

SWISS PRIME SITE

REVIEW

2022

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the Swiss Prime
Site Group

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

This annual magazine provides insight into our sustainable corporate governance and shows how we have generated financial and non-financial value in 2022.

Cover photo

Prime Tower Site: Swiss Prime Site creates sustainable living spaces for people and for society. Our real estate is centrally located and offers all the conveniences of contemporary, urban living.

Dear Readers

Ton Büchner
Chairman of the
Board of Directors



We are all living in challenging times at present. Having scarcely got to grips with the worst social consequences of the global pandemic, new clouds gathered on the horizon at the beginning of 2022 due to the geopolitical tensions in eastern Europe. This was closely followed by a rise in the price of raw materials, an emerging energy crisis and an interest rate pivot. Despite the largely negative expectations, the Swiss economy recorded a pleasing performance. Inflation is currently half the European level, employment is solid and immigration into the «safe haven» of Switzerland has risen sharply again after the pandemic years. This also had a positive impact on us, the country's largest listed platform for real estate investments, enabling us to report another successful year and favourable results.

As at the end of 2022, Swiss Prime Site had assets under management of CHF 20.8 billion and a property portfolio with a value of CHF 13.1 billion. Swiss Prime Site Solutions manages third-party mandates worth a total of CHF 7.7 billion. Rental income grew by 1.9% (L4L) year-on-year, while the even lower vacancy rate of 4.3% and resulting profit of CHF 300.6 million underline the prime quality of our portfolio and the stringent implementation of Swiss Prime Site's strategy. With earnings per share of CHF 3.92 and FFO I of CHF 4.26, which is used as the basis for our distributions, the Board of Directors will propose to the Annual General Meeting that the dividend be increased by CHF 0.05 to CHF 3.40.

We are the leading partner for investors who invest both directly and indirectly in the real estate market, serving them through our two segments Real Estate and Real Estate Asset Management. We further focused and refined our portfolio over the past year. Since 2021, we have applied our capital recycling expertise to sell 13 prop-

erties with a value of around CHF 300 million that do not fit with our «Prime» claim. At the same time, we have been investing the freed-up capital in our first-class properties and in the development of value-adding projects in our pipeline. We thus aim to meet the growing requirements of our tenants and customers and underline our aspiration to be a leader in the area of sustainability. Our strategy has delivered measurable successes, namely the high level of new leases and renewal activities and the further fall in the portfolio's vacancy rate. We see our growth path in Real Estate Asset Management at Swiss Prime Site Solutions. Following its acquisition, the Akara Group was successfully integrated and initial synergies achieved. With real estate funds, products for investment foundations and asset management mandates, we have a diversified and stable footing in this area. The marked growth in the customer base for all three Real Estate Asset Management vehicles shows that the services are very popular with customers.

We, the Board of Directors and the management of Swiss Prime Site, have decided to redevelop the Jelmoli building in Zurich city centre for an expected period of two years from the beginning of 2025. This to make it sustainably fit for the future. Therefore, we will no longer operate the Jelmoli department store ourselves from the end of 2024. This further step towards focusing on our core competencies was taken after a comprehensive and detailed analysis. With the extraordinary dynamics in online retail and changes in consumer behaviour, brick-and-mortar retailing is increasingly being squeezed. Despite high investments by its owner, Swiss Prime Site, and tremendous efforts on the part of its employees, this structural change was clearly reflected in the profitability of the department store Jelmoli. This led Swiss Prime Site to conduct extensive market research over recent months, with the objective of transferring operational man-

agement of the department store to new hands. However, in-depth talks with numerous possible partners have not yet led to the intended success. We are deliberately communicating our decision at an early stage. This will give the employees time for a possible professional reorientation. Our goal is to further develop the Jelmoli building into a unique destination and an open urban meeting place. The re-opening of the completely renovated property is planned for the beginning of 2027.

In light of the challenges referred to above, our refinancing at the end of 2021 was vitally important. It brought about a marked fall in interest costs, and we now have a balanced maturity profile with no need for significant refinancing until 2025. This gives us freedom and good visibility, which seems important in what is currently an increasingly challenging environment. Accordingly, the globally active rating agency Moody's has rated our long-term issuer rating as «A3» with a stable outlook. This very positive rating, both in Switzerland and internationally, reflects the excellent basis of our company. Through targeted investments in the circular economy for both existing buildings and new build projects, and the successful certification of 73% of the floor space in our portfolio, we have also made important progress with regard to sustainability.

On behalf of my colleagues on the Board of Directors, I would like to thank all our customers, tenants and partners and also you, our shareholders, for your trust and interest in Swiss Prime Site. I would also like to thank our management and employees, who drive the operational implementation of our strategy on a daily basis.

