

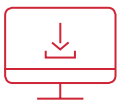
SWISS PRIME SITE

2020

— FINANCIAL REPORT

Financial Report

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Reporting structure

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

Selected group key figures

Key financial figures	in	01.01.– 31.12.2019 or 31.12.2019	01.01.– 31.12.2020 or 31.12.2020	Change in %
Rental income from properties	CHF m	486.9	424.7	-12.8
Income from real estate developments	CHF m	79.8	50.1	-37.2
Income from real estate services	CHF m	117.5	115.2	-2.0
Income from retail	CHF m	127.8	110.6	-13.5
Income from assisted living	CHF m	423.9	72.4	-82.9
Income from asset management	CHF m	13.5	13.1	-3.1
Total operating income	CHF m	1 258.8	792.9	-37.0
Revaluation of investment properties, net	CHF m	203.4	203.4	-0.0
Result from investment property sales, net	CHF m	20.8	22.2	7.1
Result from sale of participations, net	CHF m	-	204.2	n.a.
Operating result (EBIT)	CHF m	628.3	762.3	21.3
Profit	CHF m	608.5	610.4	0.3
Cash flow from operating activities	CHF m	406.6	298.5	-26.6
Shareholders' equity	CHF m	5 459.2	6 085.6	11.5
Equity ratio	%	44.4	47.8	7.7
Borrowed capital	CHF m	6 841.7	6 640.6	-2.9
Loan-to-value ratio of property portfolio (LTV)	%	45.7	41.9	-8.3
Return on equity (ROE)	%	11.5	10.6	-7.8
Return on invested capital (ROIC)	%	5.6	5.4	-3.6
NAV before deferred taxes per share ¹	CHF	86.34	95.41	10.5
NAV after deferred taxes per share ¹	CHF	71.87	80.11	11.5
Earnings per share (EPS)	CHF	8.00	8.04	0.5
Financial figures excluding revaluations and all deferred taxes				
Operating result (EBIT)	CHF m	424.9	558.9	31.5
Profit	CHF m	315.7	476.6	51.0
Return on equity (ROE)	%	6.3	8.5	34.9
Return on invested capital (ROIC)	%	3.2	4.3	34.4
Earnings per share (EPS)	CHF	4.14	6.27	51.4
Real estate portfolio				
Fair value of real estate portfolio	CHF m	11 765.4	12 322.6	4.7
of which projects/development properties	CHF m	684.5	829.5	21.2
Number of properties	number	187	185	-1.1
Rental floor space	m ²	1 604 451	1 673 005	4.3
Vacancy rate	%	4.7	5.1	8.5
Average discount rate	%	3.06	2.91	-4.9
Net property yield	%	3.5	3.2	-8.6
Employees				
Number of employees as at balance sheet date	persons	6 506	1 728	-73.4
Full-time equivalents as at balance sheet date	FTE	5 402	1 505	-72.1

¹ Services segment (real estate-related business fields) included at book values only

Annual Report for the year 2020

2020 will enter the history books as an unprecedented financial year. The pandemic had a major social and economic impact in 2020, one that was felt by both the Swiss real estate sector and the Swiss Prime Site Group. However, despite the challenging situation, the Company still managed to meet many of its targeted goals and achieve good results in the end. In 2020, Swiss Prime Site generated an operating income of CHF 792.9 million [CHF 1 258.8 million] and an operating result (EBIT) of CHF 762.3 million [CHF 628.3 million]. The differences on both levels are mainly attributable to the sale of the group company Tertianum on 28 February 2020. EBIT for the core Real Estate business amounted to CHF 555.0 million [CHF 572.9 million]. This included revaluation gains of CHF 203.4 million in the property portfolio at a fair value of CHF 12.3 billion [CHF 11.8 billion]. The Services segment generated EBIT of CHF 207.3 million [CHF 55.5 million]. This big increase was due to the profit from the sale of Tertianum, which amounted to CHF 204.2 million. The result at profit level was CHF 610.4 million [CHF 608.5 million]. In contrast to the previous year, this value only includes a marginal positive tax effect of CHF 7.1 million [CHF 172.5 million] from the reversal of deferred tax liabilities arising from cantonal reductions in tax rates. Excluding revaluations and all deferred taxes, profit rose to CHF 476.6 million [CHF 315.7 million]. In all, Swiss Prime Site boosted its equity ratio to 47.8% [44.4%], thereby significantly strengthening the balance sheet.

Business performance

Swiss Prime Site's core Real Estate business performed well despite the many challenges thrown up by the pandemic. Renewals and first-time lettings for a total of 85 000 m² were secured in 2020. Although lower than the previous year (128 000 m²), this is still a solid figure under the circumstances. Realisation of the project pipeline proceeded according to plan in the reporting year. Major property developments were completed and handed over to anchor tenants. This included YOND in Zurich, Schönburg in Berne and West-Log in Zurich-Altstetten, as well as the first phases of Stücki Park in Basel and JED in Schlieren. The projects under construction are on schedule. They currently constitute an investment volume (including land) of CHF 1 080 million. Further projects with an investment volume of CHF 640 million (including land) are being planned. Building permits have been issued for the projects Alto Pont-Rouge in Geneva, the new build JED in Schlieren, Stücki Park II in Basel and Tertianum Lugano-Paradiso. The planning application for the building on Müllerstrasse in Zurich, which has already been let, was submitted. The potential projects that emerged from an architecture competition for the maaglive new build on the Prime Tower site are currently being assessed. A decision is expected in the coming months.

In the Services segment, the effects of the pandemic were felt to differing degrees by the individual group companies Swiss Prime Site Solutions, Wincasa and Jelmoli. Real estate asset manager Swiss Prime Site Solutions processed a high volume of tenant enquiries for its client Swiss Prime Investment Foundation. In addition, new and promising investment vehicles were launched or prepared for investors. In the fourth quarter of 2020, immoveris was merged with Swiss Prime Site Solutions, which increased the assets under management to CHF 3.0 billion [CHF 2.3 billion]. Despite the tough market, Wincasa was able to increase the size of managed investment properties to CHF 72.0 billion [CHF 71.0 billion]. The real estate service provider received more than 2 000 tenant requests associated with the pandemic, which it was only able to process by incurring huge additional costs on its income statement. Nevertheless, it continued to press forward with the transformation to a digital business model. Like many retailers, Jelmoli was not able to recover to the previous year's level after being hit hard by the lockdown in the first half of the year. Performance during the second half of the year and during the Christmas period in particular was pleasing, and there were even some considerable improvements on the previous year.



Operating income

in CHF m	01.01.– 31.12.2019	01.01.– 31.12.2020	Change in %
Real Estate segment	519.5	482.9	–7.1
Rental income from properties	437.3	431.0	–1.4
Income from real estate developments	79.8	50.1	–37.2
Other operating income	2.4	1.8	–25.0
Services segment	828.4	378.2	–54.4
Rental income from properties	106.0	28.6	–73.1
Income from real estate services	148.1	146.2	–1.3
Income from retail	127.8	110.6	–13.4
Income from assisted living	423.9	72.4	–82.9
Income from asset management	13.5	13.1	–3.1
Other operating income	9.0	7.3	–19.7
Eliminations	–89.0	–68.1	–23.5
Total group	1 258.8	792.9	–37.0

Swiss Prime Site generated operating income of CHF 792.9 million [CHF 1 258.8 million] in 2020. The difference in comparison to the previous year is mostly attributable to the sale and deconsolidation of the group company Tertianum on 28 February 2020.

In a challenging market environment, the Real Estate segment generated rental income of CHF 431.0 million (–1.4%). On a like-for-like basis, there was a fall of 3.7%. This takes into account a CHF 12.7 million reduction in income caused by the effects of the coronavirus pandemic. Around CHF 4.0 million of this figure was due to lower than planned sales and parking rental income, and around CHF 9.0 million was attributable to the rent waivers granted. Operating income came in at CHF 482.9 million [CHF 519.5 million]. Despite the difficult market conditions, it was possible to bring vacancies in the portfolio back down to 5.1% [4.7%] after they had risen to 5.4% in the first half of 2020. The property portfolio grew by CHF 557.2 million (+4.7%) to CHF 12.3 billion. This increase was due to revaluation gains and the completion of the Company's own project developments. At 3.2% [3.5%], the net yield on property on the real estate portfolio is at an attractive level in the market for prime properties.

The Services segment generated operating income of CHF 378.2 million [CHF 828.4 million]. In comparison to the previous year, this only includes two months of results for Tertianum, which largely explains the difference. Capital increases enabled Swiss Prime Site Solutions to generate new funds totalling CHF 160 million for its client Swiss Prime Investment Foundation and thereby finance some attractive transactions. Income from asset management amounted to CHF 13.1 million [CHF 13.5 million]. Wincasa generated income from real estate services amounting to CHF 146.2 million [CHF 148.1 million]. With the digital rental agreement for ancillary space, the transformation of the group company's business model began to bear fruit. Jelmoli was heavily affected by the government-imposed lockdown in March, April and May. It was also hit hard by the partial restriction of Sunday shopping in the fourth quarter, which is traditionally the busiest period of the year for retailers. Income from retail was CHF 110.6 million, down by a considerable 13.4% on the previous year.

Operating result (EBIT)

in CHF m	01.01.– 31.12.2019	01.01.– 31.12.2020	Change in %
Real Estate segment	572.9	555.0	–3.1
Services segment	55.5	207.3	273.7
Total group	628.3	762.3	21.3

In 2020, Swiss Prime Site increased its operating result (EBIT) by a considerable margin of 21.3% to CHF 762.3 million [CHF 628.3 million]. Income from the sale of Tertianum contributed substantially to this rise.

The core Real Estate business generated EBIT of CHF 555.0 million [CHF 572.9 million]. The 3.1% difference to the previous year was attributable to the impact of the coronavirus crisis. On the one hand, rental income dropped by CHF 12.7 million as a result of the pandemic. On the other hand, the costs involved in handling tenant enquiries increased. The operating result includes net revaluation gains of CHF 203.4 million [CHF 204.4 million]. The major part of these gains, CHF 164.5 million, relates to existing properties. Projects under construction made up the remaining CHF 38.9 million. The average real discount rate as at 31 December 2020 was 2.91%, 15 basis points lower than at the end of 2019. Excluding revaluations, the Real Estate segment generated EBIT of CHF 351.6 million [CHF 368.4 million]. The pro rata pre-tax profits from sold development projects (Espace Tourbillon and Weltpost Park) and the sale of existing property in Berne and Zurich during the year contributed a total of CHF 36.1 million [CHF 37.6 million] to the result.

The Services segment generated EBIT of CHF 207.3 million [CHF 55.5 million]. The significant increase is attributable to the profit of CHF 204.2 million from the sale of Tertianum.

The operating result excluding the profit of sale was CHF 3.1 million. EBIT was considerably lower due to the compulsory closure of Jelmoli for several months, as well as other pandemic-related costs incurred by Wincasa. Despite the lower income from transactions, Swiss Prime Site Solutions was able to achieve a result in line with expectations. At CHF 375.0 million [CHF 771.9 million], the operating expenses of the Service segment for 2020 were down significantly, due to lower personnel costs following the sale of Tertianum. The Swiss Prime Site Group employed a workforce totalling 1 728 persons [6 506] on the balance sheet date.

Profit

in CHF m	01.01.– 31.12.2019	01.01.– 31.12.2020	Change in %
Operating result (EBIT)	628.3	762.3	21.3
Financial expenses	–70.7	–60.5	–14.4
Financial income	1.9	1.7	–10.6
Income tax expenses / income	49.0	–93.1	–290.0
Profit	608.5	610.4	0.3
Profit excluding revaluations and deferred taxes	315.7	476.6	51.0

Swiss Prime Site generated a profit of CHF 610.4 million [CHF 608.5 million] in 2020. In contrast to the previous year, this value only includes a marginal positive tax effect of CHF 7.1 million [CHF 172.5 million] from the reversal of deferred tax liabilities arising from cantonal reductions in tax rates. Excluding revaluations and all deferred taxes, profits rose significantly to CHF 476.6 million [CHF 315.7 million]. This figure takes into account the profit of CHF 204.2 million resulting from the sale of Tertianum. Financial expenses were reduced to CHF 60.5 million [CHF 70.7 million] through new, long-term refinancing. EPS (earnings per share) was CHF 8.04 [CHF 8.00]. Excluding revaluations and all deferred taxes, EPS was CHF 6.27 [CHF 4.14].

Balance sheet figures

	in	31.12.2019	31.12.2020	Change in %
Equity ratio	%	44.4	47.8	7.7
Return on equity (ROE)	%	11.5	10.6	-7.8
Net property yield	%	3.5	3.2	-8.6
Weighted average interest rate on financial liabilities	%	1.2	1.1	-8.3
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.2	4.8	14.3
Loan-to-value ratio of property portfolio (LTV)	%	45.7	41.9	-8.3
NAV before deferred taxes per share ¹	CHF	86.34	95.41	10.5
NAV after deferred taxes per share ¹	CHF	71.87	80.11	11.5

¹ Services segment (real estate-related business fields) included at book values only

In the fourth quarter of 2020, Swiss Prime Site successfully issued a green bond with a value of CHF 300 million, a term of nine years and a coupon of 0.65%. Due to attractive refinancing, the weighted average residual term to maturity of interest-bearing financial liabilities increased significantly to 4.8 years [4.2 years] and the interest rate on financial liabilities fell to 1.1% [1.2%]. In comparison to the somewhat lower net yield of 3.2% [3.5%] on the property portfolio, this implies a very attractive interest rate spread of 2.1% [2.3%].

The sale of Tertianum led to a cash inflow of CHF 600.4 million and a total profit of CHF 508.7 million. Of this figure, CHF 304.5 million was a repayment of goodwill recorded directly as equity and CHF 204.2 million was recorded as profit of the sale in EBIT. In addition, conversions of convertible bonds resulted in a marginal increase in shares issued to 75970364 [2019: 75946349] and thus a slight rise in equity by CHF 2.4 million. These effects led to a clear increase in the equity ratio to 47.8% [44.4%] and a reduction in the loan-to-value ratio of the property portfolio to 41.9% [45.7%]. NAV after deferred taxes rose significantly to CHF 80.11 per share (+11.5%). This takes into account the dividend payout of CHF 3.80 per share in April 2020. Swiss Prime Site generated a return on equity of 10.6% [11.5%]. Due to the profit of sale, this was significantly higher than the company's long-term target of 6–8%.

Outlook

In view of the development projects that were completed in 2020 and are largely fully let, Swiss Prime Site expects rental income to rise in 2021, subject to unforeseeable upheaval linked to the coronavirus pandemic. The vacancy rate in the portfolio will be reduced to below 5%. On a medium-term horizon, Swiss Prime Site is standing by the targets communicated in October 2020.

Valuation Expert’s Report

The properties of Swiss Prime Site AG are valued by Wüest Partner AG on a half-yearly basis at their fair values. The present valuation is valid as at 31 December 2020.

Valuation standards and principles

The fair values determined as at the balance sheet date 31 December 2020 coincide with the fair values as they are outlined in Swiss GAAP FER 18 sec. 14. In this context, fair value corresponds to the particular price that an independent market participant would receive for the sale of an asset under normal market conditions at the relevant valuation date (i.e. exit price).

COVID-19 pandemic disclaimer

The impact of the COVID-19 pandemic on Swiss Prime Site AG’s property portfolio, to the extent that this was known and could be estimated at the time of valuation, is reflected in the valuations. The negatively affected properties were above all those with a large share of income from retail (non-food) or hospitality. The assumption from today’s standpoint is that some types of use (e.g. city hotels) will continue to experience a difficult market environment.

Definition of fair value

The exit price is the sales price stated in the purchase agreement to which the parties have mutually agreed. Transaction costs, usually consisting of brokerage commissions and transaction taxes as well as land register and notary costs, are not taken into account in determining current value. The fair value is therefore not adjusted for the transaction costs incurred by the purchaser at the time of sale (gross fair value). No liabilities on the part of Swiss Prime Site AG regarding potential taxes (with the exception of ordinary property taxes) and financing costs are taken into account either, which corresponds with valuation practice in Switzerland.

The valuation at fair value implies that the hypothetical transaction for the asset subject to valuation would take place on the market with the largest volumes and highest level of business activity (principal market) – as well as the market where transactions are executed with sufficient frequency and volume – so enough price information is available for that relevant market (active market). In the case that such a market cannot be identified, the principal market for the asset is assumed that maximises the sales price for the divestment of the particular asset.

Implementation of fair value

Fair value was determined on the basis of applying the highest-and-best-use standard for a property. Highest-and-best-use is the utilisation of a property that maximises its value. This assumption implies use that is technically/physically feasible, legally permissible and financially realisable. Since the measurement of fair value implies maximised utilisation, the highest and best use can deviate from the actual or planned use of a property. Future capital expenditures that improve or enhance the value of a property are accordingly taken into account in the fair value measurement.

Application of the highest-and-best-use approach is based on the principle of materiality of possible difference in value relative to the value of the particular property and total real estate assets, as well as relative to possible absolute difference in value. A property’s potential added value, which fluctuates within the normal assessment tolerance of an individual valuation, is viewed as insignificant here and consequently disregarded.

Determining the value of Swiss Prime Site AG’s real estate portfolio is carried out with a model-based valuation based on input parameters that are not directly observable on the market, whereby adapted, observable input parameters may be applied here as well

(for example, market rents, operating/maintenance costs, discount/capitalisation rates, proceeds from the sale of owner-occupied residential property). Unobservable input factors are applied only when relevant observable input factors are unavailable.

Valuation techniques are used that are appropriate for the given circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The relevant valuation technique used here is an income-based approach, modelled on the basis of the discounted cash flow valuation method widely applied in Switzerland.

Properties under construction and development sites designed for future use as investment properties are valued at project fair values, taking into account current market conditions, still-outstanding investment costs and a risk premium according to the progress of the project, according to Swiss GAAP FER 18. Any profit is taken into account on a pro rata basis, insofar as its realisation can be determined with sufficient certainty.

Properties under construction that are designated for future divestment (for example condominiums) are recognised in the balance sheet at the lower of cost or investment costs and net realisable value, according to Swiss GAAP FER 17. Consequently, current activities and investment costs are recognised and the subsequent valuation carried out at the lower value.

The valuation guarantees a high degree of transparency, uniformity, relevance and completeness. The relevant legal provisions, as well as the specific national and international standards, are complied with (i.e. regulations for real estate companies listed on SIX, Swiss GAAP FER and others). In order to ensure an independent valuation and thus the highest possible degree of objectivity, the business activity of Wriest Partner AG excludes both trading and related transactions on a commission basis, as well as the management of properties. The valuation principles are always based on the most recent information regarding the properties and the real estate market. The data and documents pertaining to the properties are provided by the owner and are assumed to be accurate. All real estate market data is derived from continuously updated databases held by Wüest Partner AG (Immo-Monitoring 2020).

Valuation method

Investment properties are generally valued by Wüest Partner AG according to the discounted cash flow (DCF) method, which corresponds to national and international standards and is also used in company valuations. The method is recognised – within the scope of general freedom of choice real estate valuations – in the context of best practice. According to the DCF method, the current fair value of a property is determined through deriving the sum of all future estimated net earnings (before interest, taxes, depreciation and amortisation = EBITDA) and discounting to the present, taking into consideration of investments or future repair costs. The net earnings (EBITDA) per property are individually discounted taking into account any relevant opportunities and threats, adjusting for the current market situation and risks. A detailed report for each property discloses all expected cash flows, therefore providing the greatest degree of transparency possible. In the report, attention is drawn to substantial changes compared with the previous valuation.

Trend in the real estate portfolio

In the reporting period from 1 January to 31 December 2020 three properties were acquired and five properties were divested. In addition, two plots of building land were acquired and integrated into an existing property. Furthermore, one property was divided and two properties were combined into one. Swiss Prime Site AG's overall real estate portfolio therefore changed on a net basis by minus two properties and now comprises a total of 185 properties.

Details of the five existing properties sold during the reporting period with values as at 31 December 2019 are as follows: Zurich, Stadelhoferstrasse 22: CHF 38.100 million, Stadel, Buechenstrasse 80 «Zur Heimat»: CHF 14.340 million, Berne, Laupenstrasse 6: CHF 13.170 million, Les Ponts-de-Martel, Rue de la Prairie 17: CHF 12.130 million, St-Imier, Rue de la Clef 36: CHF 8.275 million, Plan les Ouates, Chemin des Aulx/Espace Tourbillon Building A: CHF 3.394 million. The total market value of the five sold properties and the two sold STOWE units as at 31 December 2019 was CHF 89.409 million.

In the reporting period, purchases of the three following existing properties were completed: Zollikofen, Industriestrasse 21: CHF 37.910 million, Uster, Poststrasse 12: CHF 5.900 million, Buchs, Mülibachstrasse 41: CHF 36.400 million. The total market value of the three purchased properties as at 31 December 2020 was CHF 80.210 million.

The total portfolio therefore comprises 166 existing investment properties, nine plots of building land and eleven development sites.

The following ten properties are currently in the construction phase:

- At Hochbergerstrasse 60 F-I «Stücki Park II» in Basel, existing office and laboratory space on the «Stücki Park A-E» property situated there is being expanded by roughly 27 000 square metres in two phases from 2018 to 2023.
- Construction of a commercial building is planned at «Alto Pont-Rouge», Esplanade de Pont-Rouge 5, 7, 9 in Lancy for 2023, as part of a development project with four construction sites.
- A residential and care centre is planned at Rue de Venise 5-7/Avenue de la Plantaud 4 «Venise» in Monthey, which is to be operated by Tertianum AG as the general tenant. The building is intended to house 50 geriatric care beds and 30 to 35 apartments for seniors. Construction is expected to be completed in 2021.
- At the Riva Paradiso 3, 20 «Du Lac» property, a new replacement building is envisaged on the lakefront in Paradiso; the start of construction has been further delayed. This care home is expected to be completed in 2025.
- The Chemin des Aulx «Espace Tourbillon» development project in Plan-les-Ouates involves five buildings with office, commercial and retail space, two of which have already been divested. Construction of the property should be carried out in several phases by 2021.
- A project involving residences suitable for seniors (geriatric care centre and apartments for seniors), and possibly condominium units in the existing buildings, is planned for the two properties at Gartenstrasse 7/17 and 15 as part of the «Etzelblick» project in Richterswil. Construction is expected to be completed by spring 2022.
- The «JED» property at Zürcherstrasse 39 in Schlieren is the former home of the NZZ printing facility with a reserve of building land. It is to be converted, with the work expected to be completed by the beginning of 2021 (JED conversion). Meanwhile, a new office building without conventional heating, cooling or ventilation technology will be constructed on the building land from the beginning of 2021 (JED new build 2226).
- The «West-Log» building under construction at Juchstrasse 3 in Zurich is envisaged as a logistics and office building, with Elektro-Material AG leasing most of the space. Completion is planned for the beginning of 2021.

The former development property at Spitalweidstrasse 1 in Oftringen was completed by the end of 2020 and is now classified as an existing property.

Valuation results as at 31 December 2020

As at 31 December 2020, the fair value of Swiss Prime Site AG’s total real estate portfolio (total 185 properties) amounted to CHF 12 322.62 million. The fair value of the portfolio therefore increased by CHF 557.19 million or 4.736% compared with the value at 31 December 2019. Details regarding the trend in value are depicted in the following table.

Changes in the real estate portfolio

in CHF m	
Fair value as at 31.12.2019	11 765.43
+ changes in value of existing properties	306.92
+ changes in value of initial valuation after completion	15.27
+ acquisitions of existing properties	80.21
+ partial acquisitions of building land	3.83
– divestments of existing properties	–86.02
– partial divestments of projects	–3.40
+ changes in value of building land	0.83
+ changes in value of projects	239.55
Fair value as at 31.12.2020	12 322.62

The change in value of the 161 existing properties compared to 1 January 2020 was +2.80% (excluding acquisitions of existing properties (3), plots of building land (8), partial purchase of plots of building land (1), co-ownership of property (1), split stock (2), initial valuation after completion (1) and properties under planning or construction (10) – total 24 properties), with 98 properties having a higher value, no property having the same value and 63 properties having a lower value than as at 1 January 2020.

The growth in the value of the Swiss Prime Site portfolio is due to the existing properties, acquisitions and the properties in planning or under construction. Only the sales resulted in a drop in value. In general, the prolonged period of very low interest rates and investors' subsequent expectations of low returns continued to impact revaluation. Furthermore, completed investments and the generally high quality of the properties situated in prime locations contributed to the increase in value. Value losses can be attributed primarily to changed rental potential, a temporary and structural rise in vacancies, lower levels of newly concluded contracts, adjusted revenue forecasts and higher cost estimates for future repair work.

Economic outlook

The coronavirus pandemic is severely testing the Swiss economy. The overall economic picture was slightly brighter in the months after the first lockdown, but this recovery was not spread equally across all sectors. While the strong pharmaceutical industry and many financial and insurance service providers published positive figures, the current situation continues to be an existential threat for other businesses. In hospitality, the entertainment industry, transport and the export-focused manufacturing industry, the fall in demand has not yet been offset, causing significant issues for many organisations.

