

SWISS PRIME SITE

FINANCE

# REPORT

## 2021



# Finance

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## Swiss Prime Site – the Real Estate Investment Platform

We are the leading partner for investors who want to invest or are invested both indirectly and directly in the real estate market. Swiss Prime Site thus covers the entire investor spectrum from private investors to institutional investors. The product range includes funds (open-ended and closed-ended), mandates, investment foundations, bonds and the Swiss Prime Site share.

## Reporting structure

The stakeholder-oriented 2021 reporting consists of the online report ([www.sps.swiss/reporting](http://www.sps.swiss/reporting)) and other stock exchange-related chapters as PDF downloads, as well as the printed annual magazine «Review 2021». In this way, we create added multimedia value.

# Selected group key figures

Key financial figures	in	without Tertianum <sup>1</sup>		
		01.01.– 31.12.2020	01.01.– 31.12.2021	
Rental income from properties	CHF m	424.7	413.7	
EPRA like-for-like change relative	%	-3.8	-3.8	
Income from real estate developments	CHF m	50.1	50.1	
Income from real estate services	CHF m	115.2	115.2	
Income from retail	CHF m	110.6	110.6	
Income from assisted living	CHF m	72.4	-	
Income from asset management	CHF m	13.1	13.1	
Total operating income	CHF m	792.9	708.9	
Revaluation of investment properties, net	CHF m	203.4	203.4	
Result from investment property sales, net	CHF m	22.2	22.2	
Result from sale of participations, net	CHF m	204.2	-	
Operating result (EBIT)	CHF m	762.3	555.9	
Profit	CHF m	610.4	405.2	
Return on equity (ROE)	%	10.6	7.3	
Return on invested capital (ROIC)	%	5.4	3.7	
Earnings per share (EPS)	CHF	8.04	5.33	
<b>Financial figures excluding revaluations and all deferred taxes</b>				
Operating result (EBIT)	CHF m	558.9	352.5	
Profit	CHF m	476.6	271.5	
Return on equity (ROE)	%	8.5	5.0	
Return on invested capital (ROIC)	%	4.3	2.6	
Earnings per share (EPS)	CHF	6.27	3.57	
<b>Key balance sheet figures</b>				
Shareholders' equity	CHF m	6 085.6	6 338.7	
Equity ratio	%	47.8	48.3	
Borrowed capital	CHF m	6 640.6	6 791.6	
Loan-to-value ratio of property portfolio (LTV)	%	41.9	40.2	
NAV before deferred taxes per share <sup>2</sup>	CHF	95.41	100.07	
NAV after deferred taxes per share <sup>2</sup>	CHF	80.11	83.44	
EPRA NTA per share	CHF	96.26	100.84	
<b>Real estate portfolio</b>				
Fair value of real estate portfolio	CHF m	12 322.6	12 793.5	
of which projects/development properties	CHF m	829.5	1 006.9	
Number of properties	number	185	184	
Rental floor space	m <sup>2</sup>	1 669 941	1 677 027	
Vacancy rate	%	5.1	4.6	
Average discount rate	%	2.91	2.75	
Net property yield	%	3.2	3.2	
<b>Employees</b>				
Number of employees as at balance sheet date	persons	1 728	1 667	
Full-time equivalents as at balance sheet date	FTE	1 505	1 474	

<sup>1</sup> Figures without Tertianum Group (figures January and February 2020 as well as result from sale of participations). The sale and deconsolidation of the Tertianum Group took place on 28 February 2020

<sup>2</sup> Services segment (real estate-related business fields) included at book values only

# Valuation Expert’s Report

The properties of Swiss Prime Site Immobilien 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 2021.

## Valuation standards and principles

The fair values determined as at the balance sheet date of 31 December 2021 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 Immobilien 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.

## 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 Immobilien 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 Immobilien 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 Wüest 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 2022).

## 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 01.01.2021 to 31.12.2021, one property was acquired and two properties were divested. In addition, Building E and condominium units of Building A at the «Plan-les-Ouates, Chemin des Aulx – Espace Tourbillon» property were sold. Part of an existing property was also reallocated to a project. Once completed, the two properties, «Monthey, Avenue de la Plantaud 4 – Venise» and «Zurich, Juchweg 6 – West-Log» will also be included in the portfolio for the first time.

The «Paradiso, Riva Paradiso – Du Lac» property under construction and the sub-project «Plan-les-Ouates, Chemin des Aulx – Espace Tourbillon Building A» will be designated as properties intended for sale and shown at cost value in the 2021 year-end figures.

Following these actions, at the end of 2021 the property portfolio of Swiss Prime Site Immobilien AG comprises 184 properties.

Details of the properties sold during the reporting period with values as at 31 December 2020 are as follows:

- Zurich, Stadelhoferstrasse 18, 20: CHF 33270000
- Richterswil, Gartenstrasse 15 – Villa: CHF 1609000
- Plan-les-Ouates, Chemin des Aulx – Espace Tourbillon, Bldg. E and condominium units Bldg. A: CHF 88529000

The total market value of the sold properties as at 31 December 2020 was CHF 123.41 million.

In the reporting period, the following existing property was also purchased:

- Zurich, Vulkanstrasse 126: CHF 18 160 000

The total market value of the purchased properties as at 31 December 2021 was CHF 18.16 million.

The total portfolio therefore comprises 167 existing investment properties, 9 plots of building land and 8 development sites.

The following eight 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.
- At the Riva Paradiso «Du Lac» property, a new replacement building is planned on the lake front in Paradiso; construction has now started. This care home is expected to be completed in 2023.
- The Chemin des Aulx «Espace Tourbillon» development project in Plan-les-Ouates involves five buildings with office, commercial and retail space, three of which have already been completely divested. Building A will also be sold into co-ownership on an ongoing basis. Construction of the buildings will take place in several phases and full fit-out will be completed by mid-2023.
- A project involving residences suitable for seniors (geriatric care centre and apartments for seniors) is planned for the property at Gartenstrasse 7/17 as part of the «Etzelblick» project in Richterswil. Construction is expected to be completed by mid-2022.
- The «JED» property at Zürcherstrasse 39 in Schlieren is the former home of the NZZ printing facility with a reserve of building land. The building itself is being converted, with the work expected to be completed by the middle of 2022 (JED conversion).
- Meanwhile, the land reserve will house a new office building/laboratory building (JED new build) without conventional heating technology. Construction began in 2021 and is due to be completed in 2024.
- A new location for Google Switzerland is being developed at Müllerstrasse 16/20 in Zurich. From 2023, Google will move into the building as the sole tenant, after internal and external renovation to the highest possible standards of sustainability and technology. The modification of the existing building started when the previous tenant moved out in 2021.

## Valuation results as at 31 December 2021

As at 31 December 2021, the fair value of Swiss Prime Site Immobilien AG's total real estate portfolio (total 184 properties) amounted to CHF 12 793.5 million. The fair value of the portfolio therefore increased by CHF 470.88 million or 3.82% compared with the level at 31 December 2020. Changes in value are detailed in the following table.

in CHF m	
<b>Fair value as at 31.12.2020</b>	<b>12 322.62</b>
+ changes in value of existing properties	427.29
+ acquisitions of existing properties	18.16
– divestments of existing properties	–33.27
– divestments of projects	–80.47
– partial divestments of projects	–9.67
+ changes in value of building land	0.87
+ changes in value from existing properties to project	24.28
+ changes in value of projects	113.60
+ changes in value assets held for sale	10.09
<b>Fair value as at 31.12.2021</b>	<b>12 793.50</b>

The change in value of the 164 existing properties compared to 1 January 2021 was +3.64 % (excluding initial valuations after completion (2), acquisitions (1), building land plots (9), properties in planning or under construction (7), existing properties in planning or under construction (1) – total 20 properties), with 97 properties having a higher value, 3 properties having the same value and 64 properties having a lower value than as at 1 January 2021.

The growth in the value of the Swiss Prime Site Immobilien AG portfolio comes from existing properties, acquisitions, building land 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, temporarily and structurally slightly lower vacancies 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, newly concluded contracts at a lower level, adjusted revenue forecasts, as well as higher cost estimates for future repair work.

## **Economic development**

The Swiss economy has recovered from the negative consequences of the coronavirus pandemic and has now returned to pre-crisis levels. When compared internationally, Switzerland was subject to relatively looser restrictions, both in terms of their scope and the duration of measures taken. Since restrictions were removed at the end of the second wave, the economy has regained momentum. The government’s Expert Group is predicting an increase in GDP adjusted for sporting events of 3.3 percent (as at 9 December 2021) for 2021. This represents significantly above-average growth for Switzerland and shows that the economy continues to recover, even if the recovery is less dynamic than was previously expected. The Expert Group is forecasting growth in GDP adjusted for sporting events of 3.0 percent in 2022.

The ongoing economic recovery is having a strong positive impact on the job market. In its forecast dated 9 December 2021, the government’s Expert Group estimates an average unemployment rate for 2021 of 3.0 percent. The situation on the job market is expected to improve over the coming year. According to forecasts, unemployment will fall to an annual average of 2.4 percent in 2022. Population growth is stimulating the recovery in the job market. For 2021 and 2022, Wüest Partner forecasts a further rise of 0.7 percent in the permanent resident population, representing an increase of around 60 000 to 70 000 people. As has been the case for a long time, this increase is primarily due to international net migration and natural increase rates among foreign citizens. A notable detail in this regard is the fall in the non-permanent foreign resident population. This is most likely due to the coronavirus crisis, as fewer jobs for short-term residents were created during this period. Over the course of the economic recovery, the job market should once again be in a position to create jobs, including those for people from abroad.

Consumer sentiment of Swiss households, measured by the State Secretariat for Economic Affairs (SECO) in October 2021, was generally optimistic. The index rose significantly from –13 points in the previous October to 4 points in the most recent survey. Expectations regarding general economic development, in particular, contributed to the positive result. However, consumers are less optimistic about their own financial situation, with historical and expected price rises contributing significantly to this.

The Swiss Consumer Price Index, which measures changes in prices in a representative basket of goods and services for private households, was 1.5 percent higher in November this year than in November 2020. This increase is due to higher import prices, particularly for oil and for goods impacted by supply shortages. In its provisional inflation forecast for 2022 and 2023, the Swiss National Bank (SNB) is anticipating a rise of 1.0 and 0.6 percent respectively. With respect to that issue, the SNB stated in its assessment of monetary policy dated 16 December 2021 that it would maintain the SNB base rate and the demand deposits interest rate at –0.75 percent and continue to pursue an expansive monetary policy.

Higher inflation rates, particularly in the US, have been reflected in slightly higher interest rates in Switzerland. Over the year, yields on 10-year government bonds rose by 34 basis points to –0.12 percent at the end of November 2021. Apart from the summer months, yields grew continuously. However, growth came to another halt in October 2021, and since then yields have fallen slightly. Despite the expected rise in inflation rates, the European Central Bank also continues to pursue a zero interest rate policy. One reason for keeping interest rates low is to help finance government debt. In addition, raising interest rates too soon could thwart economic recovery.

## **Construction market**

After a slight dip in investments over the last year, the construction sector is back on a growth trajectory. Investments in new builds and modifications rose by 1.0 percent in 2021 compared to the previous year (new builds: +1.5 percent; modification of buildings: +0.0 percent) with a total investment volume of CHF 49.8 billion. Even stronger growth of 1.5 percent is expected for 2022. While part of this year’s growth can be attributed to the recovery effect following the impact of the coronavirus on the previous year, the forecast for the coming year is based on the renewed optimism among various stakeholders in the Swiss real estate market. However, the increase in the prices of raw materials has also contributed to a rise in nominal revenue in the construction industry. On the commodities exchange in the middle of June 2021, for example, lumber was being traded at double the price of previous years. Prices have eased since then, but they remain volatile and are still above the levels of previous years.

Due to continuing investment pressure, larger sums continue to be invested in the construction of apartment blocks than in the previous year. In addition, the improved economic situation and falling vacancy rates may well have increased confidence in the future demand for living space. After a fall in new build investments in 2020, an increase of 1.8 percent is expected for 2021. Construction of residential properties is expected to see stronger growth, with a rise of 2.4 percent in 2022.

In the commercial properties market, new build investments for the 2021 year are expected to increase slightly, by 1.0 percent (2022: +1.5 percent). Growth is primarily expected in the office space market, while project developers of hotel and hospitality spaces are still showing caution.

### Office property market

Employment in many office sectors is growing continually. Even since the start of the coronavirus pandemic, the number of people employed in the office area has increased overall: in Q2 2021, there were 10 600 more FTEs in Swiss offices than in the year before, corresponding to a rise of 0.3 percent. Thanks to the current strong economic recovery and the creation of new jobs – which businesses postponed due to the pandemic and are now implementing – an additional rise in demand is expected. However, building permits and planning applications are falling slightly, so despite strong user demand, future growth in the office floor space market remains uncertain. It remains to be seen what impact the increase in home working will have on space requirements in the long term. Wüest Partner is not expecting to see significant space reductions in the near future in the office floor space market as a result of increased home working, as there are contrasting approaches to (future) office space use. On the one hand, some companies will aim to reduce their overall space – resulting in cost savings – due to the increase in home working combined with a more flexible use of space, such as desk-sharing. On the other hand, increasingly hybrid ways of working will result in «new» types of workplace. Adapting workplaces to new ways of working and making them more attractive will result in different, additional space requirements.

Another trend in the office floor space market is that the quality of the location will become less significant. Instead, tenants who want to rent their spaces for the long term will want the space and facilities to demonstrate exceptional usability. This will mean that well-designed, functional spaces will be easier to market even if they are «only» in average locations. Investments in lowering buildings' impact on the climate will also be worthwhile as more and more companies want their business to be climate-neutral. This was one of the findings of the «Office Space Barometer», a survey of around 500 companies conducted by Wüest Partner.

There are currently significant regional differences in availability of office space, making prospects for tenants more challenging in some regions than in others. This is particularly the case in some markets in the Lake Geneva region, in the south of Ticino and in the Zurich metropolitan area. In many of these regions, new build activity is likely to see continued growth so that – despite the strong increase in jobs – it remains challenging to find tenants. It is easier in Zurich, Lausanne and Basel as there is a much smaller supply of properties and the job market is expected to show above-average growth. Overall, the supply of office floor space in Switzerland increased in Q2 2021 by a healthy 12 percent compared to the previous year, to a total of 4.1 million square metres. However, this additional space has primarily been created as the result of major projects in the metropolitan areas around big cities and is not evenly spread across the country. Significant demand saw the supply rate remain at the previous year's level of 7.1 percent. In the medium term, the increase in new build activity is expected to fall slightly due to a reduction in new build permits issued in the second quarter. Wüest Partner therefore forecasts a slight decline in office rents in 2022 (–0.2 percent).

### Retail property market

The retail floor space segment was the most severely affected by business closures as a result of the pandemic, but there have been some glimmers of hope recently. Many companies in bricks-and-mortar retail and providers of personal services were faced with a significant drop in sales, but after restrictions were relaxed revenues rose quickly again. As a result, retail revenues in August 2021 were almost 5 percent higher than in August 2019, before the crisis. Both online and bricks-and-mortar retailers have benefited from this increase. If private consumption continues to grow, many business should make a sustained recovery from the pandemic. However, the structural changes that had started even before the crisis are continuing, and the environment remains highly competitive. During lockdown, many consumers ordered their goods online – some of them for the first time. Online retail was therefore able to rapidly increase its market share. In the non-food segment, the proportion of all retail trade revenue coming from online retail in the first 8 months of 2020 was almost double that of the same period the year before. According to figures from GfK Switzerland, online retail has continued to grow in both the food and the non-food segment and now has a market share of 3.1 percent (food) and 18.1 percent (non-food). However, it is notable that the proportion of online retail has hardly increased further in the meantime. If the Swiss population continues to grow by 0.7 percent per year, this growth will almost balance out the fall in bricks-and-mortar retail as a proportion of total sales.

Despite the strong economic growth of the last few months and consumers' willingness to buy, there are some challenges involved in marketing retail floor space. The supply of available retail floor space has recently fallen slightly, but in the second quarter of this year it totalled 639 000 square metres and availability remains strong. Looking at the increase in new build permits, the supply of retail floor space is expected to increase in the short and medium term. Planning permission applications have also increased recently.



In general, price pressure on asking rents will increase further, with the exception of premium locations. The increase in home working has resulted in the location of office floor space becoming less important, but the opposite is true when it comes to retail floor space. The quality of the micro-location, particularly in terms of footfall and prestige, has become more important for retail businesses. In addition, some retailers have been battling with falling revenue, making it harder to afford their shop rents. For this reason, shop landlords came under significant pressure to lower the rents in order to avoid vacancies. The negative trend in market rents is expected to continue in many places. Wüest Partner is therefore forecasting a reduction in asking rents of 2.1 percent.

### **Market for senior housing**

Properties for older people continue to be in demand in Switzerland. Due to the ageing population, this trend is expected to continue in the future, despite more people wanting to stay in their own home for longer. There are currently around 458300 people (as at the end of 2020) aged 80 and over, a figure which is 1.0 percent higher than the previous year. Housing that can be personalised (with modular, flexible services), lower-priced senior living and simpler support options (such as concierge services or outpatient care) are increasingly attractive. Real estate investors, too, have recognised that these trends were already visible before the coronavirus pandemic but have been further accentuated by it. This is reflected in the current availability of a large amount of good-quality senior housing. The total income generated in this sector has therefore grown, reaching CHF 10.4 billion in 2019.

The generally positive reception of this new housing is having a negative impact on older senior housing and geriatric care facilities, which are now recording significant vacancies (even in some very urban locations). In mid-2021, Switzerland had around 1 551 senior housing and geriatric care facilities, of which 460 were private, 877 operated by the public sector and the remaining 214 facilities primarily operated by foundations and associations. Compared to the same quarter of the previous year, the number of employees in healthcare facilities has remained relatively stable, with only a small drop from 149300 to 149100 FTE (–0.2 percent). Looking back over the last ten years, however, the number of employees in healthcare homes has grown by 30.6 percent. These figures are based on the statistics published by social-medical institutes and the Swiss Federal Office of Public Health.

