

SWISS PRIME SITE

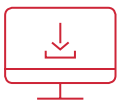


2019

— COMPENSATION REPORT

Compensation Report

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Reporting structure

The reporting consists of the online report (www.sps.swiss/reporting) and the separate sub-reports (PDF download). For reasons of sustainability, only the short report is available as a printed version.



«Agile and flexible into the future»

Agility and flexibility are two key virtues these days. As a major listed real estate company, we are obliged, and indeed want, to continually develop in order to manage the changing circumstances of our environment and fulfil the needs of our stakeholders. As part of the Board of Directors' renewal process, we've taken additional steps, strengthened committees and set key focal points for the future.

The only thing that is constant is change. Few sayings are as truthful as this one. Every day, we experience progress in different ways and are made aware of the speed and pace of life. But at the same time, we are surrounded by impermanence that we need to process and deal with. In order for us to continue to develop as a society, we need to see this constant process of change as an opportunity to learn from the past and be even better in the future.

This also applies to companies. Our products, services, process, structures and organisations will not last forever; people, customers and their needs, and the market as a whole, are constantly changing. The objective of the Swiss Prime Site Board of Directors is to continuously adapt the Company's business model to the changing needs of the market. To do this, we need to renew our committees, embed expertise within the various group organisations, focus on key issues and review decisions taken in the past.

Around three years ago, we started a process to renew the Swiss Prime Site Board of Directors. In the course of this process, new personalities have joined the Board, bringing key competencies and knowledge into our Company. In addition to enriching our expertise, we have also been successful in improving our diversity through the addition of two female members to the Board of Directors. Gabrielle Nater-Bass brings many years of experience to both the Board of Directors and the Nomination and Compensation Committee. Thomas Studhalter has taken over from Rudolf Huber as Chairman of the Audit Committee.

This renewal process will continue and we will therefore propose the election of Ton Büchner as new Chairman of the Board of Directors at the 2020 Annual General Meeting. His extensive commercial experience and leadership expertise will enrich the Board. He will succeed Hans Peter Wehrli, who is not standing

for re-election. Hans Peter Wehrli was elected to the Board of Directors in 2002, and has been Chairman since 2005. During this time, Swiss Prime Site has seen strong growth both organically and through acquisitions; it has created a sustainable position in the market and developed into the leading listed real estate company in Switzerland with a portfolio of over CHF 11 billion. Hans Peter Wehrli is now handing over leadership at a time when Swiss Prime Site is solidly positioned and enjoys promising perspectives.

At the Executive Board level, we are pleased that Nina Müller has been nominated as CEO of our group company Jelmoli and that we have been able to find someone so highly qualified and with international experience in the premium retail sector to hold this important position. Knowledge transfer and the exchange of ideas is thriving within the various Swiss Prime Site group companies. In the past twelve months, a wide range of employees and directors moved between Wincasa, Jelmoli, Swiss Prime Site Immobilien and the group, taking on new areas of responsibility. At a time when demand for specialists is only going to increase, this is a positive sign. In the long term, we seek to retain our most important and sustainable capital in the Company: our employees. In order to confer more significance and strategic weight to the issue of sustainability and everything connected to it, the Board of Directors has set up a board, of which I, as Chair of the Nomination and Compensation Committee, am a member. It has the authority to work across the group and at all levels to ensure that our business model remains resilient and successful for the long term.

The first vesting period of the long-term incentive plan initiated for the Executive Board in 2017 will end in 2020. We are confident that we have chosen the right performance targets. This does not mean, however, that we will not make any adjustments necessary to ensure fair remuneration for management and secure the skills we need. We have achieved so much and are ready for the future.



Dr. Barbara Frei-Spreiter
member of the Board of Directors at Swiss Prime Site AG
and Chair of the Nomination and Compensation Committee

Governance

The Compensation Report is written in accordance with the provision of the Swiss Ordinance Against Excessive Compensation in Listed Companies (hereinafter referred to as «Ordinance»), the standard relating to information on corporate governance of the SIX Swiss Exchange and the principles of the «Swiss Code of Best Practice for Corporate Governance» of *economiesuisse*. The Compensation Report describes the governance framework, the compensation principles and programmes as well as the compensation awarded to the members of the Board of Directors and to the Executive Board in the financial year 2019.

Shareholders approve the maximum amount of compensation of the Board of Directors and the Executive Board by way of a binding vote at the Annual General Meeting. Furthermore, shareholders approve the Articles of Association that outline the principles of compensation as well as approve the Compensation Report by way of a consultative vote. The proposed maximum amounts of compensation submitted to a shareholders' vote are maximum figures that are paid out in case of substantial over-achievement of all relevant performance objectives. The effective compensation paid out is therefore likely to be below the approved maximum amounts. The effective compensation is reported in the Compensation Report, which is subject to a consultative vote by the shareholders at the Annual General Meeting. The combination of the prospective binding vote on the maximum amounts of compensation and retrospective consultative vote on the Compensation Report provides a true say-on-pay to shareholders.