The KOF Economic Barometer, based partly on the results of surveys conducted in Swiss companies, recently rose back above the long-term average. In November, however, the barometer fell for the second time in succession and currently stands at 103.5 points, 2.8 points lower than in October (as at November 2020). In light of the current pandemic situation, therefore, the outlook for the Swiss economy remains cautious.

Consumer sentiment, measured by the State Secretariat for Economic Affairs (SECO), has remained generally stagnant since the summer. In October, the index stood at –13 points, almost at the same level as in July (–12 points), and significantly below the long-term average of –5 points. The sentiment therefore remains subdued. Expectations regarding general economic development have made little improvement compared to July, with the situation on the job market viewed as very unfavourable. Respondents to the survey tended to make more negative statements about their own budget situation than in the summer, with the likelihood of making major purchases remaining below average.

There is still much uncertainty about how the Swiss economy will fare. Coronavirus case numbers have risen sharply and remain high at the end of the year, with the government's aid programme making a significant contribution to the economy's rapid recovery. Further rises in unemployment are expected, which may put domestic consumption under pressure.

The government's Expert Group is predicting a 3.3% fall in GDP adjusted for sporting events (as at December 2020), which would be the steepest drop since 1975. For 2021, the Expert Group is expecting GDP to rise by 3.0%. This forecast is based on the expectation that the epidemiological situation will gradually stabilise from spring 2021, if the coronavirus vaccine programme is widely rolled out.

According to surveys carried out by the State Secretariat for Economic Affairs (SECO), the unemployment rate in October 2020 was 3.3%. In their forecast dated 12 October 2020, the government's Expert Group estimates an average unemployment rate for 2020 of 3.2%. The situation on the job market is only expected to improve slowly in the coming year; according to forecasts, unemployment in 2021 will rise to an average over the year of 3.4%, reflecting only a slight rise in employment.

The uncertain outlook for the job market has resulted in a fall in immigration this year, with the temporary border closure also impacting the population growth caused by immigration. On the other hand, fewer Swiss nationals and foreigners left Switzerland, resulting in net migration between January and July that was 10% higher than the same period last year. Wüest Partner estimates that the permanent resident population will rise by 0.7%, corresponding to around 60 000 people.

The Swiss Consumer Price Index declined by 0.2% in November 2020 compared with the previous month, and by 0.7% compared to November 2019. The fall is due to a number of factors, including lower prices for package holidays and hotel accommodation. Rent prices and some others, however, rose.

Interest rates are expected to remain low in many countries in the short and medium term. This can be concluded from the low inflation figures and the measures and announcements of several central banks. As a consequence, the yields on government bonds in Germany and the United States, for example, declined in 2020 by more than their Swiss counterparts. Yields for German 10-year government bonds are currently even below the yield level for Swiss 10-year government bonds, making the Swiss option a more attractive purchase and thereby strengthening the Swiss franc. The current situation limits the options of the Swiss National Bank (SNB) for stopping the current extremely expansive monetary policy. If the bank introduced a more restrictive policy, the Swiss franc would appreciate, creating a significant competitive disadvantage for the local economy.

Construction market

Even before the coronavirus pandemic arrived, the steady growth in construction investments that began in 2007 was coming to an end; investments in the construction market are likely to have peaked, even if the total volume ends up being considerable. The total investment volume relating to building permits during the last four quarters fell and was 4.2% below the previous year's figure in the middle of 2020, with no recovery expected next year. In addition, growing uncertainty and restrictions affecting construction work due to the coronavirus pandemic have put a halt to some areas of construction. For 2020, Wüest Partner therefore predicts a fall in overall construction investment of 1.1% (new builds: -1.8%; modifications of buildings: +0.5%), with a further fall in spending on new builds likely in 2021.

Due to continuing investment pressure, large sums continue to be invested in the construction of apartment blocks, although this shifted down a gear recently. This was reflected in the number of building permits issued within the year for new rental and owner-occupied apartments: in the third quarter of 2020, there were 41 700 permits – 13% fewer than two years ago. The number of new planning applications within the year also fell. In the third quarter of 2020, they were 14% below the average of the previous three years. In addition, the coronavirus resulted in less construction work being done on the many large projects already under way than in normal circumstances, leading to a predicted 2.5% drop in investments in new apartment blocks. Wüest Partner is predicting a further fall of 1.5% in 2021.

In the commercial properties market, new build investments for the whole of 2020 are expected to decrease by 4.5% (2021: +0.5%). Over the past few months, the volume of building permits for office, retail and restaurant space has risen slightly and, in the third quarter of 2020, was 13% above the average of the last five years, highlighting that there is a considerable investment volume in the development pipeline in this segment. Due to the current economic slowdown, however, fewer companies are prepared to tackle an approved new build and when it comes to medium-term new build projects, there is a noticeable reticence among investors, as demonstrated by the volume of planning applications submitted. Their annual total fell steadily over the last few months and in August 2020 was already more than 22% below the level of previous years.

Office property market

The Swiss office space market is fundamentally in a stable condition. Despite the extremely brisk rate of new build construction in many places over the last few years, the number of offices fell further. On the one hand, demand over the past decade was primarily driven by a rise in employment – in the third sector, this increased by an average of 1.6% per year – with many new jobs created by service providers with office space. On the other hand, major centres have recently seen more office space being created through replacement building projects, making net additions lower than the new build figures suggest. As the office floor space market is also considered to be extremely sluggish – partly caused by the frequency of multi-year rental contracts – it has not been visibly impacted by the coronavirus pandemic. Rents in the third quarter of 2020 therefore rose very slightly again, up 1.4% across Switzerland for advertised spaces compared to the third quarter of 2019.

In future, working from home is likely to be more important than it was before the coronavirus pandemic, with around 44% of companies in traditional office-based industries expecting their employees to work more from home. Specifically, over the next two years employers are estimating that home-working for office jobs will rise from 8–12% of working hours before COVID-19 to 25–30%. This data was gathered from an «Office space barometer», a survey of around 500 companies across Switzerland conducted by Wüest Partner in June 2020. On average, employees stated a desire to work from home for between 30 and 35% of their hours, so slightly above employers' expectations. An increase in working from home could lead to a fall in the amount of office space needed, although space requirements elsewhere should offset this. On the other hand, the companies surveyed anticipate a growing need for spaces for meeting rooms and customer areas and break-out spaces for employees.

Despite the overall stability, the outlook for landlords is more challenging than ever, with demand for spaces expected to fall further. Information and technology companies and consulting firms may expand further over the coming months, but this growth might only partially offset the falls in other office industries. The amount of available space, however, recently increased slightly: in the third quarter of 2020, 4.08 million square metres of space were advertised, 13% more than in the previous quarter. This resulted in an availability rate of 7.1%, slightly above the ten-year average of 6.7%. In addition, any slowdown in new build production will not yet be noticeable. Despite the reduction in new build activity, however, a substantial number of new spaces are still being produced for which there will only be a few customers. A 1.5% decline in advertised rents is therefore predicted for 2021.

Retail property market

Since shops and restaurants were fully re-opened on 11 May 2020, the Swiss retail trade has recovered extremely well, contributing significantly to the recovery of overall Swiss economic development. Measured by the volume of cash, debit and credit card payments, the Swiss population has spent an average of 7% per week more since then than in the first eleven weeks of this year. Even taking into account the seasonality of consumer spending – from January to the middle of March, cash and debit card payments are almost 6% less than the annual average – this results in a rise of over 2%. Specific classes of goods benefited in particular from this year's

extraordinary situation, with retailers who offer IT and communication equipment seeing sales rise by 12.4%. Sales of household equipment, textiles, DIY items and furnishings also rose by 10%. Losses, however, were recorded by clothing, jewellery and watch stores (-8.8%) and publications, sports equipment and toys (-3.3%).

Bricks-and-mortar retail has so far come through the coronavirus pandemic without any severe losses, primarily because private consumption has mostly taken place this side of national borders. Fewer goods were ordered from foreign online retailers, with spending via that channel 29% less than before the crisis. In addition, less was purchased from foreign bricks-and-mortar retailers, as shopping tourism was sometimes not possible and the Swiss took fewer holidays abroad this year.

Despite the growth in bricks-and-mortar business, the retail trade is experiencing a structural change and the coronavirus crisis may well have accelerated the shift to online business; the market volume of online trade will have increased even more as a result of the pandemic. In addition, people who only started shopping online in the last few months will continue to do so more regularly, thereby driving additional growth in online business. Challenges around extending rental contracts and marketing retail floor space that is ready for occupation will remain significant. From a national perspective, rental prices were already under pressure even before the coronavirus and this is not going to change for the time being. Wüest Partner predicts a further fall in asking rents of 3.1% in 2021.

Market for senior housing

The two main characteristics of the market for senior housing are firstly, that the market can be considered as an extremely promising market of the future given anticipated growth due to demographic trends. The Swiss resident population is still undergoing demographic change: currently, the number of people aged 80 and over is around 454 000 (in 2019), 2.3% higher than the previous year. Secondly, operating senior housing facilities requires significant numbers of personnel.

The FSO's employment statistics show that the range of services on offer has expanded in recent years. In the third quarter of 2020, 204 000 people were employed in healthcare homes (employees, seasonally adjusted). This corresponds to an increase of 2.9% on the same quarter of the previous year and an increase of 28.3% compared with the first quarter of 2010. The residential and care services on offer for the elderly currently include some 1 553 care and nursing homes across Switzerland (in 2018). Of those facilities, 503 are privately operated and 394 are public, while the remainder are primarily owned by foundations and associations. These homes provided around 95 900 beds for long-term residency and generated income estimated at CHF 10.2 billion in 2018. These figures are based on the statistics published by social-medical institutes and the Swiss Federal Office of Public Health.

Hotel industry

The hotel industry in Switzerland is one of the industries most heavily affected by the coronavirus pandemic. Between the fourth quarter of 2019 and the third quarter of 2020, the seasonally adjusted number of employees in hospitality and catering businesses fell by around 29 700 (-11.1%).

Between January and October of this year, the Swiss hotel industry recorded around 21 185 000 overnight stays, 38.8% less than in the same period last year. Foreign guests in particular stayed away: in this period from January to October 2020, the number of overnight stays by foreign guests was only a third of the previous year's figure. This trend is expected to continue or even intensify over the winter months, especially as Switzerland is on most European countries' quarantine lists due to the high level of infections in the second coronavirus wave, making a holiday to Switzerland an unattractive prospect.

There are, however, regional differences: while many Alpine tourism destinations (Valais, Ticino and Graubünden) have benefited from domestic tourism, with many Swiss people spending their holidays in their own country, overnight stays in the cities fell significantly. This is partly due to the reduction in business trips and conferences and partly to the cross-border tourism that has temporarily come to a standstill. In some segments – such as conference tourism, which was responsible for around a third of overnight stays in cities – the medium-term outlook is still subdued.

Summary – Investor market for commercial properties

Low interest rates continue to stimulate investors' and project developers' interest in real estate investments. As a result, transaction prices for apartment blocks have risen again: from the middle of 2019 to the middle of 2020, quality-adjusted transaction prices for residential properties increased by 4.1%, with a significant rise in the second quarter of 2020 in particular. In view of the continuing strong demand for investment properties it is not surprising that initial yields are falling further. In the second quarter of 2020, prime yields (residential properties, net) were 1.4% in Zurich and 1.9% in Geneva. This was linked to a fall of 20 and 30 basis points respectively. By contrast, between the middle of 2019 and the middle of 2020, transaction prices for commercial properties fell by 0.8%, with the drop occurring exclusively in the second quarter of 2020. In the second quarter of 2020, prime yields (office properties, net) were 1.8% in Zurich and 2.2% in Geneva, representing a fall of 20 and 10 basis points respectively.

Further falls were recorded in the spreads of Swiss gross initial yields after the outbreak of the coronavirus pandemic (reference date: declaration on 16 March 2020 of the extraordinary situation). Averaged over all monitored transactions of investment properties, they are currently around 3.3%. In addition to the tightened low interest rate policy, this fall is also due to the fact that more «high value» properties were transacted over the last few months than in the previous year. Properties with stable cash flows are the focus of much interest, particularly in uncertain times, so there has been a corresponding rise recently in the willingness to pay for these properties. As the demand for investment properties is expected to remain high, so too are transaction prices in the foreseeable future, with the result that initial yields will remain low. There are currently relatively few transactions for investment properties with spaces whose operators are battling falls in revenue due to the pandemic and whose future is uncertain.

The performance of indirect investment properties can be used to gauge the development of investor interest in real estate investments. In listed real estate investments, Swiss real estate funds in particular have recently recovered better from the upheaval on the financial markets, only recording a fall of 2.2% over the course of the year.

Listed real estate stock corporations have so far recovered less well. As at the end of August, the WUPIX-A (index for Swiss real estate stock corporations) was still recording a fall of 12.5% since the beginning of the year. For comparison, traditional shares, measured against the Swiss Performance Index, have only fallen by 2.2%. Here, however, it is important to note that 2019 was a particularly successful year for co-owners of listed real estate instruments. The WUPIX-A rose by 36.1% in 2019, which puts this year’s fall in prices in perspective. In addition, there was considerable uncertainty due to potential losses of rent caused by companies whose activity was restricted. Real estate stock corporations are particularly exposed to this risk because they mostly invest in commercial properties (office, retail, hotel and catering spaces etc.). Some investors also fear that the demand for office space will fall due to the increase in home working.

Wüest Partner AG
Zurich, 29 December 2020

Andreas Ammann
Partner

Gino Fiorentin
Partner

Further real estate information is available in note 14 (page 36) and in the property details (page 79).

Annex:

Valuation assumptions

Valuation assumptions as at 31 December 2020

In addition to the previous comments on the valuation standards and methods, the most significant general valuation assumptions for the present valuations are presented in the following section.

Investment properties including building land

Property valuations are fundamentally determined on a going-concern basis applying the «highest and best use» standards. At the same time, the valuation is based on the current rental situation and present condition of the property. Beyond the expiry of the existing rental agreements, earnings forecasts are based on the current market level.

On the cost side, repair and maintenance costs as well as recurring property management costs are taken into account that are required to ensure realisation of sustainable income.

The valuation assumption is based on an average and expedient property management strategy. The specific scenarios of the owner are disregarded, or taken into account only to the extent that specific rental agreements had been made, or as far as they also seem plausible and practical to a third party. Possible optimisation measures consistent with the market – such as an improved rental situation in the future – are taken into account.

In the valuation period or period under review (DCF method), a more detailed cash flow forecast is prepared for the first ten years, while approximate annualised assumptions are made for the remainder of the term.

The valuation implicitly assumes an annual inflation rate of 0.5%. However, cash flows and discount rates are generally reported on a real basis in the valuation reports.

The specific indexing of the existing rental agreements is taken into account. Following expiry of the agreements, an average indexing rate of 80% is used for the calculation, and rents are adjusted to the market level once every five years. Payments are generally assumed to be made monthly in advance after expiry of the rental agreements.

At the operating cost (owner's cost) level, it is generally assumed that completely separate ancillary cost accounts are maintained, and that ancillary and operating costs are outsourced, insofar as this is permitted by law. Maintenance costs (repair and maintenance costs) are determined on the basis of benchmarks and model calculations. The residual lifetime of the individual parts of the buildings is determined on the basis of a rough estimate of their condition, the regular renewal is modelled and the resulting annuities are calculated. The calculated values are subjected to a plausibility check based on benchmarks set by Wüest Partner AG and figures for comparable properties. Repair costs are included in the calculation at 100% for the first ten years, while the earnings forecast takes into account, where appropriate, possible increases in rent. From the 11th year, repair costs of up to 50% to 70% are allowed (value-preserving components only) without including possible rent increases. Costs for cleaning up contaminated sites are not quantified in the individual valuations and are to be considered separately by the Company.

The applied discounting method is based on ongoing monitoring of the real estate market and is derived from models with plausibility checks on the basis of a real interest rate that consists of the risk-free interest rate (long-term government bonds) plus general real estate-related risks in addition to property-specific premiums and is determined on a risk-adjusted basis per property. The average real discount rate, weighted by fair value, applied to investment properties (161 existing properties) amounts to 2.91% in the current valuation. Assuming an inflation rate of 0.5%, this rate corresponds to a nominal discount rate of 3.42%. The new lowest real discount rate selected for an individual property is 1.95%, while the highest is 4.90%.

The valuations are based on the rental tables of the property managers as at 1 January 2021. The valuations are based on the floor space details provided by the Company/property managers.

Risks relating to credit ratings of individual tenants are not explicitly taken into account in the valuation since it is assumed that appropriate contractual safeguards were concluded.

Properties under construction and development sites

Properties under construction and development sites with future utilisation as investment properties are recognised at project fair value according to Swiss GAAP FER 18. In this context, planned or possible construction development as at the balance sheet date is therefore valued on the basis of the same assumptions and methods used for investment properties. To determine the current fair value as at the balance sheet date, the still-outstanding investment costs are taken into account in the cash flows, and the additional risks are reported as a return premium on the discount rate or as development risk. Information regarding projected construction work, schedules, building costs and future rentals is obtained from Swiss Prime Site AG insofar as it is specifically available (building permits, plans, cost calculations/investment applications, etc.) or appears to be plausible. Any profit is taken into account on a pro rata basis, insofar as its realisation can be determined with sufficient certainty.

Properties under construction that are designated for future divestment (e.g. condominiums) are recognised in the balance sheet at the lower of cost or investment costs and net realisable value according to Swiss GAAP FER 17, i.e. current activities and investment costs are recognised and the subsequent valuation carried out at the lower value.

Disclaimer

The valuations carried out by Wriest Partner AG represent an economic assessment based on available information, most of which was provided by Swiss Prime Site AG. Wriest Partner AG did not conduct or commission any legal, structural engineering or other specific clarifications. Wriest Partner AG assumes that the information and documents received are accurate. However, no guarantee can be provided in this respect. Value and price may deviate from each other. Specific circumstances that influence the price cannot be taken into account when making a valuation. The valuation performed as at the reporting date is only valid at that specific point in time and may be affected by subsequent or yet unknown events, in which case a revaluation would be necessary.

Since the accuracy of valuation results cannot be guaranteed objectively, no liability can be derived from it for Wüest Partner AG and/or the author.

Zurich, 29 December 2020

Consolidated financial statements

Consolidated income statement

in CHF 1 000	Notes	01.01.– 31.12.2019	01.01.– 31.12.2020
Rental income from properties	5	486 912	424 723
Income from real estate developments	5	79 789	50 099
Income from real estate services	5	117 523	115 164
Income from retail	5	127 811	110 606
Income from assisted living	5	423 863	72 420
Income from asset management	5	13 542	13 126
Other operating income	5	9 407	6 778
Operating income		1 258 847	792 916
Revaluation of investment properties, net	14	203 412	203 406
Result from investments in associates		1 000	1 000
Result from investment property sales, net	6	20 777	22 243
Result from sale of participations, net	3	–	204 181
Real estate costs	7	–139 012	–71 739
Cost of real estate developments		–62 927	–36 268
Cost of goods sold		–106 631	–65 567
Personnel costs	8	–457 264	–222 777
Depreciation on tangible assets	15	–16 120	–8 446
Amortisation on intangible assets	15	–8 882	–9 138
Other operating expenses	9	–64 852	–47 520
Operating expenses		–855 688	–461 455
Operating result (EBIT)		628 348	762 291
Financial expenses		–70 681	–60 511
Financial income		1 878	1 679
Profit before income taxes		559 545	703 459
Income taxes	10	48 972	–93 052
Profit		608 517	610 407
Attributable to shareholders of Swiss Prime Site AG		607 586	610 510
Attributable to non-controlling interests		931	–103
Earnings per share (EPS), in CHF	21	8.00	8.04
Diluted earnings per share, in CHF	21	7.51	7.55

The notes form an integral part of the consolidated financial statements.

Consolidated balance sheet

in CHF 1 000	Notes	31.12.2019	31.12.2020
Assets			
Cash		173 065	142 750
Securities		557	602
Accounts receivable	11	95 447	56 729
Other current receivables		14 784	5 005
Inventories	12	34 789	30 786
Real estate developments	13	19 650	27 628
Accrued income and prepaid expenses		37 819	33 109
Assets held for sale	14	94 136	216 401
Total current assets		470 247	513 010
Investment properties	14	11 671 294	12 106 219
Tangible assets	15	71 083	25 956
Investments in associates		52 231	51 487
Deferred income tax assets	10	1 634	60
Other financial investments		6 535	4 060
Intangible assets	15	27 880	25 450
Total non-current assets		11 830 657	12 213 232
Total assets		12 300 904	12 726 242
Liabilities and shareholders' equity			
Current financial liabilities			
Accounts payable		32 623	8 341
Other current liabilities		149 919	144 315
Real estate developments	13	–	4 742
Accrued expenses and deferred income	17	179 058	156 051
Total current liabilities		1 621 477	1 647 225
Non-current financial liabilities			
Deferred tax liabilities	10	1 099 397	1 162 863
Total non-current liabilities		5 220 240	4 993 388
Total liabilities		6 841 717	6 640 613
Shareholders' equity			
Share capital	20	1 161 979	1 162 347
Capital reserves	20	320 629	177 198
Treasury shares	20	–106	–161
Retained earnings	20	3 975 536	4 746 245
Shareholders' equity attributable to shareholders of Swiss Prime Site AG		5 458 038	6 085 629
Non-controlling interests	20	1 149	–
Total shareholders' equity		5 459 187	6 085 629
Total liabilities and shareholders' equity		12 300 904	12 726 242

The notes form an integral part of the consolidated financial statements.

Consolidated cash flow statement

in CHF 1 000	Notes	01.01.– 31.12.2019	01.01.– 31.12.2020
Profit		608 517	610 407
Depreciation and amortisation	15	25 002	17 584
Revaluation of investment properties, net	14	–203 412	–203 406
Result from investment property sales, net	6	–20 777	–22 243
Result from sales of participations, net	3	–	–204 181
Result from investments in associates		–1 000	–1 000
Other non-cash items affecting net income		3 446	3 783
Financial expenses		70 681	60 511
Financial income		–1 878	–1 679
Income tax expenses / income	10	–48 972	93 052
Change in accounts receivable		–11 547	–12 275
Change in inventories and real estate developments		–13 515	–1 710
Change in other receivables and accrued income and prepaid expenses		–7 930	–2 460
Change in accounts payable		19 525	–12 994
Change in other current liabilities and accrued expenses and deferred income		16 329	29 603
Income tax payments		–27 849	–54 500
Cash flow from operating activities		406 620	298 492
Investments in investment properties	14	–413 204	–409 974
Divestments of investment properties	14	145 954	76 907
Investments in tangible assets	15	–17 605	–6 813
Acquisitions of group companies, less acquired cash	3	–36 738	–
Divestments of group companies, less disposed cash	3	–	571 394
Investments in financial investments		–410	–7 601
Divestments of financial investments		1 881	24 690
Investments in intangible assets	15	–20 918	–14 787
Interest payments received		244	288
Dividends received		2 201	1 923
Cash flow from investing activities		–338 595	236 027
Distribution to shareholders	20	–288 591	–288 678
Purchase of treasury shares	20	–2 503	–4 976
Issue of bonds	18	521 727	299 272
Redemption of bond	18	–200 000	–230 000
Redemption of convertible bond	18	–	–3 277
Issuance/repayment of current financial liabilities		–37 370	–538 772
Issuance/repayment of non-current financial liabilities		–1 811	267 579
Interest paid		–70 946	–65 982
Cash flow from financing activities		–79 494	–564 834
Change in cash		–11 469	–30 315
Cash at beginning of period		184 534	173 065
Cash at end of period		173 065	142 750

The notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders' equity

in CHF 1 000	Notes	Share capital	Capital reserves	Treasury shares	Retained earnings	Shareholders' equity attributable to shareholders of Swiss Prime Site AG	Non-controlling interests	Total shareholders' equity
Total as at 01.01.2019		1 161 979	608 218	-47	3 374 742	5 144 892	218	5 145 110
Profit		-	-	-	607 586	607 586	931	608 517
Goodwill		-	-	-	-6 792	-6 792	-	-6 792
Distribution to shareholders	20	-	-288 591	-	-	-288 591	-	-288 591
Share-based compensation	20	-	1 002	2 444	-	3 446	-	3 446
Purchase of treasury shares	20	-	-	-2 503	-	-2 503	-	-2 503
Total as at 31.12.2019		1 161 979	320 629	-106	3 975 536	5 458 038	1 149	5 459 187
Profit		-	-	-	610 510	610 510	-103	610 407
Sale of a majority shareholding with non-controlling interests	3	-	-	-	-	-	-1 046	-1 046
Goodwill	3/16	-	-	-	304 538	304 538	-	304 538
Distribution to shareholders	20	-	-144 339	-	-144 339	-288 678	-	-288 678
Conversion of convertible bonds into registered shares	18	368	2 046	-	-	2 414	-	2 414
Share-based compensation	20	-	-1 138	4 921	-	3 783	-	3 783
Purchase of treasury shares	20	-	-	-4 976	-	-4 976	-	-4 976
Total as at 31.12.2020		1 162 347	177 198	-161	4 746 245	6 085 629	-	6 085 629

The notes form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1 Business activities

Swiss Prime Site's strategy is based on investments in high-quality properties situated in prime locations, primarily with commercially utilised floor space, as well as in development projects. The focus of investment is properties and projects with sustainable, attractive returns and long-term value-boosting potential. The real estate portfolio is actively managed. Swiss Prime Site also operates in real estate-related business fields with the aim of strengthening and broadening the earnings base, in addition to diversifying risks and exploiting synergies.