TON BÜCHNER
CHAIRMAN OF THE
BOARD OF DIRECTORS



The stakeholder-oriented 2022 reporting consists of the online report and other stock exchange-related chapters as PDF downloads, as well as the printed annual magazine «Review 2022». In this way, we create added multimedia value.



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«Our company's resilience is particularly evident right now.»

René Zahnd, CEO of the Swiss Prime Site-Group, and Anastasius Tschopp, CEO of Swiss Prime Site Solutions, look back with satisfaction on what was in many respects an exciting and challenging year.





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Certification as a foundation for sustainable added value

With the aim of certifying as many of the roughly 180 properties as possible, a reference framework is created, transparency is achieved and the basis is laid for generating long-term ecological, economic and social added value for all stakeholders.



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Key figures

Composition of the key financial and non-financial figures of the company.

Facts and figures of the Swiss Prime Site Group

20.8

CHF billion

Real estate assets under management

#1

Largest listed real estate company in Switzerland

73

Percent of the floor space are certified

4.3

Percentage vacancy rate

3

Locations

Offices in Geneva, Zug and Zurich

38.9

Loan-to-value ratio of property portfolio (LTV)

600

CHF million

Outstanding green bonds on the SIX Swiss Exchange

16

Investment products

One listed share (SPSN), ten listed bonds, two investment groups (SPIF), three collective capital investments

43

Percentage of women on the Board of Directors

390

CHF million

EBIT before revaluations

6.1

CHF billion

Market capitalisation on the SIX Swiss Exchange

2040

Climate neutrality target

3.40

CHF

Distribution 2022 per share

23

Years of success

Founded on 11 May 1999

95

Percent of the tenants want to maintain or expand space size

Ratings and benchmarks

Corporate rating

MOODY'S

A3/stable

(Scale: Aaa to C)

Swiss Prime Site is evaluated by the following leading ratings providers.

The rating agency Moody's assigns an A3 long-term issuer rating to Swiss Prime Site with a stable outlook. The rating received confirms the strong creditworthiness of the Swiss Prime Site Group.

Real estate assessment



Score

GRESB evaluates the sustainability of global real estate investments. In the 2022 assessment, Swiss Prime Site Immobilien ranks among the international leaders in the categories «Standing Investment» and «Standing Development» with excellent results. In addition, the GRESB scores are embedded as ESG targets in the Executive Board's short-term incentive, thereby directly influencing the management's annual remuneration.

ESG ratings

MSCI

A

(Scale: AAA to CCC)

The 2022 ratings issued for Swiss Prime Site by the ESG ratings providers Inrate, ISS ESG, MSCI and Sustainalytics either remained the same or improved. Since the end of 2021, the credit margins agreed in loan agreements with banks have been linked to the ISS ESG rating, meaning that the ESG performance directly affects the rate of interest to be paid. This enables Swiss Prime Site to further integrate financial and non-financial targets, building on the green bonds already issued.

ISS ESG

C-

(Scale: A+ to D-)

inrate

B+

(Scale: A+ to D-)

SUSTAINALYTICS

Low Risk

«Our company's resilience is particularly evident right now.»

Swiss Prime Site with its twin cornerstones Real Estate and Real Estate Asset Management achieved a successful performance and good results in the 2022 financial year. René Zahnd, CEO of the Swiss Prime Site Group, and Anastasius Tschopp, CEO of Swiss Prime Site Solutions, look back with satisfaction on a year that was exciting and challenging in many respects.

How would you sum up the 2022 financial year?

René Zahnd (RZ): It was an eventful year featuring a host of challenges but also numerous glimmers of hope. We achieved, and in some cases even exceeded, the objectives we had set for ourselves. Further, we have decided not to continue Jelmoli's operations ourselves from the end of 2024 and to redevelop the building. It was a difficult but necessary decision. Overall, we are able to present a good set of numbers to our shareholders. On a social level, the global geopolitical situation was and naturally still is a cause for concern. I would also like to see glimmers of hope for us all in this regard.

Can you please elaborate on the decision regarding the real estate and the operational business of Jelmoli?

RZ: The Jelmoli department store has belonged to Swiss Prime Site since the takeover of the real estate division in 2009. With the rise of online retailing, the stationary trade in goods and services has come under significant

pressure on a global, national and regional level. Retailers and department stores worldwide are trying to counter this fundamental change with the digitalisation of the business model, efficiency measures and strategic partnerships. The two-year pandemic has further increased the pressure. Jelmoli and Swiss Prime Site have sought the operational and strategic turnaround in recent years. The lack of alternatives has now prompted us to make this decision. This also includes the fact that we will no longer be running Jelmoli's operations ourselves from the end of 2024.

What will happen to the employees now?

RZ: We have decided to communicate the decision to employees, business partners and other stakeholders at an early stage. This will give employees in particular around two years' time for possible professional reorientation. This transition phase will be professionally accompanied until the end of 2024 and employees will be supported where possible.