High quality standards, flexible structures, specialised housing and bespoke services are consequently increasingly critical to the success of properties in the senior living segment. In general, market rents for senior living apartments are following the same trends as asking prices for standard apartments.

### **Hospitality**

Hotel real estate was heavily affected by the coronavirus pandemic. It has slightly recovered recently, but the situation remains fragile. According to the Federal Statistical Office, the average occupancy rate in hotels and spas in the first ten months of 2021 was around 29.8 percent, which represents an increase of almost 5 percentage points over the same period the year before. The number of overnight stays also recovered by more than 18 percent over the same period, totalling 25 349 236 nights by the end of October. However, these figures are significantly below the levels seen in 2019, when the occupancy rate was 42 percent and a total of 34 626 053 overnight stays were recorded by the end of October. Compared to previous years, hotels generated lower levels of income, despite this rising by an average of 13 percent over the summer months according to a HotellerieSuisse survey of businesses. A medium occupancy rate (around 44 percent) is expected over the coming winter season. This is slightly higher than in the previous year, but is still 7 percentage points lower than before the crisis. However, it should be noted that hotels in different locations are reporting extremely varied drops in occupancy. City hotels in particular have low occupancy rates compared to the period before the crisis as they are more dependent on business trips, conferences and cross-border tourism than hotels in mountain regions and rural areas. Hotel occupancy rates in cities are expected to stabilise within two to three years, although rates in some segments such as conference tourism may remain lower in the medium term.

These HotellerieSuisse predictions are based on surveys carried out at the beginning of November. Since then, the epidemiological situation has got worse – some countries are back in lockdown and entry restrictions have been expanded. It is therefore possible that the forecasts are overly optimistic. According to HotellerieSuisse, many businesses recently received a wave of cancellations, particularly for corporate and Christmas events. The situation in the accommodation industry therefore remains difficult. According to a HotellerieSuisse survey conducted in summer/autumn 2021, 42 percent of hotels are unable to cover their costs and two-thirds of businesses stated that they couldn’t completely exclude the possibility of bankruptcy.

In addition to hotel operators, owners of hotel real estate also felt the effects of the loss of rental income. In 2020, the real estate values of hotels in urban locations fell by between 4 and 16 percent, with a median drop of 10 percent. Despite business being slightly better for holiday hotels, their real estate value still fell by between 1 and 10 percent, with a median drop of 5 percent. Only a few hotels in the best locations in the most popular holiday destinations recorded a slightly increase in value.

**Summary – Investor market for commercial properties**

Real estate continues to be extremely popular with investors, especially as alternative investments with a risk-return as attractive as real estate investments continue to be rare. In the first eleven months of 2021, the average yield on 10-year government bonds was -0.24 percent. In addition, there were fewer investment properties for sale on the market than institutional investors wanting to purchase them. It's therefore not surprising that transaction prices rose, reaching new highs. Between mid-2020 and mid-2021, transaction prices for residential properties rose by 4.7 percent. For commercial properties, willingness to pay climbed less sharply, by 0.5 percent.

As a direct consequence of rising prices, initial yields fell once more, particularly for residential properties. There was no clearly identifiable trend regarding initial yields for commercial properties when compared to the previous year. Demand remains high for office properties with a good rental situation or in very good locations, particularly as offering employees an attractive working environment gives them an appealing alternative to working at home. The increase in home working has resulted in low demand for office floor space in poor locations, although this has started to recover slightly. The investment market for retail floor space is in a similar position, with only discount rates on the busiest streets in Zurich and Geneva falling again. The situation for shopping centres is extremely varied. For hotels, too, there are significant differences between locations. Hotels aimed at city travellers have become less attractive for investors, whereas hotels in scenic mountain locations continue to be in demand.

According to Wüest Partner, prime yields (net) over the last twelve months have fallen in the three key use sectors: in the residential sector, prime yields in Q2 2021 were still 1.25 percent in Zurich and 1.60 percent in Geneva. This represents a fall of 15 and 30 basis points respectively compared to the same period last year. Prime yields for office properties in Zurich fell by 25 basis points to 1.55 percent. Zurich's retail floor spaces recorded prime yields of 2.20 percent, a drop of 20 basis points compared to Q2 2020.

Investors' interest in indirect real estate investments also remains strong. Some real estate companies suffered significant share price falls last year, but over the course of this year (from January to August 2021) they recorded a rise of 9.0 percent (as per WUPIX-A). However, it should be noted that traditional shares – measured against the Swiss Performance Index – increased by 19.7 percent over the same period.

The performance of the two listed real estate funds was even more striking. They both rose significantly over the last years (2019: +21.7 percent; 2020: +11.7 percent as per WUPIX-F) and rose by a further +5.4 percent this year, with many of them reaching new all-time highs. As a result, premiums (additional charge over the estimated net asset value) rose further, with an average at the end of August 2021 of 46 percent (weighted according to market capitalisation). These high premiums make real estate funds more vulnerable to significant price adjustments.

Wüest Partner AG  
Zurich, 22 December 2021

Andreas Ammann  
Partner

Gino Fiorentin  
Partner

Further real estate information is available in note 14 (from page 31) and in the property details (from page 76).

# Annex:

# Valuation assumptions

## Valuation assumptions as at 31 December 2021

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 (164 existing properties) amounts to 2.75% in the current valuation. Assuming an inflation rate of 0.5%, this rate corresponds to a nominal discount rate of 3.27%. The new lowest real discount rate selected for an individual property is 1.70%, while the highest is 4.85%.

The valuations are based on the rental tables of the property managers as at 1 January 2022. 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 Wüest Partner AG represent an economic assessment based on available information, most of which was provided by Swiss Prime Site AG. Wüest Partner AG did not conduct or commission any legal, structural engineering or other specific clarifications. Wüest 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, 22 December 2021

# Consolidated financial statements

## Consolidated income statement

in CHF 1000	Notes	01.01.– 31.12.2020	01.01.– 31.12.2021
Rental income from properties	4	424 723	426 692
Income from real estate developments	4	50 099	48 261
Income from real estate services	4	115 164	119 387
Income from retail	4	110 606	119 540
Income from assisted living	4	72 420	–
Income from asset management	4	13 126	18 215
Other operating income	4	6 778	12 836
<b>Operating income</b>		<b>792 916</b>	<b>744 931</b>
Revaluation of investment properties, net	14	203 406	318 814
Result from investments in associates		1 000	909
Result from investment property sales, net	6	22 243	39 916
Result from sale of participations, net	3	204 181	–
Real estate costs	7	–71 739	–59 101
Cost of real estate developments		–36 268	–33 377
Cost of goods sold		–65 567	–63 726
Personnel costs	8	–222 777	–172 625
Depreciation on tangible assets	15	–8 446	–7 400
Amortisation on intangible assets	15	–9 138	–8 981
Other operating expenses	9	–47 520	–43 945
<b>Operating expenses</b>		<b>–461 455</b>	<b>–389 155</b>
<b>Operating result (EBIT)</b>		<b>762 291</b>	<b>715 415</b>
Financial expenses	18	–60 511	–71 748
Financial income		1 679	2 687
<b>Profit before income taxes</b>		<b>703 459</b>	<b>646 354</b>
Income taxes	10	–93 052	–138 977
<b>Profit</b>		<b>610 407</b>	<b>507 377</b>
Attributable to shareholders of Swiss Prime Site AG		610 510	507 377
Attributable to non-controlling interests		–103	–
<b>Earnings per share (EPS), in CHF</b>	21	<b>8.04</b>	<b>6.68</b>
<b>Diluted earnings per share, in CHF</b>	21	<b>7.55</b>	<b>6.28</b>

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

**Consolidated balance sheet**

in CHF 1 000

	Notes	31.12.2020	31.12.2021
<b>Assets</b>			
Cash		142 750	114 656
Securities		602	1 351
Accounts receivable	11	56 729	39 330
Other current receivables		5 005	6 268
Inventories	12	30 786	33 263
Real estate developments	13	27 628	–
Trading properties	14	–	53 466
Accrued income and prepaid expenses		33 109	31 009
Assets held for sale	14	216 401	250 124
<b>Total current assets</b>		<b>513 010</b>	<b>529 467</b>
Investment properties	14	12 106 219	12 489 910
Tangible assets	15	25 956	23 620
Investments in associates		51 487	50 800
Other financial investments		4 060	4 285
Intangible assets	15	25 450	32 243
<b>Total non-current assets</b>		<b>12 213 172</b>	<b>12 600 858</b>
<b>Total assets</b>		<b>12 726 182</b>	<b>13 130 325</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current financial liabilities</b>			
Accounts payable		8 341	25 297
Other current liabilities		144 315	160 921
Real estate developments	13	4 742	–
Accrued expenses and deferred income	17	156 051	193 666
<b>Total current liabilities</b>		<b>1 647 225</b>	<b>380 742</b>
<b>Non-current financial liabilities</b>			
Deferred tax liabilities	10	1 162 803	1 263 720
<b>Total non-current liabilities</b>		<b>4 993 328</b>	<b>6 410 904</b>
<b>Total liabilities</b>		<b>6 640 553</b>	<b>6 791 646</b>
<b>Shareholders' equity</b>			
Share capital	20	1 162 347	1 162 347
Capital reserves	20	177 198	50 016
Treasury shares	20	–161	–58
Retained earnings	20	4 746 245	5 126 374
<b>Total shareholders' equity</b>		<b>6 085 629</b>	<b>6 338 679</b>
<b>Total liabilities and shareholders' equity</b>		<b>12 726 182</b>	<b>13 130 325</b>

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

**Consolidated cash flow statement**

in CHF 1 000	Notes	01.01.– 31.12.2020	01.01.– 31.12.2021
<b>Profit</b>		<b>610 407</b>	<b>507 377</b>
Depreciation and amortisation	15	17 584	16 381
Revaluation of investment properties, net	14	–203 406	–318 814
Result from investment property sales, net	6	–22 243	–39 916
Result from sales of participations, net	3	–204 181	–
Result from investments in associates		–1 000	–909
Other non-cash items affecting net income		3 783	2 021
Financial expenses		60 511	71 748
Financial income		–1 679	–2 687
Income tax expenses	10	93 052	138 977
Change in accounts receivable		–12 275	17 399
Change in inventories and real estate developments		–1 710	20 409
Change in other receivables and accrued income and prepaid expenses		–2 460	–6 753
Change in accounts payable		–12 994	16 956
Change in other current liabilities and accrued expenses and deferred income		29 603	20 616
Income tax payments		–54 500	–13 153
<b>Cash flow from operating activities</b>		<b>298 492</b>	<b>429 652</b>
Investments in investment properties	14	–409 974	–276 646
Divestments of investment properties	14	76 907	186 295
Investments in tangible assets	15	–6 813	–5 064
Divestments of group companies, less disposed cash	3	571 394	–
Investments in financial investments		–7 601	–2 436
Divestments of financial investments		24 690	2 970
Investments in intangible assets	15	–14 787	–15 774
Interest payments received		288	228
Dividends received		1 923	1 709
<b>Cash flow from investing activities</b>		<b>236 027</b>	<b>–108 718</b>
Distribution to shareholders	20	–288 678	–254 496
Purchase of treasury shares	20	–4 976	–2 904
Issue of bonds	18	299 272	449 878
Redemption of bond	18	–230 000	–300 000
Redemption of convertible bond	18	–3 277	–
Issuance/repayment of current financial liabilities		–538 772	–1 033 012
Issuance/repayment of non-current financial liabilities		267 579	865 700
Interest paid and early termination penalties		–65 982	–74 194
<b>Cash flow from financing activities</b>		<b>–564 834</b>	<b>–349 028</b>
<b>Change in cash</b>		<b>–30 315</b>	<b>–28 094</b>
Cash at beginning of period		173 065	142 750
<b>Cash at end of period</b>		<b>142 750</b>	<b>114 656</b>

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
<b>Total as at 01.01.2020</b>		<b>1 161 979</b>	<b>320 629</b>	<b>- 106</b>	<b>3 975 536</b>	<b>5 458 038</b>	<b>1 149</b>	<b>5 459 187</b>
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
<b>Total as at 31.12.2020</b>		<b>1 162 347</b>	<b>177 198</b>	<b>- 161</b>	<b>4 746 245</b>	<b>6 085 629</b>	<b>-</b>	<b>6 085 629</b>
Profit		-	-	-	507 377	507 377	-	507 377
Distribution to shareholders	20	-	- 127 248	-	- 127 248	- 254 496	-	- 254 496
Share-based compensation	20	-	66	3 007	-	3 073	-	3 073
Purchase of treasury shares	20	-	-	- 2 904	-	- 2 904	-	- 2 904
<b>Total as at 31.12.2021</b>		<b>1 162 347</b>	<b>50 016</b>	<b>- 58</b>	<b>5 126 374</b>	<b>6 338 679</b>	<b>-</b>	<b>6 338 679</b>

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 4 «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. 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 square 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 10 [11] 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 2021, which were prepared applying uniform accounting principles. All significant transactions and balances between the individual group companies and any intercompany profits have been eliminated.

Investments in associates in which Swiss Prime Site exercises a significant 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 and 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 investment cost or fair value at the time of reclassification or, if lower, 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 of 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 project. 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 appropriate relative to the current fair value. The divestment must 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 already recognised at fair value 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

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 unsecured loans, 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. 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.

A portion of 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 is effected 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, and 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 weighted average number of outstanding shares.

## 3 Changes in scope of consolidation

### 3.1 Acquisitions

No acquisitions during the reporting year or the previous year.

### 3.2 Sales during the reporting year

None.

### 3.3 Sales during the previous year

The Tertianum Group was sold to the Capvis Equity V 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 two months of the previous year.

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.

The Tertianum Group has around 4900 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
<b>Assets</b>	
Cash	5 896
Accounts receivable	50 998
Other current assets	24 291
<b>Total current assets</b>	<b>81 185</b>
Investment properties	34 745
Tangible assets	43 494
Other non-current assets	16 798
<b>Total non-current assets</b>	<b>95 037</b>
<b>Total assets</b>	<b>176 222</b>
<b>Liabilities and shareholders' equity</b>	
Current financial liabilities	977
Other current liabilities	68 631
Non-current financial liabilities	32 122
Other non-current liabilities	4 875
<b>Total liabilities</b>	<b>106 605</b>
Non-controlling interests in equity	1 046
<b>Total non-controlling interests in equity</b>	<b>1 046</b>
<b>Net assets sold</b>	<b>68 571</b>
Return of goodwill to income statement (recycling)	304 538
Sales price less transaction costs	577 290
<b>Sales result</b>	<b>204 181</b>

### 3.4 Group internal mergers during the reporting period

In the Services segment, immoveris ag, Berne, was merged into Swiss Prime Site Solutions AG, Zurich, as at 1 January 2021.

### 3.5 Group internal mergers during the previous year

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



#### 4 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, retail trade and asset management businesses. In the previous year, the Tertianum Group (assisted living), sold as at 28 February 2020, was included for two months.

#### Segment income statement 01.01.–31.12.2021

in CHF 1000	Real Estate segment	Services segment	Total segments	Eliminations	01.01.– 31.12.2021 Total group
Rental income from properties	444 420	12 953	457 373	–30 681	426 692
thereof from third parties	413 739	12 953	426 692	–	426 692
thereof from other segments	30 681	–	30 681	–30 681	–
Income from real estate developments	48 261	–	48 261	–	48 261
Income from real estate services	–	146 118	146 118	–26 731	119 387
Income from retail	–	119 553	119 553	–13	119 540
Income from asset management	–	18 215	18 215	–	18 215
Other operating income	2 174	12 670	14 844	–2 008	12 836
<b>Operating income</b>	<b>494 855</b>	<b>309 509</b>	<b>804 364</b>	<b>–59 433</b>	<b>744 931</b>
<b>Revaluation of investment properties, net</b>	<b>318 814</b>	<b>–</b>	<b>318 814</b>	<b>–</b>	<b>318 814</b>
<b>Result from investments in associates</b>	<b>909</b>	<b>–</b>	<b>909</b>	<b>–</b>	<b>909</b>
<b>Result from investment property sales, net</b>	<b>39 916</b>	<b>–</b>	<b>39 916</b>	<b>–</b>	<b>39 916</b>
Real estate costs	–71 189	–44 840	–116 029	56 928	–59 101
Cost of real estate developments	–33 377	–	–33 377	–	–33 377
Cost of goods sold	–	–63 726	–63 726	–	–63 726
Personnel costs	–22 141	–150 888	–173 029	404	–172 625
Depreciation on tangible assets	–470	–6 930	–7 400	–	–7 400
Amortisation on intangible assets	–4 390	–4 591	–8 981	–	–8 981
Other operating expenses	–18 946	–27 100	–46 046	2 101	–43 945
<b>Operating expenses</b>	<b>–150 513</b>	<b>–298 075</b>	<b>–448 588</b>	<b>59 433</b>	<b>–389 155</b>
<b>Operating result (EBIT)</b>	<b>703 981</b>	<b>11 434</b>	<b>715 415</b>	<b>–</b>	<b>715 415</b>

**Segment income statement 01.01.–31.12.2020**

in CHF 1000	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
<b>Operating income</b>	<b>482 862</b>	<b>378 153</b>	<b>861 015</b>	<b>-68 099</b>	<b>792 916</b>
<b>Revaluation of investment properties, net</b>	<b>203 406</b>	<b>-</b>	<b>203 406</b>	<b>-</b>	<b>203 406</b>
<b>Result from investments in associates</b>	<b>1 000</b>	<b>-</b>	<b>1 000</b>	<b>-</b>	<b>1 000</b>
<b>Result from investment property sales, net</b>	<b>20 929</b>	<b>-</b>	<b>20 929</b>	<b>1 314</b>	<b>22 243</b>
<b>Result from sale of participations, net</b>	<b>-</b>	<b>204 181</b>	<b>204 181</b>	<b>-</b>	<b>204 181</b>
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
<b>Operating expenses</b>	<b>-153 213</b>	<b>-375 027</b>	<b>-528 240</b>	<b>66 785</b>	<b>-461 455</b>
<b>Operating result (EBIT)</b>	<b>554 984</b>	<b>207 307</b>	<b>762 291</b>	<b>-</b>	<b>762 291</b>