Provisions on compensation in the Articles of Association

The Articles of Association can be found in their entirety on the Company's website (www.sps.swiss under governance). The following is a summary:

Principles of compensation of the Board of Directors

Article 28

The members of the Board of Directors receive fixed compensation for their activities. Additional compensation may be paid for memberships in committees and for assuming special tasks or assignments. The compensation may be paid entirely in cash or in restricted or unrestricted shares of the Company.

Principles of compensation of the Executive Board

Articles 30 and 31

The members of the Executive Board receive fixed annual compensation for their activities as well as variable performance-based compensation. The variable compensation is based on quantitative and individual objectives that are determined annually by the Board of Directors in the Company's and the shareholders' long-term interests. The variable compensation may be paid in cash or partly in restricted or unrestricted shares of the Company.

Approval of compensation by the shareholders

Articles 29 and 32

The Annual General Meeting annually approves with binding effect the maximum amount of compensation of the Board of Directors for the respective current financial year and the maximum amount, comprising both the fixed and variable compensation, of the Executive Board for the current financial year.

The compensation effectively paid to the Board of Directors and the Executive Board is disclosed in the Compensation Report, which is subject to a consultative vote by the shareholders.

Additional compensation for Executive Board members

Article 32

In case of appointment of new members of the Executive Board after the approval of the maximum amount of compensation by the Annual General Meeting, the maximum additional amount available for each new member corresponds to 150% of the highest compensation paid to a member of the Executive Board in the last ordinary shareholders' meeting of the previous financial year.

Nomination and Compensation Committee

The Board of Directors has appointed a Nomination and Compensation Committee (CC) to provide support in compensation matters. Barbara Frei-Spreiter (Chair), Gabrielle Nater-Bass and Christopher M. Chambers are the current members of the Nomination and Compensation Committee.

The responsibilities of the Nomination and Compensation Committee are defined in a separate regulation and include in summary:

- Preparation of proposals to the Board of Directors regarding the compensation principles, including the design of variable compensation
- Preparation of proposals to the Board of Directors regarding the maximum amounts of compensation of the members of the Board of Directors and the Executive Board to be submitted to a shareholders' vote at the Annual General Meeting
- Preparation of proposals to the Board of Directors regarding the individual compensation of the members of the Board of Directors and the Executive Board within the limits approved by the shareholders
- Preparation of proposals to the Board of Directors on the performance objectives relevant for the determination of the variable compensation
- Evaluation of the achievement of the performance objectives for the calculation of the variable compensation and preparation of the corresponding proposals to the Board of Directors
- Monitoring compliance of the compensation principles with the law, the Articles of Association and internal regulations as well as the resolutions of the Annual General Meeting regarding compensation
- Preparation of the Compensation Report
- The Nomination and Compensation Committee prepares the guidelines and proposals for the nomination (including authority to sign) for the compensation payable to the Board of Directors, the Executive Board, the employees of Swiss Prime Site AG and its group companies, the real estate asset managers, the property/facility managers, related persons and the external valuation experts

- The Nomination and Compensation Committee monitors compliance with the compensation and nomination policy determined by the Board of Directors, the Committee itself and the Executive Board.

- Any other activities assigned by law or by the Board of Directors

The Nomination and Compensation Committee acts in an advisory capacity while the Board of Directors retains the decision-making authority on compensation matters, except for matters concerning the maximum amounts of compensation of the Board of Directors and Executive Board, which are subject to the approval of shareholders at the Annual General Meeting. The authority levels of the different bodies on compensation matters are detailed in the following table.

Authority levels in compensation matters

	CEO	NCC	BoD	AGM
Compensation principles and variable compensation design		Proposes	Approves	
Maximum amounts of compensation of the Board of Directors and Executive Board		Proposes	Reviews	Approves (binding vote)
CEO compensation		Proposes	Approves	
Individual compensation of the Executive Board	Proposes	Reviews	Approves	
Performance target setting and assessment of the CEO		Proposes	Approves	
Performance target setting and assessment of the Executive Board	Proposes	Reviews	Approves	
Individual compensation of the members of the Board of Directors		Proposes	Approves	
Compensation Report		Proposes	Approves	Consultative vote

The Nomination and Compensation Committee held five meetings in 2019. With the exception of one meeting, all members attended all the meetings. Furthermore, the Nomination and Compensation Committee performed its regular activities throughout the year, such as the performance goal setting at the beginning of the year and the performance assessment following the year-end, the annual review and determination of the individual compensation of the members of the Board of Directors and the Executive Board, as well as the preparation of the Compensation Report and of the say-on-pay compensation votes for the Annual General Meeting.

