realisation	2017 – 2020
Investment volume*	CHF 193 million
Rental space	19 600 m ²
Rental income	CHF 7.2 million
Gross yield (on cost)	3.7%
Net yield (on cost)	3.4%

Construction projects with expected average net yield of 5.4% (2|3)



YOND, Zurich (Commercial)

Realisation	2017 – 2019
Investment volume*	CHF 89 million
Rental space	20 000 m ²
Rental income	CHF 5.4 million
Gross yield (on cost)	6.0%
Net yield (on cost)	5.0%

Riantbosson Centre, Meyrin (Office | Retail)

Realisation	2016 – 2018
Investment volume*	CHF 42 million
Rental space	6 300 m ²
Rental income	CHF 2.3 million
Gross yield (on cost)	5.6%
Net yield (on cost)	5.0%

*including land

Construction projects with expected average net yield of 5.4% (3|3)



Geneva Business Terminal (Office)

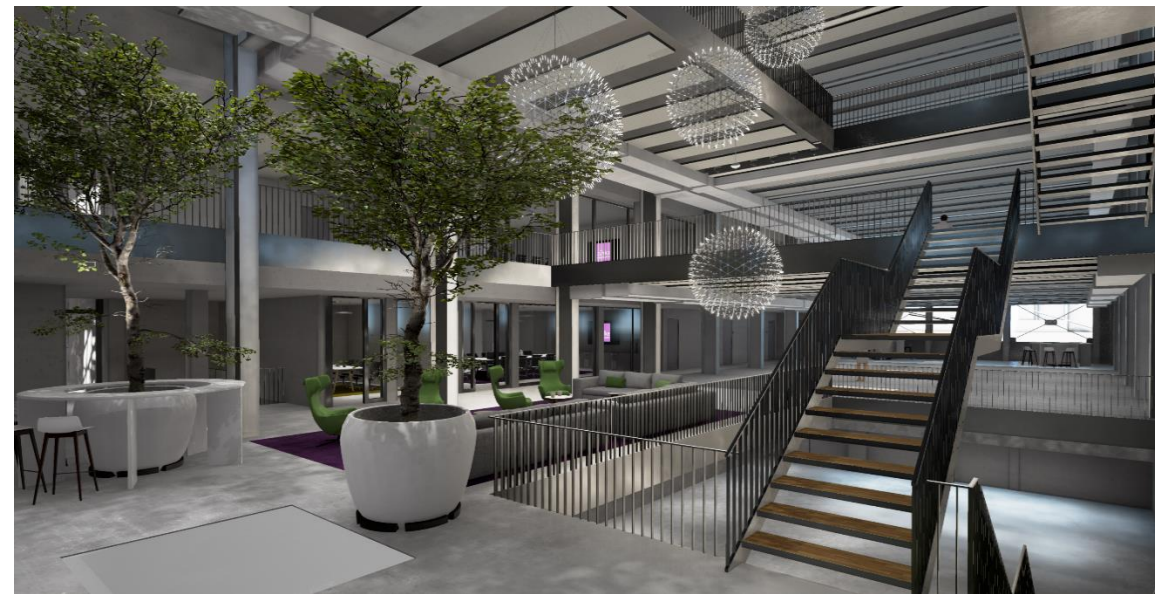
Realisation	2016 – 2018
Investment volume*	CHF 21 million
Rental space	2 600 m ²
Rental income	CHF 1.4 million
Gross yield (on cost)	6.4%
Net yield (on cost)	5.2%

Etzelgut, Zurich (Assisted Living)

Realisation	2016 – 2017
Investment volume*	CHF 26 million
Rental space	2 900 m ²
Rental income	CHF 1.3 million
Gross yield (on cost)	5.1%
Net yield (on cost)	4.6%

*including land

Development projects with expected rental income of CHF ~50 m (1|4)



VMA Pré-Bois, Meyrin (Commercial)