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

## 5 Funds from operations (FFO)

Funds from operations (FFO) indicates cash effective income from operations (FFO I). FFO II also includes cash effective income from property sales.

in CHF 1000	without Tertianum <sup>1</sup> 01.01.– 31.12.2020	01.01.– 31.12.2021
<b>Operating result (EBIT)</b>	<b>555 862</b>	<b>715 415</b>
Depreciation on tangible assets	7 066	7 400
Amortisation on intangible assets	8 703	8 981
Revaluation from investment properties, net	–203 406	–318 814
Result from investment property sales, net	–22 243	–39 916
Result from investments in associates	–1 000	–909
Cash effective interest expenses <sup>2</sup>	–64 172	–50 148
Cash effective interest income and dividends	2 211	1 937
Current taxes without investment property sales	–10 431	–23 075
<b>FFO I</b>	<b>272 590</b>	<b>300 871</b>
Result from investment property sales, net	22 243	39 916
Current taxes from investment property sales	–12 439	–14 985
<b>FFO II</b>	<b>282 394</b>	<b>325 802</b>
Total weighted average number of shares	75 964 863	75 968 104
<b>FFO I per share in CHF</b>	<b>3.59</b>	<b>3.96</b>
<b>FFO II per share in CHF</b>	<b>3.72</b>	<b>4.29</b>

<sup>1</sup> Figures without Tertianum Group (figures January and February 2020 as well as result from sale of participations). The sale and deconsolidation of the Tertianum Group took place on 28 February 2020

<sup>2</sup> Not included are the early repayment penalties (non-recurring expenses) of CHF 24.913 million paid due to the refinancing

## 6 Result from investment property sales

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Gains from sales of properties	15 591	–
Gains from sales of properties held for sale	6 652	39 916
<b>Total result from investment property sales, net</b>	<b>22 243</b>	<b>39 916</b>

In the reporting year, two [two] existing properties, an additional building unit (E) in the Espace Tourbillon project and five [two] freehold units in Building A, Espace Tourbillon in Geneva, were sold. Construction of building A in the Espace Tourbillon was completed in the reporting year. The transactions have therefore been split into two parts: the sale of freehold properties 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 is recognised as the sale of investment properties (Swiss GAAP FER 18). The service includes the completion of the freehold properties 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 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Property expenses	–34 888	–36 644
Third-party rents	–20 274	–5 737
Expenses for third-party services	–6 073	–5 996
Expenses for real estate services	–4 283	–4 782
Land lease expenses	–6 221	–5 942
<b>Total real estate costs</b>	<b>–71 739</b>	<b>–59 101</b>

Property expenses included maintenance and repair costs of CHF 8.428 million [CHF 8.393 million], ancillary costs borne by the owner of CHF 16.249 million [CHF 12.419 million] and property-related insurance costs and fees of CHF 7.922 million [CHF 7.530 million] as well as costs for cleaning, energy and water of CHF 4.045 million [CHF 6.546 million].

There was a significant drop in third-party rents compared with the same period last year due to the sale of the Tertianum Group as at 28 February 2020.

## 8 Personnel costs

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Wages and salaries	– 181 598	– 141 567
Social security expenses	– 13 305	– 9 619
Pension plan expenses	– 18 693	– 15 513
Other personnel expenses	– 9 181	– 5 926
<b>Total personnel costs</b>	<b>– 222 777</b>	<b>– 172 625</b>
<b>Number of employees as at 31.12.</b>	<b>1 728</b>	<b>1 667</b>
<b>Number of full-time equivalents as at 31.12.</b>	<b>1 505</b>	<b>1 474</b>

There was a significant drop in personnel costs compared with the same period last year due to the sale of the Tertianum Group as at 28 February 2020.

## 9 Other operating expenses

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Expenses for tangible assets and IT	– 15 859	– 14 309
Non-life insurance, fees	– 1 103	– 748
Capital taxes	– 4 079	– 3 824
Administrative expenses	– 11 875	– 9 756
Audit and consultancy costs	– 5 919	– 6 571
Marketing	– 6 035	– 5 535
Collection and bad debt-related losses	– 2 650	– 3 202
<b>Total other operating expenses</b>	<b>– 47 520</b>	<b>– 43 945</b>

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 5.919 million [CHF 5.256 million] and audit fees of CHF 0.652 million [CHF 0.663 million].

**10 Income taxes**

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Current income taxes of the reporting period	–27 018	–39 528
Adjustments for current income taxes of other accounting periods	3 518	1 468
<b>Total current income taxes</b>	<b>–23 500</b>	<b>–38 060</b>
Deferred taxes resulting from revaluation and depreciation	–83 718	–118 677
Deferred taxes resulting from real estate developments (long-term contracts)	1 201	8 247
Deferred taxes resulting from the sale of investment properties	7 425	7 865
Deferred taxes resulting from tax rate changes	7 114	1 648
Deferred taxes resulting from losses carried forward	–1 554	–
Other deferred taxes	–20	–
<b>Total deferred taxes</b>	<b>–69 552</b>	<b>–100 917</b>
<b>Total income taxes</b>	<b>–93 052</b>	<b>–138 977</b>

**Reconciliation of income taxes**

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

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Profit before income taxes	703 459	646 354
Income taxes at average tax rate of 20%	–140 692	–129 271
Taxes at other rates (including property gains taxes)	165	–11 419
Tax effect due to investment deduction	41 066	199
Deferred taxes resulting from tax rate changes	7 114	1 648
Adjustment for current income taxes for other accounting periods	3 518	1 468
Effect of unrecognised losses carried forward	–4 223	–1 602
<b>Total income taxes</b>	<b>–93 052</b>	<b>–138 977</b>

**Deferred taxes**

Where the revaluations according to Swiss GAAP FER versus the fiscal values were due to recaptured depreciation, the taxes are allocated per property after deduction of any applicable property gains tax and taken into account separately. In this case, cantonal tax rates of between 4.4% and 14.3% [4.4% and 14.3%] 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 11.1% and 27.0% [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 surcharges 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. No deferred tax assets were recognised in the reporting year or the previous year due to the insufficient future probability of offsetting losses.

**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 1000	31.12.2020	31.12.2021
After 1 year	11	5
After 2 years	5	7 123
After 3 years	7 123	3
After 4 years	3	4 235
After 5 years	4 235	478
After 6 years	478	16 108
After 7 or more years	16 229	8 144
<b>Total expiring taxable losses carried forward</b>	<b>28 084</b>	<b>36 096</b>

**Deferred tax liabilities**

in CHF 1000	2020	2021
<b>Deferred tax liabilities as at 01.01.</b>	<b>1 099 397</b>	<b>1 162 803</b>
Change due to acquisitions/divestments of group companies	-4 512	-
Change due to real estate developments (long-term contracts)	-1 201	-8 247
Increase through revaluation and depreciation	83 658	118 677
Change through property disposals	-7 425	-7 865
Tax rate changes	-7 114	-1 648
<b>Deferred tax liabilities as at 31.12.</b>	<b>1 162 803</b>	<b>1 263 720</b>

**11 Accounts receivable**

in CHF 1000	31.12.2020	31.12.2021
Accounts receivable, gross	61 048	45 930
Impairments	-4 319	-6 600
<b>Total accounts receivable</b>	<b>56 729</b>	<b>39 330</b>

Most of the accounts receivable related to claims for rent and ancillary costs.

**Maturities of receivables**

in CHF 1000	31.12.2020 Gross receivables	Impairments	31.12.2021 Gross receivables	Impairments
Not yet due	39 410	-	34 238	-841
Due between 1 and 30 days	7 478	-520	3 625	-269
Due between 31 and 90 days	5 558	-693	1 875	-1 206
Due between 91 and 120 days	473	-116	414	-404
Due for more than 120 days	8 129	-2 990	5 778	-3 880
<b>Total gross receivables and impairments</b>	<b>61 048</b>	<b>-4 319</b>	<b>45 930</b>	<b>-6 600</b>

## 12 Inventories

in CHF 1000	31.12.2020	31.12.2021
Merchandise	32 088	35 482
Other inventories	15	13
Impairments	-1 317	-2 232
<b>Total inventories</b>	<b>30 786</b>	<b>33 263</b>

Inventories include merchandise from the retail business, which was recognised in the balance sheet at average cost or – if lower – net realisable value.

## 13 Real estate developments

All sold real estate developments were completed as at the balance sheet date. Income from real estate developments during the period amounted to CHF 48.261 million [CHF 50.099 million]. The accruals last year 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. Building C was handed over to the new owners in turnkey condition on 15 April 2021. Building D was completed and handed over in the fourth quarter of 2021. 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 1000	Undeveloped properties	Properties	Properties under construction/development sites	Total investment properties	Properties held for sale	Properties intended for sale	Total
<b>Total as at 01.01.2020</b>	<b>37 498</b>	<b>11 030 239</b>	<b>603 557</b>	<b>11 671 294</b>	<b>94 136</b>	<b>–</b>	<b>11 765 430</b>
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
<b>Fair value adjustment</b>	<b>367</b>	<b>155 971</b>	<b>34 873</b>	<b>191 211</b>	<b>12 195</b>	<b>–</b>	<b>203 406</b>
<b>Total as at 31.12.2020</b>	<b>42 162</b>	<b>11 342 408</b>	<b>721 649</b>	<b>12 106 219</b>	<b>216 401</b>	<b>–</b>	<b>12 322 620</b>
Purchases	–	18 082	–	18 082	–	–	18 082
Follow-up investments	201	121 666	128 748	250 615	23 338	–	273 953
Capitalised borrowing costs	–	533	5 438	5 971	439	–	6 410
Reclassifications	–	–197 807	–14 952	–212 759	159 293	53 466	–
Disposal by sale	–	–	–1 609	–1 609	–144 770	–	–146 379
Positive fair value adjustment	800	482 520	18 680	502 000	167	–	502 167
Negative fair value adjustment	–130	–168 565	–9 914	–178 609	–4 744	–	–183 353
<b>Fair value adjustment</b>	<b>670</b>	<b>313 955</b>	<b>8 766</b>	<b>323 391</b>	<b>–4 577</b>	<b>–</b>	<b>318 814</b>
<b>Total as at 31.12.2021</b>	<b>43 033</b>	<b>11 598 837</b>	<b>848 040</b>	<b>12 489 910</b>	<b>250 124</b>	<b>53 466</b>	<b>12 793 500</b>
Actual costs as at 31.12.2020	33 566	8 380 583	619 200	9 033 349	172 238	–	9 205 587
Actual costs as at 31.12.2021	33 759	8 434 064	650 179	9 118 002	227 664	46 449	9 392 115
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
Difference between fair value and actual costs as at 31.12.2021	9 274	3 164 773	197 861	3 371 908	22 460	7 017	3 401 385
Fire insurance values on 01.01.2020 <sup>1</sup>	12 067	6 947 513	384 939	7 344 519	78 916	–	7 423 435
Fire insurance values on 01.01.2021 <sup>1</sup>	11 945	6 946 479	350 734	7 309 158	171 037	–	7 480 195
<b>Fire insurance values on 31.12.2021<sup>1</sup></b>	<b>12 569</b>	<b>6 894 067</b>	<b>401 723</b>	<b>7 308 359</b>	<b>277 869</b>	<b>34 286</b>	<b>7 620 514</b>

<sup>1</sup> 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 properties (excluding properties under construction and development sites, and excluding leased properties) by the end-dates of individual rental agreements, as at 31 December 2021:

End of contract	31.12.2020 Future rental income in CHF 1000	Share in %	31.12.2021 Future rental income in CHF 1000	Share in %
Under 1 year <sup>1</sup>	61 207	13.5	58 756	13.0
Over 1 year	63 618	14.0	44 525	9.8
Over 2 years	33 755	7.4	56 761	12.5
Over 3 years	47 268	10.4	35 777	7.9
Over 4 years	34 289	7.6	72 020	15.9
Over 5 years	55 000	12.1	27 654	6.1
Over 6 years	17 899	3.9	9 261	2.0
Over 7 years	8 503	1.9	21 324	4.7
Over 8 years	20 491	4.5	19 256	4.3
Over 9 years	16 829	3.7	45 556	10.1
Over 10 years	94 393	21.0	61 869	13.7
<b>Total</b>	<b>453 252</b>	<b>100.0</b>	<b>452 759</b>	<b>100.0</b>

<sup>1</sup> includes all indefinite rental agreements (residential, parking facilities, commercial properties etc.) of total CHF 30.942 million [CHF 25.140 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 2021 [31 December 2020].

**Rent losses from vacancies**

Rent losses from vacancies were CHF 20.465 million [CHF 22.232 million], corresponding to a vacancy rate of 4.6% [5.1%]. 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 76 onwards.

**Largest external tenants**

As at the balance sheet date, the five largest external tenants accounted for 21.9% [22.7%] 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 %	31.12.2020	31.12.2021
Tertianum	5.6	6.0
Coop	5.5	5.3
Magazine zum Globus (formerly Migros)	4.5	4.7
Swisscom	4.7	3.4
Zurich Insurance Group	2.4	2.5

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 inputs**

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 inputs are applied only when relevant observable inputs 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 3.

### Unobservable inputs applied as at 31.12.2021

	in	Undeveloped properties	Commercial properties (continuation of use) <sup>1</sup>	Commercial properties (highest and best use) <sup>2</sup>	Properties under construction/development sites
Fair value as at balance sheet date	CHF m	43.033	10 552.324	1 191.167	1 006.976
<b>Unobservable input factors</b>					
Average discount rate	%	3.10	2.76	2.70	3.10
Maximum discount rate	%	4.95	4.85	4.75	4.05
Minimum discount rate	%	3.42	1.70	2.15	2.35
Residential	CHF per m <sup>2</sup> p.a.	–	80 to 692	120 to 530	255 to 285
Offices	CHF per m <sup>2</sup> p.a.	–	80 to 930	90 to 780	180 to 535
Retail/gastro	CHF per m <sup>2</sup> p.a.	–	60 to 9 000	120 to 1 190	240 to 395
Commercial	CHF per m <sup>2</sup> p.a.	–	55 to 380	80 to 210	220 to 280
Storage	CHF per m <sup>2</sup> p.a.	–	25 to 500	48 to 200	90 to 170
Parking inside	CHF per piece and month	–	50 to 650	100 to 600	90 to 635
Parking outside	CHF per piece and month	–	40 to 400	40 to 160	75 to 200

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

<sup>2</sup> commercial properties for which the valuation was based on highest and best use

### Unobservable inputs applied as at 31.12.2020

	in	Undeveloped properties	Commercial properties (continuation of use) <sup>1</sup>	Commercial properties (highest and best use) <sup>2</sup>	Properties under construction/development sites
Fair value as at balance sheet date	CHF m	42.162	10 331.966	1 118.970	829.522
<b>Unobservable input factors</b>					
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 <sup>2</sup> p.a.	–	70 to 692	120 to 447	275 to 325
Offices	CHF per m <sup>2</sup> p.a.	–	80 to 920	90 to 845	150 to 550
Retail/gastro	CHF per m <sup>2</sup> p.a.	–	60 to 7 450	120 to 1 190	250 to 450
Commercial	CHF per m <sup>2</sup> p.a.	–	55 to 380	55 to 250	150 to 280
Storage	CHF per m <sup>2</sup> 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

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

<sup>2</sup> 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 [ $\pm 10$  basis points] in the average discount rate applied of 2.75% [2.91%] would have a positive impact of +3.8% [+3.5%] or a negative impact of -3.8% [-3.6%] 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% [+2.2%] or a negative impact of -2.5% [-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 offices and transformation of the area into a centre for innovation, entertainment and health. Investment volume: approx. CHF 225 million. Further information: <a href="http://stueckipark.ch">stueckipark.ch</a>
Project status	First stage completed, second stage being executed
Sale/rental status	Buildings F and I (laboratory and office) being marketed, Buildings H and G (laboratory and office) 100% let.
Completion	First stage: 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 306 million. Further information: <a href="http://alto-pont-rouge.ch">alto-pont-rouge.ch</a>
Project status	Project being executed
Sale/rental status	Being marketed; rental contracts for approx. 6 000 m <sup>2</sup> agreed
Completion	2023

**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 74 million
Project status	Project being executed
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 89 million (Building B, basic fit-out). Further information: <a href="http://espacetourbillon.ch/en">espacetourbillon.ch/en</a>
Project status	Basic fit-out completed
Sale/rental status	Being marketed; 40% let (Building B)
Completion	2023 (full fit-out)

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

Project description	Construction of 26 new assisted living senior apartments and 64 new care places including dementia care to replace the existing residential and care centre. Investment volume: approx. CHF 47 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, hospitality and leisure. Investment volume: approx. CHF 136 million (conversion, basic fit-out). Further information: <a href="http://jed.swiss">jed.swiss</a>
Project status	Basic fit-out completed
Sale/rental status	Currently being marketed
Completion	2022 (full fit-out)

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

Project description	Development of building land reserve and new building. Large connected areas for innovative companies, including laboratory facilities. Investment volume: approx. CHF 95 million. Further information: <a href="http://jed.swiss">jed.swiss</a>
Project status	Legally valid building permit has been issued; start of construction 2022
Sale/rental status	Currently being marketed
Completion	2024

**Zurich, Müllerstrasse 16, 20**

Project description	Total renovation of an office property. The property has six full floors, an attic, a service floor and three basement floors. Investment volume: approx. CHF 222 million
Project status	Project being executed
Sale/rental status	100% let
Completion	2023

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](http://www.sps.swiss/en/real-estate/projects/projects-under-construction).