Further information regarding the individual business fields can be found in note 5 «Segment reporting».

2 Summary of significant accounting principles

2.1 Principles of consolidated reporting

The consolidated financial statements of Swiss Prime Site AG were prepared in accordance with Swiss GAAP FER (Generally Accepted Accounting Principles FER) and correspond to article 17 of the Directive on Financial Reporting of the Swiss stock exchange (SIX Swiss Exchange). The consolidated financial statements comprise the holding company as well as its subsidiaries (hereinafter jointly referred to as «group companies»).

The consolidated financial statements are generally based on the historical cost principle. Deviations from this principle are set out in notes 2.6 to 2.35. These apply to investment properties (undeveloped properties, existing properties, properties under construction and development sites (except those designated for sale), which are assessed at fair value. In addition, securities and derivatives are recognised at stock-exchange prices or at fair values as at the balance sheet date. The significant accounting principles are explained in the following section.

The consolidated financial statements were prepared in Swiss francs (CHF). All amounts, except for the figures per share, have been rounded to CHF 1 000. All group companies maintain their accounts in Swiss francs as well. Transactions denominated in foreign currencies are immaterial.

2.2 Comparative figures of the previous period

The presentation of the comparative periods and figures is carried out in accordance with the Swiss GAAP FER framework. The figures for the comparative period are shown in the text in brackets [].

2.3 Scope of consolidation and consolidation methods

The consolidated financial statements of Swiss Prime Site comprise Swiss Prime Site AG and all its group companies, controlled directly or indirectly or under a single management. These group companies are included in the financial statements within the scope of full consolidation.

The scope of consolidation comprises 11 [33] companies (including the Holding Company). An overview of the group companies is provided in note 24 «Group companies and associates».

The consolidation is based on the audited annual financial statements of the group companies as at 31 December 2020, which were prepared applying uniform accounting principles. All significant transactions and balances between the individual group companies as well as intercompany profits have been eliminated.

Investments in associates in which Swiss Prime Site exercises a decisive influence, but which it does not control, are valued according to the equity method. Recognition in the balance sheet is carried out at cost at the time of acquisition. In subsequent reporting periods after the acquisition, this value is adjusted to reflect Swiss Prime Site's share in the additional equity generated or net income earned. All balances/transactions with investments valued according to the equity method are reported separately as items with associates.

Companies in which Swiss Prime Site holds an investment of less than 20% are recognised at fair value (provided that this value can be reliably determined), either as securities or as non-current financial investments.

Investments in group companies and associates are included in the consolidated financial statements from the time when control is assumed – or when significant influence is gained – and excluded from the time when control is relinquished or significant influence is lost. These two dates are not necessarily identical to the date of acquisition or sale.

2.4 Capital consolidation

Capital consolidation is carried out using the purchase method. The difference between the purchase price of an acquired company and the fair value of the resulting net assets acquired is set off against shareholders' equity (retained earnings) as goodwill from acquisitions. Any negative goodwill is offset against shareholders' equity (retained earnings). Acquisition costs are recognised in the income statement. The effects of theoretical recognition and amortisation of goodwill are disclosed in the notes to the consolidated financial statements. Given divestment of investments in group companies, the difference between the sales proceeds and pro rata book value including historical goodwill is reported as profit or loss in the income statement.

2.5 Segment reporting

Segment reporting is carried out according to Swiss GAAP FER 31 sec. 8 «Segment reporting» in conjunction with the Company's internal financial reporting to the Executive Board and Board of Directors (i.e. management approach). The group's business activities are divided into two segments that are subject to reporting requirements: the Real Estate segment comprises the core real estate business (purchase, sale, lease and development of properties) as well as central group functions. Real estate-related services – i.e. the real estate services, retail and asset management businesses – are incorporated into the Services segment.

2.6 Cash

Cash comprises cash in hand and sight deposits held at financial institutions. Cash also consists of time deposits held at financial institutions as well as short-term money market investments with a residual term to maturity of maximum three months. They are recognised at nominal value.

2.7 Securities

Securities include tradable equities held on a short-term basis that are valued at fair value, as well as term deposits with a residual term to maturity of more than three months that are recognised at nominal value. Unrealised and realised gains as well as income from securities are recognised as financial result in the income statement.

2.8 Accounts receivable

Accounts receivable and other receivables are valued at amortised cost, which generally corresponds to the nominal value, less any requisite impairments for non-collectable receivables. Receivables can be short term (as a rule) or long term. The receivables in the Real Estate segment as well as in the real estate services and asset management business fields are subject to individual valuation with strict credit-rating guidelines.

2.9 Impairments on receivables

To cover debtor risk, outstanding receivables are evaluated at the end of the reporting period by means of maturity lists and legal case reporting with respect to collectability. The necessary impairments are formed, and impairments that are no longer necessary are released. Forming/releasing these impairments is recognised in other operating expenses.

2.10 Inventories

Inventories are valued at average cost price, but not exceeding the net realisable value. Discounts are treated as reductions in acquisition price. The value of inventories with long storage periods and goods that are hard to sell is impaired.

2.11 Trading properties

Properties under construction that are intended for future sale (for example condominiums) are recognised in the balance sheet at the lower of investment cost or net realisable value, according to Swiss GAAP FER 17 «Inventories». The realisation of sales is recorded in operating income as «Income from sale of trading properties» at the time of transfer to ownership (transfer of benefits and risks). The recognised costs are reported as expense from the sale of trading properties in operating expenses upon realisation of sales.

2.12 Real estate developments

Real estate developments (long-term contracts) comprise construction projects that are sold to third parties either prior to or during the construction phase, which are developed or completed on behalf of the buyer. Notarisation of the purchase agreement is carried out following the conclusion of the contract. Transfer of ownership for the respective property generally takes place after construction is completed. Recognition in the balance sheet of real estate developments is carried out according to the percentage-of-completion method (POCM) in accordance with Swiss GAAP FER 22 «Long-term contracts». Depending on how the project is structured, the percentage of completion is determined based on the cost-to-cost method or based on building assessments and project planning (milestone approach). The method applied in each case is the method by which the percentage of completion can be determined most reliably. The cumulative costs and realised sales proceeds according to the percentage-of-completion method are reported in the income statement on an ongoing basis.

Advance payments received are recognised in the balance sheet without affecting income. They are offset against the relevant long-term contracts for which the advance payment was made. Reporting in the balance sheet is carried out on a net basis as «real estate developments» on the assets or liabilities side. Insofar as the result of a long-term contract cannot be reliably estimated, only the amount of income equal to the amount of incurred contract costs is recognised that would probably be realisable, with concurrent reporting of the contract costs incurred as expense in the corresponding period. This corresponds to a valuation at actual costs. If there is a probability that total contract costs could exceed total contract income, the expected losses are immediately recorded as expense and provision, respectively.

2.13 Assets held for sale

These are assets or groups of assets held for sale that have not yet been sold, but the sale of which is highly probable. Classifying such a divestment as highly probable necessitates the fulfilment of various criteria, including that the competent management level has determined a plan for divesting the asset (or group of assets) and actively commenced the process of searching for a buyer and executing the plan. Furthermore, the asset (or group of assets) must be actively offered for acquisition at a price that is appropriately relative to the current fair value. The divestment should also take place within a one-year period as expected. These assets are valued at the lower of book value or fair value less sales costs. Investment properties held for sale fall in this category only with respect to classification, but not for valuation purposes and are therefore recognised at fair value according to Swiss GAAP FER 18 «Tangible fixed assets».

2.14 Non-current financial investments

Non-current financial investments comprise loans with a residual term to maturity of more than one year and are valued at amortised cost less any requisite impairments. Impairments are recognised in the income statement. Under financial investments, free capital can be invested in Swiss francs and euros. Investments in first-class, stock exchange-listed shares, in bonds with a minimum rating by a leading rating agency of «A» and money market paper are permitted. These financial investments are valued similar to securities (see note 2.7 «Securities»).

2.15 Existing properties and undeveloped properties (investment properties)

The valuation at the time of initial classification is carried out at cost, taking into account directly accountable transaction costs. Thereafter, the valuation is carried out at fair value in accordance with Swiss GAAP FER 18 sec. 14. Replacement and expansion investments are recognised at the book value of the properties when it is probable that Swiss Prime Site will obtain a resulting future economic benefit. Swiss Prime Site's real estate portfolio comprises exclusively properties that are held for investment purposes in accordance with the core business.

The change in fair value is recognised in the income statement. Related deferred tax liabilities or assets on such sums are debited, or credited, to the consolidated income statement as deferred tax expense or deferred tax income, respectively. For further information regarding the calculation of the fair value, see note 14 «Investment properties».

2.16 Properties under construction and development sites (investment properties)

Properties under construction and development sites with future utilisation as existing properties are recognised at fair value already during construction – the same as other existing properties – provided that the fair value can be reliably determined. The existence of a legally valid building permit is therefore an important indicator for Swiss Prime Site to reliably determine the fair value of a property under construction or a development site. The change in fair value is recognised in the income statement.

If a reliable valuation of the fair value of properties under construction and development sites is not possible, they are recognised at cost less any required impairments.

Directly attributable borrowing costs for properties under construction are recognised as capitalised interest expenses. The relevant calculation is carried out based on actual costs starting from construction start-up date until initial operation at the average interest rate of all interest-bearing financial liabilities.

If all of the following criteria are fulfilled on a cumulative basis, existing properties are reclassified as properties under construction and development sites at the time of construction:

- Total depletion of the property (elimination of the property's usefulness)
- Planned investments of more than 30% of fair value
- Duration of renovation longer than 12 months

Following completion of the development or total modification, these properties are classified as existing properties. Existing properties are maintained under their category for the duration of modification or renovation, insofar as the aforementioned criteria are unfulfilled.

2.17 Tangible assets

Tangible assets are recognised at acquisition or production costs less cumulated depreciation and impairment. Expenses for repairs and maintenance are charged directly to the consolidated income statement. Depreciation is calculated according to the straight-line method based on the economically useful life.

2.18 Intangible assets

Intangible assets are recognised at cost less amortisation and any impairments and include software for which a license was obtained from third parties or which was developed by third parties or within the group. The depreciation period for software amounts to five years (straight line).

2.19 Depreciation and amortisation

Useful life of assets

Asset categories	Years
Equipment	20
Furniture and tenants' improvements	8
Hardware and software	5

2.20 Impairment of tangible and intangible assets including goodwill

The value of tangible and intangible assets (including goodwill) is always reviewed if changed circumstances or events indicate the possibility of an overvaluation in the book values. If the book value exceeds the realisable value (fair value less disposal costs or higher value in use), an impairment is applied to the realisable value.

Since goodwill is already offset against shareholders' equity at the time of acquisition, any impairment of goodwill does not result in a negative effect on net income, but rather in disclosure in the notes. In the case of divestment of a group company, the goodwill that was offset against shareholders' equity at a previous point in time is also taken into account when determining the profit or loss affecting net income.

2.21 Leasing

Swiss Prime Site as lessor

Property leases and land lease contracts are basically operating lease contracts, which are generally recognised in the consolidated income statement using the straight line method over the duration of the contract. In some of the rental agreements, target turnovers have been agreed upon with the tenants (i.e. turnover-based rents). If these are exceeded on an annual basis, the resulting rental income is booked or accrued in the reporting year.

Swiss Prime Site as lessee

Contracts relating to the use of land and properties, for which land lease or right of use payments are effected, should be subject to review in terms of whether they are to be classified as operating or finance lease.

Payments within the scope of operating leases are recognised in the income statement on a straight-line basis over the term of the lease or rental agreement, or duration of the land lease. Land lease payments during construction of new buildings are recognised as assets in the balance sheet.

Given finance lease transactions, the asset and leasing liability are recognised in the balance sheet.

2.22 Income taxes

Income taxes consist of current income taxes and deferred taxes.

Current income taxes comprise the expected tax liability on the taxable profit calculated at the tax rates applicable on the balance sheet date, property gains taxes on real estate sales and adjustments to tax liabilities or tax assets for previous years.

Deferred taxes are calculated on temporary valuation differences between the book value of an asset or a liability in the consolidated balance sheet and its corresponding tax base (i.e. balance sheet liability method). Determination of the deferred taxes takes into account the expected date of settlement of the temporary differences. In this regard, the tax rates used are those applicable or determined at the balance sheet date. The calculation of deferred taxes on real estate assets was based on the assumption of a holding period of minimum 20 years.

Tax effects from losses carried forward and tax credits are recognised as deferred tax assets if it seems likely that the losses carried forward can be offset against future profits within the stipulated statutory periods.

2.23 Financial liabilities

Financial liabilities include current financial liabilities that fall due for redemption within the year and non-current financial liabilities with residual terms to maturity of more than 12 months. Financial liabilities can consist of loans secured by real estate, borrowed capital components of convertible bonds, bonds and other financial debts. All loans were granted to Swiss Prime Site in Swiss francs. A maximum loan-to-value ratio of 65% of the fair value of the entire real estate portfolio is permitted. Financial liabilities are recognised in the balance sheet at cost.

2.24 Derivative financial instruments

Derivative financial instruments can be utilised within the scope of ordinary business activities (for example, to hedge interest risks). No hedge accounting in the context of Swiss GAAP FER 27 «Derivative financial instruments» is used. Derivative financial instruments are reported at fair value and, given positive or negative fair value, recognised in the balance sheet as financial investments or other financial liabilities respectively. They can be short or long term in nature. Profits and losses are reported in the financial result. Further information is provided in note 18 «Financial liabilities».

2.25 Provisions

Provisions comprise liabilities that are uncertain because of their due date or amount. A provision is set up if a past event creates a legal or constructive obligation, and if future outflows of resources can be reliably estimated. Given any legal disputes, the amount of the provisions recognised for obligations is based on how the Executive Board judges the outcome of the dispute in good faith, according to the facts known at the balance sheet date. Expenses relating to a provision are recognised in the income statement.

2.26 Convertible bonds

The full amount of a convertible bond is recognised as a liability. If the convertible bond is issued on conditions that differ from a bond without conversion rights, it is divided into borrowed capital and equity components. The issuing costs are attributed to the borrowed capital and equity component based on their initial book values. Given premature redemption, the purchase price (less paid accrued interest) is compared with the pro rata book value. The loss or income attributable to the borrowed capital component from the redemption is recognised in the financial result. Given a conversion, the number of shares to be issued based on the conversion is determined by using the conversion price. The nominal value of the converted shares is credited to share capital and the residual amount to capital reserves.

2.27 Shareholders' equity

Shareholders' equity is subdivided into share capital, capital reserves, treasury shares, retained earnings and non-controlling interests. The nominal share capital of the Company is stated in share capital. Nominal value changes are recognised in share capital. Dividend payments are debited to retained earnings. Goodwill resulting from acquisitions is set off against shareholders' equity (retained earnings) as at the time of acquisition. Any negative goodwill is offset against shareholders' equity (retained earnings). All other changes in capital are recorded in capital reserves.

2.28 Treasury shares

Treasury shares are valued at acquisition cost and reported in shareholders' equity as a debit item. No subsequent valuations are carried out following the initial valuation. Proceeds from the sale of treasury shares are offset directly against capital reserves.

2.29 Dividends

In compliance with Swiss statutory provisions and the Company's Articles of Association, dividends are treated as an appropriation of profit in the financial year in which they were approved by the Annual General Meeting and subsequently paid out.

2.30 Pension plans

The group companies maintain different pension fund schemes, which are legally independent and financed from employer and employee contributions. Determination of overfunding or underfunding is carried out based on the prepared financial statements of the pension fund scheme, according to Swiss GAAP FER 26. The group's pension plan expense comprises the employer contributions accrued for the relevant period as well as any economic effects from overfunding or underfunding and change in employer contribution reserves. An economic obligation is recognised as a liability, insofar as the prerequisites for forming a provision are fulfilled. Recognition in the balance sheet of economic benefits is carried out insofar as these can be used for the group's future pension plan contributions. Freely disposable employer contribution reserves are recognised as cost in the balance sheet.

2.31 Share-based compensation

The variable compensation of the members of the Executive Board is designated at 37.5% as performance-based entitlements to shares (performance share units or PSUs). The PSUs are subject to a three-year vesting period, conditionally upon fulfilment of the defined conditions. The payout on the vesting date is effected in the form of Swiss Prime Site AG shares. The performance share units are valued at the current value at the time of allocation according to the principles of Swiss GAAP FER 31 sec. 3 «Share-based payments» and recognised as personnel costs and shareholders' equity (capital reserves) over the three-year vesting period. No subsequent valuations are carried out except given any changes in the relevant payout indicators.

The fees paid to the Board of Directors and the variable compensation paid to the executives employed by Swiss Prime Site Management AG as well as executive management members of the group companies are effected at a certain percentage in the form of Swiss Prime Site AG shares. The fair value of these shares on the date they are granted is recognised as personnel costs.

2.32 Operating income and realisation of income

Operating income includes all rental income from properties, income from sale of trading properties, income from real estate developments, income from real estate services, income from retail, income from assisted living and income from asset management as well as other operating income. Vacancy costs are deducted directly from the target rental income. Operating income is recorded upon maturity or upon provision of services.

Profits from the divestment of properties and investments are reported on a net basis, taking into account any incidental selling expenses incurred, after operating income. In this context, the gain or loss of sale of investment properties is calculated as the difference between the net sales price and the carrying amount of the investment property, according to the consolidated balance sheet of the past financial year plus any investments.

Realisation of income is generally recognised upon transfer of benefits and risks to the customer. Income from retail trade activities is recognised at the date of delivery of the goods, or in services operations in accordance with the extent of the services provided. For the divestment of properties, this date is designated in the sales contract (generally transfer of ownership).

Income from real estate developments (long-term contracts) is not oriented toward transfer of benefits and risks, but rather recognised according to the percentage-of-completion method (see note 2.12 «Real estate developments»).

2.33 Interest

Interest on loans as well as land lease interest for qualified properties under construction and development sites, in addition to trading properties, are attributed to cost. With this method, financial expenses or real estate costs are relieved but, at the same time, the revaluation gain is reduced accordingly.

Other interest on borrowed capital is recognised in the income statement using the effective interest rate method. Interest expense and interest income are apportioned as set out in the loan agreements and accordingly directly debited or credited, respectively, to the financial result.

2.34 Transactions with related parties

The Board of Directors, Executive Board, group companies, pension fund foundations of the group, associates and their subsidiaries as well as the Swiss Prime Investment Foundation are all regarded as related parties. All transactions with related parties are presented and broken down in note 23 «Transactions with related parties».

2.35 Earnings per share (EPS)

Basic earnings per share are determined by dividing the consolidated profit attributable to shareholders of Swiss Prime Site AG by the weighted average number of outstanding shares. Diluted earnings per share are determined by deducting expenses in connection with the convertible bonds, such as interest (coupon), amortisation of the proportional costs and tax effects. The potential shares (options and the like) that might lead to a dilution of the number of shares must be taken into account when determining the average number of outstanding shares.

3 Changes in scope of consolidation

3.1 Sale of the Tertianum Group

The Tertianum Group was sold to the Capvis Equity V LP fund advised by the investment firm Capvis AG. The sale was announced in a press release on 13 December 2019. The closing of the contract and derecognition took place on 28 February 2020. The Tertianum Group has therefore been included in the consolidated financial statements for the reporting period for two months.

The Tertianum Group comprises the entire assisted living business, i.e. the operational management of 80 residential and care centres as well as residences in all parts of Switzerland. The purchase agreement covers all operational management and therefore all group companies in the field of assisted living. Information on all of the 21 companies is provided in note 24 «Group companies and associates».

The Tertianum Group has around 4 900 employees, who have been transferred to the new owner along with existing management. The 19 properties held by Swiss Prime Site Immobilien AG were not part of the sale and have therefore stayed under the ownership of the Swiss Prime Site Group.

Assets and liabilities of the Tertianum Group as at the divestment date of 28 February 2020 were as follows:

in CHF 1 000	28.02.2020
Assets	
Cash	5 896
Accounts receivable	50 998
Other current assets	24 291
Total current assets	81 185
Investment properties	34 745
Tangible assets	43 494
Other non-current assets	16 798
Total non-current assets	95 037
Total assets	176 222
Liabilities and shareholders' equity	
Current financial liabilities	977
Other current liabilities	68 631
Non-current financial liabilities	32 122
Other non-current liabilities	4 875
Total liabilities	106 605
Non-controlling interests in equity	1 046
Total non-controlling interests in equity	1 046
Net assets sold	68 571
Return of goodwill to income statement (recycling)	304 538
Sales price less transaction costs	577 290
Sales result	204 181

3.2 Acquisitions during the reporting year

None.

3.3 Acquisitions during the previous year

The group acquired 100% of the shares in ACRON HELVETIA V Immobilien AG, Münchenstein (Real Estate segment) as at 1 July 2019 and then rebranded it to Swiss Prime Site Dreispitz AG. The Company's assets include two logistics properties in Münchenstein, which are fully let. The purchase price of CHF 16.905 million includes properties valued at CHF 29.400 million, other assets of CHF 0.352 million, short-term mortgages of CHF 12.150 million and other liabilities of CHF 1.627 million. The goodwill of CHF 0.930 million resulting from the acquisition was offset directly against shareholders' equity.

Further acquisitions during the previous year were Zimmermann Vins SA, Carouge, in the Real Estate segment as well as EMS Le Martagon SA, Les Ponts-de-Martel, EMS Chantevent SA, La Grande Béroche, and Home Les Lauriers S.A., Saint-Imier, in the Services segment. The goodwill of CHF 5.862 million resulting from these acquisitions was offset directly against shareholders' equity.

3.4 Group internal mergers during the reporting year

In the Real Estate segment, SPS Beteiligungen Alpha AG, Olten, was merged into Swiss Prime Site AG, Olten, as at 1 January 2020.

3.5 Group internal mergers during the previous year

In the Services segment, EMS Le Martagon S.A., Les Ponts-de-Martel, was merged into Leben im Alter AG, Zurich, as at 1 July 2019.

4 Effects of the coronavirus pandemic

The coronavirus pandemic has had a significant social and economic impact, and this clearly fed through to the Swiss real estate sector and the Swiss Prime Site Group in 2020. Shortly after the WHO declared a global pandemic in spring 2020, the Swiss government took far-reaching decisions, including banning gatherings and closing schools and shops. These government orders had a significant impact on ways of working, the operation of some group companies and, not least, the Swiss Prime Site Group's operating result. Jelmoli, for example, had to shut down almost its entire operations during lockdown. Swiss Prime Site Immobilien, Swiss Prime Site Solutions and Wincasa had to field and individually respond to around 3 000 enquiries from tenants. The Company was able to support the majority of customers through rent deferrals, waivers or reductions. Swiss Prime Site consciously forwent rental income in the interests of its customers. Rent waivers that have already been granted and confirmed, in the amount of CHF 9.532 million, are included in rental income from properties.

The impact of the coronavirus pandemic on Swiss Prime Site AG's property portfolio, to the extent that this was known and could be estimated at the time of valuation, is reflected in the valuations. The negatively affected properties were mainly those with a large share of income from retail (non-food) or hospitality. The assumption from today's standpoint is that some types of use (e.g. city hotels) will continue to experience a difficult market environment.

5 Segment reporting

Swiss Prime Site is a group that primarily operates a real estate business (core business) comprising buying and selling, managing and developing investment properties. Swiss Prime Site also operates in real estate-related business fields.