Can you tell us in more specific terms how this relates to the Real Estate segment?

RZ: In the Real Estate segment, what we had been repeatedly asserting almost like a mantra over the last two years actually proved to be true: the pandemic had no impact on demand for office and commercial space. Our vacancy rate is at its lowest level for over a decade at 4.3%. This is also attributable to the high level of new leases and renewal activities, which accounted for some 172 000 m². We are seeing the same trend in projects. Those that are already under construction are either already fully let or have a high level of pre-letting.

And what about the Real Estate Asset Management?

Anastasius Tschopp (AT): Real Estate Asset Management also benefited from the good market conditions. Firstly from the primary effects on the real estate market, i.e. the solid demand for floorspace. For example, the vacancy rate of the SPIF portfolio managed by us stands at a record low of 2.7%. We also saw demand for our real estate products remain intact, particularly in the second half of the year, despite the challenging market environment. We grew our customer base by 10%, while assets under management also increased from CHF 3.6 billion to CHF 7.7 billion. Five years after being founded, we are Switzerland's second-largest independent real estate asset manager.

What makes up the Real Estate Asset Management portfolio?

AT: Swiss Prime Site Solutions is diversified across three pillars. Firstly, we develop and manage fund products. We also offer asset management services, handling the executive management and asset management of independent investment foundations. The third pillar is real estate services. We advise and support institutional investors and companies in the structuring and management of their real estate portfolio.

You integrated the Akara Group in 2022. How did that go?

AT: Swiss Prime Site Solutions and Akara were an ideal fit from the outset. They were also aligned almost identically with regard to team spirit and goals, which allowed us to complete the integration relatively easily and in a short time. In autumn, we received approval from FINMA to merge the fund management companies. That was a key milestone.

There were a wide range of uncertainties over the course of the year. What impact did this have on the real estate market?

«Overall, we are able to present a good set of numbers to our shareholders.»

RENÉ ZAHND,
CEO SWISS PRIME SITE GROUP



RZ: The first few weeks of the year were very promising. We were finally able to start pushing the pandemic towards the back of our minds, which enabled us to start 2022 with a new sense of vigour. I felt this not just on a personal level but also in a business context. Unfortunately, the world was then brought back to earth with a bang by the geopolitical conflicts in Ukraine and beyond. This also intensified a number of issues such as resource procurement, price trends and, of course, interest rates. However, the real estate market ultimately proved to be robust because opposing trends were and still are at play.

What were these?

RZ: Well, Switzerland has always been seen as a «safe haven» in uncertain times. With a strong economy, independent monetary policy and high levels of immigration, we have positive effects on our side. What this means specifically for our business is that real estate, already seen as a very appealing way to preserve value and protect against inflation, became even more attractive.

How does inflation affect your business?

AT: Investors have always viewed real estate as a form of inflation protection. This is particularly true for portfolios comprised primarily of commercial properties as their rents are tied to the country's consumer price index. This obviously helps us. Rents for residential real estate also move in a similar fashion, albeit with something of a lag. I believe it is also important to point out that inflation in Switzerland is at just one-third of the EU level. We also seem to be past the peak already, which in turn has positive effects for us and for demand.

Let's talk about interest rates.

What are your plans as regards refinancing?

RZ: The interest rate pivot is obviously a major topic for everyone. We have more than CHF 5 billion in outstanding loans that are currently financed at less than 1% on average. If our interest expenses were to rise to a hypothetical level of 2.5% over the >

«In autumn, we received approval from FINMA to merge the fund management companies. That was a key milestone.»

ANASTASIOS TSCHOPP,
CEO SWISS PRIME SITE SOLUTIONS



next few years, we would have to pay around CHF 90 million extra in interest. But we believe that we are very well equipped for such a scenario. For the next three years up to 2025, we have no major refinancing requirements that we could not cover via existing credit lines or our efficient capital recycling activities. And with rents tied to inflation, we also have an effective mechanism for absorbing a significant proportion of the higher interest rates.

What does this mean for the valuations of your properties?

RZ: If you listen to the various valuers, they are currently giving out cautiously positive signals. They are anticipating a largely stable trend with selective devaluations, particularly in peripheral locations.

Didn't the transaction market grind to a halt?

AT: We've heard that a lot. The reality, however, is that demand for good and very good

real estate still always significantly exceeds supply. This is especially true for commercial properties. There were also a large number of transactions that were not publicly announced. You only learn about these if, like us, you have an excellent and broad network.

What was the trend for rents in 2022?

RZ: We achieved good results on a like-for-like basis with growth of 1.9%. Good locations like ours are always in demand. Among new leases, spaces in the life sciences and technology fields were particularly sought after. Tenants are prepared to pay for the location and the quality of the space. The high level of value generation in these fields means that rental costs play a rather more subordinate role.