**15 Tangible assets and intangible assets**

in CHF 1000	Equipment	Furniture/ tenants' improve- ments	Total tangible assets	Software	Total intangible assets
Cost as at 01.01.2021	–	82 833	82 833	54 808	54 808
Additions	–	5 064	5 064	15 774	15 774
Cost as at 31.12.2021	–	87 897	87 897	70 582	70 582
Cumulative depreciation and impairment as at 01.01.2021	–	56 877	56 877	29 358	29 358
Depreciation	–	7 400	7 400	8 981	8 981
Cumulative depreciation and impairment as at 31.12.2021	–	64 277	64 277	38 339	38 339
Total as at 31.12.2021	–	23 620	23 620	32 243	32 243

in CHF 1000	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

## 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 1000	2020	2021
Cost as at 01.01.	454 293	149 755
Disposals from divestments	-304 538	-
Cost as at 31.12.	149 755	149 755
Cumulative amortisation as at 01.01.	430 520	147 066
Additions	2 313	1 739
Disposals from divestments	-285 767	-
Cumulative amortisation as at 31.12.	147 066	148 805
Theoretical net book value as at 31.12.	2 689	950

### Theoretical effect on shareholders' equity

in CHF 1000	31.12.2020	31.12.2021
Shareholders' equity according to balance sheet	6 085 629	6 338 679
Theoretical recognition of net book value of goodwill in the balance sheet	2 689	950
Theoretical shareholders' equity including net book value of goodwill	6 088 318	6 339 629

### Theoretical effect on profit

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Profit according to income statement	610 407	507 377
Theoretical amortisation of goodwill	-2 313	-1 739
Adjustment result from sale of participations, net	285 767	-
Theoretical profit including amortisation of goodwill	893 861	505 638

## 17 Accrued expenses and deferred income

in CHF 1000	31.12.2020	31.12.2021
Renovation and project costs	98 078	112 764
Cost of goods sold	4 028	3 664
Other operating expenses	28 031	34 352
Current income and capital taxes	25 216	42 865
Interests	698	21
Total accrued expenses and deferred income	156 051	193 666

## 18 Financial liabilities

in CHF 1000	31.12.2020	31.12.2021
Mortgage-backed loans	1 033 870	858
Bonds	299 906	–
<b>Total current financial liabilities</b>	<b>1 333 776</b>	<b>858</b>
Mortgage-backed loans	1 681 000	844 700
Unsecured loans	–	1 702 000
Convertible bonds	539 651	541 165
Bonds	1 609 536	2 059 319
Other non-current financial liabilities	338	–
<b>Total non-current financial liabilities</b>	<b>3 830 525</b>	<b>5 147 184</b>
<b>Total financial liabilities</b>	<b>5 164 301</b>	<b>5 148 042</b>

On 1 December 2021, Swiss Prime Site concluded a deal with 11 Swiss banking institutions for two unsecured credit facilities worth CHF 2.600 billion. This brought about the discharge of mortgage-backed loans. On the flip side, Swiss Prime Site secured committed credit facilities, which are subject to a commitment fee. As at the balance sheet date, the amount of the committed credit facilities not yet drawn down was CHF 898.000 million. The two agreements have a term to maturity of five and six years respectively, and both include an option to extend. The most important financial covenants relate to the loan-to-value ratio (LTV) and the interest coverage ratio. The loan-to-value ratio (financial liabilities as a percentage of the balance sheet total) may not exceed 50% over a six-month period and must never exceed 55%. The interest coverage ratio is calculated by dividing income from the rental of properties by interest expense, and must amount to at least 4.0. As at the balance sheet date, the loan-to-value ratio was 39.2% and the interest coverage ratio was 8.5. In the course of the refinancing process, early repayment charges of CHF 24.913 million were paid and recognised under financial expenses during the reporting year.

On 11 February 2021, Swiss Prime Site Finance AG issued a seven-year green bond in the amount of CHF 300.000 million with an interest rate of 0.375%. During the reporting period, two existing bonds were increased by a total of CHF 150.000 million. The CHF 300.000 million bond was repaid upon maturity on 16 April 2021. As at the balance sheet date, the loan-to-value ratio of the property portfolio was 40.2% [41.9%].

### Bonds

		CHF 300 m 2021	CHF 190 m 2024	CHF 100 m 2024	CHF 250 m 2025	CHF 350 m 2026 <sup>1</sup>
Issuing volume, nominal	CHF m	300.000	190.000	100.000	250.000	350.000
<b>Book value as at 31.12.2021</b>	<b>CHF m</b>	<b>0.000</b>	<b>189.940</b>	<b>99.755</b>	<b>249.962</b>	<b>351.639</b>
Book value as at 31.12.2020	CHF m	299.906	189.917	99.672	249.952	249.434
Interest rate	%	1.75	1.0	2.0	0.5	0.825
Term to maturity	years	7	6	10	9	9
Maturity	date	16.04.2021	16.07.2024	10.12.2024	03.11.2025	11.05.2026
Securities number		23 427 449 (SPS14)	39 863 325 (SPS181)	25 704 217 (SPS142)	33 764 553 (SPS161)	36 067 729 (SPS17)
<b>Fair value as at 31.12.2021</b>	<b>CHF m</b>	<b>0.000</b>	<b>194.370</b>	<b>105.350</b>	<b>252.625</b>	<b>358.750</b>
Fair value as at 31.12.2020	CHF m	301.860	196.080	107.350	254.000	257.250

		CHF 350 m 2027	Green Bond CHF 300 m 2028	Green Bond CHF 300 m 2029	CHF 220 m 2031 <sup>2</sup>
Issuing volume, nominal	CHF m	350.000	300.000	300.000	220.000
<b>Book value as at 31.12.2021</b>	<b>CHF m</b>	<b>351.499</b>	<b>299.338</b>	<b>299.356</b>	<b>217.830</b>
Book value as at 31.12.2020	CHF m	351.784	0.000	299.275	169.502
Interest rate	%	1.25	0.375	0.65	0.375
Term to maturity	years	8	7	9	12
Maturity	date	02.04.2027	11.02.2028	18.12.2029	30.09.2031
Securities number		41 904 099 (SPS19)	58 194 781 (SPS21)	58 194 773 (SPS20)	48 850 668 (SPS192)
<b>Fair value as at 31.12.2021</b>	<b>CHF m</b>	<b>364.525</b>	<b>299.100</b>	<b>302.550</b>	<b>213.730</b>
Fair value as at 31.12.2020	CHF m	370.475	0.000	305.700	167.790

<sup>1</sup> Increase of the bond by CHF 100 million as at 19.03.2021

<sup>2</sup> Increase of the bond by CHF 50 million as at 16.04.2021

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 31.12.2021	CHF m	247.500	296.630
<b>Book value as at 31.12.2021</b>	<b>CHF m</b>	<b>245.990</b>	<b>295.175</b>
Book value as at 31.12.2020	CHF m	244.954	294.697
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)
<b>Fair value as at 31.12.2021</b>	<b>CHF m</b>	<b>248.861</b>	<b>301.821</b>
Fair value as at 31.12.2020	CHF m	247.871	297.223

No conversions took place in the reporting period.

### Conversion price and number of possible shares given 100% conversion

	31.12.2020 Conversion price in CHF	Number of possible shares	31.12.2021 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	104.07	2 378 206	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	100.35	2 955 954	100.35	2 955 954
<b>Total number of possible shares</b>		<b>5 334 160</b>		<b>5 334 160</b>



**Current and non-current financial liabilities categorised by interest rate**

in CHF 1000	31.12.2020 Total nominal value	31.12.2021 Total nominal value
Financial liabilities up to 1.00%	2 489 130	4 238 488
Financial liabilities up to 1.50%	1 196 000	576 000
Financial liabilities up to 2.00%	772 470	284 700
Financial liabilities up to 2.50%	621 400	32 500
Financial liabilities up to 3.00%	70 000	–
Financial liabilities up to 3.50%	–	–
Financial liabilities up to 4.00%	20 000	20 000
<b>Total financial liabilities</b>	<b>5 169 000</b>	<b>5 151 688</b>

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

in CHF 1000	31.12.2021 Book value	Contractual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Inter- est	Repay- ment	Inter- est	Repay- ment	Inter- est	Repay- ment	Inter- est	Repay- ment	Inter- est	Repay- ment
Current financial liabilities	858	862	4	858	–	–	–	–	–	–	–	–
Accounts payable	25 297	25 297	–	25 297	–	–	–	–	–	–	–	–
Other current liabilities	160 921	160 921	–	160 921	–	–	–	–	–	–	–	–
Non-current financial liabilities	5 147 184	5 336 855	18 084	–	15 131	–	30 735	291 200	69 487	1 772 130	52 588	3 087 500
<b>Total financial liabilities</b>	<b>5 334 260</b>	<b>5 523 935</b>	<b>18 088</b>	<b>187 076</b>	<b>15 131</b>	<b>–</b>	<b>30 735</b>	<b>291 200</b>	<b>69 487</b>	<b>1 772 130</b>	<b>52 588</b>	<b>3 087 500</b>

in CHF 1000	31.12.2020 Book value	Contractual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Inter- est	Repay- ment	Inter- est	Repay- ment	Inter- est	Repay- ment	Inter- est	Repay- ment	Inter- est	Repay- ment
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
<b>Total non-derivative financial liabilities</b>	<b>5 316 619</b>	<b>5 559 434</b>	<b>25 484</b>	<b>1 126 526</b>	<b>20 324</b>	<b>360 000</b>	<b>37 031</b>	<b>175 000</b>	<b>84 491</b>	<b>1 524 230</b>	<b>70 448</b>	<b>2 135 900</b>
Derivatives with negative fair value	338	304	–	244	–	60	–	–	–	–	–	–
<b>Total derivative financial liabilities</b>	<b>338</b>	<b>304</b>	<b>–</b>	<b>244</b>	<b>–</b>	<b>60</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total financial liabilities</b>	<b>5 316 957</b>	<b>5 559 738</b>	<b>25 484</b>	<b>1 126 770</b>	<b>20 324</b>	<b>360 060</b>	<b>37 031</b>	<b>175 000</b>	<b>84 491</b>	<b>1 524 230</b>	<b>70 448</b>	<b>2 135 900</b>

The weighted average residual term to maturity of all interest-bearing financial liabilities was 5.8 [4.8] 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 1000	Surplus/deficit	Economical part of the group	Contributions concerning the reporting period	Pension benefit expenses within personnel costs	
	31.12.2021	31.12.2021		01.01.–31.12.2020	01.01.–31.12.2021
Pension institutions without surplus/deficit	–	–	–	–1 883	–
Pension institutions with surplus	45 491	–	–15 513	–16 710	–15 513
Pension institutions with deficit	–	–	–	–100	–
<b>Total</b>	<b>45 491</b>	<b>–</b>	<b>–15 513</b>	<b>–18 693</b>	<b>–15 513</b>

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 1000
Share capital as at 01.01.2020	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
Share capital as at 31.12.2021	75 970 364	15.30	1 162 347

The 655 [1 844] treasury shares held at 31 December 2021 were not entitled to dividends. As at the balance sheet date, the dividend-entitled share capital of CHF 1 162.337 million [CHF 1 162.318 million] therefore comprised 75 969 709 [75 968 520] registered shares.

### Authorised and conditional capital

	Number of registered shares	Nominal value in CHF	in CHF 1000
Authorised and conditional capital as at 01.01.2020	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	6 975 985	15.30	106 733
Authorised and conditional capital as at 31.12.2021 <sup>1</sup>	6 975 985	15.30	106 733

<sup>1</sup> 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 23 March 2023.

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 1000
<b>Capital reserves as at 01.01.2020</b>	<b>320 629</b>
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
<b>Capital reserves as at 31.12.2020</b>	<b>177 198</b>
Distribution from capital contribution reserves	–127 248
Share-based compensation	77
Income from delivery of treasury shares relating to share-based compensation	–11
<b>Capital reserves as at 31.12.2021</b>	<b>50 016</b>

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 232.470 million].

**Treasury shares**

	in CHF 1000
<b>Treasury shares as at 01.01.2020</b>	<b>– 106</b>
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
<b>Treasury shares as at 31.12.2020</b>	<b>– 161</b>
Purchase of treasury shares, 32 550 shares, CHF 89.21 average transaction price	–2 904
Share-based compensation, 33 739 shares, CHF 88.78 average transaction price	2 996
Income from delivery of treasury shares relating to share-based compensation	11
<b>Treasury shares as at 31.12.2021</b>	<b>–58</b>

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 held 655 shares [1 844 shares] and the group's employee pension fund foundations held 228 946 shares [290 049 shares] in Swiss Prime Site AG.

**Retained earnings**

	in CHF 1000
<b>Retained earnings as at 01.01.2020</b>	<b>3 975 536</b>
Profit	610 510
Goodwill charged to income on sale of group companies	304 538
Distribution to shareholders	–144 339
<b>Retained earnings as at 31.12.2020</b>	<b>4 746 245</b>
Profit	507 377
Distribution to shareholders	–127 248
<b>Retained earnings as at 31.12.2021</b>	<b>5 126 374</b>

**Non-controlling interests**

	in CHF 1000
Non-controlling interests as at 01.01.2020	1 149
Profit, attributable to non-controlling interests	– 103
Sale of a majority shareholding with non-controlling interests	– 1 046
<b>Non-controlling interests as at 31.12.2020</b>	<b>–</b>
Profit, attributable to non-controlling interests	–
<b>Non-controlling interests as at 31.12.2021</b>	<b>–</b>
Shareholders' equity as at 31.12.2021	6 338 679
Shareholders' equity as at 31.12.2020	6 085 629

**Distributions**

The Annual General Meeting of 23 March 2021 [24 March 2020] passed the following resolution: A total distribution of CHF 3.35 [CHF 3.80] per share shall be made. The distribution consists of a distribution of CHF 1.67 [CHF 1.90] per share from the capital contribution reserves (exempt from withholding tax) and an ordinary dividend of CHF 1.67 [CHF 1.90] gross per share from balance sheet profit (subject to withholding tax).

The share capital on which the distribution was based consisted of 75 969 242 [75 968 018] shares. The distribution to shareholders with a total value of CHF 254.496 million [CHF 288.678 million] was carried out on 29 March 2021 [1 April 2020].

**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 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Profit attributable to shareholders of Swiss Prime Site AG	610 510	507 377
Interests on convertible bonds, amortisation of proportional costs and tax effects	3 100	3 096
<b>Relevant profit for calculation of diluted earnings per share</b>	<b>613 610</b>	<b>510 473</b>

**Weighted average number of shares**

	01.01.– 31.12.2020	01.01.– 31.12.2021
Shares issued as at 01.01.	75 946 349	75 970 364
Weighted number of shares issued on conversions	22 207	–
Average number of treasury shares (360 days)	– 3 693	– 2 260
<b>Total weighted average number of shares 01.01.–31.12. (360 days)</b>	<b>75 964 863</b>	<b>75 968 104</b>
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	5 334 160	5 334 160
<b>Basis for calculation of diluted earnings per share</b>	<b>81 300 831</b>	<b>81 302 264</b>

**Earnings and net asset value (NAV) per share**

in CHF	01.01.– 31.12.2020	01.01.– 31.12.2021
Earnings per share (EPS)	8.04	6.68
Diluted earnings per share	7.55	6.28
Shareholders' equity per share (NAV) before deferred taxes <sup>1</sup>	95.41	100.07
Shareholders' equity per share (NAV) after deferred taxes <sup>1</sup>	80.11	83.44

<sup>1</sup> 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 1000	31.12.2020	31.12.2021
2021	212 824	n.a.
2022	106 707	231 332
2023	53 908	155 835
2024	–	32 123
2027	3 000	3 000
<b>Total future obligations based on total contractor agreements</b>	<b>376 439</b>	<b>422 290</b>

### 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 1000	31.12.2020	31.12.2021
Lease expenses up to 1 year	12 276	14 357
Lease expenses from 1 year up to 5 years	42 225	43 199
Lease expenses over 5 years	338 112	328 591
<b>Total future lease expenses</b>	<b>392 613</b>	<b>386 147</b>

### Pledged assets

in CHF 1000	31.12.2020	31.12.2021
Fair value of affected investment properties	8 842 035	2 102 027
Nominal value of pledged mortgage notes	4 291 053	1 011 386
Current claim (nominal)	2 714 870	845 558

## 23 Transactions with related parties

The Board of Directors, Executive Board, group companies, pension fund foundations of the group, associates and their subsidiaries, and 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 [three years]. In the reporting year, 7 917 shares [7 370 shares] at a market value of CHF 0.715 million [CHF 0.647 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, 14 552 [10 082] performance share units were allocated to the Executive Board. The amount is recognised in the consolidated financial statements at the current price of CHF 87.15 [CHF 94.75] (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 1.078 million [CHF 0.988 million].

### Compensation to the Board of Directors and Executive Board

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Fixed compensation in cash, gross	3 686	4 163
Variable compensation in cash, gross	1 611	1 601
Share-based compensation	1 557	1 726
Other compensation components	73	90
Pension fund contributions	466	641
Other social security contributions	411	370
<b>Total compensation to the Board of Directors and Executive Board</b>	<b>7 804</b>	<b>8 591</b>
Expense allowance	130	156

### Other related parties

There were current accounts payable to the various pension funds and the SPS and Jelmoli welfare foundation of CHF –0.424 million [CHF 0.287 million]. Accounts receivable from Swiss Prime Investment Foundation amounted to CHF 0.868 million [CHF 0.135 million]. Accounts receivable from the newly launched Swiss Prime Site Solutions Investment Fund Commercial were CHF 1.363 million [nil]. Income from asset management with the Swiss Prime Investment Foundation totalled CHF 14.797 million [CHF 12.259 million]. Income from asset management with Swiss Prime Site Solutions Investment Fund Commercial was CHF 1.269 million [nil]. Income from other real estate services came to CHF 4.331 million [CHF 3.020 million]. The amount recorded for the provision of real estate services as well as other services to other related pension fund foundations was zero [CHF 0.008 million].