The consolidated financial data are subdivided into the segments subject to mandatory reporting, as follows:

- Real Estate comprises the purchase, sale, lease and development of properties as well as central group functions
- Services consists of the real estate-related real estate services, assisted living (up to 28 February 2020), retail and asset management

Segment income statement 01.01.–31.12.2020

in CHF 1 000	Real Estate segment	Services segment	Total segments	Eliminations	01.01.– 31.12.2020 Total group
Rental income from properties	430 964	28 554	459 518	–34 795	424 723
thereof from third parties	396 169	28 554	424 723	–	424 723
thereof from other segments	34 795	–	34 795	–34 795	–
Income from real estate developments	50 099	–	50 099	–	50 099
Income from real estate services	–	146 157	146 157	–30 993	115 164
Income from retail	–	110 632	110 632	–26	110 606
Income from assisted living	–	72 426	72 426	–6	72 420
Income from asset management	–	13 126	13 126	–	13 126
Other operating income	1 799	7 258	9 057	–2 279	6 778
Operating income	482 862	378 153	861 015	–68 099	792 916
Revaluation of investment properties, net	203 406	–	203 406	–	203 406
Result from investments in associates	1 000	–	1 000	–	1 000
Result from investment property sales, net	20 929	–	20 929	1 314	22 243
Result from sale of participations, net	–	204 181	204 181	–	204 181
Real estate costs	–69 413	–66 275	–135 688	63 949	–71 739
Cost of real estate developments	–36 268	–	–36 268	–	–36 268
Cost of goods sold	–	–65 567	–65 567	–	–65 567
Personnel costs	–21 987	–201 242	–223 229	452	–222 777
Depreciation on tangible assets	–452	–7 994	–8 446	–	–8 446
Amortisation on intangible assets	–4 170	–4 968	–9 138	–	–9 138
Other operating expenses	–20 923	–28 981	–49 904	2 384	–47 520
Operating expenses	–153 213	–375 027	–528 240	66 785	–461 455
Operating result (EBIT)	554 984	207 307	762 291	–	762 291

Segment income statement 01.01.–31.12.2019

in CHF 1 000	Real Estate segment	Services segment	Total segments	Eliminations	01.01.– 31.12.2019 Total group
Rental income from properties	437 299	106 019	543 318	–56 406	486 912
thereof from third parties	380 893	106 019	486 912	–	486 912
thereof from other segments	56 406	–	56 406	–56 406	–
Income from real estate developments	79 789	–	79 789	–	79 789
Income from real estate services	–	148 065	148 065	–30 542	117 523
Income from retail	–	127 823	127 823	–12	127 811
Income from assisted living	–	423 909	423 909	–46	423 863
Income from asset management	–	13 542	13 542	–	13 542
Other operating income	2 399	9 034	11 433	–2 026	9 407
Operating income	519 487	828 392	1 347 879	–89 032	1 258 847
Revaluation of investment properties, net	204 442	–1 030	203 412	–	203 412
Result from investments in associates	1 000	–	1 000	–	1 000
Result from investment property sales, net	19 326	–	19 326	1 451	20 777
Real estate costs	–65 007	–159 780	–224 787	85 775	–139 012
Cost of real estate developments	–62 927	–	–62 927	–	–62 927
Cost of goods sold	–	–106 631	–106 631	–	–106 631
Personnel costs	–22 544	–435 190	–457 734	470	–457 264
Depreciation on tangible assets	–603	–15 517	–16 120	–	–16 120
Amortisation on intangible assets	–2 822	–6 060	–8 882	–	–8 882
Other operating expenses	–17 483	–48 705	–66 188	1 336	–64 852
Operating expenses	–171 386	–771 883	–943 269	87 581	–855 688
Operating result (EBIT)	572 869	55 479	628 348	–	628 348

In the Eliminations column, the revenues realised between the segments are eliminated.

6 Result from investment property sales

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Gains from sales of properties	12 694	15 591
Gains from sales of properties held for sale	4 745	6 652
Gains from properties under construction and development sites	3 338	–
Total result from investment property sales, net	20 777	22 243

Two [nine] properties and two [four] condominium units in Building A, Espace Tourbillon in Geneva were sold in the reporting year. Building A in the Espace Tourbillon is under construction; the individual units are being sold on an ongoing basis and will be completed in 2021. The transactions have therefore been split into two parts: the sale of storeys under construction and the continuation of construction activity as a service. The sale includes the land portion, the project costs incurred and the construction work carried out up to the date of sale and the transfer of ownership. It was recognised as the sale of investment properties (Swiss GAAP FER 18). The service includes the completion of the condominiums up to turnkey handover. This is recognised in the consolidated financial statements as real estate development based on construction progress (Swiss GAAP FER Framework 11 and 12).

7 Real estate costs

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Property expenses	–46 120	–34 888
Third-party rents	–76 436	–20 274
Expenses for third-party services	–6 103	–6 073
Expenses for real estate services	–4 589	–4 283
Land lease expenses	–5 764	–6 221
Total real estate costs	–139 012	–71 739

Property expenses included maintenance and repair costs of CHF 8.393 million [CHF 13.232 million], ancillary costs borne by the owner of CHF 12.419 million [CHF 8.463 million] and property-related insurance costs and fees of CHF 7.530 million [CHF 7.410 million] as well as costs for cleaning, energy and water of CHF 6.546 million [CHF 17.015 million].

Expenses for third-party rents primarily resulted from leased properties for services of the Tertianum Group in the assisted living sector. There is a significant drop in expenses compared to the same period last year due to the sale of the Tertianum Group as at 28 February 2020.

8 Personnel costs

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Wages and salaries	–375 329	–181 598
Social security expenses	–34 594	–13 305
Pension plan expenses	–27 523	–18 693
Other personnel expenses	–19 818	–9 181
Total personnel costs	–457 264	–222 777
Number of employees as at 31.12.	6 506	1 728
Number of full-time equivalents as at 31.12.	5 402	1 505

9 Other operating expenses

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Expenses for tangible assets and IT	–27 451	–15 859
Non-life insurance, fees	–2 766	–1 103
Capital taxes	–2 494	–4 079
Administrative expenses	–16 116	–11 875
Audit and consultancy costs	–8 068	–5 919
Marketing	–8 368	–6 035
Collection and bad debt-related losses	411	–2 650
Total other operating expenses	–64 852	–47 520

Capital taxes were calculated according to the effective tax rates on the basis of intercantonal tax allocation.

Administrative expenses included costs incurred for the reporting process, other administrative expenses and costs for various services provided by third parties, such as management fees and communication.

Audit and consultancy expenses comprised consulting fees of CHF 5.256 million [CHF 7.225 million] and audit fees of CHF 0.663 million [CHF 0.843 million].

Collection and bad debt-related losses consisted mainly of impairments for forecast rent losses as a result of business closures during the lockdowns. Further information can be found in note 4 «Effects of the coronavirus pandemic».

10 Income taxes

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Current income taxes of the reporting period	–41 581	–27 018
Adjustments for current income taxes of other accounting periods	1 117	3 518
Total current income taxes	–40 464	–23 500
Deferred taxes resulting from revaluation and depreciation	–90 310	–83 718
Deferred taxes resulting from real estate developments (long-term contracts)	–3 086	1 201
Deferred taxes resulting from the sale of investment properties	14 300	7 425
Deferred taxes resulting from tax rate changes	172 451	7 114
Deferred taxes resulting from losses carried forward	–3 899	–1 554
Other deferred taxes	–20	–20
Total deferred taxes	89 436	–69 552
Total income taxes	48 972	–93 052

The changes in various cantonal income tax rates that took place in the corresponding period resulted in a release of deferred tax liabilities in the amount of CHF 7.114 million [CHF 172.451 million].

Current income taxes were calculated at the effective maximum tax rates. At the same time, agreements with the relevant tax authorities were considered as well.

Reconciliation of income taxes

Factors leading to the deviation of the effective tax burden from the average tax rate of 20% [23%]:

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Profit before income taxes	559 545	703 459
Income taxes at average tax rate of 20% [23%]	– 128 695	– 140 692
Taxes at other rates (including property gains taxes)	4 519	165
Tax effect due to investment deduction	282	41 066
Deferred taxes resulting from tax rate changes	172 451	7 114
Adjustment for current income taxes for other accounting periods	1 117	3 518
Effect of unrecognised losses carried forward	– 702	– 4 223
Total income taxes	48 972	– 93 052

Deferred taxes

Where the revaluations according to Swiss GAAP FER versus the fiscal values were due to recaptured depreciation, the taxes were allocated per property after deduction of any applicable property gains tax and taken into account separately. In this case, tax rates of between 4.4% and 14.3% [4.4% and 15.1%] were applied.

Upward revaluations exceeding the recaptured depreciation are subject to tax using two different systems. Cantons that do not levy any special taxes also calculate taxes at the above rates. The other cantons levy a separate property gains tax using rates of between 5.0% and 25.0% [5.0% and 25.0%], depending on duration of ownership.

Accordingly, property gains taxes are reduced in proportion to the increased duration of ownership of the property. Swiss Prime Site generally assumes ownership for a minimum period of 20 years, meaning that potential speculation premiums are not taken into account.

Deferred income tax assets

Of the total deferred tax assets subject to losses carried forward, only those were recognised that can probably be offset with future profits. The other deferred tax assets on losses carried forward were not recognised due to the insufficient future probability of offsetting losses.

in CHF 1 000	31.12.2019	31.12.2020
Taxable losses carried forward of group companies	12 818	28 084
Possible tax effect on taxable losses carried forward at expected tax rate	2 948	5 617
Losses carried forward which can in all probability be offset with future profits	– 6 757	–
Total recognised deferred tax assets at expected tax rate	– 1 554	–
Total deferred tax assets not recognised at expected tax rate	1 394	5 617
Recognised deferred tax assets on losses carried forward	1 554	–
Other deferred income tax assets	80	60
Total deferred income tax assets	1 634	60

Expiring taxable losses carried forward

Taxable losses carried forward of group companies for which no deferred tax assets were recognised expire as follows:

in CHF 1 000	31.12.2019	31.12.2020
After 1 year	51	11
After 2 years	11	5
After 3 years	5	7 123
After 4 years	481	3
After 5 years	251	4 235
After 6 years	4 784	478
After 7 or more years	478	16 229
Total expiring taxable losses carried forward	6 061	28 084

Deferred tax liabilities

in CHF 1 000	2019	2020
Deferred tax liabilities as at 01.01.	1 188 787	1 099 397
Change due to acquisitions/divestments of group companies	3 954	-4 512
Change due to real estate developments (long-term contracts)	3 086	-1 201
Increase through revaluation and depreciation	90 310	83 718
Change through property disposals	-14 300	-7 425
Tax rate changes	-172 451	-7 114
Other changes	11	-
Deferred tax liabilities as at 31.12.	1 099 397	1 162 863

11 Accounts receivable

in CHF 1 000	31.12.2019	31.12.2020
Accounts receivable, gross	101 288	61 048
Impairments	-5 841	-4 319
Total accounts receivable	95 447	56 729

Most of the accounts receivable relate to claims for rent and ancillary costs, and in the previous year to customer receivables from the Assisted Living segment.

Maturities of receivables

in CHF 1 000	31.12.2019 Gross receivables	Impairments	31.12.2020 Gross receivables	Impairments
Not yet due	67 980	-	39 410	-
Due between 1 and 30 days	14 322	-80	7 478	-520
Due between 31 and 90 days	6 013	-455	5 558	-693
Due between 91 and 120 days	2 504	-126	473	-116
Due for more than 120 days	10 469	-5 180	8 129	-2 990
Total gross receivables and impairments	101 288	-5 841	61 048	-4 319

12 Inventories

in CHF 1 000	31.12.2019	31.12.2020
Merchandise	33 246	32 088
Other inventories	2 495	15
Impairments	-952	-1 317
Total inventories	34 789	30 786

Inventories include merchandise from the retail business and, in the case of the previous year, from the Assisted Living segment, which was recognised in the balance sheet at the lower of average cost and net realisable value.

13 Real estate developments

in CHF 1 000	31.12.2019	31.12.2020
Income from current projects since start of construction	204 300	193 399
Advance payments received	– 184 650	– 170 513
Real estate developments, net	19 650	22 886
of which real estate developments, assets	19 650	27 628
of which real estate developments, liabilities	–	– 4 742
Income from real estate developments of the period	79 789	50 099

The accruals relate to real estate developments sold during the construction phase and completed on behalf of the buyers. In the partial sale of the «Espace Tourbillon» development project in Geneva, two of the total of five buildings under construction were sold in 2017. The turnkey transfer of the two buildings will be carried out upon completion in 2021. The «Weltpost Park» apartment complex in Berne was sold in 2018. The finished three-building complex was handed over to the buyer in turnkey condition in the first half of 2020. In addition, the commercial space in Building A of the Espace Tourbillon development project was also sold as business premises.

14 Investment properties

Change in investment properties

in CHF 1 000	Undeveloped properties	Properties	Properties under construction/development sites	Total investment properties	Properties held for sale	Total
Total as at 01.01.2019	25 473	10 544 450	576 787	11 146 710	57 708	11 204 418
Purchases	12 020	–	–	12 020	–	12 020
Follow-up investments	138	144 383	263 720	408 241	793	409 034
Capitalised borrowing costs	–	1 053	5 665	6 718	–	6 718
Additions from acquisitions	–	55 005	–	55 005	–	55 005
Reclassifications	–	177 930	–260 216	–82 286	82 286	–
Disposal by sale	–	–68 804	–10 578	–79 382	–45 795	–125 177
Positive fair value adjustment	73	318 796	43 408	362 277	–	362 277
Negative fair value adjustment	–206	–142 574	–15 229	–158 009	–856	–158 865
Fair value adjustment	–133	176 222	28 179	204 268	–856	203 412
Total as at 31.12.2019	37 498	11 030 239	603 557	11 671 294	94 136	11 765 430
Purchases	3 441	87 643	37	91 121	–	91 121
Follow-up investments	856	143 516	182 252	326 624	18 106	344 730
Capitalised borrowing costs	–	–	7 342	7 342	–	7 342
Reclassifications	–	–2 116	–106 412	–108 528	108 528	–
Disposal by sale	–	–38 100	–	–38 100	–16 564	–54 664
Disposals from divestments	–	–34 745	–	–34 745	–	–34 745
Positive fair value adjustment	754	362 457	46 862	410 073	12 195	422 268
Negative fair value adjustment	–387	–206 486	–11 989	–218 862	–	–218 862
Fair value adjustment	367	155 971	34 873	191 211	12 195	203 406
Total as at 31.12.2020	42 162	11 342 408	721 649	12 106 219	216 401	12 322 620
Actual costs as at 31.12.2019	29 269	8 165 228	558 431	8 752 928	79 288	8 832 216
Actual costs as at 31.12.2020	33 566	8 380 583	619 200	9 033 349	172 238	9 205 587
Difference between fair value and actual costs as at 31.12.2019	8 229	2 865 011	45 126	2 918 366	14 848	2 933 214
Difference between fair value and actual costs as at 31.12.2020	8 596	2 961 825	102 449	3 072 870	44 163	3 117 033
Fire insurance values on 01.01.2019 ¹	1 956	6 846 615	467 697	7 316 268	79 705	7 395 973
Fire insurance values on 01.01.2020 ¹	12 067	6 947 513	384 939	7 344 519	78 916	7 423 435
Fire insurance values on 31.12.2020¹	11 945	6 946 479	350 734	7 309 158	171 037	7 480 195

¹ there were no building insurance values for properties under construction. For building projects, respective builders' liability insurance policies were concluded

Details on future rental income from rentals under existing contracts

The following table breaks down the future net annual rental income and land lease income from investment properties (excluding properties under construction and development sites, and excluding leased properties) by the end-dates of individual rental agreements, as at 31 December 2020:

End of contract	31.12.2019 Future rental income in CHF 1 000	Share in %	31.12.2020 Future rental income in CHF 1 000	Share in %
Under 1 year ¹	52 102	11.7	61 207	13.5
Over 1 year	62 481	14.1	63 618	14.0
Over 2 years	48 644	11.0	33 755	7.4
Over 3 years	32 730	7.4	47 268	10.4
Over 4 years	40 189	9.1	34 289	7.6
Over 5 years	23 166	5.2	55 000	12.1
Over 6 years	40 608	9.2	17 899	3.9
Over 7 years	15 874	3.6	8 503	1.9
Over 8 years	8 248	1.9	20 491	4.5
Over 9 years	21 643	4.9	16 829	3.7
Over 10 years	97 813	21.9	94 393	21.0
Total	443 498	100.0	453 252	100.0

¹ includes all indefinite rental agreements (residential, parking facilities, commercial properties etc.) of total CHF 25.140 million [CHF 28.756 million]

Future rental income has been presented from the Real Estate segment perspective and is based on the rental agreements of the group's properties as at 31 December 2020 [31 December 2019].

Rent losses from vacancies

Rent losses from vacancies amounted to CHF 22.232 million [CHF 20.581 million], corresponding to a vacancy rate of 5.1% [4.7%]. Rent losses from vacancies were deducted from target rental income. In the case of existing properties, neither target rental income nor rent loss from vacancies includes areas that are not usable on account of their complete refurbishment. Detailed information can be found under «Property details» from page 79 onwards.

Largest external tenants

As at the balance sheet date, the five largest external tenants accounted for 22.7% [21.3%] of future annual rental income and land lease income (Real Estate segment perspective). The individual tenants have a good credit rating. This relates to the following companies:

in %	31.12.2019	31.12.2020
Tertianum	n.a.	5.6
Coop	5.7	5.5
Swisscom	4.9	4.7
Magazine zum Globus (formerly Migros)	n.a.	4.5
Zurich Insurance Group	2.5	2.4
Migros	5.8	n.a.
Die Schweizerische Post	2.4	n.a.

According to Swiss GAAP FER 13, rental agreements represent leasing transactions. The rental agreements are generally indexed; in the case of retail property, additional turnover-based rents are sometimes agreed. Rental agreements are normally concluded for a term of five to ten years, often with a five-year extension option.

Valuation techniques and significant, unobservable input factors

The properties are valued on a semi-annual basis by an external, independent and qualified valuation expert: Wüest Partner AG, Zurich.

Determining the value of Swiss Prime Site's real estate portfolio is carried out with a model-based valuation based on input parameters that are not directly observable on the market, whereby adapted, observable input parameters may be applied here as well (for example, market rents, operating/maintenance costs, discount/capitalisation rates, proceeds from the sale of owner-occupied residential property). Unobservable input factors are applied only when relevant observable input factors are unavailable.

The individual valuation of properties is carried out by means of the discounted cash flow method (DCF method). A more detailed cash flow forecast is prepared for the first ten years, while approximate annualised assumptions are used for the remainder of the term. Fair value is determined by applying the highest-and-best-use concept for a property.

Details on the valuation methods and assumptions can be found in the report of the valuation experts Wüest Partner AG, from page 8.

Applicable unobservable input factors as at 31.12.2020

	in	Undeveloped properties	Commercial properties (continuation of use) ¹	Commercial properties (highest and best use) ²	Properties under construction/development sites
Fair value as at balance sheet date	CHF m	42.162	10 331.966	1 118.970	829.522
Unobservable input factors					
Average discount rate	%	3.49	2.93	2.81	3.48
Maximum discount rate	%	4.95	4.85	4.90	4.15
Minimum discount rate	%	3.20	1.95	2.25	2.80
Residential	CHF per m ² p.a.	–	70 to 692	120 to 447	275 to 325
Offices	CHF per m ² p.a.	–	80 to 920	90 to 845	150 to 550
Retail/gastro	CHF per m ² p.a.	–	60 to 7 450	120 to 1 190	250 to 450
Commercial	CHF per m ² p.a.	–	55 to 380	55 to 250	150 to 280
Storage	CHF per m ² p.a.	–	30 to 550	50 to 180	100 to 175
Parking inside	CHF per piece and month	–	50 to 650	100 to 600	55 to 250
Parking outside	CHF per piece and month	–	40 to 400	40 to 120	60 to 90

¹ commercial properties for which the valuation was based on the assumption of continuation of current use, as well as investment properties held for sale

² commercial properties for which the valuation was based on highest and best use

Applicable unobservable input factors as at 31.12.2019

	in	Undeveloped properties	Commercial properties (continuation of use) ¹	Commercial properties (highest and best use) ²	Properties under construction/development sites
Fair value as at balance sheet date	CHF m	37.498	10 026.819	1 016.590	684.523
Unobservable input factors					
Average discount rate	%	3.80	3.07	3.02	3.64
Maximum discount rate	%	4.95	4.95	4.95	4.15
Minimum discount rate	%	3.20	2.05	2.50	3.10
Residential	CHF per m ² p.a.	–	70 to 692	120 to 447	275 to 325
Offices	CHF per m ² p.a.	–	80 to 920	90 to 900	200 to 550
Retail/gastro	CHF per m ² p.a.	–	60 to 7 500	220 to 1 190	200 to 500
Commercial	CHF per m ² p.a.	–	30 to 560	80 to 250	120 to 280
Storage	CHF per m ² p.a.	–	40 to 560	50 to 180	90 to 175
Parking inside	CHF per piece and month	–	50 to 650	100 to 620	55 to 250
Parking outside	CHF per piece and month	–	40 to 400	40 to 120	60 to 180

¹ commercial properties for which the valuation was based on the assumption of continuation of current use, as well as investment properties held for sale

² commercial properties for which the valuation was based on highest and best use

Sensitivity of fair value measurement to changes in unobservable input factors

An increase in the discount rate reduces fair value, whereas a rise in the market rent price and/or sales proceeds increases fair value. There are correlations between these input factors, since they are to some extent dependent on market data. For properties under construction and development sites, the outstanding investments and time to completion of construction reduce fair value, whereas the incurrence of these costs over the period up until completion increases fair value.

In relation to potential changes in the market environment, sensitivity is significant particularly regarding discount rates. An increase or decrease of 10 basis points [± 10 basis points] in the average discount rate applied of 2.92% [3.06%] would have a positive impact of +3.5% [+3.5%] or a negative impact of -3.6% [-3.2%] on the fair value of the existing properties.

The impact of changes in market rent prices on fair value is also significant. However, substantial changes in rental income over the entire portfolio (with a varying diversity of uses and tenants) in accumulated form and within a shorter period are less probable, whereas more significant effects on the portfolio would occur with a prolonged time lag. A linear correlation between rental income and fair value can be approximately assumed, whereby the rental income forecast in the valuation comprises several components, such as current contractually guaranteed rents and market rental estimates after the present contracts have expired.

A change of $\pm 2.0\%$ [$\pm 2.0\%$] in market rent prices would have a positive impact of +2.2% [+2.3%] or a negative impact of -2.2% [-2.2%] on the fair value of the existing properties.

Amid the current environment of negative interest rates, there is an investment crisis, creating strong demand for real estate investments. Against such a backdrop of negative interest rates, institutional investors in particular are willing to pay high prices for properties situated in prime locations with corresponding low expectations for returns. This can lead to sales prices for individual properties that noticeably deviate from the fair value assessment.

Current development and new building projects**Basel, Hochbergerstrasse 60: Stücki Park**

Project description	Construction of three laboratory buildings and one office. Transformation of the area into a centre for innovation, entertainment and health. Investment volume: approx. CHF 180 million Further information: stueckipark.ch
Project status	First stage in the final phase of implementation, second stage being marketed
Sale/rental status	Building F (office) and Buildings H & I (laboratory) being marketed, Building G (laboratory and office) 100% let
Completion	First stage: 2020/2021, second stage: 2023

Lancy, Esplanade de Pont-Rouge 5, 7, 9: Alto Pont-Rouge

Project description	Construction of a new services building with 15 upper floors and flexible usable areas. Investment volume: approx. CHF 300 million. Further information: alto-pont-rouge.ch
Project status	Project being executed
Sale/rental status	Being marketed; rental contracts for approx. 6000 m ² agreed
Completion	2023

Monthey, Rue de Venise 5–7/Avenue de la Plantaud 4: Tertianum residential and care centre Venise

Project description	New residential and care centre with 50 beds and 39 apartments. Investment volume: approx. CHF 30 million
Project status	Project being executed
Sale/rental status	100% let
Completion	2021

Paradiso, Riva Paradiso 3, 20: Tertianum Residenz Du Lac

Project description	New senior citizens' residence with 60 apartments and a geriatric care centre with 40 beds. Investment volume: approx. CHF 70 million
Project status	Execution from the first quarter of 2021
Sale/rental status	100% let
Completion	2023

Plan-les-Ouates, Chemin des Aulx: Espace Tourbillon

Project description	Construction of five new buildings for commercial, trading and service provider companies with underground logistics infrastructure. Investment volume: approx. CHF 86 million (Building B). Further information: espacetourbillon.ch/en
Project status	Project being executed
Sale/rental status	Being marketed; 40% let (Building B)
Completion	2020–2021

Richterswil, Gartenstrasse 7/17, 15: Tertianum residential care centre Etzelblick

Project description	Construction of 26 new age-adapted apartments and 64 new care places including dementia care to replace the existing residential and care centre. Investment volume: approx. CHF 43 million
Project status	Project being executed
Sale/rental status	100% let
Completion	2022

Schlieren, Zürcherstrasse 39: JED conversion – Join. Explore. Dare.

Project description	Conversion into a centre for knowledge transfer, innovation and entrepreneurship with workplaces, indoor and outdoor meeting areas, and spaces for events, catering and leisure. Investment volume: approx. CHF 136 million. Further information: jed.swiss
Project status	First and second stages complete; rental space handed over to anchor tenants Zühlke and Halter
Sale/rental status	Being marketed; 75% let
Completion	Third stage including surrounding area: June 2021

Schlieren, Zürcherstrasse 39: JED new building 2226 – Join. Explore. Dare.