The Chair of the Nomination and Compensation Committee reports the activities of the committee to the Board of Directors after each meeting. The minutes of the committee meetings are available to the members of the Board of Directors. As a general rule, the Chairman of the Board of Directors and CEO attend the meetings in an advisory capacity. They do not attend the meeting when their own compensation and/or performance are being discussed. The Nomination and Compensation Committee may consult an external advisor from time to time regarding special compensation issues. In 2019, no such external advisor was mandated.

Method of determination of compensation

Periodic benchmarking

Swiss Prime Site periodically reviews the compensation of its Board of Directors and Executive Board. This includes regular benchmarking analysis – for example, every two to three years – of the compensation of similar positions in other stock exchange-listed companies that are comparable in size (i.e. market capitalisation, revenues, headcount). However, it is worth nothing that Swiss Prime Site’s business model – with operating group companies in real estate-related business fields and a total workforce of more than 6 000 employees – implies a higher degree of complexity than pure real estate companies. With the comparison of the compensation of members of the Executive Board that manage operating group companies, the composition of the benchmark is derived according to the respective areas of activity: i.e. in the real estate services, retail and assisted living sectors.

The last benchmarking analysis was conducted in 2016 and served as the basis for the annual review and the determination of compensation of the members of the Board of Directors and Executive Board for the financial year 2019.

Performance management

The actual compensation paid to the individual members of the Executive Board in a given year depends on the Company and individual performance. Individual performance is assessed through the annual performance management process, which aims to align individual and collective objectives, boost performance and foster personal development. The Company and individual objectives are determined at the beginning of the financial year and achievement of targets is assessed at year-end. In discussing the individual performance of the members of the Executive Board, the Nomination and Compensation Committee considers the achievement of the individual performance objectives pre-determined during the performance management process as well as the extent to which the executives have conducted themselves in line with Swiss Prime Site's DNA. The Company's DNA includes Swiss Prime Site's vision, the corporate culture, the Company's values and its commitment toward sustainability. The performance assessment is the basis for the determination of the actual compensation, as shown in the following illustration.



Compensation principles

Swiss Prime Site's compensation principles reflect the Company's commitment to attract, develop and retain qualified and talented executives. Compensation drives performance, rewards the achievement of business and individual objectives as well as supports the long-term creation of value for the shareholders. In order to ensure market competitiveness, the compensation structure and levels are subject to regular reviews. Compensation decisions are fair and transparent. The compensation principles are outlined as follows:

Pay for performance	Compensation of the Executive Board is directly linked to the Company's financial results and individual performance. Both the annual performance and sustainable success of Swiss Prime Site are rewarded through a well-balanced combination of performance objectives.
Alignment with shareholders' interests	A portion of the compensation of the Board of Directors is paid in the form of shares, for members of the Executive Board in the form of performance share units (PSUs). In this way, alignment with the interests of the shareholders is ensured.
Competitiveness	Compensation is benchmarked against that of comparable companies at regular intervals in order to ensure market competitiveness.
Internal equity and fairness	Compensation decisions are based on objective factors such as scope of responsibility of the position, external value of the position and individual performance. Compensation decisions are communicated in an open and transparent way.

Compensation system for the Board of Directors

In order to ensure their independence in exercising their supervisory duties toward the Executive Board – and to strengthen their focus on the long-term strategy and good corporate governance of the Company – the members of the Board of Directors receive a fixed compensation only, including an annual retainer reflecting the respective member's role on the Board of Directors and on the boards of group companies, as well as a lump-sum expense allowance.

Half of the compensation of the members of the Board of Directors is paid in cash and the other half is paid in the form of blocked Swiss Prime Site AG shares. This reinforces the alignment of their interests with those of the shareholders. The shares are

allocated at the end of the financial year on the basis of the market price at the beginning of the financial year, less a 10% discount. Therefore, the value of the share-based compensation at the time of allocation may be more or less than 50% of the fixed compensation, depending on the share price performance during the financial year. The delivered shares are subject to blocking for a period of four years, which also applies to members who depart the Board of Directors.

The compensation levels of the Board of Directors are shown in the following table.

Compensation levels of the Board of Directors

Fixed annual retainer for members of the Board of Directors	CHF
Chairman of the Board of Directors	350 000
Vice-Chairman of the Board of Directors	190 000
Member of the Board of Directors ¹	180 000
Additional compensation	CHF
Lump-sum expense allowance	6 000

¹additional fee of CHF 10 000 for audit committee chairman

Compensation system for the Executive Board

The compensation system for the Executive Board is based on business strategy, medium-term financial planning and the long-term interests of the Company’s shareholders. The current compensation system has been in force since 2017 and is characterised by various elements.