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	31.12.2020 Capital in CHF 1000	Shareholding in %	31.12.2021 Capital in CHF 1000	Shareholding in %
immoveris ag, Bern <sup>1</sup>	200	100.0	n.a.	n.a.
Jelmoli AG, Zurich	6 600	100.0	6 600	100.0
Swiss Prime Site Dreispitz AG, Olten	5 295	100.0	5 295	100.0
streamnow ag, Zurich	100	100.0	100	100.0
Swiss Prime Site Finance AG, Olten	100 000	100.0	100 000	100.0
Swiss Prime Site Immobilien AG, Olten	50 000	100.0	50 000	100.0
Swiss Prime Site Management AG, Olten	100	100.0	100	100.0
Swiss Prime Site Solutions AG, Zurich <sup>1</sup>	1 500	100.0	1 500	100.0
Wincasa AG, Winterthur	1 500	100.0	1 500	100.0
Zimmermann Vins SA, Carouge	350	100.0	350	100.0

<sup>1</sup> merger of immoveris ag in Swiss Prime Site Solutions AG as at 01.01.2021

**Investments in associates valued according to the equity method**

	Field of activity	31.12.2020 Capital in CHF 1000	Shareholding in %	31.12.2021 Capital in CHF 1000	Shareholding in %
INOVIL SA, Lausanne	Parking	5 160	27.1	5 160	27.1
Parkgest Holding SA, Geneva	Parking	4 750	38.8	4 750	38.8

**25 Major shareholders**

Major shareholders (shareholding interest >3%)	31.12.2020 Shareholding interest in %	31.12.2021 Shareholding interest in %
BlackRock Inc., New York	<10.0	<10.0
Credit Suisse Funds AG, Zurich	7.8	7.7
State Street Corporation, Boston	>3.0	>3.0
UBS Fund Management (Switzerland) AG, Basel	4.3	3.8

**26 Risk management****Ensuring continuity and exploiting opportunities**

Swiss Prime Site is exposed to a broad spectrum of opportunities and risks. To achieve the Company's long-term corporate goals, it is crucial to recognise changes in the economic, social, regulatory, technological and ecological environment early on. Managing opportunities and risks as an integral part of the sustainability strategy is therefore a high priority at Swiss Prime Site. To this end, the Company has implemented a systematic process that is an important foundation for ensuring its continued growth and long-term success.

Swiss Prime Site's risk management is based on the group-wide risk policy, which establishes a homogeneous, responsible approach to tackling opportunities and risks and promotes a uniform understanding of risk management within the Swiss Prime Site Group.

**Systematic risk management at all levels**

Swiss Prime Site's risk management system is based on the group-wide risk management regulations. These define the minimum rules and requirements for the risk management process, which each group company can then supplement with specific additional requirements and regulations. The risk management regulations comprise the following elements: principles, control environment, communication, organisation and processes.

**Risk management process**

The risk management process encompasses all activities for the management of opportunities and risks. Identifying risks is an ongoing, dynamic process that involves all employees. Existing and new risks and opportunities are constantly monitored through regular dialogue with various stakeholders and on the basis of analyses of available internal and external information, with measures then defined as required. The annual risk meetings are a key element of the risk management process. These take place between the Executive Board and the Risk & Audit Committee of the respective group company on the one hand, and between the risk owners and the Group Risk Management department on the other.

**Central risk management measures**

Risk response is a key element of Swiss Prime Site's risk management process. The appropriateness of implementation and the degree of maturity are assessed on a regular basis – but at least once a year – by Group Audit & Risk, which if required plays an active coordination and support role with regard to implementation. Responsibility for compliance with group-wide requirements and for establishing and implementing measures in these areas remains with the operational management of the individual group companies. The risk management measures defined and implemented by Swiss Prime Site can be grouped into eight overarching categories/topics: organisational measures, directives and processes, internal and external audit, insurance, internal control system (ICS), cyber risks and sustainability or climate risks.

**Most important risks in the various business fields**

The 2021 risk assessment identified main risk topics for Swiss Prime Site. Comprehensive measures to reduce any negative impact were also defined. Please see the Corporate Governance Report for a detailed discussion of these measures.

## 27 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on 10 February 2022. They are subject to approval by the Annual General Meeting of Swiss Prime Site AG on 23 March 2022.

Swiss Prime Site AG acquired 100% of the shares of the Akara Group in Zug with retrospective effect from 1 January 2022. Akara Funds AG is a fund provider regulated by FINMA that specialises in residential and commercial properties. The group also includes Akara Real Estate Management AG, which provides real estate services in the areas of development, execution, management and marketing, and Akara Property Development AG, which manages a limited partnership for collective investment (KmGK). The group employs a total of around 50 real estate specialists, all of whom are being kept on. The real estate assets under management, totalling around CHF 2.3 billion, comprise Akara Diversity PK (a real estate fund for tax-exempt pension funds), the private equity product Akara Property Development 1 KmGK for qualified investors, and a development pipeline of more than CHF 240 million (which also includes Akara Tower in Baden). The plan is to integrate the Akara Group and the respective companies into Swiss Prime Site Solutions during the course of the 2022 financial year and to merge the two fund management companies. Through the planned merger, Swiss Prime Site Solutions will grow into one of the leading Swiss real estate asset managers, with real estate assets under management (including development pipeline) of more than CHF 6.5 billion and an expected EBIT contribution of CHF 27–28 million in 2022. The acquisition will be financed 35% through Swiss Prime Site shares from authorised capital designated for this purpose.

In February 2022, Moody's assigned an A3 long term issuer rating to Swiss Prime Site AG, with a stable outlook. This confirms the excellent creditworthiness of Swiss Prime Site.

There were no other events occurring between 31 December 2021 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 2021, 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.

## 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.

## Equity ratio

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

## 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).

## EPRA NDA (net disposal value)

Determines equity per share based on a sales scenario. Deferred taxes are therefore recognised as they are under Swiss GAAP FER.

## EPRA NRV (net reinstatement value)

Determines equity per share based on the assumption that no properties are ever sold. The NAV is therefore adjusted for deferred taxes and the necessary incidental purchase expenses are added back. Captures the value of the assets that would be needed to rebuild Swiss Prime Site.

## EPRA NTA (net tangible asset)

Determines equity per share on the assumption that properties are bought and sold in the same volumes as before. Some of the deferred taxes will therefore be crystallised through sales. However, based on our Company performance to date and our planning, the share of sales is low. Besides expected sales, intangible assets (in our case mainly IT systems) are fully excluded from the NTA.

## 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.

## Funds from operations (FFO)

This key figure is a measure of cash effective income from operations (FFO I). FFO II also includes cash effective income from property sales. See note 5 for the calculation.

## Profit excluding revaluations and deferred taxes

Profit less revaluations of investment properties and deferred taxes.

## 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.

## 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 and deferred taxes, divided by the weighted average number of outstanding shares.

**Vacancy rate**

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

**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.

**Interest-bearing financial liabilities**

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



# 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 2021, 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 12 to 47, 76 to 83) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 12'489'910 as at 31 December 2021.

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 2021, deferred tax liabilities amounted to TCHF 1'263'720.

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, 10 February 2022

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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# Financial statements of Swiss Prime Site AG

## Income statement

in CHF 1000	Notes	01.01.– 31.12.2020	01.01.– 31.12.2021
Dividend income	2.2	166 900	192 683
Other financial income	2.3	13 659	13 290
Income from sale of participations	2.4	375 096	–
Other operating income		94	193
<b>Total operating income</b>		<b>555 749</b>	<b>206 166</b>
Financial expenses	2.5	–6 419	–13 403
Personnel costs		–1 717	–1 754
Other operating expenses	2.6	–9 670	–6 481
Depreciation of participations		–2 533	–9 311
<b>Total operating expenses</b>		<b>–20 339</b>	<b>–30 949</b>
<b>Result before taxes</b>		<b>535 410</b>	<b>175 217</b>
Direct taxes		–70	124
<b>Profit</b>	<b>4</b>	<b>535 340</b>	<b>175 341</b>



**Balance sheet**

in CHF 1000	Notes	31.12.2020	31.12.2021
<b>Assets</b>			
Cash		277	39
Securities with market price		291	294
Other current receivables	2.7	167 173	192 624
Accrued income and prepaid expenses		1 792	1 575
<b>Total current assets</b>		<b>169 533</b>	<b>194 532</b>
Financial investments	2.8	255 755	67 559
Investments in subsidiaries	2.9	2 387 956	2 378 956
Accrued income and prepaid expenses		2 092	1 178
<b>Total non-current assets</b>		<b>2 645 803</b>	<b>2 447 693</b>
<b>Total assets</b>		<b>2 815 336</b>	<b>2 642 225</b>
<b>Liabilities and shareholders' equity</b>			
Other current liabilities	2.10	1 594	2 280
Accrued expenses and deferred income		5 305	4 691
<b>Total current liabilities</b>		<b>6 899</b>	<b>6 971</b>
Non-current interest-bearing liabilities	2.11	788 930	694 862
<b>Total non-current liabilities</b>		<b>788 930</b>	<b>694 862</b>
<b>Total liabilities</b>		<b>795 829</b>	<b>701 833</b>
Share capital	2.12	1 162 347	1 162 347
Statutory reserves			
Statutory reserves from capital contributions		157 468	30 220
Legal retained earnings			
Reserves for treasury shares		165	55
Other legal retained earnings		147 378	147 378
Voluntary retained earnings			
Balance sheet profit	4	726 467	439 425
Merger loss	2.1	-335 135	-
Other voluntary retained earnings		160 860	160 970
Treasury shares	2.13	-43	-3
<b>Total shareholders' equity</b>		<b>2 019 507</b>	<b>1 940 392</b>
<b>Total liabilities and shareholders' equity</b>		<b>2 815 336</b>	<b>2 642 225</b>

## 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

During the previous 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, and Swiss Prime Site AG, Olten, were consequently merged 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 192.683 million [CHF 166.900 million] for the 2021 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 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Interests on loans from group companies	11 396	10 657
Valuation of financial instruments	92	–
Result from investments in associates	1 744	1 596
Other financial income	427	1 037
<b>Total</b>	<b>13 659</b>	<b>13 290</b>

### 2.4 Profit from sale of investments in subsidiaries

No investments in subsidiaries were sold during the reporting year. The income reported in the previous year was the result of the sale of the Tertianum Group on 28 February 2020 to the Capvis Equity V fund advised by the investment company Capvis AG.

**2.5 Financial expenses**

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Early repayment penalty mortgages	–	–7 446
Interests on loans	–3 469	–3 345
Interest expenses on bonds and convertible bonds	–1 580	–1 583
Amortisation of cost of bonds and convertible bonds	–919	–915
Other financial expenses	–451	–114
<b>Total</b>	<b>–6 419</b>	<b>–13 403</b>

**2.6 Other operating expenses**

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Administration costs	–6 383	–3 533
Capital taxes	–2 034	–2 027
Other operating expenses	–1 253	–921
<b>Total</b>	<b>–9 670</b>	<b>–6 481</b>

**2.7 Other current receivables**

in CHF 1000	31.12.2020	31.12.2021
Other current receivables from third parties	247	124
Other current receivables from group companies	166 926	192 500
<b>Total</b>	<b>167 173</b>	<b>192 624</b>

**2.8 Financial investments**

in CHF 1000	31.12.2020	31.12.2021
Loans to group companies	254 668	65 019
Third loans	–	500
Participations under 20%	1 087	2 040
<b>Total</b>	<b>255 755</b>	<b>67 559</b>

**2.9 Investments****Direct investments**

	31.12.2020 Capital in CHF 1000	Shareholding interest in %	31.12.2021 Capital in CHF 1000	Shareholding interest in %
immoveris ag, Bern <sup>1</sup>	200	100.0	n.a.	n.a.
INOVIL SA, Lausanne	5 160	27.1	5 160	27.1
Jelmoli AG, Zurich	6 600	100.0	6 600	100.0
Parkgest Holding SA, Geneva	4 750	38.8	4 750	38.8
Swiss Prime Site Finance AG, Olten	100 000	100.0	100 000	100.0
Swiss Prime Site Immobilien AG, Olten	50 000	100.0	50 000	100.0
Swiss Prime Site Management AG, Olten	100	100.0	100	100.0
Swiss Prime Site Solutions AG, Zurich <sup>1</sup>	1 500	100.0	1 500	100.0
Wincasa AG, Winterthur	1 500	100.0	1 500	100.0

<sup>1</sup> merger of immoveris ag in Swiss Prime Site Solutions AG as at 01.01.2021

**Indirect investments**

	31.12.2020 Capital in CHF 1000	Shareholding interest in %	31.12.2021 Capital in CHF 1000	Shareholding interest in %
Swiss Prime Site Dreispitz AG, Olten	5 295	100.0	5 295	100.0
streamnow ag, Zurich	100	100.0	100	100.0
Zimmermann Vins SA, Carouge	350	100.0	350	100.0

**2.10 Other current liabilities**

in CHF 1000	31.12.2020	31.12.2021
Other current liabilities to group companies	35	21
Other current liabilities to shareholders	285	299
Other current liabilities to third parties	1 274	1 960
<b>Total</b>	<b>1 594</b>	<b>2 280</b>

**2.11 Non-current interest-bearing liabilities**

in CHF 1000	31.12.2020	31.12.2021
Convertible bonds	544 130	544 130
Mortgage-backed loans	244 800	100 000
Non-current financial liabilities to group companies	–	50 732
<b>Total</b>	<b>788 930</b>	<b>694 862</b>

**Maturity structure of non-current interest-bearing liabilities**

in CHF 1000	31.12.2020	31.12.2021
Up to five years	627 030	619 862
Over five years	161 900	75 000
<b>Total</b>	<b>788 930</b>	<b>694 862</b>

**Convertible bonds**

		CHF 250 m 2023	CHF 300 m 2025
Issuing volume, nominal	CHF m	250.000	300.000
<b>Book value as at 31.12.2021</b>	<b>CHF m</b>	<b>247.500</b>	<b>296.630</b>
Book value as at 31.12.2020	CHF m	247.500	296.630
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 [75 970 364] registered shares with a nominal value of CHF 15.30 per share. No conversions or share capital increases took place in the reporting year. In the previous year, convertible bonds from the CHF 250.000 million issue with a nominal value of CHF 2.500 million 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 were also converted in the previous year. 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 30 [497] treasury shares on the balance sheet date. As at the balance sheet date, the group companies held an additional 625 [1 347] 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	2020 Number of treasury shares	Volume-weighted average share price in CHF	2021 Number of treasury shares
Holdings of treasury shares on 01.01.	–	454	–	497
Purchases at the volume-weighted average share price	87.44	7 413	92.35	7 450
Share-based compensation	86.90	–7 370	89.65	–7 917
Holdings of treasury shares on 31.12.	–	497	–	30

### 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 4 506.700 million [CHF 4 379.200 million]. This takes the form of guarantees for the financial liabilities of the subsidiary Swiss Prime Site Finance AG.

#### 3.3 Shareholding rights for the Board of Directors and Executive Board

Number of shares	31.12.2020	31.12.2021
<b>Board of Directors</b>		
Ton Büchner, Chairman of the BoD	4 809	6 716
Mario F. Seris, Vice-Chairman of the BoD	15 138	16 172
Christopher M. Chambers, member of the BoD	43 640	44 620
Dr. Barbara Frei-Spreiter, member of the BoD	2 987	3 967
Dr. Rudolf Huber, member of the BoD <sup>1</sup>	15 969	n.a.
Barbara Antonia Knoflach, member of the BoD <sup>2</sup>	n.a.	754
Gabrielle Nater-Bass, member of the BoD	1 840	2 820
Thomas Studhalter, member of the BoD	3 107	4 141
<b>Executive Board</b>		
René Zahnd, member of the Executive Board (CEO)	9 680	12 894
Marcel Kucher, member of the Executive Board (CFO) <sup>3</sup>	n.a.	5 150
Markus Meier, member of the Executive Board (CFO) <sup>4</sup>	8 754	n.a.
Martin Kaleja, member of the Executive Board and CEO of Swiss Prime Site Immobilien AG <sup>5</sup>	n.a.	–
Peter Lehmann, member of the Executive Board and CEO of Swiss Prime Site Immobilien AG <sup>6</sup>	15 069	n.a.
Anastasius Tschopp, member of the Executive Board and CEO of Swiss Prime Site Solutions AG <sup>5</sup>	n.a.	581
Oliver Hofmann, member of the Executive Board and CEO of Wincasa AG	400	1 830
Nina Müller, member of the Executive Board and CEO of Jelmoli AG	–	–
<b>Total share ownership</b>	<b>121 393</b>	<b>99 645</b>

<sup>1</sup> until 23.03.2021

<sup>2</sup> since 23.03.2021

<sup>3</sup> since 01.07.2021

<sup>4</sup> until 30.06.2021

<sup>5</sup> since 01.01.2021

<sup>6</sup> until 31.12.2020

### 3.4 Major shareholders

	31.12.2020 Shareholding interest in %	31.12.2021 Shareholding interest in %
<b>Major shareholders (shareholding interest &gt;3%)</b>		
BlackRock Inc., New York	<10.0	<10.0
Credit Suisse Funds AG, Zurich	7.8	7.7
State Street Corporation, Boston	>3.0	>3.0
UBS Fund Management (Switzerland) AG, Basel	4.3	3.8

### 3.5 Significant events after the balance sheet date

Swiss Prime Site AG acquired 100% of the shares of the Akara Group in Zug with retrospective effect from 1 January 2022. The acquisition was financed 35% through Swiss Prime Site AG shares and authorised capital earmarked for this purpose. 748240 shares were issued in connection with the acquisition. The total number of issued shares is now 76718604.

There were no other 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 2022. Based on the 76718604 shares issued in total as at 10 February 2022, the total amount is CHF 257,008 million. The Board of Directors proposes a distribution of CHF 1.675 per share from balance sheet profit (subject to withholding tax). The Board of Directors also plans to propose a motion at the Annual General Meeting to reduce the nominal value and then distribute CHF 1.675 per share (exempt from withholding tax).

in CHF 1000	31.12.2020	31.12.2021
Retained earnings brought forward	191 127	264 084
Clearing merger loss	-335 135	-
Profit	535 340	175 341
<b>Total balance sheet profit</b>	<b>391 332</b>	<b>439 425</b>
Allocation to general statutory reserves	-	-54 872
Allocation from capital contribution reserves	127 248	-
Distribution to shareholders	-254 496	-128 504
<b>Balance brought forward to new account</b>	<b>264 084</b>	<b>256 049</b>
<b>Total distribution</b>	<b>254 496</b>	<b>257 008</b>
thereof from capital contribution reserves	127 248	-
thereof from nominal value reduction	-	128 504
thereof from balance sheet profit	127 248	128 504



# 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 2021, 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 55 to 62) for the year ended 31 December 2021 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, 10 February 2022

# EPRA Reporting

## EPRA performance measures

The European Public Real Estate Association (EPRA) is a non-profit association representing Europe's publicly listed property companies. EPRA's aim is to establish consistent reporting across the real estate sector. Further information can be found at [www.epra.com](http://www.epra.com).