Project description	Development of building land reserve and new building with the forward-looking 2226 building concept providing a perfect indoor climate without the use of heating, ventilation and cooling systems. Large connected areas for innovative companies and conferencing services. Investment volume: approx. CHF 72 million. Further information: jed.swiss
Project status	Legally valid building permit has been issued; start of construction 2021
Sale/rental status	Currently being marketed
Completion	2023

Zurich, Vulkanstrasse 114, Juchstrasse 3: West-Log

Project description	Construction of a new logistics and office building with extra-high stories for automated storage facilities. Investment volume: approx. CHF 89 million. Further information: west-log.ch
Project status	Project being executed; rental space handed over to anchor tenant EM
Sale/rental status	Being marketed; 85% let
Completion	First quarter of 2021

A more detailed description of the development and new construction projects has been published on the homepage www.sps.swiss/en/real-estate/projects/projects-under-construction.

15 Tangible assets and intangible assets

in CHF 1 000	Equipment	Furniture/ tenants' improve- ments	Total tangible assets	Software	Total intangible assets
Cost as at 01.01.2020	15 068	158 582	173 650	60 846	60 846
Additions	192	6 621	6 813	14 787	14 787
Disposals	–	–20 299	–20 299	–8 890	–8 890
Disposals from divestments	–15 260	–62 071	–77 331	–11 935	–11 935
Cost as at 31.12.2020	–	82 833	82 833	54 808	54 808
Cumulative depreciation and impairment as at 01.01.2020	4 979	97 588	102 567	32 966	32 966
Depreciation	95	8 351	8 446	9 138	9 138
Disposals	–	–20 299	–20 299	–8 890	–8 890
Disposals from divestments	–5 074	–28 763	–33 837	–3 856	–3 856
Cumulative depreciation and impairment as at 31.12.2020	–	56 877	56 877	29 358	29 358
Total as at 31.12.2020	–	25 956	25 956	25 450	25 450

in CHF 1 000	Equipment	Furniture/ tenants' improve- ments	Total tangible assets	Software	Total intangible assets
Cost as at 01.01.2019	12 880	144 041	156 921	39 928	39 928
Additions	2 188	15 417	17 605	20 918	20 918
Additions from acquisitions	–	9	9	–	–
Disposals	–	–885	–885	–	–
Cost as at 31.12.2019	15 068	158 582	173 650	60 846	60 846
Cumulative depreciation and impairment as at 01.01.2019	4 263	83 069	87 332	24 084	24 084
Depreciation	716	15 404	16 120	8 882	8 882
Disposals	–	–885	–885	–	–
Cumulative depreciation and impairment as at 31.12.2019	4 979	97 588	102 567	32 966	32 966
Total as at 31.12.2019	10 089	60 994	71 083	27 880	27 880

16 Goodwill

Goodwill resulting from acquisitions is set off against shareholders' equity as at the time of acquisition. Theoretical recognition of goodwill would have the following effects on the consolidated financial statements, assuming a useful life of five years:

Theoretical statement of changes in goodwill

in CHF 1 000	2019	2020
Cost as at 01.01.	447 501	454 293
Additions	6 792	–
Disposals from divestments	–	–304 538
Cost as at 31.12.	454 293	149 755
Cumulative amortisation as at 01.01.	377 060	430 520
Additions	53 460	2 313
Disposals from divestments	–	–285 767
Cumulative amortisation as at 31.12.	430 520	147 066
Theoretical net book value as at 31.12.	23 773	2 689

Theoretical effect on shareholders' equity

in CHF 1 000	31.12.2019	31.12.2020
Shareholders' equity according to balance sheet	5 459 187	6 085 629
Theoretical recognition of net book value of goodwill in the balance sheet	23 773	2 689
Theoretical shareholders' equity including net book value of goodwill	5 482 960	6 088 318

Theoretical effect on profit

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Profit according to income statement	608 517	610 407
Theoretical amortisation of goodwill	–53 460	–2 313
Adjustment result from sale of participations, net	–	285 767
Theoretical profit including amortisation of goodwill	555 057	893 861

17 Accrued expenses and deferred income

in CHF 1 000	31.12.2019	31.12.2020
Renovation and project costs	77 784	98 078
Cost of goods sold	6 737	4 028
Other operating expenses	41 838	28 031
Current income and capital taxes	52 547	25 216
Interests	152	698
Total accrued expenses and deferred income	179 058	156 051

18 Financial liabilities

in CHF 1 000	31.12.2019	31.12.2020
Mortgage-backed loans	1 027 978	1 033 870
Bonds	229 892	299 906
Other loans	2 007	–
Total current financial liabilities	1 259 877	1 333 776
Mortgage-backed loans	1 950 454	1 681 000
Convertible bonds	543 940	539 651
Bonds	1 609 858	1 609 536
Non-current loans	14 299	–
Other non-current financial liabilities	2 292	338
Total non-current financial liabilities	4 120 843	3 830 525
Total financial liabilities	5 380 720	5 164 301

On 18 December 2020, Swiss Prime Site Finance AG issued a nine-year green bond in the amount of CHF 300.000 million with an interest rate of 0.65%. The CHF 230.000 million bond was repaid on 21 October 2020.

As at the balance sheet date, the loan-to-value ratio of the real estate portfolio was 41.9% [45.7%].

Bonds

		CHF 230 m 2020	CHF 300 m 2021	CHF 190 m 2024	CHF 100 m 2024	CHF 250 m 2025
Issuing volume, nominal	CHF m	230.000	300.000	190.000	100.000	250.000
Book value as at 31.12.2020	CHF m	0.000	299.906	189.917	99.672	249.952
Book value as at 31.12.2019	CHF m	229.892	299.580	189.893	99.588	249.942
Interest rate	%	2.0	1.75	1.0	2.0	0.5
Term to maturity	years	7	7	6	10	9
Maturity	date	21.10.2020	16.04.2021	16.07.2024	10.12.2024	03.11.2025
Securities number		21 565 073 (SPS131)	23 427 449 (SPS14)	39 863 325 (SPS181)	25 704 217 (SPS142)	33 764 553 (SPS161)
Fair value as at 31.12.2020	CHF m	0.000	301.860	196.080	107.350	254.000
Fair value as at 31.12.2019	CHF m	233.473	306.210	198.645	109.300	253.750

		CHF 250 m 2026	CHF 350 m 2027	CHF 300 m 2029	CHF 170 Mio. 2031
Issuing volume, nominal	CHF m	250.000	350.000	300.000	170.000
Book value as at 31.12.2020	CHF m	249.434	351.784	299.275	169.502
Book value as at 31.12.2019	CHF m	249.329	352.071	0.000	169.455
Interest rate	%	0.825	1.25	0.65	0.375
Term to maturity	years	9	8	9	12
Maturity	date	11.05.2026	02.04.2027	18.12.2029	30.09.2031
Securities number		36 067 729 (SPS17)	41 904 099 (SPS19)	58 194 773 (SPS20)	48 850 668 (SPS192)
Fair value as at 31.12.2020	CHF m	257.250	370.475	305.700	167.790
Fair value as at 31.12.2019	CHF m	257.700	371.000	0.000	167.110

Bonds are redeemed at their nominal value.

Convertible bonds

		CHF 250 m 2023	CHF 300 m 2025
Issuing volume, nominal	CHF m	250.000	300.000
Nominal value as at 31.12.2020	CHF m	247.500	296.630
Book value as at 31.12.2020	CHF m	244.954	294.697
Book value as at 31.12.2019	CHF m	246.380	297.560
Conversion price	CHF	104.07	100.35
Interest rate	%	0.25	0.325
Term to maturity	years	7	7
Maturity	date	16.06.2023	16.01.2025
Securities number		32 811 156 (SPS16)	39 764 277 (SPS18)
Fair value as at 31.12.2020	CHF m	247.871	297.223
Fair value as at 31.12.2019	CHF m	267.875	334.950

In the reporting period, convertible bonds from the CHF 250.000 million issue with a nominal value of CHF 2.500 million [none] were converted. This resulted in an increase in share capital of CHF 0.367 million or 23983 registered shares and an addition to capital reserves of CHF 2.046 million.

In the reporting period, a further CHF 300.000 million of convertible bonds with a nominal value of CHF 3.370 million [none] were converted. The nominal value was redeemed in cash and the added value was issued as 32 registered shares. Creditors of the convertible bond in the amount of CHF 300.000 million who exercise their conversion right will receive the nominal value of the convertible bond in cash and any additional amount in the form of registered shares of the Company, subject to Swiss Prime Site AG exercising its right to choose, at its discretion, any combination of cash and shares to settle the bond conversions. Based on the Company's option right, no conditional capital is reserved for potential conversions. Due to the structure of the conversion option, it does not constitute an equity instrument and is therefore not separated.

Conversion price and number of possible shares given 100% conversion

	31.12.2019 Conversion price in CHF	Number of possible shares	31.12.2020 Conversion price in CHF	Number of possible shares
Convertible bonds				
0.25%-convertible bond 16.06.2016–16.06.2023, issuing volume CHF 250.000 million, nominal value CHF 247.500 million	104.24	2 398 311	104.07	2 378 206
0.325%-convertible bond 16.01.2018–16.01.2025, issuing volume CHF 300.000 million, nominal value CHF 296.630 million	100.51	2 984 777	100.35	2 955 954
Total number of possible shares		5 383 088		5 334 160

Current and non-current financial liabilities categorised by interest rate

in CHF 1 000	31.12.2019 Total nominal value	31.12.2020 Total nominal value
Financial liabilities up to 1.00%	2 120 352	2 489 130
Financial liabilities up to 1.50%	1 291 000	1 196 000
Financial liabilities up to 2.00%	828 732	772 470
Financial liabilities up to 2.50%	987 400	621 400
Financial liabilities up to 3.00%	131 094	70 000
Financial liabilities up to 3.50%	–	–
Financial liabilities up to 4.00%	20 040	20 000
Financial liabilities up to 4.50%	5 134	–
Financial liabilities up to 5.00%	986	–
Total financial liabilities	5 384 738	5 169 000

Overview of future contractual cash outflows (including interest) from all financial liabilities

in CHF 1 000	31.12.2020 Book value	Contra- tual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Inter- est	Amorti- sation	Inter- est	Amorti- sation	Inter- est	Amorti- sation	Inter- est	Amorti- sation	Inter- est	Amorti- sation
Current financial liabilities	1 333 776	1 341 616	6 453	973 870	1 293	360 000	–	–	–	–	–	–
Accounts payable	8 341	8 341	–	8 341	–	–	–	–	–	–	–	–
Other current liabilities	144 315	144 315	–	144 315	–	–	–	–	–	–	–	–
Non-current financial liabilities (without derivatives)	3 830 187	4 065 162	19 031	–	19 031	–	37 031	175 000	84 491	1 524 230	70 448	2 135 900
Total non-derivative financial liabilities	5 316 619	5 559 434	25 484	1 126 526	20 324	360 000	37 031	175 000	84 491	1 524 230	70 448	2 135 900
Derivatives with negative fair value	338	304	–	244	–	60	–	–	–	–	–	–
Total derivative financial liabilities	338	304	–	244	–	60	–	–	–	–	–	–
Total financial liabilities	5 316 957	5 559 738	25 484	1 126 770	20 324	360 060	37 031	175 000	84 491	1 524 230	70 448	2 135 900

in CHF 1 000	31.12.2019 Book value	Contra- tual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Inter- est	Amorti- sation	Inter- est	Amorti- sation	Inter- est	Amorti- sation	Inter- est	Amorti- sation	Inter- est	Amorti- sation
Current financial liabilities	1 259 877	1 268 389	5 678	808 449	2 727	451 535	–	–	–	–	–	–
Accounts payable	32 623	32 623	–	32 623	–	–	–	–	–	–	–	–
Other current liabilities	149 919	149 919	–	149 919	–	–	–	–	–	–	–	–
Non-current financial liabilities (without derivatives)	4 118 551	4 362 141	25 739	–	25 739	–	41 270	912 882	86 648	1 102 011	57 991	2 109 861
Total non-derivative financial liabilities	5 560 970	5 813 072	31 417	990 991	28 466	451 535	41 270	912 882	86 648	1 102 011	57 991	2 109 861
Derivatives with negative fair value	2 292	2 525	–	488	–	470	–	453	–	446	–	668
Total derivative financial liabilities	2 292	2 525	–	488	–	470	–	453	–	446	–	668
Total financial liabilities	5 563 262	5 815 597	31 417	991 479	28 466	452 005	41 270	913 335	86 648	1 102 457	57 991	2 110 529

The weighted average residual term to maturity of all interest-bearing financial liabilities was 4.8 [4.2] years due to the contractual maturities.

19 Pension plans

Employer contribution reserves

There were no employer contribution reserves held in the reporting or previous year.

Economic benefits/obligations and pension benefit expenses

in CHF 1 000	Surplus/deficit	Economical part of the group	Contributions concerning the reporting period	Pension benefit expenses within personnel costs	
	31.12.2020	31.12.2020		01.01.–31.12.2019	01.01.–31.12.2020
Pension institutions without surplus/deficit	–	–	– 1 883	– 10 975	– 1 883
Pension institutions with surplus	40 161	–	– 16 710	– 16 428	– 16 710
Pension institutions with deficit	–	–	– 100	– 120	– 100
Total	40 161	–	– 18 693	– 27 523	– 18 693

No extraordinary recapitalisation contributions were stipulated or provided in the reporting year or the previous year.

20 Shareholders' equity

Share capital

	Number of registered shares issued	Nominal value in CHF	in CHF 1 000
Share capital as at 01.01.2019	75 946 349	15.30	1 161 979
Share capital as at 31.12.2019	75 946 349	15.30	1 161 979
Conversions	24 015	15.30	368
Share capital as at 31.12.2020	75 970 364	15.30	1 162 347

The 1 844 [1 112] treasury shares held at 31 December 2020 were not entitled to dividends. As at the balance sheet date, the dividend-entitled share capital of CHF 1 162.318 million [CHF 1 161.962 million] therefore comprised 75 968 520 [75 945 237] registered shares.

Authorised and conditional capital

	Number of registered shares	Nominal value in CHF	in CHF 1 000
Authorised and conditional capital as at 01.01.2019	2 532 568	15.30	38 748
Approval of increase by Annual General Meeting of 26.03.2019 ¹	4 467 432	15.30	68 352
Authorised and conditional capital as at 31.12.2019	7 000 000	15.30	107 100
Appropriation of conditional capital due to conversions	– 24 015	15.30	– 368
Authorised and conditional capital as at 31.12.2020 ²	6 975 985	15.30	106 733

¹ according to the resolution by the Annual General Meeting of 26 March 2019, share capital from authorised and conditional capital can be increased by a total maximum of CHF 107.100 million respectively 7 000 000 registered shares

² due to the issue of a convertible bond, 2 378 206 shares (CHF 36.387 million) from conditional capital have been reserved for potential conversions. According to article 3a of the Articles of Association, the Board of Directors can therefore only increase the share capital by an amount of CHF 70.346 million, which corresponds to 4 597 779 shares

The Board of Directors is authorised to increase the share capital to the extent mentioned above at any time until 26 March 2021.

According to articles 3a and 3b, para. 1, of the Company's current Articles of Association, overall share capital (authorised and conditional capital) may be increased by a maximum of CHF 106.733 million. The precise wording regarding authorised and conditional capital can be found in the Company's Articles of Association.

Capital reserves

	in CHF 1 000
Capital reserves as at 01.01.2019	608 218
Distribution from capital contribution reserves	–288 591
Share-based compensation	1 008
Income from delivery of treasury shares relating to share-based compensation	–6
Capital reserves as at 31.12.2019	320 629
Distribution from capital contribution reserves	–144 339
Conversion of convertible bonds into registered shares	2 046
Share-based compensation	–518
Income from delivery of treasury shares relating to share-based compensation	–620
Capital reserves as at 31.12.2020	177 198

Capital reserves are based on above-par issues on foundation, capital increases as well as changes from trading with subscription rights, treasury shares and share-based compensation.

As at the balance sheet date, Swiss Prime Site AG's reserves consisted of a non-distributable amount (legal reserves) of CHF 232.470 million [CHF 232.396 million].

Treasury shares

	in CHF 1 000
Treasury shares as at 01.01.2019	–47
Purchase of treasury shares, 26 500 shares, CHF 94.45 average transaction price	–2 503
Share-based compensation, 25 927 shares, CHF 94.03 average transaction price	2 438
Income from delivery of treasury shares relating to share-based compensation	6
Treasury shares as at 31.12.2019	–106
Purchase of treasury shares, 42 900 shares, CHF 115.98 average transaction price	–4 976
Share-based compensation, 42 168 shares, CHF 102.00 average transaction price	4 301
Income from delivery of treasury shares relating to share-based compensation	620
Treasury shares as at 31.12.2020	–161

Treasury shares are valued at acquisition cost and reported in shareholders' equity as a debit item. Income from delivery of treasury shares relating to share-based compensation is set off directly against capital reserves. As at the balance sheet date, the group companies and the group's employee pension fund foundations held 1 844 shares [1 112 shares] and 290 049 shares [290 049 shares] respectively in Swiss Prime Site AG.

Retained earnings

	in CHF 1 000
Retained earnings as at 01.01.2019	3 374 742
Profit	607 586
Compensation of goodwill from acquisitions of group companies	–6 792
Retained earnings as at 31.12.2019	3 975 536
Profit	610 510
Goodwill charged to income on divestment of group companies	304 538
Distribution to shareholders	–144 339
Retained earnings as at 31.12.2020	4 746 245

Non-controlling interests

	in CHF 1 000
Non-controlling interests as at 01.01.2019	218
Profit, attributable to non-controlling interests	931
Non-controlling interests as at 31.12.2019	1 149
Profit, attributable to non-controlling interests	– 103
Sale of a majority shareholding with non-controlling interests	– 1 046
Non-controlling interests as at 31.12.2020	–
Shareholders' equity as at 31.12.2020	6 085 629
Shareholders' equity as at 31.12.2019	5 459 187

Distributions

The Annual General Meeting of 24 March 2020 [26 March 2019] passed the following resolution: A total distribution of CHF 3.80 [CHF 3.80] per share shall be made. The distribution consists of a distribution of CHF 1.90 [CHF 3.80] per share from the capital contribution reserves (exempt from withholding tax) and an ordinary dividend of CHF 1.90 [CHF 0.00] gross per share from balance sheet profit (subject to withholding tax).

The share capital on which the distribution was based consisted of 75 968 018 [75 944 993] shares. The distribution to shareholders with a total value of CHF 288.678 million [CHF 288.591 million] was carried out on 1 April 2020 [4 April 2019].

21 Key figures per share

Profit used to calculate earnings per share or diluted earnings per share was the reported profit attributable to shareholders of Swiss Prime Site AG.

Basis for calculation of diluted earnings per share

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Profit attributable to shareholders of Swiss Prime Site AG	607 586	610 510
Interests on convertible bonds, amortisation of proportional costs and tax effects	3 129	3 100
Relevant profit for calculation of diluted earnings per share	610 715	613 610

Weighted average number of shares

	01.01.– 31.12.2019	01.01.– 31.12.2020
Shares issued as at 01.01.	75 946 349	75 946 349
Weighted number of shares issued on conversions	–	22 207
Average number of treasury shares (360 days)	– 1 114	– 3 693
Total weighted average number of shares 01.01.–31.12. (360 days)	75 945 235	75 964 863
Weighted number of shares issued on conversions	–	– 22 207
Effective number of converted shares	–	24 015
Highest possible number of shares that can be issued on conversions	5 383 088	5 334 160
Basis for calculation of diluted earnings per share	81 328 323	81 300 831

Earnings and net asset value (NAV) per share

in CHF	01.01.– 31.12.2019	01.01.– 31.12.2020
Earnings per share (EPS)	8.00	8.04
Diluted earnings per share	7.51	7.55
Shareholders' equity per share (NAV) before deferred taxes ¹	86.34	95.41
Shareholders' equity per share (NAV) after deferred taxes ¹	71.87	80.11

¹ Services segment (real estate-related business fields) included at book values only

22 Future obligations and pledged assets

Swiss Prime Site concluded agreements with various general contractors for the construction of new and modified buildings within the scope of new construction activities as well as the restructuring and renovation of existing properties. The due dates for the respective residual payments for these general contractor agreements are as follows:

in CHF 1 000	31.12.2019	31.12.2020
2020	303 497	–
2021	85 059	212 824
2022	4 015	106 707
2023	–	53 908
2027	–	3 000
Total future obligations based on total contractor agreements	392 571	376 439

Operating lease agreements

As at the balance sheet date, the following future obligations relating to land lease payments, leasing of office equipment and rental of office, retail and residential floor space sector were in effect:

in CHF 1 000	31.12.2019	31.12.2020
Lease expenses up to 1 year	81 816	12 276
Lease expenses from 1 year up to 5 years	312 347	42 225
Lease expenses over 5 years	763 531	338 112
Total future lease expenses	1 157 694	392 613

Pledged assets

in CHF 1 000	31.12.2019	31.12.2020
Fair value of affected investment properties	8 920 500	8 842 035
Nominal value of pledged mortgage notes	4 567 047	4 291 053
Current claim (nominal)	2 978 431	2 714 870

23 Transactions with related parties

The Board of Directors, Executive Board, group companies, pension fund foundations of the group, associates and their subsidiaries as well as the Swiss Prime Investment Foundation are all regarded as related parties.

Board of Directors and Executive Board

Disclosure of the following fixed compensation to members of the Board of Directors and the fixed and variable compensation to the Executive Board was based on the accrual principle (i.e. recognised in the relevant period, regardless of cash flow).

Compensation paid to the Board of Directors is effected at 50% in the form of Swiss Prime Site AG shares. The shares are blocked for a period of three years [four years]. In the reporting year, 7 370 shares [9 806 shares] at a market value of CHF 0.647 million [CHF 0.960 million] were transferred to the members of the Board of Directors.

The variable compensation of the members of the Executive Board is designated at 37.5% as performance-based entitlements to shares (performance share units or PSUs) within the scope of a long-term incentive plan (LTI). At the grant date, 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 grant 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. Earnings per share (EPS) excluding revaluations and deferred taxes constitute the performance indicators. The EPS target for the three-year vesting period is predetermined based on Swiss Prime Site's medium-term financial planning. At the vesting 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%.

In the reporting year, 10 082 [13 443] performance share units were allocated to the Executive Board. The amount is recognised in the consolidated financial statements at the current price of CHF 94.75 [CHF 87.25] (stock exchange price on the grant date) and spread over the three-year vesting period. The resulting expense booked in the consolidated income statement was CHF 0.988 million [CHF 1.170 million].

Compensation to the Board of Directors and Executive Board

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Fixed compensation in cash, gross	3 910	3 686
Variable compensation in cash, gross	1 518	1 611
Share-based compensation	2 130	1 557
Other compensation components	66	73
Pension fund contributions	529	466
Other social security contributions	376	411
Total compensation to the Board of Directors and Executive Board	8 529	7 804
Expense allowance	141	130

Other related parties

There were current accounts payable to the various pension funds and the SPS and Jelmoli welfare foundation of CHF 0.287 million [CHF 0.324 million]. Accounts receivable from the Swiss Prime Investment Foundation amounted to CHF 0.135 million [none]. Liabilities towards the Swiss Prime Investment Foundation totalled CHF 0.349 million [CHF 0.296 million]. Income from asset management with the Swiss Prime Investment Foundation totalled CHF 12.259 million [CHF 13.145 million]. Income from other real estate services came to CHF 3.020 million [CHF 2.930 million]. CHF 0.008 million [CHF 2.772 million] was recorded for the provision of real estate services as well as other services for related pension fund foundations.

There were no additional transactions with other related parties carried out either in the reporting period or previous year's period.