- According to the performance-related remuneration approach, remuneration consists of three elements: fixed base salary, short-term and long-term variable remuneration.
- Split of the variable compensation into two components: 62.5% is awarded as a short-term incentive (STI) in cash and 37.5% delivered in the form of performance share units under the long-term incentive plan (LTI). STI and LTI together can in the best case achieve a maximum of 100% of the fixed base salary.
- Direct link to the business strategy: The STI rewards the annual financial performance of the business under responsibility and the individual performance, while the LTI rewards the performance of Swiss Prime Site as a whole over a performance period of several years. Therefore, the performance of Swiss Prime Site as a group and the performance of the individual operating group companies are rewarded in a balanced manner.
- Direct link to the mid-term financial planning: All performance targets are determined on the basis of the three-year rolling financial planning of the Company, which ensures a robust, transparent and sustainable measurement of performance. There is no possibility for the Board of Directors to apply management discretion in the determination of the effective variable compensation awarded.
- Direct link to shareholders’ interests: In the case of long-term compensation (LTI), members of the Executive Board receive performance-related entitlements, so-called Performance Share Units (PSUs). After three years, the degree of target achievement is measured retroactively and the PSUs are converted into shares. The performance target was defined as earnings per share (EPS) before revaluations and deferred taxes, which also serves as the basis for dividend payments to shareholders. In this way, we ensure that the interests of the Executive Board and those of the shareholders are aligned.

Compensation structure of the Executive Board in the financial year 2019

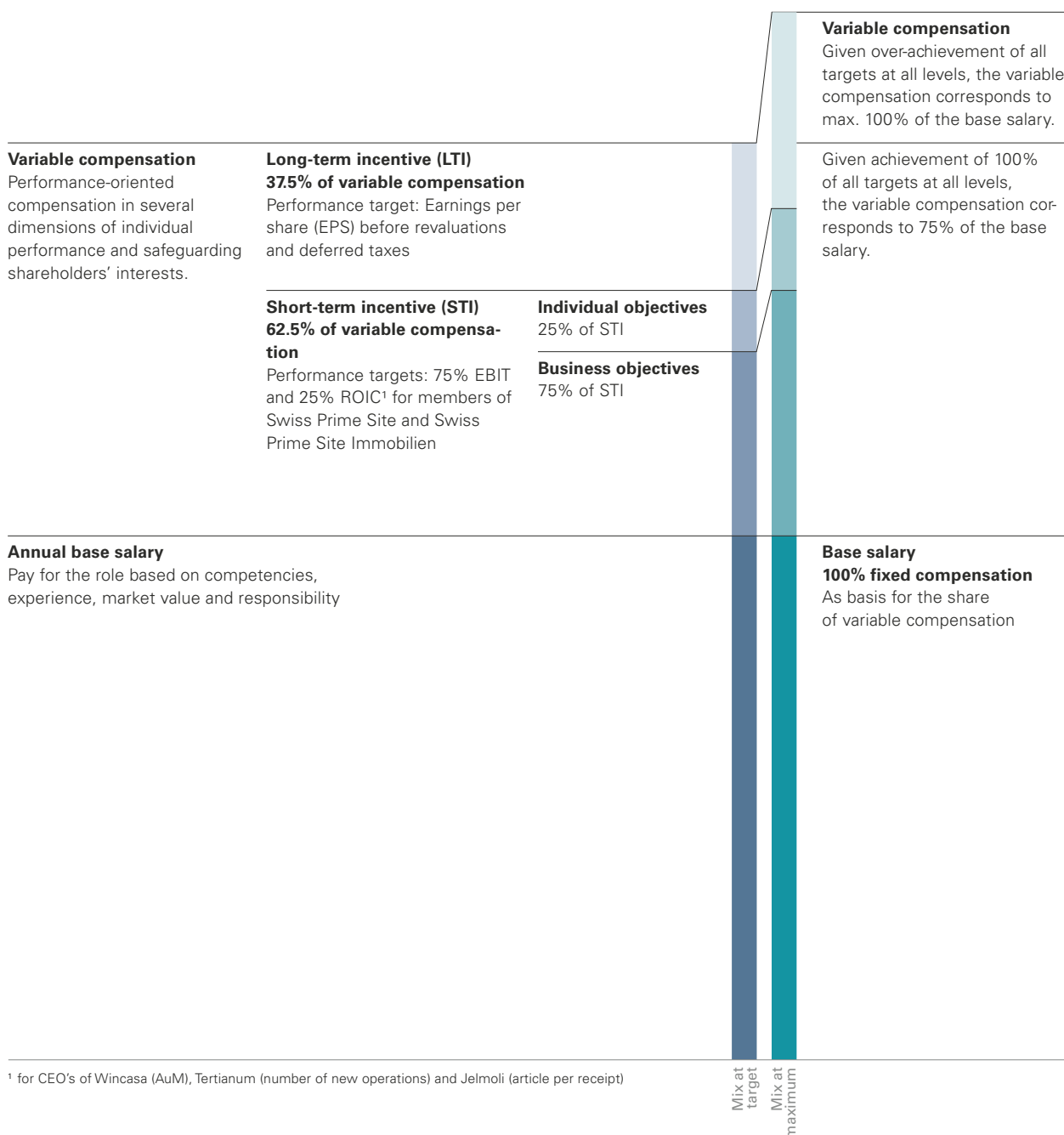
	Element	Purpose	Drivers	Performance measures
Base salary	Monthly cash payments	Pay for the role; attracting and retaining talent	Market value of role as well as skills and experience	
Variable compensation	STI (bonus in cash)	Pay for performance	Achievement of annual business and individual objectives	EBIT, ROIC and top-line performance
	LTI (performance share units)	Pay for performance and alignment with shareholders’ interests	Group performance over three years and continued employment	Earnings per share (EPS) before revaluations and deferred taxes
Benefits	Social contributions, retirement plans and fringe benefits	Risk coverage	Market practice, function and local regulations	