Realisation	2021 – 2023
Investment volume*	CHF 155 million
Rental space	24 000 m ²
Rental income	CHF 9.3 million
Gross yield (on cost)	6.0%
Net yield (on cost)	5.0%

NZZ site, Schlieren (Commercial)

Realisation	2018 – 2019
Investment volume*	CHF 100 million
Rental space	23 700 m ²
Rental income	CHF 5.7 million
Gross yield (on cost)	5.7%
Net yield (on cost)	5.1%

*including land

Development projects with expected rental income of CHF ~50 m (2|4)



Stücki Business Park I, Basle (Commercial)

Realisation	2018 – 2020
Investment volume*	CHF 95 million
Rental space	13 300 m²
Rental income	CHF 5.9 million
Gross yield (on cost)	6.2%
Net yield (on cost)	5.4%

Stücki Business Park II, Basle (Commercial)

Realisation	2021 – 2023
Investment volume*	CHF 95 million
Rental space	13 300 m²
Rental income	CHF 5.9 million
Gross yield (on cost)	6.2%
Net yield (on cost)	5.4%

*including land

Development projects with expected rental income of CHF ~50 m (3|4)



Du Lac, Paradiso – Lugano (Assisted Living)

Realisation	2018 – 2020
Investment volume*	CHF 70 million
Rental space	7 700 m²
Rental income	CHF 3.2 million
Gross yield (on cost)	4.6%
Net yield (on cost)	4.2%

Etzelblick, Richterswil (Assisted Living)

Realisation	2018 – 2020
Investment volume*	CHF 53 million
Rental space	9 500 m²
Rental income	CHF 2.5 million
Gross yield (on cost)	4.7%
Net yield (on cost)	4.2%

*including land

Development projects with expected rental income of CHF ~50 m (4|4)



Pont Rouge, Lancy (Commercial)**

Realisation	2020 – 2023
Investment volume*	CHF 257 million
Rental space	28 400 m ²
Rental income	CHF 13.1 million
Gross yield (on cost)	5.1%
Net yield (on cost)	4.0%

Lokstadt, Winterthur (Commercial)**

Realisation	2020 – 2022
Investment volume*	CHF 66 million
Rental space	10 600 m ²
Rental income	CHF 2.9 million
Gross yield (on cost)	4.4%
Net yield (on cost)	4.0%

*including land **signing status

Projects up for sale | Expected cash flow CHF ~300 million



Weltpostpark, Berne (Residential)

Realisation	2017 – 2019
Investment volume	n.a.
Rental space	14 200 m ²
Rental income	n.a.
Project status	On sale

Espace Tourbillon, Plan-les-Ouates (Commercial)

Realisation	2017 – 2021
Investment volume	n.a.
Rental space	35 000 m ²
Rental income	n.a.
Project status	2 blocks sold to Hans Wilsdorf Foundation

Summary – CHF 2.1 bn pipeline with significant income potential

Projects	Realisation Investment volume*	Rental space Rental income**	Gross yield (on cost) Net yield (on cost)
Under construction (Capex 2018 – 2021: CHF 313 m)	<ul style="list-style-type: none"> 2017 – 2021 CHF 604 million 	<ul style="list-style-type: none"> 101 800 m² CHF 37 million 	<ul style="list-style-type: none"> 6.1% 5.4%
Under development (Capex 2018 – 2023: CHF ~700 m)	<ul style="list-style-type: none"> 2018 – 2023 CHF ~900 million 	<ul style="list-style-type: none"> 130 500 m² CHF 49 million 	<ul style="list-style-type: none"> 5.4% 4.6%
Land bank (site area: 129 000 m ²)	<ul style="list-style-type: none"> >2021 CHF 580 million 	<ul style="list-style-type: none"> 165 000 m² CHF 33 million 	
Total projects for own investment portfolio	<ul style="list-style-type: none"> Investment volume: CHF 2.1 billion 	<ul style="list-style-type: none"> 397 300 m² rental space CHF 119 m rental income 	<ul style="list-style-type: none"> Average net yield: 4.9% (current portfolio: 3.7%)
Total projects up for sale	<ul style="list-style-type: none"> Expected cash flow: CHF ~300 million 	<ul style="list-style-type: none"> 49 196 m² n.a. 	<ul style="list-style-type: none"> Expected capital gains: CHF ~100 million