Swiss Prime Site applies the best practices recommendations of EPRA for financial reporting. The EPRA performance measures were prepared in accordance with Best Practices Recommendations (BPR) Guidelines dated October 2019. The application of EPRA BPR 2019 generally requires financial statements prepared in accordance with IFRS. For this reason, a bridge from earnings per Swiss GAAP FER consolidated income statements to earnings per «IFRS equivalent» consolidated income statement and from Swiss GAAP FER equity attributable to shareholders to «IFRS equivalent» equity attributable to shareholders is provided. The previous year's figures have also been adjusted; the transition date is therefore 1 January 2020.

The relevant adjustments are explained below:

### 1. Adjustment due to leases

The adjustment due to leases incorporates the necessary adjustments to reflect IFRS 16 Leases accounting for situations in which the Group is a lessee. The Group applied the discount rate based on the build-up approach on all lease contracts as of 1 January 2020. A lessee recognises a ROU asset and a lease liability for all leases as of the transition date to IFRS. A ROU asset of CHF 293.201 million [CHF 302.158 million] and a lease liability of CHF 293.466 million [CHF 302.314 million] existed at 31.12.2021 [31.12.2020] under «IFRS equivalent». The Group recorded revaluation and depreciation expenses on the ROU asset of CHF 8.957 million [CHF 8.914 million], interest expenses on the lease liability of CHF 3.876 million [CHF 3.966 million] and deferred tax effect of CHF 0.022 million [CHF 0.031 million] which in total was higher by CHF 0.087 million [CHF 0.125 million] than the recognised straight-line operating lease expense under Swiss GAAP FER.

### 2. Adjustment due to revenue recognition

The adjustment due to revenue recognition relates to a property development contract for a client that was accounted for with two identified performance obligations under Swiss GAAP FER whereas only one performance obligation was identified under IFRS 15 Revenue from Contracts with Customers. The analysis led to a deferral in the revenue recognition under IFRS compared to Swiss GAAP FER in the years prior to 2020. As such, in 2021, the revenue recognised under «IFRS equivalent» increased by CHF 3.703 million [CHF 3.573 million] compared to Swiss GAAP FER.

### 3. Adjustment due to employee benefits

The adjustment reflects the differences regarding defined benefit accounting for the Group's several pension plans. Specifically, IAS 19 Employee Benefits requires the application of the projected unit credit method to reflect the defined benefit plans whereas there was no actuarial valuation under Swiss GAAP FER. When converting to 2021 [2020] «IFRS equivalent» values, the expense for employee benefits increased by CHF 1.332 million [CHF 0.393 million] and the asset from employee benefits increased by CHF 22.064 million [decreased by CHF 18.281 million] compared to Swiss GAAP FER.

### 4. Adjustment due to financial instruments

The adjustment due to financial instruments relates to the recognition of a separable embedded derivative (a holder conversion option) under IFRS included in a convertible loan issued by the group in 2018. Swiss GAAP FER foresees an option for the separation of separable embedded derivatives whereas IFRS requires the separation of separable embedded derivatives. Such derivatives need to be remeasured at fair value through profit or loss at each reporting date. As a result, the derivative's fair value of CHF 34.740 million as of 01.01.2020 was recorded as financial liability through retained earnings (excluding tax effects). The liability was adjusted to a fair value of nil as of 31.12.2020. The resulting gain of CHF 34.740 million was recorded as financial income in 2020.

### 5. Adjustment due to reclassification of properties

The adjustment relates to a reclassification of properties from investment properties to own-used properties due to the requirements of IAS 40 Investment Property. As such, for 2021, there was a decrease in the revaluation gain on investment properties, net, of CHF 13.977 million [increase of CHF 2.164 million] under «IFRS equivalent» compared to Swiss GAAP FER. In addition, for 2021, there is an increase in the depreciation expense for own-used properties of CHF 1.121 million [CHF 0.961 million] under «IFRS equivalent» compared to Swiss GAAP FER.

**6. Adjustment due to disposal of subsidiaries**

The adjustment relates to differences in the calculation of the net assets at disposal and the realised gain for the disposal of the Tertium group by end of February 2020. Specifically, the gain on disposal of subsidiaries, net, under «IFRS equivalent» increased by reflecting the net defined benefit liability for Tertium group, amounting to CHF 60.829 million (net of tax), and by the elimination of the reclassification of goodwill of CHF 304.538 million from equity to profit or loss.

**Summary table EPRA performance measures**

			01.01.– 31.12.2020 or 31.12.2020	01.01.– 31.12.2021 or 31.12.2021
		in		
A.	EPRA earnings	CHF 1000	214 959	233 697
	EPRA earnings per share (EPS)	CHF	2.83	3.08
B.	EPRA Net Reinstatement Value (NRV)	CHF 1000	7 974 360	8 352 961
	EPRA NRV per share	CHF	98.08	102.74
	EPRA Net Tangible Assets (NTA)	CHF 1000	7 826 532	8 198 983
	EPRA NTA per share	CHF	96.26	100.84
	EPRA Net Disposal Value (NDV)	CHF 1000	6 578 980	6 935 567
	EPRA NDV per share	CHF	80.92	85.30
C.	EPRA NIY	%	3.3	3.2
	EPRA topped-up NIY	%	3.4	3.3
D.	EPRA vacancy rate	%	5.0	4.4
E.	EPRA cost ratio (including direct vacancy costs)	%	24.5	24.0
	EPRA cost ratio (excluding direct vacancy costs)	%	22.4	21.9
F.	EPRA like-for-like change relative	%	-3.8	1.3
G.	EPRA capital expenditure	CHF 1000	443 193	298 445

**A. EPRA earnings**

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
<b>Earnings per Swiss GAAP FER consolidated income statement</b>	<b>610407</b>	<b>507377</b>
Adjustment due to leases (1)	–125	–87
Adjustment due to revenue recognition (2)	3073	3185
Adjustment due to employee benefits (3)	–205	–995
Adjustment due to financial instruments (4)	27792	–
Adjustment due to reclassification of properties (5)	964	–12124
Adjustment due to disposal of subsidiaries (6)	365367	–
<b>Earnings per «IFRS equivalent» consolidated income statement</b>	<b>1007273</b>	<b>497356</b>
Exclude:		
Revaluations of investment properties	–202330	–301554
Profit on disposal of real estate developments	–17404	–18587
Profit on disposal of investment properties	–22243	–39916
Profit on disposal of participations, net	–569548	–
Tax on profits on disposals	6997	9697
Negative goodwill/goodwill impairment	n.a.	n.a.
Changes in fair value of financial instruments	–35552	24575
Transaction costs on acquisitions of group companies and associated companies	–	–
Deferred tax in respect of EPRA adjustments	47766	62126
Adjustments in respect of associated companies	n.a.	n.a.
Adjustments in respect of non-controlling interests	n.a.	n.a.
<b>EPRA earnings</b>	<b>214959</b>	<b>233697</b>
Average number of outstanding shares	75964863	75968104
<b>EPRA earnings per share in CHF</b>	<b>2.83</b>	<b>3.08</b>
Adjustment profit on disposal of real estate developments (core business)	17404	18587
Tax on profit on disposal of real estate developments	–2668	–2602
<b>Adjusted EPRA earnings</b>	<b>229695</b>	<b>249682</b>
<b>Adjusted EPRA earnings per share in CHF</b>	<b>3.02</b>	<b>3.29</b>

**B. EPRA net asset value (NAV) metrics**

in CHF 1000	EPRA NRV		EPRA NTA		EPRA NDV	
	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Swiss GAAP FER equity attributable to shareholders	6 085 629	6 338 679	6 085 629	6 338 679	6 085 629	6 338 679
Adjustment due to leases (1)	-125	-211	-125	-211	-125	-211
Adjustment due to revenue recognition (2)	-3 185	-	-3 185	-	-3 185	-
Adjustment due to employee benefits (3)	47 598	64 191	47 598	64 191	47 598	64 191
«IFRS equivalent» equity attributable to shareholders	6 129 917	6 402 659	6 129 917	6 402 659	6 129 917	6 402 659
Include/Exclude:						
i) Hybrid instruments	539 651	541 165	539 651	541 165	539 651	541 165
<b>Diluted NAV</b>	<b>6 669 568</b>	<b>6 943 824</b>	<b>6 669 568</b>	<b>6 943 824</b>	<b>6 669 568</b>	<b>6 943 824</b>
Include:						
ii.a) Revaluation of investment properties <sup>1</sup>	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.	-
<b>Diluted NAV at Fair Value</b>	<b>6 669 568</b>	<b>6 943 824</b>	<b>6 669 568</b>	<b>6 943 824</b>	<b>6 669 568</b>	<b>6 943 824</b>
Exclude:						
v) Deferred tax in relation to fair value gains of investment properties	1 174 214	1 279 768	1 159 963	1 264 108		
vi) Fair value of financial instruments	338	-	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 IFRS balance sheet			n.a.	n.a.	n.a.	n.a.
viii.b) Intangibles as per IFRS balance sheet			-25 450	-32 243		
Include:						
ix) Fair value of fixed interest rate debt					-90 588	-8 257
x) Revaluation of intangibles to fair value	n.a.	n.a.				
xi) Real estate transfer tax	130 240	129 369	22 113	23 294		
<b>EPRA NAV</b>	<b>7 974 360</b>	<b>8 352 961</b>	<b>7 826 532</b>	<b>8 198 983</b>	<b>6 578 980</b>	<b>6 935 567</b>
Fully diluted number of shares	81 302 680	81 303 869	81 302 680	81 303 869	81 302 680	81 303 869
<b>EPRA NAV per share in CHF</b>	<b>98.08</b>	<b>102.74</b>	<b>96.26</b>	<b>100.84</b>	<b>80.92</b>	<b>85.30</b>

<sup>1</sup> If IAS 40 cost option is used

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

in CHF 1000		31.12.2020	31.12.2021
Investment property – wholly owned		12 322 620	12 740 034
Investment property – share of joint ventures/funds		n.a.	n.a.
Trading properties		–	53 466
Less: properties under construction and development sites, building land and trading properties		–871 684	–1 103 475
<b>Value of completed property portfolio</b>		<b>11 450 936</b>	<b>11 690 025</b>
Allowance for estimated purchasers' costs		n.a.	n.a.
<b>Gross up value of completed property portfolio</b>	<b>B</b>	<b>11 450 936</b>	<b>11 690 025</b>
Annualised rental income		444 546	442 469
Property outgoings		–64 870	–67 931
<b>Annualised net rental income</b>	<b>A</b>	<b>379 676</b>	<b>374 538</b>
Add: notional rent expiration of rent-free periods or other lease incentives		14 021	10 214
<b>Topped-up net annualised rental income</b>	<b>C</b>	<b>393 697</b>	<b>384 752</b>
EPRA NIY	A/B	3.3%	3.2%
EPRA topped-up NIY	C/B	3.4%	3.3%

**D. EPRA vacancy rate**

in CHF 1000		31.12.2020	31.12.2021
Estimated rental value of vacant space	A	23 046	20 043
Estimated rental value of the whole portfolio <sup>1</sup>	B	456 946	452 757
<b>EPRA vacancy rate</b>	<b>A/B</b>	<b>5.0%</b>	<b>4.4%</b>

<sup>1</sup> market rental estimates**E. EPRA cost ratios**

in CHF 1000		01.01.– 31.12.2020	01.01.– 31.12.2021
Operating expenses per Real Estate segment income statement		116 945	117 136
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		–	–
Exclude:			
Investment property depreciation		–	–
Ground rent costs		–6 221	–5 942
Service charge costs recovered through rents but not separately invoiced		–	–
<b>EPRA costs (including direct vacancy costs)</b>	<b>A</b>	<b>110 724</b>	<b>111 194</b>
Direct vacancy costs		–9 474	–9 403
<b>EPRA costs (excluding direct vacancy costs)</b>	<b>B</b>	<b>101 250</b>	<b>101 791</b>
Gross rental income less ground rents per Swiss GAAP FER <sup>1</sup>		452 373	464 060
Less: service fee and service charge costs components of gross rental income		–	–
Add: share of Joint Ventures (gross rental income less ground rents)		–	–
<b>Gross rental income</b>	<b>C</b>	<b>452 373</b>	<b>464 060</b>
<b>EPRA cost ratio (including direct vacancy costs)</b>	<b>A/C</b>	<b>24.5%</b>	<b>24.0%</b>
<b>EPRA cost ratio (excluding direct vacancy costs)</b>	<b>B/C</b>	<b>22.4%</b>	<b>21.9%</b>
Overhead and operating expenses capitalised		–	–

<sup>1</sup> Calculated at full occupancy

**F. EPRA like-for-like rental change**

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Rental income per Real Estate segment income statement	430964	444420
Acquisitions	–1752	–3630
Disposals	–2394	–76
Development and new building projects	–19080	–27700
Property operating expenses	–14741	–14881
Property leases	–6822	–6684
Conversions, modifications, renovations	–	–
Other changes	–	–
<b>Total EPRA like-for-like net rental income</b>	<b>386175</b>	<b>391449</b>
<b>EPRA like-for-like change absolute</b>	<b>–14521</b>	<b>5273</b>
<b>EPRA like-for-like change relative</b>	<b>–3.8%</b>	<b>1.3%</b>
<b>EPRA like-for-like change by areas</b>		
Zurich	–0.3%	0.0%
Lake Geneva	–2.8%	0.8%
Northwestern Switzerland	–0.2%	0.3%
Berne	–0.2%	0.1%
Central Switzerland	–0.1%	0.3%
Eastern Switzerland	–0.2%	–0.1%
Southern Switzerland	–0.1%	0.0%
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 2021 is based on a portfolio of CHF 11135.941 million [CHF 10717.243 million] which grew in value by CHF 418.698 million [CHF 252.878 million].

**G. Property-related EPRA CAPEX**

in CHF 1000	01.01.– 31.12.2020	01.01.– 31.12.2021
Acquisitions	91121	18082
Development (ground-up/green field/brown field)	268464	178682
Like-for-like portfolio	75978	95129
Capitalised interests	7342	6410
Other	288	142
<b>Total EPRA capital expenditure</b>	<b>443193</b>	<b>298445</b>
Conversion from accrual to cash basis	–33219	–21799
<b>Total EPRA capital expenditure on cash basis</b>	<b>409974</b>	<b>276646</b>





# Independent Limited Assurance Report on the EPRA Reporting 2021

## To the Board of Directors of Swiss Prime Site AG, Olten

We were engaged to carry out a limited assurance engagement on the EPRA Reporting containing the EPRA performance measures of Swiss Prime Site AG (hereafter "company") for the business year ended 31 December 2021, which are disclosed on the pages 66-71 of the financial report 2021.

The EPRA Reporting containing the EPRA performance measures was prepared by the Board of Directors of the company based on the corresponding Best Practices Recommendations of the European Public Real Estate Association (EPRA) as published in October 2019 ("the EPRA Best Practices Recommendations").

Our engagement does not cover any prior-year information disclosed in the EPRA Reporting.

## Board of Directors' responsibility

The Board of Directors of the company is responsible for the preparation of the EPRA Reporting containing the EPRA performance measures in accordance with the EPRA Best Practices Recommendations. This responsibility includes the design, implementation and maintenance of systems, processes and internal controls relevant to the preparation of an EPRA Reporting containing the EPRA performance measures that is free from material misstatement, whether due to fraud or error. Management is further responsible for the selection and application of the EPRA Best Practices Recommendations, for the determination of the "IFRS-equivalent" numbers and the related basis of preparation disclosed in the EPRA Reporting as well as for maintaining adequate records in relation to the EPRA Reporting.

## Auditors' responsibility

Our responsibility is to carry out a limited assurance engagement and to express a conclusion, based on our procedures performed and the evidence obtained, as to whether any matters have come to our attention that cause us to believe that the EPRA Reporting containing the EPRA performance measures have not been prepared, in all material respects, in accordance with the EPRA Best Practices Recommendations.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB). That standard requires that we plan and perform the engagement to obtain limited assurance about whether the EPRA Reporting containing the EPRA performance measures have been prepared in accordance with the EPRA Best Practices Recommendations in all material respects.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement, and consequently the level of assurance obtained is substantially lower. The procedures selected depend on the auditor's judgment. Taking into account risk and materiality considerations, we have carried out procedures in order to obtain sufficient appropriate evidence. These procedures included amongst others:

- Inquiries with persons responsible for the preparation of the EPRA performance measures and the EPRA Reporting;
- Assessing the EPRA performance measures regarding completeness and accuracy of the derivation and calculation based on the underlying Swiss GAAP FER numbers according to the consolidated financial statements of the company as at 31 December 2021, taking into account the adjustments to the "IFRS equivalent" numbers disclosed in the EPRA Reporting and the related basis of preparation, or if applicable other internal source data.

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



#### **Independence and quality control**

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Conclusion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the EPRA Reporting containing the EPRA performance measures of the company for the business year ended 31 December 2021 is not presented, in all material respects, in accordance with the EPRA Best Practices Recommendations as published in October 2019.

#### **Intended users and purpose of the report**

This report is prepared for, and only for, the Board of Directors of the company, and solely for the purpose of reporting to them on EPRA Reporting containing the EPRA performance measures, and for no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only, to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the EPRA Reporting containing the EPRA performance measures, without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of the company for our work or this report.