Annual base salary

The annual base salary is part of the compensation. The amount of the base salary is determined particularly by individual competencies, experience, market value and responsibility of the respective Executive Board member. The base salary also serves to ensure a certain attractiveness of the Company's public image.

Variable compensation

The variable compensation amounts to 75% (target value) and a maximum of 100% of the annual base salary (at maximum payout level) without taking into account the share price performance. The variable compensation is split into short-term incentive (STI) and long-term incentive (LTI), as shown in the following illustration.



¹ for CEO's of Wincasa (AuM), Tertium (number of new operations) and Jelmoli (article per receipt)

Short-term incentive (STI) Bonus in cash

The STI accounts for 62.5% of the variable compensation and reward for the business and the individual performance over a time horizon of one year.

The business-related objectives make up 75% of the STI. For the members of the Executive Board employed by Swiss Prime Site, business objectives include earnings before interest and tax (EBIT excluding revaluations) of Swiss Prime Site weighted at 75%, and return on invested capital (ROIC) of Swiss Prime Site weighted at 25%. For the members of the Executive Board who manage Jelmolli, Tertianum and Wincasa – and are employed by the respective operating group company – business objectives include EBIT of the respective operating company and a top-line performance indicator, such as assets under management or development of new businesses.

For each business objective, a target is set corresponding to the expected level of performance that will generate a payout if achieved. Given achievement of 100% of all the targets, a payout of 75% of variable compensation applies. The maximum limit for the payout of variable compensation amounts to 100% of the fixed salary. Accordingly, the rule that applies to total compensation for a member of the Executive Board is that the variable component of the compensation can reach a maximum level amounting to the base salary. The business objectives and the target level of performance are determined on the basis of the mid-term financial planning, so the target setting is very robust and ambitious.

The individual objectives are weighted with 25% of the STI, consisting of annual personal objectives that are determined and agreed upon within the scope of the performance management process:

- For the CEO: implementation of innovation and sustainability initiatives, strategic management of the operating group companies and perception of Swiss Prime Site as a leading real estate firm according to the Company's vision.
- For the other members of the Executive Board: risk management, reduction of fluctuation and vacancy rates, customer satisfaction, contract renewals and personnel management.

Long-term incentive (LTI) Performance share units

The LTI accounts for 37.5% of the variable compensation, to be delivered in the form of performance share units (PSUs) that reward for the long-term performance of Swiss Prime Site and align the interests of the members of the Executive Board with those of the shareholders.

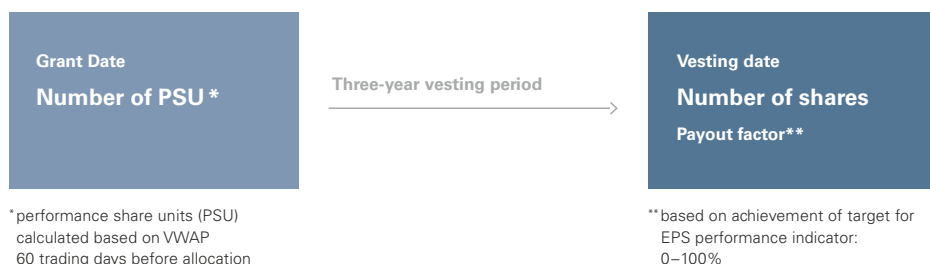
On the date of allocation, the individual LTI amount is converted to PSUs based on the volume-weighted average share price of the last 60 trading days prior to the allocation date.