*estimates including land **assuming full letting after completion

Key take-aways: Organic growth and increased profitability



REVALUATION GAINS

Projects generating
above-average net
yield in comparison
to market and
current portfolio
(3.7%)



INCREASE IN RENTAL INCOME

Increase in rental
income of CHF 86
million expected
within the next six
years (CAGR 3%)



CAPITAL GAINS

Additional gains
from sales
(CHF ~300 million)
in the magnitude of
CHF ~100 million

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**WE CREATE
LIVING SPACES**



Maag site, Zurich – 2nd largest property investment

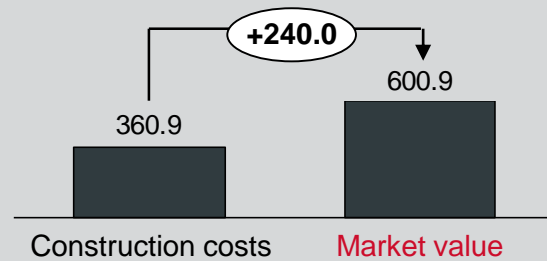


Highlights

- **Value** (total site): CHF 795 million
- **Rental income**: CHF 28 million p.a.
- **Rental space**: 75 640 m²
- **Site area**: 24 360 m²
- **Tenants** (selection): Homburger, EY, Deutsche Bank, MAAG Music & Arts (sublease with Zurich Tonhalle)
- **Vacancy rate**: 0.0%
- **Yield**: 3.6%

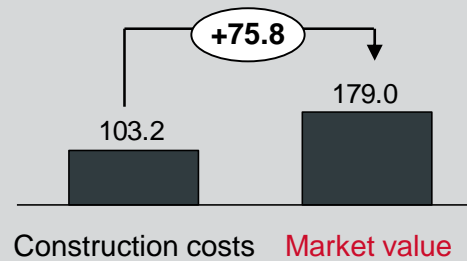
Maag site, Zurich – Value creation through development (case study)

PRIME TOWER & ANNEX



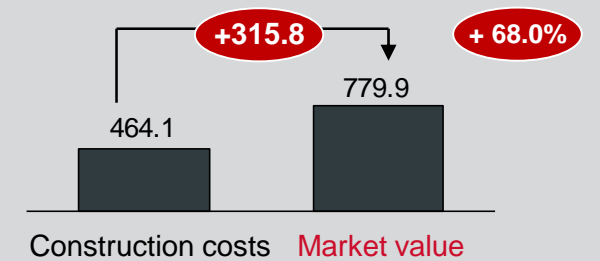
Height	126 m
Floors	36
Rental space	48 100 m ²

PLATFORM



Height	25 m
Floors	7
Rental space	20 300 m ²

TOTAL (EXCL. MAAG EVENT)



Total rental space	68 400 m ²
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As of 30 June 2017, in CHF million

Maag site, Zurich – Tonhalle Maag (concerts and events)



Source: Tonhalle Maag (Foto: Hannes Henz)

Highlights

- **Tenant:** MAAG Music & Arts AG, Tonhalle is subtenant for new hall (concerts and events)
- **Function:** 2017 – 2020 concert site for Tonhalle-Orchester Zurich as well as event hall
- **Investment by Tonhalle:** some CHF 10 million
- **Floorspace:** 946 m²
- **Number of seats:** 1 224
- **Opening:** 27 September 2017 (after 7 months of renovation)

NZZ site, Schlieren – Ready for a promising new future



Highlights

- **Acquisition:** 2015 (former tenant & owner: NZZ)
- Urban appeal of location and flexibility of building are important
- **Tenant:** Zühlke as anchor tenant (8 500 m²) and ideal partner for this site
- **Realisation:** 2018 – 2019
- **Investment:** CHF 100 million
- **Rental space:** 23 700 m²
- **Yield:** 5.7%

Medienpark, Zurich – Former bank IT complex becomes news HQ (1|2)



Challenges

- **Acquisition:** 2005
- **Construction year:** 1979
- **Tenant:** UBS (until 2012)
- **Question:** modernisation or demolition after UBS move out?
- **Advantages of existing building:** 60 underground parking spaces, high ceilings etc.