KPMG AG

Kurt Stocker  
Licensed Audit Expert

Anna Pohle  
Licensed Audit Expert

Zurich, 10 February 2022

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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# Five-year summary of key figures

	in	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021
Fair value of real estate portfolio	CHF m	10 633.1	11 204.4	11 765.4	12 322.6	12 793.5
Rental income from properties	CHF m	469.9	479.4	486.9	424.7	426.7
Vacancy rate	%	5.2	4.8	4.7	5.1	4.6
Net property yield	%	3.7	3.6	3.5	3.2	3.2
Income from real estate developments	CHF m	51.7	72.8	79.8	50.1	48.3
Income from real estate services	CHF m	120.0	116.7	117.5	115.2	119.4
Income from retail	CHF m	136.2	131.3	127.8	110.6	119.5
Income from assisted living	CHF m	359.9	396.9	423.9	72.4	–
Income from asset management	CHF m	9.9	8.5	13.5	13.1	18.2
Total operating income	CHF m	1 154.8	1 214.1	1 258.8	792.9	744.9
Operating result before depreciation and amortisation (EBITDA)	CHF m	487.1	501.2	653.4	779.9	731.8
Operating result (EBIT)	CHF m	470.6	478.6	628.3	762.3	715.4
Profit	CHF m	305.5	310.9	608.5	610.4	507.4
Shareholders' equity	CHF m	4 777.5	5 145.1	5 459.2	6 085.6	6 338.7
Equity ratio	%	43.1	43.9	44.4	47.8	48.3
Borrowed capital	CHF m	6 317.6	6 564.2	6 841.7	6 640.6	6 791.6
Borrowed capital ratio	%	56.9	56.1	55.6	52.2	51.7
Total shareholders' equity and borrowed capital	CHF m	11 095.1	11 709.3	12 300.9	12 726.2	13 130.3
Interest-bearing financial liabilities	CHF m	4 848.1	5 073.5	5 378.4	5 164.0	5 148.0
Interest-bearing financial liabilities in % of balance sheet total	%	43.7	43.3	43.7	40.6	39.2
Loan-to-value ratio of property portfolio (LTV)	%	45.6	45.3	45.7	41.9	40.2
Weighted average interest rate on financial liabilities	%	1.5	1.4	1.2	1.1	0.8
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.7	4.3	4.2	4.8	5.8
Return on equity (ROE)	%	6.4	6.4	11.5	10.6	8.2
Return on invested capital (ROIC)	%	3.5	3.4	5.6	5.4	4.5
Cash flow from operating activities	CHF m	458.1	334.4	406.6	298.5	429.7
Cash flow from investing activities	CHF m	–394.6	–495.6	–338.6	236.0	–108.7
Cash flow from financing activities	CHF m	–64.7	186.6	–79.5	–564.8	–349.0
<b>Key financial figures excluding revaluations and all deferred taxes</b>						
Operating result (EBIT)	CHF m	404.8	411.1	424.9	558.9	396.6
Profit	CHF m	307.4	287.8	315.7	476.6	289.5
Return on equity (ROE)	%	6.4	5.9	6.3	8.5	4.8
Return on invested capital (ROIC)	%	3.6	3.2	3.2	4.3	2.8

**Five-year summary of key figures**

Key figures per share	in	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021
Share price at end of period	CHF	90.00	79.55	111.90	86.90	89.65
Share price, highest	CHF	91.00	94.30	113.30	123.70	99.90
Share price, lowest	CHF	82.25	77.45	80.20	74.75	85.00
Earnings per share (EPS)	CHF	4.27	4.27	8.00	8.04	6.68
Earnings per share (EPS) excluding revaluations and deferred taxes	CHF	4.30	3.95	4.14	6.27	3.81
NAV before deferred taxes <sup>1</sup>	CHF	82.87	83.40	86.34	95.41	100.07
NAV after deferred taxes <sup>1</sup>	CHF	66.85	67.74	71.87	80.11	83.44
Distribution to shareholders <sup>2</sup>	CHF	3.80	3.80	3.80	3.35	3.35
Cash yield on closing price of the previous year <sup>2</sup>	%	4.2	4.8	3.4	3.9	3.7
Share performance (TR) p.a. in the last 12 months	%	12.6	-7.1	47.0	-19.2	7.0
Share performance (TR) p.a. in the last 3 years	%	11.6	5.1	15.4	3.3	8.3
Share performance (TR) p.a. in the last 5 years	%	8.4	7.9	14.2	6.6	5.9
Market capitalisation	CHF m	6433.1	6041.5	8498.4	6601.8	6810.7
<b>Employees</b>						
Number of employees	people	5910	6321	6506	1728	1667
Full-time equivalents	FTE	4868	5115	5402	1505	1474
<b>Share statistics</b>						
Shares issued	number	71 478 917	75 946 349	75 946 349	75 970 364	75 970 364
Average treasury shares held	number	-980	-377	-1 114	-3 693	-2 260
Average outstanding shares	number	71 477 937	72 620 217	75 945 235	75 964 863	75 968 104
Treasury shares held	number	-39	-539	-1 112	-1 844	-655
Outstanding shares	number	71 478 878	75 945 810	75 945 237	75 968 520	75 969 709

<sup>1</sup> Services segment (real estate-related business fields) included at book values only<sup>2</sup> 31.12.2021, according to proposal to Annual General Meeting

# Property details

## Summary

Property details as at 31.12.2021

Overview of type of use

	Fair Value TCHF	Target rental and land lease income TCHF	Vacancy rate %	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Total properties	11 743 491	452 821	4.5	1 133 414	1 623 298	17.7	41.9	7.0	7.9	22.4	3.1
Total undeveloped properties	43 033	230	6.9	78 003	18 071	-	1.6	-	-	-	98.4
Total properties under construction and development sites	1 006 976	11 834	0.2	73 167	35 658	1.1	69.4	5.8	-	13.4	10.3
<b>Overall total</b>	<b>12 793 500</b>	<b>464 885</b>		<b>1 284 584</b>	<b>1 677 027</b>	<b>17.1</b>	<b>42.1</b>	<b>6.9</b>	<b>7.7</b>	<b>22.0</b>	<b>4.2</b>
Rent losses from vacancies		-20 465									
<b>Consolidated subtotal segment</b>		<b>444 420</b>	<b>4.4</b>								
Intercompany eliminations		-30 681									
Rental income from third parties, Services segment		12 953									
<b>Consolidated overall total</b>		<b>426 692</b>	<b>4.6</b>								

## Investment properties

Property details as at 31.12.2021

Overview of type of use

	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Aarau, Bahnhofstrasse 23	755	10.7	sole ownership	1946	1986	685	1817	55.2	28.1	–	–	12.4	4.3
Amriswil, Weinfelderstrasse 74	390	0.6	sole ownership	2004		3672	2776	46.7	0.4	45.9	–	6.6	0.4
Baar, Grabenstrasse 17, 19	1204	–	sole ownership	2015		2084	3685	–	95.8	–	–	4.2	–
Baar, Zugerstrasse 57, 63	2416	–	sole ownership	2009		6029	8999	–	89.8	–	–	6.7	3.5
Baden, Bahnhofstrasse 2	340	–	sole ownership	1927	1975	212	979	93.4	–	–	–	6.6	–
Baden, Weite Gasse 34, 36	431	0.8	sole ownership	1953	1975	366	1377	16.3	30.9	–	–	8.0	44.8
Basel, Aeschenvorstadt 2–4	1948	5.8	sole ownership	1960	2005	1362	6226	17.1	63.8	–	–	18.6	0.5
Basel, Barfüsserplatz 3	1335	10.8	sole ownership	1874	2020	751	3827	9.7	78.6	–	–	11.6	0.1
				1870/									
Basel, Centralbahnplatz 9/10	862	2.6	sole ownership	2005	2005	403	1445	6.6	37.9	22.9	–	14.7	17.9
Basel, Elisabethenstrasse 15	1324	0.2	sole ownership	1933	1993	953	4276	13.0	71.4	7.8	–	7.8	–
Basel, Freie Strasse 26/Falknerstrasse 3	1218	4.6	sole ownership	1854	1980	471	2877	43.5	50.2	–	–	6.3	–
Basel, Freie Strasse 36	1550	–	sole ownership	1894	2003	517	2429	59.4	13.6	–	–	21.5	5.5
				2015/									
Basel, Freie Strasse 68	2468	–	sole ownership	1930	2016	1461	8200	19.5	1.2	62.9	–	15.9	0.5
Basel, Henric Petri-Strasse 9/Elisabethenstrasse 19	1590	1.1	sole ownership	1949	1985	2387	6778	4.2	75.1	–	–	20.7	–
			sole ownership land lease	1976		4209	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 40/parking	589	6.2	sole ownership land lease	1976		4209	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 60/building 860	166	5.1	sole ownership	1990		980	897	–	84.1	–	–	14.1	1.8
Basel, Hochbergerstrasse 60/Stücki Park	7199	1.0	sole ownership	2008		8343	37663	–	85.9	–	–	14.0	0.1
Basel, Hochbergerstrasse 62	424	–	sole ownership	2005		2680	–	–	–	–	–	–	–
				2019–									
Basel, Hochbergerstrasse 70/Stücki Park (Shopping)	7602	8.9	sole ownership	2009	2021	46416	43883	20.5	15.1	55.9	–	8.0	0.5
			sole ownership partial land lease	2003		2137	23844	–	54.0	42.6	–	3.4	–
Basel, Messeplatz 12/Messeturm	8305	20.8	freehold property	2003		19214	9109	–	85.3	–	–	14.7	–
Basel, Peter Merian-Strasse 80 <sup>1</sup>	871	48.6	sole ownership	1973	1998	3713	8823	47.5	11.3	14.7	–	15.5	11.0
Basel, Rebgasse 20	2840	5.5	sole ownership	1948–									
			sole ownership	1998		10321	8650	–	–	–	100.0	–	–
Berlingen, Seestrasse 83, 88, 101, 154	1974	–	sole ownership	1998		10321	8650	–	–	–	100.0	–	–
Berne, Genfergasse 14	4302	–	sole ownership	1905	1998	4602	15801	–	89.1	–	–	10.9	–
			sole ownership land lease	1969/									
Berne, Mingerstrasse 12–18/PostFinance Arena	6594	–	sole ownership land lease	2009	2009	29098	46348	0.2	17.8	–	–	82.0	–
Berne, Schwarztorstrasse 48	2484	0.2	sole ownership	1981	2011	1959	8163	–	75.5	–	–	24.3	0.2
			sole ownership land lease	1970/									
Berne, Viktoriastrasse 21, 21a, 21b/Schönburg	5891	1.1	sole ownership	2020	2020	14036	20930	7.9	–	34.6	–	3.4	54.1
Berne, Wankdorfallee 4/EspacePost	8165	–	sole ownership land lease	2014		5244	33647	–	94.2	–	–	4.9	0.9
			sole ownership land lease	1975/									
Berne, Weltpoststrasse 5	4901	10.2	sole ownership land lease	1985	2013	19374	25175	–	68.3	4.4	–	25.4	1.9
Biel, Solothurnstrasse 122	503	0.1	sole ownership land lease	1961	1993	3885	3319	74.9	2.7	–	–	15.3	7.1
Brugg, Hauptstrasse 2	899	8.8	sole ownership	1958	2000	3364	4179	42.1	4.2	22.2	–	28.8	2.7
Buchs SG, St. Gallerstrasse 5	404	6.6	sole ownership	1995		2192	1685	–	71.8	–	–	19.3	8.9
			sole ownership	2009/									
Buchs ZH, Mülibachstrasse 41	1667	–	sole ownership	2020		20197	10030	–	17.3	–	–	82.7	–
Burgdorf, Emmentalstrasse 14	368	11.1	sole ownership	1972	1998	1845	2129	20.6	68.2	–	–	9.6	1.6
			sole ownership partial land lease	1973		15141	11967	2.9	5.4	–	–	91.3	0.4
Burgdorf, Industrie Buchmatt	786	–	freehold property and co-ownership land lease	1973		15141	11967	2.9	5.4	–	–	91.3	0.4
Carouge, Avenue Cardinal-Mermillod 36–44	9339	3.6	sole ownership	1956	2002	14372	35040	23.7	56.7	3.5	–	14.9	1.2
			freehold property and co-ownership land lease	1975		3693	3515	3.8	0.7	5.0	–	26.1	64.4
Carouge, Rue Antoine-Jolivet 7	301	–	sole ownership	1975		3693	3515	3.8	0.7	5.0	–	26.1	64.4
Cham, Dorfplatz 2	180	5.9	sole ownership	1992		523	1061	11.5	61.3	–	–	27.2	–
Conthey, Route Cantonale 2	382	–	sole ownership	1989		3057	2480	71.6	4.6	–	–	23.0	0.8

<sup>1</sup> Not available for rent between April and December 2021 due to extensive interior renovations

## Investment properties

Property details as at 31.12.2021	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Conthey, Route Cantonale 4	867	30.3	sole ownership land lease	2009		7444	4979	80.3	–	3.0	–	15.7	1.0
Conthey, Route Cantonale 11	1719	4.2	sole ownership land lease	2002		10537	7323	64.8	16.4	0.7	–	15.4	2.7
Dietikon, Bahnhofplatz 11/Neumattstrasse 24	538	0.3	sole ownership	1989		1004	1793	19.4	55.8	–	–	24.3	0.5
Dietikon, Kirchstrasse 20	577	–	sole ownership	1988		1033	1894	4.5	84.0	–	–	11.5	–
Dübendorf, Bahnhofstrasse 1	370	–	sole ownership land lease	1988		1308	1671	5.9	71.1	–	–	23.0	–
Eyholz, Kantonsstrasse 79	287	–	sole ownership land lease	1991		2719	1319	92.3	5.6	–	–	1.5	0.6
Frauenfeld, St. Gallerstrasse 30–30c	1715	–	sole ownership	1991		8842	9528	–	–	–	100.0	–	–
Frauenfeld, Zürcherstrasse 305	582	31.1	sole ownership	1982	2006	3866	4201	39.3	34.5	–	–	22.0	4.2
Frick, Hauptstrasse 132/Fricktal Centre A3	1069	1.7	sole ownership	2007		13365	5011	66.0	–	3.1	–	28.3	2.6
Geneva, Centre Rhône-Fusterie	3083	–	freehold property	1990		2530	11186	76.2	0.3	–	–	23.5	–
Geneva, Place du Molard 2–4 <sup>2</sup>	7317	–	sole ownership	1690	2002	1718	7271	38.1	56.6	0.5	–	4.1	0.7
Geneva, Route de Malagnou 6/Rue Michel-Chauvet 7	776	5.6	sole ownership	1960/ 1969	1989	1321	1602	–	470	11.8	–	3.9	37.3
Geneva, Route de Meyrin 49	3948	45.7	sole ownership	1987/ 1974/		9890	10160	–	85.1	–	–	13.0	1.9
Geneva, Rue de la Croix-d'Or 7/Rue Neuve-du-Molard 4–6	2289	0.4	sole ownership	1985	1994	591	3478	37.8	24.2	0.5	–	3.8	33.7
Geneva, Rue des Alpes 5	915	1.9	sole ownership	1860		747	2689	9.7	45.2	1.2	–	0.6	43.3
Geneva, Rue du Rhône 48–50 <sup>3</sup>	18052	1.1	sole ownership	1921	2002	5166	33414	44.4	33.4	7.2	–	12.8	2.2
Gossau SG, Wilerstrasse 82	1106	–	sole ownership	2007		13064	4688	74.7	5.5	–	–	17.0	2.8
Grand-Lancy, Route des Jeunes 10/CCL La Praille	13983	2.2	sole ownership land lease	2002		20597	36010	51.6	1.0	29.0	–	16.5	1.9
Grand-Lancy, Route des Jeunes 12	1473	5.7	sole ownership land lease	2003		5344	12722	–	39.1	44.7	–	14.1	2.1
Heimberg, Gurnigelstrasse 38	555	0.1	sole ownership land lease	2000		7484	1572	82.1	2.8	–	–	8.6	6.5
La Chaux-de-Fonds, Boulevard des Eplatures 44	420	–	sole ownership	1972		3021	2506	94.7	1.7	–	–	3.0	0.6
Lachen, Seidenstrasse 2	348	–	sole ownership	1993		708	1532	–	81.5	–	–	18.5	–
Lausanne, Rue de Sébeillon 9/Sébeillon Centre	1016	3.1	sole ownership	1930	2001	2923	10116	8.4	54.1	–	–	36.1	1.4
Lausanne, Rue du Pont 5	6450	1.4	sole ownership	1910	2004	3884	20805	50.5	23.3	9.2	–	15.3	1.7
Lutry, Route de l'Ancienne Ciberie 2	1478	1.9	freehold property	2006		13150	3264	69.6	7.6	1.9	–	18.1	2.8
Lucerne, Kreuzbuchstrasse 33/35	1885	–	sole ownership land lease	2010		14402	10533	–	–	–	100.0	–	–
Lucerne, Langensandstrasse 23/Schönbühl	2827	–0.6	sole ownership	1969	2007	20150	9425	65.3	10.8	1.9	–	21.6	0.4
Lucerne, Pilatusstrasse 4/Flora	3446	–	freehold property	1979	2008	4376	9906	69.6	12.1	–	–	15.0	3.3
Lucerne, Schwandenplatz 3	753	–	sole ownership	1958	2004	250	1512	10.8	62.6	–	–	18.7	7.9
Lucerne, Schweizerhofquai 6/Gotthardgebäude	2078	–	sole ownership	1889	2002	2479	7261	6.8	87.9	–	–	5.3	–
Lucerne, Weggisgasse 20, 22	735	–	sole ownership	1982		228	1285	76.8	–	–	–	23.2	–
Meilen, Seestrasse 545	511	–	sole ownership land lease	2008		1645	2458	–	–	–	100.0	–	–
Meyrin, Chemin de Riantbosson 19/Riantbosson Centre	2399	21.0	sole ownership	2018		4414	7609	33.4	38.2	9.8	–	15.6	3.0
Meyrin, Route de Meyrin 210	247	–	sole ownership partial land lease	1979	1999	3860	1116	65.7	4.3	–	–	28.8	1.2
Meyrin, Route de Pré-Bois 14/Geneva Business Terminal	1206	12.6	sole ownership land lease	2003/ 2018		2156	2928	6.1	87.7	–	–	6.2	–
Monthey, Rue de Venise 5–7/Avenue de la Plantaud 4 <sup>4</sup>	219	–	sole ownership	2021		1785	3649	–	–	–	100.0	–	–
Morges, Les Vergers-de-la-Gottaz 1	1220	–	sole ownership	1795/ 2003	1995	11537	3698	–	–	–	100.0	–	–
Münchenstein, Genuastrasse 11	1478	–	sole ownership land lease	1993		7550	10109	–	21.5	–	–	72.1	6.4
Münchenstein, Helsinkistrasse 12	712	–	sole ownership land lease	1998		4744	6592	–	1.4	–	–	90.6	8.0
Neuchâtel, Avenue J.-J. Rousseau 7	480	1.1	sole ownership	1991	1992	1020	3099	–	69.7	–	–	22.7	7.6