The PSUs are subject to a three-year vesting period, conditionally upon fulfilment of the performance indicators and continued employment relationship during the vesting period. Swiss Prime Site's earnings per share (EPS) before revaluations and deferred taxes constitute the performance indicator. The EPS target for the three-year vesting period is predetermined based on Swiss Prime Site's ambitious medium-term financial planning.

At the vesting deadline date, the number of allocated PSUs is multiplied by the payout factor in order to define the number of Swiss Prime Site shares that are definitively paid out. The payout factor depends on the achievement of the EPS target and hovers in a range between 0% and 100%.

The performance share units are subject to forfeiture clauses in case of termination of employment during the vesting period. In case of termination for cause, all PSUs are forfeited. In case of resignation or termination (not for cause), all PSUs granted in the year of termination are forfeited. PSUs granted in previous years are subject to the regular vesting periods. In cases of retirement, disability or death, the PSUs are subject to a pro-rata vesting for the number of full months of employment in the respective vesting periods that have expired by the termination date. The determination of the payout factor and the vesting date remain unchanged (no acceleration of vesting). In case of change of control, the PSUs are subject to an accelerated pro-rata vesting process for the number of full months of the respective vesting periods that have expired by the date of change of control. The decisive factor here is the effective EPS performance at the date of change of control as determined by the Board of Directors.

Mechanism of the performance share units (PSUs) within the scope of the long-term incentive (LTI) plan



The compensation system applicable to the members of the Executive Board is well balanced. The system is performance oriented with a larger portion of variable compensation, and it reflects the business strategy by rewarding Swiss Prime Site’s profitability. In addition, the system incorporates the top-line and bottom-line contributions of the operating group companies. The compensation system also takes into account the shareholders’ long-term interests by rewarding EPS of Swiss Prime Site over a three-year period.

Benefits and fringe benefits

Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependants with respect to retirement, the risk of disability and death, and risks to health. The members of the Executive Board are covered by the respective pension plans of the employing company. There are three pension plans within the SPS and Jelmoli pension funds for the employees of Swiss Prime Site Management AG, Jelmoli AG and Wincasa AG. Tertium Gruppe AG has a different insurance solution.

The maximum contribution limits (maximum insured salary) are CHF 0.3 million to CHF 0.5 million. The employer contributions are graduated in a range between 10% and 14% depending on age and/or position.

In addition, all members of the Executive Board are entitled to a lump-sum expense allowance, according to the regulations approved by the relevant tax authorities that are applicable to Executive Board members.

Employment contracts

According to article 23 of the Articles of Association, the contracts determining the compensation of the members of the Board of Directors and the Executive Board may be of fixed or unlimited term. The maximum duration of fixed-term contracts is one year. The notice period for unlimited contracts may not exceed one year. These contracts may stipulate post-contractual non-competition clauses with a duration of up to one year. The compensation corresponds to the maximum amount of the last effected fixed annual compensation in proportion to the duration.

The current employment contracts of the members of the Executive Board are indefinite and include notice periods of six to twelve months. These contracts contain no unusual provisions, in particular no severance pay, no extraordinary clauses in the event of change of control over the Company and no non-competition clause.

Compensation in 2019

The compensation is disclosed in gross terms and according to the accrual principle. Contributions made by the employer to pension funds are considered as an integral part of compensation and disclosed as such.

Compensation to the Board of Directors

In 2019, total compensation of the Board of Directors amounted to CHF 1.8 million [2018: CHF 1.4 million] in the form of cash payments of CHF 0.7 million [2018: CHF 0.6 million], restricted shares valued at CHF 1.0 million [2018: 0.6 million], social contributions amounting to CHF 0.1 million [2018: CHF 0.1 million] and other forms of compensation of CHF 0.1 million [2018: CHF 0.1 million].

This corresponds to an increase by 31.9% compared with the previous year's period, which is attributable to the good perform-

ance of the Swiss Prime Site shares and the waiver of a member's annual fee in the previous year. That member of the Board of Directors did not stand for re-election in 2019.

The total amount of compensation of CHF 1.8 million effected to the Board of Directors in 2019 is within the maximum amount of compensation of CHF 1.8 million for the financial year 2019 approved by the shareholders at the Annual General Meeting on 26 March 2019.

The Board of Directors comprised seven members at the end of 2018. At the 2019 Annual General Meeting, one new member was elected to replace the retired member of the Board of Directors. Therefore, the Board of Directors comprised seven members at the end of 2019.