Medienpark, Zurich – Former bank IT complex becomes news HQ (2|2)



Highlights

- Redevelopment and comprehensive renovation to Minergie standards
- **Realisation:** 2013 – 2015
- **Tenant:** Ringier Axel Springer Switzerland AG as anchor tenant
- **Value:** CHF 146 million
- **Rental income:** CHF 6 million
- **Rental space:** 24 244 m²
- **Vacancy:** 5% (storage)
- **Yield:** 4.2%

YOND, Zurich – Investment property (Siemens site) with land bank



Highlights

- **Acquisition:** 2014 (construction year: 2003)
- **Tenant:** Siemens Schweiz
- **Site area:** 13 631 m² (investment property) and 9 114 m² (land bank)
- **Value:** CHF 40.5 million (excl. land bank)
- **Rental income:** CHF 2.3 million
- **Rental space:** 12 686 m²
- **Yield:** 5.7%
- **Vacancy rate:** 12.8%

YOND, Zurich – Flexible floorspace for «millenials»



Highlights

- **Space offer:** appeals to tenants from service and production sectors with demand for flexible floorspace and rapid availability
- **Construction:** planning and execution in accordance with lean construction principles
- **Realisation:** 2017 – 2019
- **Investment:** CHF 89 million
- **Rental space:** 20 000 m²
- **Yield:** 6.0%

Motel One, Zurich – Former post & bank office turns into design hotel



Highlights

- **Opening:** on 28 July 2017, the new 394-room Motel One opened in the former Selnau post office, making it the largest city hotel
- **Realisation:** 2015 – 2017
- **Value:** CHF 161 million (on cost)
- **Rental income:** CHF 7 million
- **Rental space:** 13 000 m²
- **Yield:** 4.4%
- **Vacancy rate:** 0.0%

Key investment highlights

Strong business model

- Vertically integrated real estate company with a combination of prime commercial real estate and complementary leading real estate related business operations (e.g. assisted living)

Pure Swiss play

- CHF 10 bn property portfolio and related business operations focused on Switzerland only

High profitability and growth

- Portfolio: attractive net yield of 3.7%, low vacancy rate of 5.5%, CHF 2 bn project pipeline
- Company: ROE of 6.0% p.a. as per mid-2017 (target: 6-8%)

Liquid stock and attractive pay-out policy

- Largest listed Swiss property company with 100% free float market capitalisation (CHF 6 bn)
- Dividend pay-out: 80% of net profit excl. revaluation effects

Management team with strong track record

- Highly experienced management team with strong track record of value creation

SWISS PRIME SITE

Analyst and investor contact



Markus Waeber
Investor Relations

Head of Investor Relations
Office: +41 58 317 17 64
Mobile: +41 79 566 63 34
markus.waeber@sps.swiss

Press and media contact



Mladen Tomic
Media Relations

Head of Corporate Communications
Office: +41 58 317 17 42
Mobile: +41 79 571 10 56
mladen.tomic@sps.swiss

Corporate calendar

2017 annual report	1 March 2018
Annual General Meeting	27 March 2018

Headquarters

Swiss Prime Site AG
Frohburgstrasse 1
CH-4601 Olten
Phone: +41 58 317 17 17
www.sps.swiss

Zurich Office

Swiss Prime Site AG
Prime Tower, Hardstrasse 201
CH-8005 Zurich

Geneva Office

Swiss Prime Site AG
Rue du Rhône 54
CH-1204 Geneva

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