24 Group companies and associates

Swiss Prime Site AG holds the following investments:

Fully consolidated investments in group companies (direct or indirect)

	Field of activity	31.12.2019 Capital in CHF 1 000	Shareholding in %	31.12.2020 Capital in CHF 1 000	Shareholding in %
EMS Chantevent SA, La Grande Béroche ¹	Assisted living	100	100.0	n.a.	n.a.
Home Les Lauriers S.A., Saint-Imier ¹	Assisted living	100	100.0	n.a.	n.a.
Hôtel Résidence Bristol SA, Montreux ¹	Assisted living	100	100.0	n.a.	n.a.
immoveris ag, Bern	Real estate services	200	100.0	200	100.0
Jelmoli AG, Zurich	Retail	6 600	100.0	6 600	100.0
La Fontaine SA, Court ¹	Assisted living	100	100.0	n.a.	n.a.
Leben im Alter AG, Zurich ¹	Assisted living	600	100.0	n.a.	n.a.
Le Manoir AG, Gampelen ¹	Assisted living	100	100.0	n.a.	n.a.
Leora S.à r.l., Villeneuve ¹	Assisted living	140	100.0	n.a.	n.a.
Les Tourelles S.à r.l., Martigny ¹	Assisted living	20	100.0	n.a.	n.a.
Quality Inside SA, Crissier ¹	Assisted living	150	100.0	n.a.	n.a.
Résidence de la Jardinerie SA, Delémont ¹	Assisted living	100	100.0	n.a.	n.a.
Résidence Joli Automne SA, Ecublens ¹	Assisted living	100	100.0	n.a.	n.a.
Résidence le Pacific SA, Etoy ¹	Assisted living	150	100.0	n.a.	n.a.
Résidence l'Eaudine SA, Montreux ¹	Assisted living	100	100.0	n.a.	n.a.
Swiss Prime Site Dreispitz AG, Olten ²	Real estate	5 295	100.0	5 295	100.0
SPS Beteiligungen Alpha AG, Olten ³	Investments	450 000	100.0	n.a.	n.a.
streamnow ag, Zurich	Real estate services	100	100.0	100	100.0
Swiss Prime Site Finance AG, Olten ⁴	Financial services	100	100.0	100 000	100.0
Swiss Prime Site Immobilien AG, Olten	Real estate	50 000	100.0	50 000	100.0
Swiss Prime Site Management AG, Olten	Services	100	100.0	100	100.0
Swiss Prime Site Solutions AG, Zurich	Asset management	1 500	100.0	1 500	100.0
Tertianum AG, Zurich ¹	Assisted living	9 562	100.0	n.a.	n.a.
Tertianum Gruppe AG, Zurich ¹	Assisted living	50 000	100.0	n.a.	n.a.
Tertianum Management AG, Zurich ¹	Assisted living	500	100.0	n.a.	n.a.
Tertianum Romandie SA, Crissier ¹	Assisted living	100	100.0	n.a.	n.a.
Tertianum Romandie Management SA, Crissier ¹	Assisted living	100	100.0	n.a.	n.a.
Tertianum Vaud SA, Crissier ¹	Assisted living	50	100.0	n.a.	n.a.
Wincasa AG, Winterthur	Real estate services	1 500	100.0	1 500	100.0
Wohn- und Pflegezentrum Salmenpark AG, Rheinfelden ¹	Assisted living	1 000	51.0	n.a.	n.a.
Zentrum Schönberg AG, Bern ¹	Assisted living	1 000	51.0	n.a.	n.a.
Zimmermann Vins SA, Carouge	Real estate	350	100.0	350	100.0

¹ sale of Tertianum Group as at 28.02.2020

² rebranded from SPS Baselland Dreispitz AG, Münchenstein, to Swiss Prime Site Dreispitz AG, Olten, as at 16.12.2020

³ merger of SPS Beteiligungen Alpha AG in Swiss Prime Site AG as at 01.01.2020

⁴ capital increase as at 24.06.2020 (contribution in kind from Swiss Prime Site AG)

Investments in associates valued according to the equity method

	Field of activity	31.12.2019 Capital in CHF 1 000	Shareholding in %	31.12.2020 Capital in CHF 1 000	Shareholding in %
INOVIL SA, Lausanne ¹	Parking	5 160	27.1	5 160	27.1
Parkgest Holding SA, Geneva	Parking	4 750	38.8	4 750	38.8

¹ rebranded from Parking Riponne S.A. to INOVIL SA as at 30.07.2020

25 Major shareholders

Major shareholders (shareholding interest >3%)	31.12.2019 Shareholding interest in %	31.12.2020 Shareholding interest in %
BlackRock Inc., New York	>10.0	<10.0
Credit Suisse Funds AG, Zurich	6.1	7.8
State Street Corporation, Boston	3.7	>3.0
UBS Fund Management (Switzerland) AG, Basel	3.0	4.3

26 Risk management

Ensuring continuity and exploiting opportunities

The Swiss Prime Site Group is exposed to a broad spectrum of opportunities and risks as it progresses towards its strategic goals. To secure long-term success, it is therefore crucial to recognise changes in the economic, social, regulatory, technological and ecological environment early on. The Company places significant emphasis on managing opportunities and risks, for which it has implemented a systematic process. Risk management therefore provides a significant contribution to the continuity and successful development of the Company.

Risk management is based on the group-wide risk policy. It establishes a homogeneous, responsible approach to tackling opportunities and risks and promotes a uniform understanding of risk management within the Swiss Prime Site Group. Each group company also issues further specific requirements.

Systematic risk management process at all levels

The Swiss Prime Site Group's risk management system is made up of the following elements: principles, control environment, communication, organisation and process.

The principles ensure all employees have a uniform understanding of risk and a high level of risk awareness. These are considered when engaging in dialogue with all stakeholders.

The control environment is influenced primarily by the Board of Directors and Executive Board through their responsibilities, risk awareness and organisational measures to safeguard effective business operations. This is supplemented by the Company's basic ethical values, the organisational structure, rules of conduct and clear responsibilities.

One fundamental pillar of risk management is transparent communication with internal and external stakeholders. All employees are required to maintain an ongoing dialogue about opportunities and risks.

In the Swiss Prime Site Group's risk organisation structure, the Board of Directors has overall responsibility within the scope of its supervisory duties by defining the risk strategy. The Executive Board is responsible for operational implementation. It is supported in this task by the Group Risk Management department, which is responsible for the group-wide coordination and steering of the risk management process. Fundamentally, all employees have a duty to take a considered approach to opportunities and risks.

The risk management process encompasses all activities for the management of opportunities and risks. Risks are identified within the scope of annual risk meetings between the Executive Board and the Risk & Audit Committee of the respective group company and between all risk owners and the Group Risk Management department (top-down). Along with an analysis of individual systems and processes (bottom-up), this produces a risk inventory for each group company.

The identified risks are assessed in relation to their causes and impact and assigned to appropriate risk categories (strategic, external, operational, financial and compliance risks) and risk owners. They are then rated according to their financial loss potential and probability of occurrence. The resulting risk profile also quantifies the effectiveness of the risk management measures that would be required and the effects that adverse media reports would have on the group's reputation.

At group level, risks are reported yearly to the Board of Directors and Executive Board. This consists of a consolidated risk report and risk inventory. At group company level, similar reports are submitted to the relevant Board of Directors and Executive Management.

Most important risks in the various business fields

In the real estate business, the revaluation of properties, changes in interest rates and the general financial market risk when refinancing were among the most important risks, with medium loss potential and an average probability of occurrence. By proactively managing vacancy risk, Swiss Prime Site kept vacancy rates stable despite the difficult market environment.

Comprehensive assessment of cyber and climate risks

The Swiss Prime Site Group focused particular attention on cyber and climate risks. Although the advance of digitalisation is creating many opportunities in the real estate sector, especially in customer interaction and the smart control of processes, new cyber risks such as sabotage or data theft have arisen. This very important issue is addressed by means of a dedicated risk inventory, and appropriate countermeasures based on it have been defined.

Besides digitalisation, climate change is having a significant impact on the business activities of the Swiss Prime Site Group. The Company is clearly committed to the climate targets of the Paris Agreement and is aligning its environmental goals accordingly. In taking a proactive approach to climate risks, the Company is also helping to protect its own business activities. The Swiss Prime Site Group carried out a detailed analysis of climate-related financial risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Detailed information can be found in the TCFD Report of the Swiss Prime Site Group.

27 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on 23 February 2021. They are subject to approval by the Annual General Meeting of Swiss Prime Site AG on 23 March 2021.

There were no other events occurring between 31 December 2020 and the date of publication of these consolidated financial statements that would result in adjustment of the carrying amounts of the group's assets and liabilities as at 31 December 2020, or that would need to be disclosed at this point.

Definition of alternative performance indicators

Cash yield

Distribution per share as a percentage of the share price at the end of the period.

Earnings per share (EPS) excluding revaluations and deferred taxes

Profit (attributable to shareholders of Swiss Prime Site AG) less revaluations and deferred taxes, divided by the weighted average number of outstanding shares.

Equity ratio

Total shareholders' equity as a percentage of balance sheet total.

Interest-bearing financial liabilities

Current and non-current financial liabilities less derivative financial instruments (other non-current financial liabilities).

Loan-to-value (LTV) ratio of the real estate portfolio

Current and non-current financial liabilities as a percentage of the property portfolio at fair value.

NAV (net asset value) after deferred taxes per share

Equity (attributable to shareholders of Swiss Prime Site AG) divided by the number of shares issued on the balance sheet date (excluding treasury shares).

NAV (net asset value) before deferred taxes per share

Equity (attributable to shareholders of Swiss Prime Site AG) plus deferred tax liabilities, divided by the number of shares issued at the balance sheet date (excluding treasury shares).

Net property yield

Real estate income as a percentage of the property portfolio at fair value as at the balance sheet date.

Operating result before depreciation and amortisation (EBITDA)

Operating result before financial result and taxes (EBIT) plus depreciation on tangible assets and amortisation on intangible assets.

Operating result (EBIT) excluding revaluations

Operating result before financial result and taxes (EBIT) excluding revaluation of investment properties.

Profit excluding revaluations and deferred taxes

Profit less revaluations of investment properties and deferred taxes.

Return on equity (ROE)

Profit (attributable to shareholders of Swiss Prime Site AG) divided by average equity (attributable to shareholders of Swiss Prime Site AG).

Return on equity (ROE) excluding revaluations and deferred taxes

Profit (attributable to shareholders of Swiss Prime Site AG) less revaluations and deferred taxes, divided by average equity (attributable to shareholders of Swiss Prime Site AG).

Return on invested capital (ROIC)

Profit (attributable to shareholders of Swiss Prime Site AG) plus financial expenses divided by the average balance sheet total.

Return on invested capital (ROIC) excluding revaluations and deferred taxes

Profit (attributable to shareholders of Swiss Prime Site AG) less revaluations, deferred taxes and financial expenses, divided by average balance sheet total.

Vacancy rate

Rental income from vacancies as a percentage of target rental income from the rental of investment properties.



Statutory Auditor's Report

To the General Meeting of Swiss Prime Site AG, Olten

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Swiss Prime Site AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting principles.

In our opinion the consolidated financial statements (pages 17 to 54, 79 to 86) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange and Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



Valuation of investment properties



Completeness and accuracy of deferred tax liabilities

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Valuation of investment properties

Key Audit Matter

Investment properties form a substantial part of the balance sheet and showed an overall fair value of TCHF 12'106'219 as at 31 December 2020.

The Group's total investment properties are valued at fair value as at the balance sheet date.

The valuation is based on the external valuation expert's report. The fair value estimates performed every six months using the discounted cash flow model are significantly influenced by assumptions and estimates made by the Executive Board and the external valuation expert with regard to the expected future cash flows and the discount rate used for each property depending on its individual rewards and risks.

Our response

In the course of our audit, we assessed the external valuation expert's competence and independence. We met with the external valuation expert regarding the valuation of the investment properties, and discussed the valuation methodology and selected input factors applied in the valuation. We used our own real estate valuation specialists to support our audit procedures.

For a sample identified based on quantitative and qualitative factors, we performed, amongst others, the following audit procedures:

- evaluating the methodical accuracy of the model used to determine the fair value;
- challenging the most important input factors applied in the valuation (such as discount rate, market rents, vacancy rates, overhead / maintenance and renovation expenses) by comparing them with past figures, benchmarks, publicly available data and our own market assessments.
- additionally concerning properties under construction / development sites: assessment of key assumptions related to construction costs, utilisation, date of completion, expected revenues as well as future market outlook and evaluation of recoverability and allocation of investment costs capitalized.

We also considered the appropriateness of disclosures in the consolidated financial statements regarding the sensitivity of the investment properties' fair value to changes in discount rates.

For further information on the valuation of the investment properties refer to the following:

- Note 2 "Summary of significant accounting principles" to the consolidated financial statements
- Note 14 "Investment properties" to the consolidated financial statements
- Valuation Expert's Report, Wüest Partner AG, Zurich



Completeness and accuracy of deferred tax liabilities

Key Audit Matter

As at 31 December 2020, deferred tax liabilities amounted to TCHF 1'162'863.

Deferred taxes arise due to temporary differences between the values in the tax accounts and the consolidated balance sheet. The calculation of deferred taxes takes into account the expected point in time when, and the manner in which, the assets and liabilities are expected to be realized or settled. The applied tax rates correspond to those that are enacted or substantively enacted at the respective locations at the balance sheet date. Deferred taxes primarily result from valuation differences between the fair values of investment properties and their values for tax purposes.

In the calculation of the deferred tax liabilities, assumptions and estimates must be made with regards to the fiscally relevant investment costs and the fair values of the properties as well as the tax rates applicable at the time the tax differences are realized. If properties are held for long periods, the fiscally relevant investment costs may be determined using an alternative measure instead of the actual investment costs, depending on the respective cantonal rules (e.g. fair value 20 years ago for Zurich properties). Moreover, in cantons with a separate property gains tax (one-tier system), the residual holding period of the properties has to be estimated, whereby SPS assumes a minimum ownership period of 20 years for properties not held for sale.

Our response

In the course of our audit, we critically assessed the calculation of deferred taxes on investment, development and commercial properties with the support of our tax specialists.

Based on the overall portfolio, we performed, amongst others, the following audit procedures:

- evaluating the calculation method used to determine deferred tax liabilities;
- critically assessing the assumed tax rates applicable to each canton at the time the tax differences are realized.

For a sample identified based on quantitative and qualitative factors, we performed, amongst others, the following audit procedures:

- reconciling the fair value with the valuation documentation and the fiscally relevant investment costs with the fixed asset accounting or the client's detailed records;
- testing the mathematical accuracy of the deferred tax calculation.

For further information on the calculation of deferred tax liabilities refer to the following:

- Note 2 "Summary of significant accounting principles" to the consolidated financial statements
- Note 10 "Income taxes" to the consolidated financial statements



Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER, Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

Anna Pohle
Licensed Audit Expert

Zurich, 23 February 2021

KPMG AG, Raffelstrasse 28, PO Box, CH-8036 Zurich

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Financial statements of Swiss Prime Site AG

Income statement

in CHF 1 000	Notes	01.01.– 31.12.2019	01.01.– 31.12.2020
Dividend income	2.2	23 800	166 900
Other financial income	2.3	57 176	13 659
Income from sale of participations	2.4	–	375 096
Other operating income		192	94
Total operating income		81 168	555 749
Financial expenses	2.5	–73 599	–6 419
Personnel costs		–2 172	–1 717
Other operating expenses	2.6	–5 322	–9 670
Depreciation of participations		–	–2 533
Total operating expenses		–81 093	–20 339
Result before taxes		75	535 410
Direct taxes		–6	–70
Profit	4	69	535 340

Balance sheet

in CHF 1 000	Notes	31.12.2019	31.12.2020
Assets			
Cash		321	277
Securities with market price		300	291
Other current receivables	2.7	23 979	167 173
Accrued income and prepaid expenses		1 658	1 792
Total current assets		26 258	169 533
Financial investments	2.8	3 337 369	255 755
Investments in subsidiaries	2.9	4 029 071	2 387 956
Accrued income and prepaid expenses		2 874	2 092
Total non-current assets		7 369 314	2 645 803
Total assets		7 395 572	2 815 336
Liabilities and shareholders' equity			
Current interest-bearing liabilities		1 165 800	–
Other current liabilities	2.10	12 123	1 594
Accrued expenses and deferred income		1 965	5 305
Total current liabilities		1 179 888	6 899
Non-current interest-bearing liabilities	2.11	4 109 000	788 930
Other non-current liabilities		1 144	–
Total non-current liabilities		4 110 144	788 930
Total liabilities		5 290 032	795 829
Share capital	2.12	1 161 979	1 162 347
Statutory reserves			
Statutory reserves from capital contributions		299 740	157 468
Legal retained earnings			
Reserves for treasury shares		57	165
Other legal retained earnings		147 378	147 378
Voluntary retained earnings			
Balance sheet profit	4	335 466	726 467
Merger loss	2.1	–	–335 135
Other voluntary retained earnings		160 968	160 860
Treasury shares	2.13	–48	–43
Total shareholders' equity		2 105 540	2 019 507
Total liabilities and shareholders' equity		7 395 572	2 815 336

1 Accounting principles and valuation

1.1 In general

The financial statements of Swiss Prime Site AG, Frohburgstrasse 1, Olten, were prepared in accordance with the provisions of Swiss accounting law (Section 32 of the Swiss Code of Obligations). The significant valuation principles applied, but not mandatory by law, are described in the following section.

1.2 Securities

Securities held on a short-term basis are valued at stock-exchange prices at the balance sheet date. Formation of a fluctuation reserve has been waived.

1.3 Interest-bearing liabilities

Interest-bearing liabilities are recognised in the balance sheet at nominal value. Premiums and discounts on bonds and convertible bonds, together with issuing costs, are recorded in accrued income and prepaid expenses and amortised over the term to maturity of the bond or convertible bond.

1.4 Treasury shares

Treasury shares are recognised at cost as a minus position in shareholders' equity at the time of acquisition. Given future re-divestment of the shares, the profit or loss is recognised in the income statement and recorded as financial income or expense, respectively.

1.5 Share-based compensation

If treasury shares are used for share-based compensation to the Board of Directors and employees, the value of the shares allocated is recognised as personnel costs. Any difference versus book value is posted to the financial result.

1.6 Dispensation of cash flow statement and additional information in the notes

Since Swiss Prime Site AG prepares the consolidated financial statements according to recognised accounting standards (Swiss GAAP FER), the Company has dispensed with providing information in the notes regarding interest-bearing liabilities and audit fees as well as the presentation of a cash flow statement, in accordance with the relevant legal requirements.

2 Information relating to balance sheet and income statement positions

2.1 Merger and restructuring

During the reporting year, the legal structure of the group was simplified and the financing functions were bundled together in a separate financing company. SPS Beteiligungen Alpha AG, Olten, was merged into Swiss Prime Site AG, Olten, with effect from 1 January 2020. The bonds, the majority of the other interest-bearing liabilities and the loans to group companies were transferred to Swiss Prime Site Finance AG with retroactive effect from 1 January 2020 (capital increase on 24 June 2020).

2.2 Dividend income

Dividend income includes the dividends from group companies of CHF 166.900 million [CHF 23.800 million] for the 2020 financial year. The dividends were recorded as receivables. This procedure was permissible since the companies closed their accounts on the same balance sheet date and the resolution on the dividend payment had been passed.

2.3 Other financial income

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Interests on loans from group companies	56 339	11 396
Valuation of financial instruments	744	92
Result from investments in associates	–	1 744
Other financial income	93	427
Total	57 176	13 659

2.4 Income from sale of participations

This was the result of the sale of the Tertianum Group to the Capvis Equity V fund advised by the investment company Capvis AG on 28 February 2020.

2.5 Financial expenses

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Interests on loans	–47 918	–3 469
Interest expenses on bonds and convertible bonds	–23 778	–1 580
Amortisation of cost of bonds and convertible bonds	–1 634	–919
Other financial expenses	–269	–451
Total	–73 599	–6 419

2.6 Other operating expenses

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Administration costs	–3 636	–6 383
Capital taxes	–184	–2 034
Other operating expenses	–1 502	–1 253
Total	–5 322	–9 670

2.7 Other current receivables

in CHF 1 000	31.12.2019	31.12.2020
Other current receivables from third parties	108	247
Other current receivables from group companies	23 871	166 926
Total	23 979	167 173

2.8 Financial investments

in CHF 1 000	31.12.2019	31.12.2020
Loans to group companies	3 337 369	254 668
Participations under 20%	–	1 087
Total	3 337 369	255 755

2.9 Investments**Direct investments**

	31.12.2019 Capital in CHF 1 000	Shareholding interest in %	31.12.2020 Capital in CHF 1 000	Shareholding interest in %
immoveris ag, Bern	n.a.	n.a.	200	100.0
INOVIL SA, Lausanne ¹	n.a.	n.a.	5 160	27.1
Jelmoli AG, Zurich	n.a.	n.a.	6 600	100.0
Parkgest Holding SA, Geneva	n.a.	n.a.	4 750	38.8
SPS Beteiligungen Alpha AG, Olten ²	450 000	100.0	n.a.	n.a.
Swiss Prime Site Finance AG, Olten ³	n.a.	n.a.	100 000	100.0
Swiss Prime Site Immobilien AG, Olten	n.a.	n.a.	50 000	100.0
Swiss Prime Site Management AG, Olten	n.a.	n.a.	100	100.0
Swiss Prime Site Solutions AG, Zurich	n.a.	n.a.	1 500	100.0
Wincasa AG, Winterthur	n.a.	n.a.	1 500	100.0

¹ rebranded from Parking Riponne S.A. to INOVIL SA as at 30.07.2020

² merger of SPS Beteiligungen Alpha AG in Swiss Prime Site AG as at 01.01.2020

³ capital increase as at 24.06.2020 (contribution in kind from Swiss Prime Site AG)

Indirect investments

	31.12.2019 Capital in CHF 1 000	Shareholding interest in %	31.12.2020 Capital in CHF 1 000	Shareholding interest in %
EMS Chantevent SA, La Grande Béroche ¹	100	100.0	n.a.	n.a.
Home Les Lauriers S.A., Saint-Imier ¹	100	100.0	n.a.	n.a.
Hôtel Résidence Bristol SA, Montreux ¹	100	100.0	n.a.	n.a.
immoveris ag, Bern	200	100.0	n.a.	n.a.
INOVIL SA, Lausanne ²	5 160	27.1	n.a.	n.a.
Jelmoli AG, Zurich	6 600	100.0	n.a.	n.a.
La Fontaine SA, Court ¹	100	100.0	n.a.	n.a.
Leben im Alter AG, Zurich ¹	600	100.0	n.a.	n.a.
Le Manoir AG, Gampelen ¹	100	100.0	n.a.	n.a.
Leora S.à r.l., Villeneuve ¹	140	100.0	n.a.	n.a.
Les Tourelles S.à r.l., Martigny ¹	20	100.0	n.a.	n.a.
Parkgest Holding SA, Geneva	4 750	38.8	n.a.	n.a.
Quality Inside SA, Crissier ¹	150	100.0	n.a.	n.a.
Résidence de la Jardinerie SA, Delémont ¹	100	100.0	n.a.	n.a.
Résidence Joli Automne SA, Ecublens ¹	100	100.0	n.a.	n.a.
Résidence le Pacific SA, Etoy ¹	150	100.0	n.a.	n.a.
Résidence l'Eaudine SA, Montreux ¹	100	100.0	n.a.	n.a.
Swiss Prime Site Dreispitz AG, Olten ³	5 295	100.0	5 295	100.0
streamnow ag, Zurich	100	100.0	100	100.0
Swiss Prime Site Finance AG, Olten	100	100.0	n.a.	n.a.
Swiss Prime Site Immobilien AG, Olten	50 000	100.0	n.a.	n.a.
Swiss Prime Site Management AG, Olten	100	100.0	n.a.	n.a.
Swiss Prime Site Solutions AG, Zurich	1 500	100.0	n.a.	n.a.
Tertianum AG, Zurich ¹	9 562	100.0	n.a.	n.a.
Tertianum Gruppe AG, Zurich ¹	50 000	100.0	n.a.	n.a.
Tertianum Management AG, Zurich ¹	500	100.0	n.a.	n.a.
Tertianum Romandie SA, Crissier ¹	100	100.0	n.a.	n.a.
Tertianum Romandie Management SA, Crissier ¹	100	100.0	n.a.	n.a.
Tertianum Vaud SA, Crissier ¹	50	100.0	n.a.	n.a.
Wincasa AG, Winterthur	1 500	100.0	n.a.	n.a.
Wohn- und Pflegezentrum Salmenpark AG, Rheinfelden ¹	1 000	51.0	n.a.	n.a.
Zentrum Schönberg AG, Bern ¹	1 000	51.0	n.a.	n.a.
Zimmermann Vins SA, Carouge	350	100.0	350	100.0

¹ sale of Tertianum Group as at 28.02.2020

² rebranded from Parking Riponne S.A. to INOVIL SA as at 30.07.2020

³ rebranded from SPS Baselland Dreispitz AG, Münchenstein, to Swiss Prime Site Dreispitz AG, Olten, as at 16.12.2020

2.10 Other current liabilities

in CHF 1 000	31.12.2019	31.12.2020
Other current liabilities to group companies	8	35
Other current liabilities to shareholders	212	285
Other current liabilities to third parties	11 903	1 274
Total	12 123	1 594

2.11 Non-current interest-bearing liabilities

in CHF 1 000	31.12.2019	31.12.2020
Convertible bonds	550 000	544 130
Bonds	1 610 000	–
Mortgage-backed loans	1 949 000	244 800
Total	4 109 000	788 930

Maturity structure of non-current interest-bearing liabilities

in CHF 1 000	31.12.2019	31.12.2020
Up to five years	2 010 600	627 030
Over five years	2 098 400	161 900
Total	4 109 000	788 930

Convertible bonds

		CHF 250 m 2023	CHF 300 m 2025
Issuing volume, nominal	CHF m	250.000	300.000
Book value as at 31.12.2020	CHF m	247.500	296.630
Book value as at 31.12.2019	CHF m	250.000	300.000
Conversion price	CHF	104.07	100.35
Interest rate	%	0.25	0.325
Term to maturity	years	7	7
Maturity	date	16.06.2023	16.01.2025
Securities number		32 811 156 (SPS16)	39 764 277 (SPS18)

2.12 Share capital and capital contribution reserves

As at the balance sheet date, the share capital comprised 75 970 364 [75 946 349] registered shares with a nominal value of CHF 15.30 per share. In the reporting period, convertible bonds from the CHF 250.000 million issue with a nominal value of CHF 2.500 million [none] were converted. This resulted in an increase in share capital of CHF 0.367 million or 23 983 registered shares and an addition to capital reserves of CHF 2.046 million. Convertible bonds from the CHF 300.000 million issue with a nominal value of CHF 3.370 million [none] were also converted during the reporting period. The nominal value was redeemed in cash and the added value was issued as 32 registered shares.