01.01.–31.12.2019

in CHF 1 000	Compensation in cash	Share-based compensation ¹	Other compensation components ²	Employer social security contributions	Gross compensation	Expense allowance
Prof. em. Dr. Hans Peter Wehrli, Chairman of the BoD	175	239	5	24	443	6
Mario F. Seris, Vice-Chairman of the BoD	95	130	6	16	247	6
Christopher M. Chambers, member of the BoD	90	123	6	–	219	6
Dr. Barbara Frei-Spreiter, member of the BoD	90	123	6	8	227	6
Dr. Rudolf Huber, member of the BoD	90	123	6	15	234	6
Gabrielle Nater-Bass, member of the BoD ³	68	92	6	6	172	5
Thomas Studhalter, member of the BoD	95	130	6	9	240	6
Klaus R. Wecken, member of the BoD ^{4, 5}	–	–	–	–	–	3
Total compensation to the Board of Directors 2019, gross	703	960	41	78	1782	44
Compensation approved by the Annual General Meeting					1800	

¹ the shares are subject to blocking for four years, fair value upon transfer of shares

² services and benefits in kind (provision of Swiss federal railways (SBB) general pass, gross)

³ since 26.03.2019

⁴ until 26.03.2019

⁵ waived the annual fee and received a CHF 12 000 lump-sum expense allowance

01.01. – 31.12.2018

in CHF 1 000	Compensation in cash	Share-based compensation ¹	Other compensation components ²	Employer social security contributions	Gross compensation	Expense allowance
Prof. em. Dr. Hans Peter Wehrli, Chairman of the BoD	175	178	5	19	377	6
Mario F. Seris, Vice-Chairman of the BoD	95	96	6	13	210	6
Dr. Elisabeth Bourqui, member of the BoD ³	30	34	–	4	68	2
Christopher M. Chambers, member of the BoD	90	91	6	–	187	6
Dr. Barbara Frei-Spreiter, member of the BoD ⁴	67	69	6	5	147	5
Dr. Rudolf Huber, member of the BoD	95	96	6	13	210	6
Thomas Studhalter, member of the BoD ⁴	67	69	6	5	147	5
Klaus R. Wecken, member of the BoD ⁵	–	–	5	–	5	12
Total compensation to the Board of Directors 2018, gross	619	633	40	59	1 351	48
Compensation approved by the Annual General Meeting					1 700	

¹ the shares are subject to blocking for four years, fair value upon transfer of shares

² services and benefits in kind (provision of Swiss federal railways (SBB) general pass, gross)

³ until 23.04.2018

⁴ since 27.03.2018

⁵ waived the annual fee and received a CHF 12 000 lump-sum expense allowance

Compensation of the Executive Board

In 2019, the members of the Executive Board received total compensation of CHF 6.7 million [2018: CHF 6.9 million]. This amount comprises fixed compensation of CHF 3.2 million [2018: CHF 3.3 million], a variable compensation component in cash of CHF 1.5 million [2018: CHF 1.5 million], the performance-related entitlements, so-called Performance Share Units (PSUs) in the amount of CHF 1.1 million [2018: CHF 1.2 million] as well as other social security components totalling CHF 0.8 million [2018: CHF 0.9 million]. The target achievement rates for the short-term incentive (STI) were within the range of 68% and 89% (see table on page 18).

The total compensation of CHF 6.7 million effected to the Executive Board for the financial year 2019 fell far short of the maximum amount of CHF 8.3 million approved by the Annual General Meeting on 26 March 2019.

The long-term incentive (LTI) comprises performance share units (PSUs) whose number is based on the volume-weighted average share price (VWAP) calculated from the last 60 trading days in 2018. Due to the three-year vesting period, these entitlements (PSUs) will only result in a transfer of shares at a later date and only if the target has been achieved accordingly (measured value EPS).

The target achievement of the LTI Plan due for payment in 2020 was 103.74% (payout factor: 100%). Therefore, the Executive Board will receive 13 358 shares on 10 February 2020 (vesting date).

At the end of 2018, the Executive Board consisted of six members. Franco Savastano (CEO Jelmoli) left the Company and the Executive Board on 30 September 2019. Therefore, the Executive Board comprised five members at the end of 2019.