<sup>2</sup> 1 073 m<sup>2</sup> vacant spaces cannot be let due to a conversion project and are therefore not included in the vacancy rate<sup>3</sup> 3 156 m<sup>2</sup> vacant spaces cannot be let due to a conversion project and are therefore not included in the vacancy rate<sup>4</sup> reclassified from properties under construction to investment properties after new construction

## Investment properties

Property details as at 31.12.2021

Overview of type of use

	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Neuchâtel, Rue de l'Ecluse 19/parking	42	1.3	sole ownership	1960	1997	715	–	–	–	–	–	–	–
Neuchâtel, Rue du Temple-Neuf 11	285	1.6	sole ownership	1953	1993	262	1 155	14.0	57.3	4.7	–	13.9	10.1
Neuchâtel, Rue du Temple-Neuf 14	2 278	2.4	sole ownership	1902/2014		1 928	6 908	47.6	15.7	–	–	17.8	18.9
Niederwangen b. Bern, Riedmoosstrasse 10	2 306	–	sole ownership	1985	2006	12 709	12 855	33.3	13.2	–	–	51.6	1.9
Oberbüren, Buchental 2	762	–	sole ownership	1980	2007	6 391	6 486	34.3	1.8	–	–	63.5	0.4
Oberbüren, Buchental 3	329	12.7	sole ownership	1964		4 651	2 336	20.8	32.6	–	–	34.6	12.0
Oberbüren, Buchental 3a	238	–	sole ownership	1964		3 613	2 464	–	–	–	–	100.0	–
Oberbüren, Buchental 4	1 502	–	sole ownership	1990		4 963	9 547	38.5	20.3	–	–	41.2	–
Oberbüren, Buchental 5	65	32.1	sole ownership	1920		3 456	1 648	–	12.1	–	–	54.4	33.5
Oberwil BL, Mühlemattstrasse 23	315	–	freehold property land lease	1986		6 200	1 652	75.9	4.2	–	–	18.6	1.3
Oftringen, Spitalweidstrasse 1/shopping centre a1	3 762	0.1	sole ownership	2006/2020	2020	42 031	23 703	78.8	–	0.5	–	19.8	0.9
Olten, Bahnhofquai 18	1 619	0.7	sole ownership	1996		2 553	5 134	–	93.6	–	–	6.4	–
Olten, Bahnhofquai 20	2 028	0.1	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	548	1.2	sole ownership	1961	1998	596	1 863	–	78.6	–	–	21.4	–
Olten, Solothurnerstrasse 201	333	–	sole ownership	2006		5 156	1 592	62.3	–	–	–	32.3	5.4
Olten, Solothurnerstrasse 231–235/Usego	2 065	16.2	sole ownership	1907	2011	12 922	11 515	–	63.6	–	–	36.3	0.1
Opfikon, Müllackerstrasse 2, 4/Bubenholz	2 037	–	sole ownership	2015		6 169	10 802	–	–	–	100.0	–	–
Ostermündigen, Mitteldorfstrasse 16	1 701	–	sole ownership	2009		7 503	10 925	–	–	–	100.0	–	–
Otelfingen, Industriestrasse 19/21	6 999	10.0	sole ownership	1965	2000	101 933	79 684	–	15.8	–	–	81.6	2.6
Otelfingen, Industriestrasse 31	1 275	31.5	sole ownership	1986	1993	12 135	11 884	–	36.6	0.4	–	60.2	2.8
Payerne, Route de Bussy 2	1 219	–	sole ownership	2006		12 400	6 017	83.9	4.4	–	–	11.0	0.7
Petit-Lancy, Route de Chancy 59	7 732	40.0	sole ownership	1990		13 052	22 309	–	69.3	4.7	–	25.5	0.5
Pfäffikon SZ, Huobstrasse 5	2 805	–	sole ownership	2004		7 005	11 660	–	–	–	100.0	–	–
Regensdorf, Riedthofstrasse 172–184/Iseli-Areal	1 489	22.8	sole ownership	1962/2009		25 003	13 499	–	16.3	–	–	62.3	21.4
Romanel, Chemin du Marais 8	1 138	26.8	sole ownership	1973	1995	7 264	6 694	87.8	–	–	–	11.4	0.8
Schwyz, Oberer Steisteg 18, 20	565	–	sole ownership	1988	2004	1 039	2 669	1.9	65.1	–	–	32.6	0.4
Spreitenbach, Industriestrasse/Tivoli	507	–	freehold property	1974	2010	25 780	980	87.2	–	–	–	12.8	–
Spreitenbach, Müslistrasse 44	216	–	sole ownership	2002		2 856	516	–	6.9	30.3	–	11.4	51.4
Spreitenbach, Pfadackerstrasse 6/Limmatpark	5 347	9.4	sole ownership	1972	2003	10 318	28 437	62.5	27.1	–	–	7.4	3.0
St. Gallen, Spisergasse 12	460	87.9	sole ownership	1900	1998	208	1 010	81.7	–	–	–	–	18.3
St. Gallen, Spisergasse 12	147	27.5	sole ownership	1423	1984	165	642	34.3	33.2	–	–	7.0	25.5
St. Gallen, Zürcherstrasse 462–464/Shopping Arena	15 927	1.8	sole ownership parking 73/100 co-ownership	2008		33 106	39 406	56.1	9.7	11.3	–	20.3	2.6
Sursee, Moosgasse 20	649	–0.6	sole ownership	1998		4 171	2 406	83.6	–	–	–	16.2	0.2
Thônex, Rue de Genève 104–108	4 542	0.5	sole ownership	2008		9 224	11 443	54.7	3.1	3.5	–	13.0	25.7
Thun, Bälliz 67	749	9.1	sole ownership	1953	2001	875	3 128	20.4	62.4	2.1	–	11.3	3.8
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	198	–	sole ownership	1890		478	673	35.7	6.7	–	–	–	57.6
Uster, Poststrasse 14/20	646	4.8	sole ownership	1854	2000	2 449	3 191	63.4	12.5	3.8	–	19.5	0.8
Vernier, Chemin de l'Etang 72/Patio Plaza	4 703	7.7	sole ownership	2007		10 170	13 619	–	81.9	–	–	17.2	0.9
Vevey, Rue de la Clergère 1	735	0.7	sole ownership	1927	1994	717	3 055	–	88.8	–	–	11.2	–
Wabern, Nesslerenweg 30	1 012	–	sole ownership	1990		4 397	6 288	–	–	–	100.0	–	–
Wil, Obere Bahnhofstrasse 40	873	–	sole ownership	1958	2008	1 105	2 877	80.4	8.6	–	–	10.5	0.5
Winterthur, Theaterstrasse 15a-c, 17	8 628	8.5	sole ownership	1999/2000/2004		15 069	37 228	–	71.3	0.5	–	22.0	6.2



## Investment properties

Property details as at 31.12.2021	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Winterthur, Untertor 24	399	–	sole ownership	1960	2006	290	1 364	–	69.9	–	–	30.1	–
Worblaufen, Alte Tiefenastrasse 6	7 437	–	sole ownership	1999		21 804	37 170	–	87.4	–	–	12.6	–
Zollikofen, Industriestrasse 21	1 593	–	sole ownership	2003	2016	2 906	7 263	–	73.6	3.1	–	23.3	–
Zollikon, Bergstrasse 17, 19	592	1.0	sole ownership	1989	2004	1 768	2 126	–	70.2	–	–	29.8	–
Zollikon, Forchstrasse 452–456	630	–	sole ownership	1998		2 626	2 251	–	68.4	–	–	31.6	–
Zuchwil, Dorfackerstrasse 45/Birchi Centre	2 232	20.9	sole ownership land lease	1997		9 563	13 271	62.9	1.6	13.0	–	13.4	9.1
Zug, Zählerweg 4, 6/Dammstrasse 19/Landis+Gyr-Strasse 3/Opus 1	5 770	3.6	sole ownership	2002		7 400	16 035	–	90.5	–	–	9.5	–
Zug, Zählerweg 8, 10/Dammstrasse 21, 23/Opus 2	7 042	2.9	sole ownership	2003		8 981	20 108	–	91.2	–	–	8.8	–
Zurich, Affolternstrasse 52/MFO building	501	–	sole ownership	1889	2012	1 367	2 776	–	53.1	25.8	–	21.1	–
Zurich, Affolternstrasse 54, 56/Cityport	9 029	–	sole ownership	2001		9 830	23 529	–	92.0	–	–	7.7	0.3
Zurich, Albisriederstrasse 203, 207, 243	1 971	25.2	sole ownership	2003		13 978	11 615	–	59.7	22.7	–	17.0	0.6
Zurich, Albisriederstrasse/Rütiwiesweg/YOND	5 345	2.9	sole ownership	2019		9 021	19 553	4.2	95.5	–	–	0.1	0.2
Zurich, Bahnhofstrasse 42	2 349	–	sole ownership	1968	1990	482	2 003	42.7	44.6	–	–	12.7	–
Zurich, Bahnhofstrasse 69	1 498	3.2	sole ownership	1898	2007	230	1 124	10.8	77.9	–	–	11.0	0.3
Zurich, Bahnhofstrasse 106	1 531	2.1	sole ownership	1958		200	1 208	11.7	53.3	–	–	35.0	–
Zurich, Beethovenstrasse 33, Dreikönigstrasse 24	3 862	–	sole ownership	1966–1968	2013–2016	1 347	5 811	–	85.6	2.1	–	11.4	0.9
Zurich, Brandschenkestrasse 25	4 609	–	sole ownership	1910	2017	3 902	17 164	–	–	70.6	–	29.4	–
Zurich, Carl-Spitteler-Strasse 68/70	4 065	–	sole ownership	1993		11 732	19 343	–	–	–	100.0	–	–
Zurich, Etzelstrasse 14	1 205	–	sole ownership	2017		1 809	2 135	–	–	–	100.0	–	–
Zurich, Flurstrasse 55/Medienpark	6 246	4.7	sole ownership	1979	2015	8 270	24 161	1.7	70.5	4.1	–	23.7	–
Zurich, Flurstrasse 89	470	–	sole ownership	1949	2003	2 330	3 331	–	12.0	–	–	88.0	–
Zurich, Fraumünsterstrasse 16	5 125	0.3	sole ownership	1901	2017	2 475	8 588	15.4	73.9	–	–	10.7	–
Zurich, Giesshübelstrasse 15	1 340	0.8	sole ownership	1956	1999	1 713	2 843	–	88.5	–	–	11.5	–
Zurich, Hagenholzstrasse 60/SkyKey	11 115	–	sole ownership	2014		9 573	41 251	–	86.0	9.8	–	4.2	–
Zurich, Hardstrasse 201/Prime Tower	20 605	5.5	sole ownership	2011		10 451	48 138	0.7	87.4	5.5	–	6.3	0.1
Zurich, Hardstrasse 219/Eventblock Maag	1 124	0.7	sole ownership	1929–1978		9 507	7 183	–	21.7	–	–	76.2	2.1
Zurich, Josefstrasse 53, 59	3 790	4.3	sole ownership	1972	2001	2 931	12 072	5.6	78.2	1.4	–	14.3	0.5
Zurich, Juchstrasse 3/West-Log <sup>4</sup>	3 170	18.7	sole ownership	2021		7 733	17 343	1.3	43.2	–	–	54.7	0.8
Zurich, Jupiterstrasse 15/Böcklinstrasse 19	933	–	sole ownership	1995	1996	1 630	1 829	–	–	–	100.0	–	–
Zurich, Kappenhühlweg 9, 11/Holbrigstrasse 10/Regensdorferstrasse 18a	2 997	–	sole ownership	1991		9 557	14 790	–	–	–	100.0	–	–
Zurich, Maagplatz 1/Platform	6 955	–	sole ownership	2011		5 907	20 310	2.1	91.1	0.5	–	6.3	–
Zurich, Manessestrasse 85	2 781	8.5	sole ownership	1985	2012	3 284	8 270	–	71.2	–	–	25.8	3.0
Zurich, Nansenstrasse 5/7	2 352	0.2	sole ownership	1985		1 740	5 864	39.1	27.0	–	–	6.2	27.7
Zurich, Ohmstrasse 11, 11a	2 124	–	sole ownership	1927	2007	1 970	6 031	54.7	23.4	2.2	–	15.8	3.9
Zurich, Querstrasse 6	183	0.1	sole ownership	1927	1990	280	563	7.6	5.7	–	–	–	86.7
Zurich, Restelbergstrasse 108	354	–	sole ownership	1936	1997	1 469	672	–	–	–	100.0	–	–
Zurich, Seidengasse 1/Jelmoli	27 300	–	sole ownership	1898	2010	6 514	36 770	64.6	3.7	13.3	–	12.8	5.6
Zurich, Siewerdstrasse 8	1 129	–	sole ownership	1981		1 114	3 687	–	91.1	–	–	8.9	–
Zurich, Sihlstrasse 24/St. Annagasse 16	1 801	–	sole ownership	1885	2007	1 155	2 858	3.9	70.5	14.3	–	6.9	4.4
Zurich, Stadelhoferstrasse 18	92	–	sole ownership	1900/									
Zurich, Steinmühleplatz 1/St. Annagasse 18/Sihlstrasse 20	3 810	1.1	sole ownership	1957	1999	1 534	6 185	11.1	68.7	2.3	–	16.7	1.2
Zurich, Steinmühleplatz/Jelmoli parking	2 651	0.5	sole ownership with concession	1972	2009	1 970	84	100.0	–	–	–	–	–

<sup>4</sup> reclassified from properties under construction to investment properties after new construction

## Investment properties

Property details as at 31.12.2021

Overview of type of use

	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Zurich, Talacker 21, 23	2971	1.6	sole ownership	1965 1942/	2008	1720	4904	9.6	64.2	–	–	26.2	–
Zurich, Vulkanstrasse 126	172	–	sole ownership bought 23.04.2021	1972/ 1979		4298	2273	–	17.1	–	–	82.9	–
<b>Total properties</b>	<b>452 821</b>	<b>4.5</b>				<b>1 133 414</b>	<b>1 623 298</b>	<b>17.7</b>	<b>41.9</b>	<b>7.0</b>	<b>7.9</b>	<b>22.4</b>	<b>3.1</b>

## Undeveloped properties

	Property details as at 31.12.2021					Overview of type of use							
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Augst, Rheinstrasse 54	106	–	sole ownership			10958	1	–	–	–	–	–	100.0
Dietikon, Bodacher	15	–	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	33	48.3	sole ownership			10 183	372	–	79.0	–	–	–	21.0
Niederwangen b. Bern, Riedmoosstrasse 10	–	–	sole ownership			5 895	–	–	–	–	–	–	–
Oberbüren, Buchental/parking	29	–	sole ownership			1 825	–	–	–	–	–	–	–
Spreitenbach, Joosacker 7	37	–	sole ownership			16 256	7 759	–	–	–	–	–	100.0
Wangen b. Olten, Rickenbacherfeld	–	–	sole ownership			11 197	–	–	–	–	–	–	–
<b>Total undeveloped properties</b>	<b>230</b>	<b>6.9</b>				<b>78 003</b>	<b>18 071</b>	<b>–</b>	<b>1.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>98.4</b>

## Properties under construction and development sites

Property details as at 31.12.2021	Overview of type of use												
	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotel/gastronomy	Assisted living %	Storage facilities %	Other %
Basel, Hochbergerstrasse 60/Stüchi Park	3 110	–	sole ownership			10 222	10 331	–	58.9	0.2	–	12.8	28.1
Lancy, Esplanade de Pont-Rouge 5, 7, 9/Alto Pont-Rouge	–	–	sole ownership with 14/100 co-ownership			5 170	–	–	–	–	–	–	–
Paradiso, Riva Paradiso 3, 20/Du Lac <sup>5</sup>	–	–	sole ownership partial land lease			3 086	–	–	–	–	–	–	–
Plan-les-Ouates, Chemin des Aulx/Espace Tourbillon <sup>6</sup>	610	0.8	sole ownership			17 768	5 927	6.4	68.1	–	–	25.5	–
Richterswil, Gartenstrasse 7, 17/Etzelblick	–	–	sole ownership			6 373	–	–	–	–	–	–	–
Richterswil, Gartenstrasse 15/Etzelblick	–	–	sold 29.03.2021										
Schlieren, Zürcherstrasse 39/JED	4 776	0.2	sole ownership	1992/2003		18 787	19 400	–	75.5	10.6	–	10.0	3.9
Schlieren, Zürcherstrasse 39/JED Neubau	–	–	sole ownership			7 897	–	–	–	–	–	–	–
Zurich, Müllerstrasse 16, 20 <sup>7</sup>	3 338	0.2	sole ownership	1980		3 864	–	–	–	–	–	–	–
<b>Total properties under construction and development sites</b>	<b>11 834</b>	<b>0.2</b>				<b>73 167</b>	<b>35 658</b>	<b>1.1</b>	<b>69.4</b>	<b>5.8</b>	<b>–</b>	<b>13.4</b>	<b>10.3</b>
<b>Overall total</b>	<b>464 885</b>					<b>1 284 584</b>	<b>1 677 027</b>	<b>17.1</b>	<b>42.1</b>	<b>6.9</b>	<b>7.7</b>	<b>22.0</b>	<b>4.2</b>

<sup>5</sup> trading project property<sup>6</sup> sale of building E as of 30.04.2021 and 248/1000 of building A in year 2021, remaining 377/1000 of building A are trading properties<sup>7</sup> reclassified from investment properties to properties under construction due to total refurbishment