2.13 Treasury shares

Swiss Prime Site AG held 497 [454] treasury shares on the balance sheet date. As at the balance sheet date, the group companies held an additional 1 347 [658] Swiss Prime Site AG shares. Purchases and sales were carried out at the respective daily market rates.

Change in number of treasury shares	Volume-weighted average share price in CHF	2019 Number of treasury shares	Volume-weighted average share price in CHF	2020 Number of treasury shares
Holdings of treasury shares on 01.01.	–	260	–	454
Purchases at the volume-weighted average share price	107.41	10 000	87.44	7 413
Share-based compensation	111.90	–9 806	86.90	–7 370
Holdings of treasury shares on 31.12.	–	454	–	497

3 Additional information

3.1 Full-time employees

Swiss Prime Site AG has no employees.

3.2 Security provided for third-party liabilities

The company has provided security in the amount of CHF 4 379.200 million [none]. This takes the form of guarantees for the financial liabilities of the subsidiary Swiss Prime Site Finance AG.

3.3 Shareholding rights for Board of Directors and Executive Board

Number of shares	31.12.2019	31.12.2020
Board of Directors		
Ton Büchner, Chairman of the BoD ¹	n.a.	4 809
Mario F. Seris, Vice-Chairman of the BoD	14 190	15 138
Christopher M. Chambers, member of the BoD	42 742	43 640
Dr. Barbara Frei-Spreiter, member of the BoD	2 089	2 987
Dr. Rudolf Huber, member of the BoD	21 071	15 969
Gabrielle Nater-Bass, member of the BoD	942	1 840
Thomas Studhalter, member of the BoD	2 159	3 107
Prof. em. Dr. Hans Peter Wehrli, Chairman of the BoD ²	45 096	n.a.
Executive Board		
René Zahnd, member of the Executive Board (CEO)	4 535	9 680
Markus Meier, member of the Executive Board (CFO)	6 451	8 754
Peter Lehmann, member of the Executive Board and CEO of Swiss Prime Site Immobilien AG	11 845	15 069
Oliver Hofmann, member of the Executive Board and CEO of Wincasa AG	–	400
Dr. Luca Stäger, member of the Executive Board and CEO of Tertianum Gruppe AG ³	1 387	n.a.
Nina Müller, member of the Executive Board and CEO of Jelmoli AG ⁴	n.a.	–
Total share ownership	152 507	121 393

¹ since 24.03.2020

² until 24.03.2020

³ until 28.02.2020

⁴ since 01.04.2020

3.4 Major shareholders

	31.12.2019 Shareholding interest in %	31.12.2020 Shareholding interest in %
Major shareholders (shareholding interest >3%)		
BlackRock Inc., New York	>10.0	<10.0
Credit Suisse Funds AG, Zurich	6.1	7.8
State Street Corporation, Boston	3.7	>3.0
UBS Fund Management (Switzerland) AG, Basel	3.0	4.3

3.5 Significant events after the balance sheet date

There were no significant events after the balance sheet date that would have an impact on the book values of the reported assets or liabilities, or which would need to be disclosed at this point.

4 Proposed appropriation of balance sheet profit

The Board of Directors proposes a distribution of CHF 3.35 per share to the Annual General Meeting of 23 March 2021. Based on the total of 75970364 shares issued as at 23 February 2021, the total amount is CHF 254.500 million. The Board of Directors proposes a distribution of CHF 1.675 from the capital contribution reserves (exempt from withholding tax) and CHF 1.675 per share from balance sheet profit (subject to withholding tax).

in CHF 1 000	31.12.2019	31.12.2020
Retained earnings brought forward	335 397	191 127
Clearing merger loss	–	–335 135
Profit	69	535 340
Total balance sheet profit	335 466	391 332
Allocation from capital contribution reserves	144 339	127 250
Distribution to shareholders	–288 678	–254 500
Balance brought forward to new account	191 127	264 082
Total distribution	288 678	254 500
thereof from capital contribution reserves	144 339	127 250
thereof from balance sheet profit	144 339	127 250



Statutory Auditor's Report

To the General Meeting of Swiss Prime Site AG, Olten

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Swiss Prime Site AG, which comprise the balance sheet as at 31 December 2020, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting principles.

In our opinion the financial statements (pages 62 to 69) for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

Anna Pohle
Licensed Audit Expert

Zurich, 23 February 2021

KPMG AG, Raffelstrasse 28, PO Box, CH-8036 Zurich

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3

EPRA Reporting

EPRA performance key figures

The EPRA performance key figures of Swiss Prime Site were prepared in accordance with EPRA BPR (October 2019). The BPR introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). Swiss Prime Site adopted these new guidelines and applies them in our 2020 Annual Report. The previously reported EPRA Net Asset Value (EPRA-NAV) and EPRA Triple Net Asset Value (EPRA-NNNAV) are also included below for comparative purposes.

Summary table EPRA performance measures

			01.01.– 31.12.2019 or 31.12.2019	01.01.– 31.12.2020 or 31.12.2020
		in		
A.	EPRA earnings	CHF 1 000	418 726	213 111
	EPRA earnings per share (EPS)	CHF	5.51	2.81
B.	EPRA Net Reinstatement Value (NRV)	CHF 1 000	7 102 032	7 788 421
	EPRA NRV per share	CHF	87.33	95.80
	EPRA Net Tangible Assets (NTA)	CHF 1 000	7 107 411	7 777 567
	EPRA NTA per share	CHF	87.39	95.66
	EPRA Net Disposal Value (NDV)	CHF 1 000	5 822 074	6 534 692
	EPRA NDV per share	CHF	71.59	80.37
C.	EPRA NIY	%	3.5	3.3
	EPRA topped-up NIY	%	3.5	3.4
D.	EPRA vacancy rate	%	4.9	5.0
E.	EPRA cost ratio (including direct vacancy costs)	%	22.5	24.5
	EPRA cost ratio (excluding direct vacancy costs)	%	20.6	22.4
F.	EPRA like-for-like change relative	%	0.8	-3.7
G.	EPRA capital expenditure	CHF 1 000	462 272	443 193

A. EPRA earnings

		01.01.– 31.12.2019	01.01.– 31.12.2020
in CHF 1 000			
Earnings per consolidated income statement		608 517¹	610 407
Excluding:			
Revaluations of investment properties		-203 412	-203 406
Result from real estate developments		-16 862	-13 831
Result from investment property sales		-20 777	-22 243
Result from sale of participations, net		-	-204 181
Tax on profits on sales and real estate developments		4 541	6 497
Negative goodwill/goodwill impairment		n.a.	n.a.
Changes in fair value of financial instruments		-703	-812
Transaction costs on acquisitions of group companies and associated companies		486	-
Deferred tax in respect of EPRA adjustments		46 936	40 680
Adjustments in respect of associated companies		n.a.	n.a.
Adjustments in respect of non-controlling interests		n.a.	n.a.
EPRA earnings		418 726	213 111
Average number of outstanding shares		75 945 235	75 964 863
EPRA earnings per share in CHF		5.51	2.81

¹ positive effect from the reversal of deferred tax liabilities due to cantonal tax rate reductions

B. EPRA net asset value (NAV) metrics

in CHF 1 000	EPRA NRV		EPRA NTA		EPRA NDV	
	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020
Swiss GAAP FER equity attributable to shareholders	5 458 038	6 085 629	5 458 038	6 085 629	5 458 038	6 085 629
Include / Exclude:						
i) Hybrid instruments	543 940	539 651	543 940	539 651	543 940	539 651
Diluted NAV	6 001 978	6 625 280	6 001 978	6 625 280	6 001 978	6 625 280
Include:						
ii.a) Revaluation of investment properties ¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ii.b) Revaluation of investment properties under construction	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ii.c) Revaluation of other non-current investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
iii) Revaluation of tenant leases held as finance leases	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
iv) Revaluation of trading properties	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Diluted NAV at Fair Value	6 001 978	6 625 280	6 001 978	6 625 280	6 001 978	6 625 280
Exclude:						
v) Deferred tax in relation to fair value gains of investment properties	1 097 762	1 162 803	1 095 783	1 148 612		
vi) Fair value of financial instruments	2 292	338	2 292	338		
vii) Goodwill as a result of deferred tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
viii.a) Goodwill as per Swiss GAAP FER balance sheet			n.a.	n.a.	n.a.	n.a.
viii.b) Intangibles as per Swiss GAAP FER balance sheet			-27 880	-25 450		
Include:						
ix) Fair value of fixed interest rate debt					-179 904	-90 588
x) Revaluation of intangibles to fair value	n.a.	n.a.				
xi) Real estate transfer tax	-	-	-20 522	-22 113		
EPRA NAV	7 102 032	7 788 421	7 051 651	7 726 667	5 822 074	6 534 692
Fully diluted number of shares	81 328 325	81 302 680	81 328 325	81 302 680	81 328 325	81 302 680
EPRA NAV per share in CHF	87.33	95.80	86.71	95.04	71.59	80.37

¹ if FER 18 cost option is used

in CHF 1 000	31.12.2019	31.12.2020
NAV as per consolidated balance sheet	5 458 038	6 085 629
Dilution effects from exercise of options, convertibles and other equity instruments	543 940	539 651
Diluted NAV, after the exercise of options, convertibles and other equity instruments	6 001 978	6 625 280
Excluding:		
Fair value of derivative financial instruments	2 292	338
Deferred tax	1 097 762	1 162 803
EPRA NAV	7 102 032	7 788 421
Number of outstanding shares (diluted)	81 328 325	81 302 680
EPRA NAV per share in CHF	87.33	95.80
in CHF 1 000	31.12.2019	31.12.2020
EPRA NAV	7 102 032	7 788 421
Excluding:		
Fair value of derivative financial instruments	-2 292	-338
Revaluation of financial debts	-179 904	-90 588
Deferred tax	-1 085 169	-1 144 758
EPRA NNNAV	5 834 667	6 552 737
Number of outstanding shares (diluted)	81 328 325	81 302 680
EPRA NNNAV per share in CHF	71.74	80.60

C. EPRA NIY and EPRA «topped-up» NIY (net initial yield) on rental income

in CHF 1 000		31.12.2019	31.12.2020
Investment property – wholly owned		11 765 430	12 322 620
Investment property – share of joint ventures/funds		n.a.	n.a.
Less properties under construction and development sites, building land and trading properties		-722 021	-871 684
Value of completed property portfolio		11 043 409	11 450 936
Allowance for estimated purchasers' costs		n.a.	n.a.
Gross up value of completed property portfolio	B	11 043 409	11 450 936
Annualised rental income		442 296	444 546
Property outgoings		-58 264	-64 870
Annualised net rental income	A	384 032	379 676
Add: notional rent expiration of rent-free periods or other lease incentives		3 383	14 021
Topped-up net annualised rental income	C	387 415	393 697
EPRA NIY	A/B	3.5%	3.3%
EPRA topped-up NIY	C/B	3.5%	3.4%

D. EPRA vacancy rate

in CHF 1 000		31.12.2019	31.12.2020
Estimated rental value of vacant space	A	22 907	23 046
Estimated rental value of the whole portfolio	B	467 347	456 946
EPRA vacancy rate	A/B	4.9%	5.0%

E. EPRA cost ratios

in CHF 1 000		01.01.– 31.12.2019	01.01.– 31.12.2020
Operating expenses per Real Estate segment income statement		108 458	116 945
Net service charge costs/fees		-	-
Management fees less actual/estimated profit element		-	-
Other operating income/recharges intended to cover overhead expenses less any related profits		-	-
Share of Joint Ventures expenses		-	-
Excluding:			
Investment property depreciation		-	-
Ground rent costs		-5 764	-6 221
Service charge costs recovered through rents but not separately invoiced		-	-
EPRA costs (including direct vacancy costs)	A	102 694	110 724
Direct vacancy costs		-8 343	-9 474
EPRA costs (excluding direct vacancy costs)	B	94 351	101 250
Gross rental income less ground rents per Swiss GAAP FER		457 034	452 373
Less: service fee and service charge costs components of gross rental income		-	-
Add: share of Joint Ventures (gross rental income less ground rents)		-	-
Gross rental income	C	457 034	452 373
EPRA cost ratio (including direct vacancy costs)	A/C	22.5%	24.5%
EPRA cost ratio (excluding direct vacancy costs)	B/C	20.6%	22.4%
Overhead and operating expenses capitalised		-	-

F. EPRA like-for-like rental change

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Rental income per Real Estate segment income statement	437 299	430 964
Acquisitions	–18 427	–4 290
Disposals	–4 294	–1 503
Development and new building projects	–10 051	–17 012
Property operating expenses	–11 649	–14 478
Property leases	–6 080	–6 269
Conversions, modifications, renovations	–	–
Other changes	–	–
Total EPRA like-for-like rental income	386 798	387 412
EPRA like-for-like change absolute	2 988	–14 521
EPRA like-for-like change relative	0.8%	–3.7%
EPRA like-for-like change by areas		
Zurich	0.8%	–0.3%
Lake Geneva	0.3%	–2.8%
Northwestern Switzerland	–0.8%	–0.2%
Berne	0.5%	–0.2%
Central Switzerland	0.1%	–0.1%
Eastern Switzerland	0.3%	–0.2%
Southern Switzerland	–0.1%	–0.1%
Western Switzerland	0.0%	0.0%

Like-for-like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described. Like-for-like rental growth 2020 is based on a portfolio of CHF 10 667.707 million [CHF 9 891.452 million] which grew in value by CHF 252.878 million [CHF 187.776 million].

G. Property-related EPRA CAPEX

in CHF 1 000	01.01.– 31.12.2019	01.01.– 31.12.2020
Acquisitions	46 520	91 121
Development (ground-up/green field/brown field)	336 431	268 464
Like-for-like portfolio	71 102	75 978
Capitalised interests	6 718	7 342
Other	1 501	288
Total EPRA capital expenditure	462 272	443 193

Five-year summary of key figures

	in	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Fair value of real estate portfolio	CHF m	10 092.1	10 633.1	11 204.4	11 765.4	12 322.6
Rental income from properties	CHF m	453.0	469.9	479.4	486.9	424.7
Vacancy rate	%	6.1	5.2	4.8	4.7	5.1
Net property yield	%	3.7	3.7	3.6	3.5	3.2
Income from real estate developments	CHF m	–	51.7	72.8	79.8	50.1
Income from real estate services	CHF m	115.6	120.0	116.7	117.5	115.2
Income from retail	CHF m	133.6	136.2	131.3	127.8	110.6
Income from assisted living	CHF m	328.2	359.9	396.9	423.9	72.4
Income from asset management	CHF m	13.2	9.9	8.5	13.5	13.1
Total operating income	CHF m	1 049.5	1 154.8	1 214.1	1 258.8	792.9
Operating result before depreciation and amortisation (EBITDA)	CHF m	483.4	487.1	501.2	653.4	779.9
Operating result (EBIT)	CHF m	459.4	470.6	478.6	628.3	762.3
Profit	CHF m	311.1	305.5	310.9	608.5	610.4
Shareholders' equity	CHF m	4 746.3	4 777.5	5 145.1	5 459.2	6 085.6
Equity ratio	%	45.0	43.1	43.9	44.4	47.8
Borrowed capital	CHF m	5 811.7	6 317.6	6 564.2	6 841.7	6 640.6
Borrowed capital ratio	%	55.0	56.9	56.1	55.6	52.2
Total shareholders' equity and borrowed capital	CHF m	10 558.0	11 095.1	11 709.3	12 300.9	12 726.2
Interest-bearing financial liabilities	CHF m	4 480.1	4 848.1	5 073.5	5 378.4	5 164.0
Interest-bearing financial liabilities in % of balance sheet total	%	42.4	43.7	43.3	43.7	40.6
Loan-to-value ratio of property portfolio (LTV)	%	44.4	45.6	45.3	45.7	41.9
Weighted average interest rate on financial liabilities	%	1.8	1.5	1.4	1.2	1.1
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.5	4.7	4.3	4.2	4.8
Return on equity (ROE)	%	6.6	6.4	6.4	11.5	10.6
Return on invested capital (ROIC)	%	3.8	3.5	3.4	5.6	5.4
Cash flow from operating activities	CHF m	277.7	458.1	334.4	406.6	298.5
Cash flow from investing activities	CHF m	–365.5	–394.6	–495.6	–338.6	236.0
Cash flow from financing activities	CHF m	13.2	–64.7	186.6	–79.5	–564.8
Key financial figures excluding revaluations and all deferred taxes						
Operating result (EBIT)	CHF m	390.1	404.8	411.1	424.9	558.9
Profit	CHF m	275.6	307.4	287.8	315.7	476.6
Return on equity (ROE)	%	5.9	6.4	5.9	6.3	8.5
Return on invested capital (ROIC)	%	3.5	3.6	3.2	3.2	4.3

Five-year summary of key figures

Key figures per share	in	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Share price at end of period	CHF	83.35	90.00	79.55	111.90	86.90
Share price, highest	CHF	90.65	91.00	94.30	113.30	123.70
Share price, lowest	CHF	74.95	82.25	77.45	80.20	74.75
Earnings per share (EPS)	CHF	4.41	4.27	4.27	8.00	8.04
Earnings per share (EPS) excluding revaluations and deferred taxes	CHF	3.91	4.30	3.95	4.14	6.27
NAV before deferred taxes ¹	CHF	81.32	82.87	83.40	86.34	95.41
NAV after deferred taxes ¹	CHF	66.41	66.85	67.74	71.87	80.11
Distribution to shareholders ²	CHF	3.70	3.80	3.80	3.80	3.35
Cash yield on closing price of the previous year ²	%	4.4	4.2	4.8	3.4	3.9
Share performance (TR) p.a. in the last 12 months	%	10.9	12.6	-7.1	47.0	-19.2
Share performance (TR) p.a. in the last 3 years	%	12.0	11.6	5.1	15.4	3.3
Share performance (TR) p.a. in the last 5 years	%	8.8	8.4	7.9	14.2	6.6
Market capitalisation	CHF m	59578	6433.1	6041.5	8498.4	6601.8
Employees						
Number of employees	people	5621	5910	6321	6506	1728
Full-time equivalents	FTE	4558	4868	5115	5402	1505
Share statistics						
Shares issued	number	71 478 917	71 478 917	75 946 349	75 946 349	75 970 364
Average treasury shares held	number	-2 098	-980	-377	-1 114	-3 693
Average outstanding shares	number	70 781 230	71 477 937	72 620 217	75 945 235	75 964 863
Treasury shares held	number	-1 336	-39	-539	-1 112	-1 844
Outstanding shares	number	71 477 581	71 478 878	75 945 810	75 945 237	75 968 520

¹ Services segment (real estate-related business fields) included at book values only² 31.12.2020, according to proposal to Annual General Meeting

Property details

Summary

	Property details as at 31.12.2020				Overview of type of use						
	Fair Value TCHF	Target rental and land lease income TCHF	Vacancy rate %	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Total properties	11 450 936	452 084	4.9	1 124 508	1 610 185	18.0	42.7	7.0	7.8	16.0	8.5
Total undeveloped properties	42 162	231	-	78 003	17 993	-	1.6	-	-	-	98.4
Total properties under construction and development sites	829 522	879	-	79 198	41 763	0.6	59.3	4.3	-	6.0	29.8
Overall total	12 322 620	453 194		1 281 709	1 669 941	17.3	42.8	6.9	7.5	15.6	9.9
Rent losses from vacancies		-22 232									
Consolidated subtotal segment, excluding leased properties		430 962	4.9								
Intercompany eliminations		-34 795									
Rental income from third parties, Services segment		17 647									
Consolidated subtotal, excluding leased properties		413 814	5.1								
Rental income from leased properties, Services segment		10 907									
Consolidated overall total, including leased properties		424 721									

Investment properties

Property details as at 31.12.2020	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Aarau, Bahnhofstrasse 23	827	12.2	sole ownership	1946	1986	685	1817	55.2	28.1	–	–	12.4	4.3
Amriswil, Weinfelderstrasse 74	416	0.4	sole ownership	2004		3672	2772	46.8	0.4	46.0	–	5.4	1.4
Baar, Grabenstrasse 17, 19	1208	–	sole ownership	2015		2084	3685	–	95.8	–	–	4.2	–
Baar, Zugerstrasse 57, 63	2419	–	sole ownership	2009		6029	8999	–	89.8	–	–	6.7	3.5
Baden, Bahnhofstrasse 2	365	–	sole ownership	1927	1975	212	979	93.4	–	–	–	6.6	–
Baden, Weite Gasse 34, 36	376	4.5	sole ownership	1953	1975	366	1377	16.3	30.9	–	–	8.0	44.8
Basel, Aeschenvorstadt 2–4	2049	2.9	sole ownership	1960	2005	1362	6226	17.1	63.8	–	–	18.6	0.5
Basel, Barfüsserplatz 3	898	19.4	sole ownership	1874	1993	751	3827	9.7	78.6	–	–	11.6	0.1
Basel, Centralbahnplatz 9/10	838	2.6	sole ownership	2005	2005	403	1445	6.6	37.9	22.9	–	11.8	20.8
Basel, Elisabethenstrasse 15	1318	0.2	sole ownership	1933	1993	953	4276	13.0	71.4	7.8	–	7.8	–
Basel, Freie Strasse 26/Falknerstrasse 3	1260	4.5	sole ownership	1854	1980	471	2870	43.6	50.3	–	–	6.1	–
Basel, Freie Strasse 36	1491	–	sole ownership	1894	2003	517	2429	59.3	13.6	–	–	11.5	15.6
Basel, Freie Strasse 68	2460	–	sole ownership	1930	2016	1461	8200	19.5	1.2	62.9	–	15.9	0.5
Basel, Henric Petri-Strasse 9/Elisabethenstrasse 19	1535	1.6	sole ownership	1949	1985	2387	6778	4.2	75.1	–	–	20.7	–
Basel, Hochbergerstrasse 40/parking	589	7.1	sole ownership land lease	1976		4209	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 60/building 805 ¹	–	–	–	–	–	–	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 60/building 860	166	5.1	sole ownership	1990		980	897	–	84.1	–	–	14.1	1.8
Basel, Hochbergerstrasse 60/Stücki Park	6849	1.3	sole ownership	2008		8343	37497	–	86.2	–	–	5.4	8.4
Basel, Hochbergerstrasse 62	424	–	sole ownership	2005		2680	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 70/Stücki Park (Shopping)	6280	11.4	sole ownership	2009	2020	46416	44100	21.7	15.0	54.5	–	6.8	2.0
Basel, Messeplatz 12/Messeturm	8877	26.8	sole ownership partial land lease	2003		2137	24024	–	54.3	42.3	–	3.2	0.2
Basel, Peter Merian-Strasse 80	2589	14.4	freehold property	1999		19214	9109	–	85.3	–	–	14.7	–
Basel, Rebgasse 20	2456	2.1	sole ownership	1973	1998	3713	8733	48.0	11.4	14.9	–	14.5	11.2
Berlingen, Seestrasse 83, 88, 101, 154	1970	–	sole ownership	1998		10321	8650	–	–	–	100.0	–	–
Berne, Genfergasse 14	4321	–	sole ownership	1905	1998	4602	15801	–	89.1	–	–	0.7	10.2
Berne, Laupenstrasse 6	–	–	sold 01.01.2020	–	–	–	–	–	–	–	–	–	–
Berne, Mingerstrasse 12–18/PostFinance Arena	5012	–	sole ownership land lease	2009	2009	29098	46348	0.2	17.8	–	–	0.1	81.9
Berne, Schwarztorstrasse 48	2831	–	sole ownership	1981	2011	1959	8148	–	75.7	–	–	23.0	1.3
Berne, Viktoriastrasse 21, 21a, 21b/Schönburg	5108	3.2	sole ownership	2020	2020	14036	20480	8.1	–	35.3	–	–	56.6
Berne, Wankdorfallee 4/EspacePost	8154	–	sole ownership land lease	2014		5244	33647	–	94.2	–	–	4.9	0.9
Berne, Weltpoststrasse 5	5396	8.9	sole ownership land lease	1985	2013	19374	25165	–	68.3	4.4	–	19.8	7.5
Biel, Solothurnstrasse 122	500	0.2	sole ownership land lease	1961	1993	3885	3319	74.9	2.7	–	–	15.3	7.1
Brugg, Hauptstrasse 2	936	8.4	sole ownership	1958	2000	3364	4179	42.1	4.2	22.2	–	28.8	2.7
Buchs SG, St. Gallerstrasse 5	370	6.8	sole ownership	1995		2192	1685	–	71.8	–	–	19.3	8.9
Buchs ZH, Mülibachstrasse 41	275	–	sole ownership bought 15.10.2020	2020		20197	9630	–	18.1	–	–	–	81.9
Burgdorf, Emmentalstrasse 14	506	47.9	sole ownership	1972	1998	1845	2129	20.6	68.2	–	–	9.6	1.6
Burgdorf, Industrie Buchmatt	783	–	sole ownership partial land lease	1973		15141	11967	2.9	5.4	–	–	89.3	2.4
Carouge, Avenue Cardinal-Mermillod 36–44	8973	4.2	sole ownership	1956	2002	14372	35066	23.7	56.8	3.5	–	14.8	1.2
Carouge, Rue Antoine-Jolivet 7	365	28.0	freehold property and co-ownership land lease	1975		3693	2164	6.1	1.2	–	–	29.2	63.5