01.01.–31.12.2019

in CHF 1 000	Total Group Executive Board	of which René Zahnd (CEO) ¹
Fixed compensation in cash, gross	3 208	900
Variable compensation in cash, gross	1 518	381
Share-based variable compensation ²	1 088	338
Other compensation components ³	23	6
pension fund contributions	529	96
Other social security contributions	299	74
Total compensation to the Group Executive Board 2019, gross	6 665	1 795
Expense allowance	98	18
Compensation approved by the Annual General Meeting	8 300	

¹ highest compensation to the Executive Board

² performance share units (LTI) with three-year vesting period

³ includes all compensation components not separately reported according to art. 14, para. 2 of the Swiss Ordinance Against Excessive Compensation in Listed Companies, e.g. provision of Swiss federal railways (SBB) general pass

01.01.–31.12.2018

in CHF 1 000	Total Group Executive Board	of which René Zahnd (CEO) ¹
Fixed compensation in cash, gross	3 300	900
Variable compensation in cash, gross	1 453	359
Share-based variable compensation ²	1 190	325
Other compensation components ³	25	6
pension fund contributions	564	97
Other social security contributions	322	75
Total compensation to the Group Executive Board 2018, gross	6 854	1 762
Expense allowance	102	18
Compensation approved by the Annual General Meeting	8 300	

¹ highest compensation to the Executive Board

² performance share units (LTI) with three-year vesting period

³ includes all compensation components not separately reported according to art. 14, para. 2 of the Swiss Ordinance Against Excessive Compensation in Listed Companies, e.g. provision of Swiss federal railways (SBB) general pass

Target weighting and target achievement 2019

	Total bonus, maximum 100% of base salary				
	62.5% short term			Achievement of targets in % of maximum bonus for short-term bonus	37.5% long-term number of PSUs based on VWAP in 2018
	25% individual objectives	75% EBIT and growth targets			
CEO	25%	75%	25% ROIC	68%	100% EPS ^{1,2}
CFO	25%	75%	25% ROIC	70%	100% EPS ^{1,2}
CEO Swiss Prime Site Immobilien	25%	75%	25% ROIC	89%	100% EPS ^{1,2}
CEO Wincasa	25%	75%	25% AuM	72%	100% EPS ^{1,2}
CEO Jelmoli	25%	75%	25% article per receipt	75%	n.a.
CEO Tertianum	25%	75%	25% new business operations	83%	100% EPS ^{1,2}

¹ before revaluations and deferred taxes² Swiss Prime Site Group**Shareholding rights for Board of Directors and Executive Board**

Number of shares	31.12.2018	31.12.2019
Board of Directors		
Prof. em. Dr. Hans Peter Wehrli, Chairman of the BoD	41 652	45 096
Mario F. Seris, Vice-Chairman of the BoD	12 864	14 190
Christopher M. Chambers, member of the BoD	41 486	42 742
Dr. Barbara Frei-Spreiter, member of the BoD	833	2 089
Dr. Rudolf Huber, member of the BoD	17 500	21 071
Gabrielle Nater-Bass, member of the BoD ¹	–	942
Thomas Studhalter, member of the BoD	833	2 159
Klaus R. Wecken, member of the BoD ²	180 000	n.a.
Executive Board		
René Zahnd, member of the Executive Board (CEO)	4 535	4 535
Markus Meier, member of the Executive Board (CFO)	6 451	6 451
Peter Lehmann, member of the Executive Board and CEO of Swiss Prime Site Immobilien AG	12 375	11 845
Oliver Hofmann, member of the Executive Board and CEO of Wincasa AG	–	–
Franco Savastano, member of the Executive Board and CEO of Jelmoli – The House of Brands ³	–	n.a.
Dr. Luca Stäger, member of the Executive Board and CEO of Tertianum Gruppe AG	1 387	1 387
Total share ownership	319 916	152 507

¹ since 26.03.2019² until 26.03.2019³ until 30.09.2019

Any compensation other than that stipulated in the Articles of Association and referred to in this report to members of the Board of Directors and Executive Board is prohibited. No compensation was effected to members of the Board of Directors and Executive Board in 2019 other than that referred to in the previous sections.

Loans and credits to members of the Board of Directors and Executive Board

No loans or credits were granted to present members of the Board of Directors or the Executive Board in 2019, and there were no loans or credits outstanding as at 31 December 2019.

Compensation, loans and credits to former members and related persons

No compensation was effected to nor loans or credits granted to former members of the Board of Directors and the Executive Board, or related persons of members of the Board of Directors or Executive Board, and there were no loans or credits or compensation outstanding as at 31 December 2019.

Business relations of Board of Directors members

No member of the Board of Directors has any significant business relationship with Swiss Prime Site AG or its group companies.



Report of the Statutory Auditor

To the General Meeting of Shareholders of Swiss Prime Site AG, Olten

We have audited the accompanying compensation report of Swiss Prime Site AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections "Compensation of the Board of Directors", "Compensation of the Executive Board", "Loans and credits to members of the Board of Directors and Executive Board and Compensation", "loans and credits to former members and related persons" on pages 15 to 19 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended 31 Dezember 2019 of Swiss Prime Site AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Anna Pohle
Licensed Audit Expert

Zurich, 20 February 2020

Imprint

The original of this Report is written in German.
The German original is therefore the effective official version.

Overall responsibility | Editorial

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