¹ Property was demolished, land plot integrated into property under construction Basel, Hochbergerstrasse 60/Stücki Park

Investment properties

Property details as at 31.12.2020	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Cham, Dorfplatz 2	247	34.1	sole ownership	1992		523	1 067	11.4	61.5	–	–	27.1	–
Conthey, Route Cantonale 2	370	–	sole ownership	1989		3 057	2 480	71.6	4.6	–	–	19.8	4.0
Conthey, Route Cantonale 4	895	26.0	sole ownership land lease	2009		7 444	4 979	80.2	–	3.0	–	6.1	10.7
Conthey, Route Cantonale 11	1 737	4.1	sole ownership land lease	2002		10 537	7 323	64.8	16.4	0.7	–	14.3	3.8
Dietikon, Bahnhofplatz 11/Neumattstrasse 24	515	0.2	sole ownership	1989		1 004	1 793	19.4	55.8	–	–	24.3	0.5
Dietikon, Kirchstrasse 20	598	0.5	sole ownership	1988		1 033	1 894	4.5	84.0	–	–	11.5	–
Dübendorf, Bahnhofstrasse 1	393	29.9	sole ownership land lease	1988		1 308	1 671	5.9	71.1	–	–	23.0	–
Eyholz, Kantonsstrasse 79	275	–	sole ownership land lease	1991		2 719	1 319	92.3	5.6	–	–	–	2.1
Frauenfeld, St. Gallerstrasse 30–30c	1 715	–	sole ownership	1991		8 842	9 528	–	–	–	100.0	–	–
Frauenfeld, Zürcherstrasse 305	572	32.6	sole ownership	1982	2006	3 866	4 201	39.3	34.5	–	–	22.0	4.2
Frick, Hauptstrasse 132/Fricktal Centre A3	1 044	1.8	sole ownership	2007		13 365	5 011	66.0	–	3.1	–	15.5	15.4
Geneva, Centre Rhône-Fusterie	3 090	–	freehold property	1990		2 530	11 186	76.2	0.3	–	–	23.5	–
Geneva, Place du Molard 2–4 ²	7 513	0.4	sole ownership	1690	2002	1 718	7 267	38.2	56.4	0.5	–	4.1	0.8
Geneva, Route de Malagnou 6/Rue Michel-Chauvet 7	771	17.2	sole ownership	1960/ 1969	1989	1 321	1 602	–	47.0	11.8	–	3.9	37.3
Geneva, Route de Meyrin 49	3 818	42.0	sole ownership	1987		9 890	10 185	–	85.1	–	–	13.0	1.9
Geneva, Rue de la Croix-d'Or 7/Rue Neuve-du-Molard 4–6	2 120	0.2	sole ownership	1974/ 1985	1994	591	3 472	37.9	24.3	0.5	–	3.6	33.7
Geneva, Rue des Alpes 5	913	0.3	sole ownership	1860		747	2 689	9.7	45.2	1.2	–	0.6	43.3
Geneva, Rue du Rhône 48–50 ³	18 565	2.8	sole ownership	1921	2002	5 166	33 414	44.5	33.4	7.2	–	8.9	6.0
Gossau SG, Wilerstrasse 82	1 066	–	sole ownership	2007		13 064	4 688	74.7	5.5	–	–	10.7	9.1
Grand-Lancy, Route des Jeunes 10/CCL La Praille	13 627	1.9	sole ownership land lease	2002		20 597	36 008	52.1	1.0	28.5	–	16.3	2.1
Grand-Lancy, Route des Jeunes 12	1 698	6.8	sole ownership land lease	2003		5 344	12 657	–	39.3	45.0	–	13.6	2.1
Heimberg, Gurnigelstrasse 38	542	0.2	sole ownership land lease	2000		7 484	1 572	82.0	2.8	–	–	6.9	8.3
La Chaux-de-Fonds, Boulevard des Eplatures 44	410	–	sole ownership	1972		3 021	2 506	94.7	1.7	–	–	3.0	0.6
Lachen, Seidenstrasse 2	348	–	sole ownership	1993		708	1 532	–	81.5	–	–	18.5	–
Lausanne, Rue de Sébeillon 9/Sébeillon Centre	967	0.3	sole ownership	1930	2001	2 923	10 116	8.4	54.1	–	–	24.7	12.8
Lausanne, Rue du Pont 5	6 351	2.1	sole ownership	1910	2004	3 884	20 805	50.5	23.3	9.2	–	10.1	6.9
Les Ponts-de-Martel, Rue de la Prairie 17 ⁴	–	–	sold 28.02.2020										
Lutry, Route de l'Ancienne Ciblerie 2	1 400	2.1	freehold property	2006		13 150	3 229	70.4	7.7	1.9	–	14.7	5.3
Lucerne, Kreuzbuchstrasse 33/35	1 885	–	sole ownership land lease	2010		14 402	10 533	–	–	–	100.0	–	–
Lucerne, Langensandstrasse 23/Schönbühl	2 705	0.5	sole ownership	1969	2007	20 150	9 418	67.4	10.8	2.3	–	18.1	1.4
Lucerne, Pilatusstrasse 4/Flora	3 219	–	freehold property	1979	2008	4 376	9 906	69.5	12.1	–	–	9.6	8.8
Lucerne, Schwanenplatz 3	734	–	sole ownership	1958	2004	250	1 512	10.8	62.6	–	–	18.7	7.9
Lucerne, Schweizerhofquai 6/Gotthardgebäude	2 096	–	sole ownership	1889	2002	2 479	7 261	6.8	87.9	–	–	5.3	–
Lucerne, Weggisgasse 20, 22	735	–	sole ownership	1982		228	1 285	76.8	–	–	–	23.2	–
Meilen, Seestrasse 545	511	–	sole ownership land lease	2008		1 645	2 458	–	–	–	100.0	–	–
Meyrin, Chemin de Riantbosson 19/Riantbosson Centre	2 328	23.8	sole ownership	2018		4 414	7 609	33.4	38.2	9.8	–	15.6	3.0
Meyrin, Route de Meyrin 210	235	–	sole ownership partial land lease	1979	1999	3 860	1 116	65.7	4.3	–	–	15.7	14.3
Meyrin, Route de Pré-Bois 14/Geneva Business Terminal	1 259	16.7	sole ownership land lease	2003/ 2018		2 156	2 928	6.1	87.7	–	–	6.2	–
Morges, Les Vergers-de-la-Gottaz 1	1 220	–	sole ownership	1795/ 2003	1995	11 537	3 698	–	–	–	100.0	–	–
Münchenstein, Genuastrasse 11	1 478	–	sole ownership land lease	1993/ 1998		7 550	10 109	–	21.5	–	–	32.8	45.7

² 1 241 m² vacant spaces cannot be let due to a conversion project and are therefore not included in the vacancy rate³ 2 789 m² vacant spaces cannot be let due to a conversion project and are therefore not included in the vacancy rate⁴ property included in the Services segment

Investment properties

Property details as at 31.12.2020	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Münchenstein, Helsinkistrasse 12	712	–	sole ownership land lease	1993/1998		4 744	6 592	–	1.4	–	–	90.6	8.0
Neuchâtel, Avenue J.-J. Rousseau 7	501	13.0	sole ownership	1991	1992	1 020	3 255	–	71.2	–	–	21.6	7.2
Neuchâtel, Rue de l'Écluse 19/parking	43	1.0	sole ownership	1960	1997	715	–	–	–	–	–	–	–
Neuchâtel, Rue du Temple-Neuf 11	263	–	sole ownership	1953	1993	262	1 155	14.0	57.3	4.7	–	13.9	10.1
Neuchâtel, Rue du Temple-Neuf 14	2 144	1.9	sole ownership	1902/2014		1 928	6 908	47.6	15.7	–	–	11.1	25.6
Niederwangen b. Bern, Riedmoosstrasse 10	2 283	–	sole ownership	1985	2006	12 709	12 855	33.3	13.2	–	–	45.5	8.0
Oberbüren, Buchental 2	762	–	sole ownership	1980	2007	6 391	6 486	34.3	1.8	–	–	62.4	1.5
Oberbüren, Buchental 3	291	0.3	sole ownership	1964		4 651	2 336	20.8	32.6	–	–	31.6	15.0
Oberbüren, Buchental 3a	238	–	sole ownership	1964		3 613	2 464	–	–	–	–	100.0	–
Oberbüren, Buchental 4	1 455	–	sole ownership	1990		4 963	9 547	38.5	20.3	–	–	41.2	–
Oberbüren, Buchental 5	65	31.2	sole ownership	1920		3 456	1 648	–	12.1	–	–	–	87.9
Oberwil BL, Mühlemattstrasse 23	302	–	freehold property land lease	1986		6 200	1 652	75.9	4.2	–	–	16.3	3.6
Oftringen, Spitalweidstrasse 1/shopping centre a1 ⁵	1 526	–	sole ownership	2006/2020	2020	42 031	19 483	95.9	–	0.6	–	2.4	1.1
Olten, Bahnhofquai 18	1 616	0.7	sole ownership	1996		2 553	5 134	–	93.6	–	–	6.4	–
Olten, Bahnhofquai 20	2 048	–	sole ownership	1999		1 916	7 423	–	84.8	–	–	14.4	0.8
Olten, Frohburgstrasse 1	95	47.4	sole ownership	1899	2009	379	1 196	–	78.3	–	–	21.7	–
Olten, Frohburgstrasse 15	544	1.0	sole ownership	1961	1998	596	1 863	–	78.6	–	–	12.1	9.3
Olten, Solothurnerstrasse 201	333	–	sole ownership	2006		5 156	1 592	62.3	–	–	–	31.5	6.2
Olten, Solothurnerstrasse 231–235/Usego	2 129	15.7	sole ownership	1907	2011	12 922	11 515	2.4	61.1	–	–	10.0	26.5
Opfikon, Müllackerstrasse 2, 4/Bubenholz	2 037	–	sole ownership	2015		6 169	10 802	–	–	–	100.0	–	–
Ostermündigen, Mitteldorfstrasse 16	1 599	–	sole ownership	2009		7 503	10 925	–	–	–	100.0	–	–
Otelfingen, Industriestrasse 19/21	7 170	11.9	sole ownership	1965	2000	101 933	80 512	–	17.2	–	–	77.6	5.2
Otelfingen, Industriestrasse 31	1 443	36.5	sole ownership	1986	1993	12 135	11 828	–	36.1	0.4	–	56.0	7.5
Payerne, Route de Bussy 2	1 224	–	sole ownership	2006		12 400	6 017	84.0	4.4	–	–	7.1	4.5
Petit-Lancy, Route de Chancy 59	7 654	33.6	sole ownership	1990		13 052	22 225	–	68.1	6.1	–	20.6	5.2
Pfäffikon SZ, Huobstrasse 5	2 805	–	sole ownership	2004		7 005	11 660	–	–	–	100.0	–	–
Regensdorf, Riedthofstrasse 172–184/Iseli-Areal	1 367	11.2	sole ownership	1962/2009		25 003	11 372	–	19.0	–	–	65.4	15.6
Romanel, Chemin du Marais 8	1 270	36.7	sole ownership	1973	1995	7 264	6 874	87.3	0.2	–	–	11.5	1.0
Schwyz, Oberer Steisteg 18, 20	518	–	sole ownership	1988	2004	1 039	2 669	1.9	65.1	–	–	32.6	0.4
Spreitenbach, Industriestrasse/Tivoli	461	–	freehold property	1974	2010	25 780	980	87.2	–	–	–	12.8	–
Spreitenbach, Müslistrasse 44	243	–	sole ownership	2002		2 856	516	–	6.9	30.3	–	4.0	58.8
Spreitenbach, Pfadackerstrasse 6/Limmatpark	5 344	17.2	sole ownership	1972	2003	10 318	28 437	62.5	27.1	–	–	7.4	3.0
St. Gallen, Spisergasse 12	470	–	sole ownership	1900	1998	208	1 070	82.7	–	–	–	–	17.3
St. Gallen, Spisergasse 12	217	26.0	sole ownership	1423	1984	165	617	31.6	17.7	–	–	24.1	26.6
St. Gallen, Zürcherstrasse 462–464/Shopping Arena	16 413	0.9	sole ownership parking 73/100 co-ownership	2008		33 106	39 751	57.9	9.6	11.4	–	19.4	1.7
St-Imier, Rue de la Clef 36 – Les Lauriers ⁴	–	–	sold 28.02.2020										
Stadel b. Niederglatt, Buechenstrasse 80 ⁴	–	–	sold 28.02.2020										
Sursee, Moosgasse 20	594	0.3	sole ownership	1998		4 171	2 426	82.8	–	–	–	15.0	2.2
Thônex, Rue de Genève 104–108	4 452	0.4	sole ownership	2008		9 224	11 436	54.8	3.1	3.5	–	8.3	30.3
Thun, Bälliz 67	765	12.8	sole ownership	1953	2001	875	3 197	19.9	63.3	2.0	–	11.1	3.7
Thun, Göttibachweg 2–2e, 4, 6, 8	2 227	–	sole ownership land lease	2003		14 520	11 556	–	–	–	100.0	–	–
Uster, Poststrasse 10	377	–	sole ownership	1972	2012	701	1 431	–	78.4	–	–	21.6	–
Uster, Poststrasse 12	156	4.6	sole ownership bought 01.03.2020	1890		478	673	35.7	6.7	–	–	–	57.6

⁴ property included in the Services segment⁵ reclassified from properties under construction to investment properties after new construction

Investment properties

Property details as at 31.12.2020	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Uster, Poststrasse 14/20	657	8.3	sole ownership	1854	2000	2449	3194	63.3	11.7	3.8	–	19.5	1.7
Vernier, Chemin de l'Etang 72/Patio Plaza	4605	8.0	sole ownership	2007		10170	13619	–	81.9	–	–	17.2	0.9
Vevey, Rue de la Clergère 1	735	–	sole ownership	1927	1994	717	3055	–	88.8	–	–	11.2	–
Wabern, Nesslerenweg 30	1012	–	sole ownership	1990		4397	6288	–	–	–	100.0	–	–
Wil, Obere Bahnhofstrasse 40	829	–	sole ownership	1958	2008	1105	2877	80.4	8.6	–	–	7.2	3.8
Winterthur, Theaterstrasse 15a-c, 17	9841	9.9	sole ownership	2004		15069	37068	–	71.4	0.5	–	15.5	12.6
Winterthur, Untertor 24	371	–	sole ownership	1960	2006	290	1364	–	69.9	–	–	30.1	–
Worblaufen, Alte Tiefenaustrasse 6	7472	–	sole ownership	1999		21804	37170	–	87.4	–	–	12.0	0.6
Zollikofen, Industriestrasse 21	1327	–	sole ownership bought 01.03.2020	2003		2906	7263	–	73.6	3.1	–	–	23.3
Zollikon, Bergstrasse 17, 19	592	0.1	sole ownership	1989	2004	1768	2126	–	70.2	–	–	29.8	–
Zollikon, Forchstrasse 452–456	630	–	sole ownership	1998		2626	2251	–	68.4	–	–	31.6	–
Zuchwil, Dorfackerstrasse 45/Birchi Centre	2263	20.6	sole ownership land lease	1997		9563	13271	63.0	1.6	13.0	–	13.3	9.1
Zug, Zählerweg 4, 6/Dammstrasse 19/ Landis + Gyr-Strasse 3/Opus 1	5987	11.0	sole ownership	2002		7400	16035	–	90.5	–	–	9.5	–
Zug, Zählerweg 8, 10/Dammstrasse 21, 23/Opus 2	6685	5.5	sole ownership	2003		8981	20169	–	91.3	–	–	8.7	–
Zurich, Affolternstrasse 52/MFO building	692	–	sole ownership	1889	2012	1367	2776	–	53.1	25.8	–	21.1	–
Zurich, Affolternstrasse 54, 56/Cityport	8719	–	sole ownership	2001		9830	23529	–	92.0	–	–	7.7	0.3
Zurich, Albisriederstrasse 203, 207, 243	2121	32.0	sole ownership	2003		13978	11883	–	60.7	22.2	–	10.2	6.9
Zurich, Albisriederstrasse/Rütiwiesweg/YOND	4340	31.5	sole ownership	2019		9021	20956	3.9	96.0	–	–	–	0.1
Zurich, Bahnhofstrasse 42	2142	–	sole ownership	1968	1990	482	2003	42.7	44.6	–	–	12.7	–
Zurich, Bahnhofstrasse 69	1487	0.4	sole ownership	1898	2007	230	1124	10.8	77.9	–	–	11.0	0.3
Zurich, Bahnhofstrasse 106	1615	–	sole ownership	1958		200	1210	11.7	53.6	–	–	31.7	3.0
Zurich, Beethovenstrasse 33, Dreikönigstrasse 24	3845	–	sole ownership	1968	2016	1347	5811	–	85.6	2.1	–	11.4	0.9
Zurich, Brandschenkestrasse 25	4962	–	sole ownership	1910	2017	3902	17164	–	–	70.6	–	20.4	9.0
Zurich, Carl-Spitteler-Strasse 68/70	4065	–	sole ownership	1993		11732	19343	–	–	–	100.0	–	–
Zurich, Etzelstrasse 14	1205	–	sole ownership	2017		1809	2135	–	–	–	100.0	–	–
Zurich, Flurstrasse 55/Medienpark	6240	4.5	sole ownership	1979	2015	8270	24159	1.7	70.4	4.1	–	22.1	1.7
Zurich, Flurstrasse 89	446	–	sole ownership	1949	2003	2330	3331	–	12.0	–	–	11.3	76.7
Zurich, Fraumünsterstrasse 16	4983	0.3	sole ownership	1901	2017	2475	8597	15.4	73.8	–	–	10.8	–
Zurich, Giesshübelstrasse 15	1339	0.8	sole ownership	1956	1999	1713	2843	–	88.5	–	–	11.5	–
Zurich, Hagenholzstrasse 60/SkyKey	11112	–	sole ownership	2014		9573	41251	–	86.0	9.8	–	4.2	–
Zurich, Hardstrasse 201/Prime Tower	20181	0.4	sole ownership	2011		10451	48138	0.7	87.3	5.5	–	6.4	0.1
Zurich, Hardstrasse 219/Eventblock Maag	1074	1.1	sole ownership	1978		9507	7183	–	21.7	–	–	19.1	59.2
Zurich, Josefstrasse 53, 59	3798	3.0	sole ownership	1972	2001	2931	12072	5.6	78.2	1.4	–	14.3	0.5
Zurich, Jupiterstrasse 15/Böcklinstrasse 19	933	–	sole ownership	1995	1996	1630	1829	–	–	–	100.0	–	–
Zurich, Kappenbühlweg 9, 11/Holbrigstrasse 10/ Regensdorferstrasse 18a	2997	–	sole ownership	1991		9557	14790	–	–	–	100.0	–	–
Zurich, Maagplatz 1/Platform	6974	–	sole ownership	2011		5907	20310	2.1	91.1	0.5	–	4.9	1.4
Zurich, Manessestrasse 85	2793	11.1	sole ownership	1985	2012	3284	8270	–	71.2	–	–	24.9	3.9
Zurich, Müllerstrasse 16, 20	6646	0.1	sole ownership	1980	2006	3864	13692	–	93.1	–	–	5.8	1.1
Zurich, Nansenstrasse 5/7	2236	0.1	sole ownership	1985		1740	5864	39.1	27.0	–	–	6.1	27.8

Investment properties

Property details as at 31.12.2020

Overview of type of use

	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Zurich, Ohmstrasse 11, 11a	2097	0.1	sole ownership	1927	2007	1970	6031	54.7	23.4	2.2	–	14.7	5.0
Zurich, Querstrasse 6	176	–	sole ownership	1927	1990	280	563	7.6	5.7	–	–	–	86.7
Zurich, Restelbergstrasse 108	353	–	sole ownership	1936	1997	1469	672	–	–	–	100.0	–	–
Zurich, Seidengasse 1/Jelmoli	27300	–	sole ownership	1898	2010	6514	36770	64.6	3.7	13.3	–	12.8	5.6
Zurich, Siewerdstrasse 8	1145	–	sole ownership	1981		1114	3687	–	91.1	–	–	8.9	–
Zurich, Sihlstrasse 24/St. Annagasse 16	1785	–	sole ownership	1885	2007	1155	2858	3.9	71.2	13.6	–	6.5	4.8
Zurich, Stadelhoferstrasse 18	1062	9.3	sole ownership	1983	2004	1046	1906	19.6	48.9	11.9	–	19.0	0.6
Zurich, Stadelhoferstrasse 22	1490		sold 15.12.2020										
Zurich, Steinmühleplatz 1/St. Annagasse 18/Sihlstrasse 20	3841	0.7	sole ownership	1957	1999	1534	6174	10.9	69.0	2.1	–	16.5	1.5
Zurich, Steinmühleplatz/Jelmoli parking	2596	1.1	sole ownership with concession	1972	2009	1970	84	100.0	–	–	–	–	–
Zurich, Talacker 21, 23	2977	0.2	sole ownership	1965	2008	1720	4904	9.6	64.2	–	–	26.2	–
Total properties	452084	4.9				1124508	1610185	18.0	42.7	7.0	7.8	16.0	8.5

Undeveloped properties

	Property details as at 31.12.2020					Overview of type of use							
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Augst, Rheinstrasse 54	106	–	sole ownership	na		10958	1	–	–	–	–	–	100.0
Dietikon, Bodacher	25	–	sole ownership			13615	1 375	–	–	–	–	–	100.0
Dietikon, Bodacher/Im Maienweg	–	–	sole ownership			4249	4 240	–	–	–	–	–	100.0
Dietikon, Bodacher/Ziegelägerten	10	–	sole ownership			3 825	4 324	–	–	–	–	–	100.0
Meyrin, Route de Pré-Bois	24	–	sole ownership			10 183	294	–	100.0	–	–	–	–
Niederwangen b. Bern, Riedmoosstrasse 10	–	–	sole ownership			5 895	–	–	–	–	–	–	–
Oberbüren, Buchental/parking	29	–	sole ownership			1 825	–	–	–	–	–	–	–
Spreitenbach, Joosäcker 7	37	–	sole ownership			16 256	7 759	–	–	–	–	–	100.0
Wangen b. Olten, Rickenbacherfeld	–	–	sole ownership			11 197	–	–	–	–	–	–	–
Total undeveloped properties	231	–				78 003	17 993	–	1.6	–	–	–	98.4

Properties under construction and development sites

Property details as at 31.12.2020	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel / gastronomy	Assisted living %	Storage facilities %	Other %
Basel, Hochbergerstrasse 60/Stücki Park ⁶	500	–	sole ownership			10222	7960	–	48.3	–	–	15.2	36.5
Lancy, Esplanade de Pont-Rouge 5, 7, 9/Alto Pont-Rouge	–	–	sole ownership with 14/100 co-ownership			5170	–	–	–	–	–	–	–
Monthey, Rue de Venise 5–7/Avenue de la Plantaud 4	–	–	sole ownership			1785	–	–	–	–	–	–	–
Paradiso, Riva Paradiso 3, 20/Du Lac	–	–	sole ownership partial land lease			3086	–	–	–	–	–	–	–
Plan-les-Ouates, Chemin des Aulx/Espace Tourbillon	–	–	sole ownership			17768	–	–	–	–	–	–	–
Richterswil, Gartenstrasse 7, 17/Etzelblick	–	–	sole ownership			5197	–	–	–	–	–	–	–
Richterswil, Gartenstrasse 15/Etzelblick	65	–	sole ownership			1553	–	–	–	–	–	–	–
Schlieren, Zürcherstrasse 39/JED	105	–	sole ownership	1992/2003		18787	16460	–	81.6	10.9	–	6.5	1.0
Schlieren, Zürcherstrasse 39/JED new build	–	–	sole ownership			7897	–	–	–	–	–	–	–
Zurich, Juchstrasse 3/West-Log	209	–	sole ownership			7733	17343	1.3	43.2	–	–	1.4	54.1
Total properties under construction and development sites	879	–				79198	41763	0.6	59.3	4.3	–	6.0	29.8
Overall total	453194					1281709	1669941	17.3	42.8	6.9	7.5	15.6	9.9

⁶ Integration of the land plot of the demolished property Basel, Hochbergerstrasse 60/Building 805

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The original of this report is written in German.
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Overall responsibility | Editing

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