Staying with valuations for a moment, what are your expectations for 2023?

RZ: Unfortunately, even we don't have a crystal ball. Based on discussions with appraisers, we are not anticipating further increases in

value for our properties, however, we believe that our portfolio is well positioned due to excellent locations.

There are over a dozen projects in your development pipeline.

How are they progressing?

RZ: We currently have developments totalling some CHF 960 million under construction, with investments of around CHF 300 million still outstanding. All construction work is on schedule and within the expected budgets. The projects are already fully let or have a high level of pre-letting. In 2023, we expect to complete the Alto Pont-Rouge project in Lancy, the two Tertianum projects in Paradiso and Olten, and the Müllerstrasse project in Zurich. The Stücki Park development in Basel and the JED new build in Schlieren will be finished a year later in 2024. Alto Pont-Rouge is the only one in which space is still available. A new cluster is developing in this region of Geneva, however, and potential ten-

ants often want to see the finished product first. The projects in development are well on track and we are pressing ahead with obtaining building permits. These are valid for four years, giving us enough time to react to potential changes in demand. A project must be 50% pre-let before construction can start. I like to talk about a risk-free pipeline, not least because all projects have interim lets in place and are generating income.

You also have an extensive project pipeline for your third-party customers. How is that going?

AT: We are developing a pipeline of around CHF 500 million for our customer Swiss Prime Investment Foundation. The pipeline for our funds amounts to some CHF 300 million. We are also well on schedule here and able to implement and market the construction projects as planned.

We spoke earlier about raw materials prices and supply shortages. Are these affecting the profitability of your projects?

RZ: We have concluded contracts with solid general contractors to fix most of our continuing investments for the next 24 months. It goes without saying, however, that we also take changes in market conditions into account. We respond by increasing the assumed construction costs in calculations for new projects and adapting our procurement and planning accordingly to ensure attractive returns for the developments. But what people often forget is that construction costs only make up around 20% of the overall life cycle costs. In this respect, we see no showstopper for our projects and continue to set ourselves the target of achieving returns of around 4.5% «on cost» from our developments.

What is the situation as regards the financing of your project pipeline?

RZ: We operate with very stringent project controlling constraints and only invest in things that generate value. In addition, we mainly finance our projects via the capital recycling activities referred to above. We sold properties with a value of around CHF 300 million in 2022 as they were no longer aligned with our focused portfolio. Some of the proceeds flowed directly into the implementation of the pipeline or into suitable projects such as BERN 131.

Let's talk about real estate asset management again. Why should investors invest in the funds?

AT: Swiss Prime Site's core competency is real estate management. We are currently

Switzerland's largest listed real estate company and the fifth-largest in Europe. Of the CHF 20 billion in Assets under Management that makes up the portfolio as a whole, around CHF 7 billion is managed by Swiss Prime Site Solutions. We provide important services throughout the entire real estate life cycle while generating added value for our customers. In addition, we have a separate team per product. All that is unique in our business and is our USP.

You said that demand for real estate remains strong. Is there not a risk of real estate becoming over-represented in customer portfolios?

AT: This is a genuine risk, and was evident in the market in the shape of a number of cancelled issues in the third quarter of 2022. However, I anticipate that things will calm down. In addition to issues, we can also achieve growth through contributions in kind – as happened several times in 2022 – or by taking over portfolios that were previously managed «in-house».

So this means that you will continue to pursue your growth plans?

AT: Yes, we will. We currently manage CHF 7.7 billion of Assets under Management for our customers. Our target is to grow this figure to around CHF 10 billion by the end of 2025. The route to this target is clear: reinvestment with our customer Swiss Prime Investment Foundation, further contributions in kind and more issues.

What is the situation with your own portfolio?

RZ: Our clear motto here is self-financed, value-generating growth. The portfolio is a good size, with a current value of CHF 13 billion. We are primarily working on further optimising use and pressing ahead with our projects. Both are linked to our capital recycling activities. By adapting certain types of use or selling properties that are too small, we free up capital that we can invest elsewhere in order to constantly improve our portfolio and make it more sustainable.

As a company, do you move away from topics such as sustainability in difficult times?

RZ: Anyone who only considers sustainability to be «important» in good times has not fully grasped the situation. For us as a society, there is now no alternative to sustainability. If individuals, companies and society as a whole do not finally recognise this, there will come a point when we will no longer be able to actively bring about change. We all need to act now.

What specifically are you doing in this regard?

RZ: We are taking action at various levels. Our CO₂ reduction pathway gives us a clear course in our operational activities, with a goal of achieving climate neutrality by 2040. We are therefore investing in our property portfolio, both in the areas of energy procurement and consumption and in production through photovoltaic systems. We also screened our entire portfolio this year and have now certified 73% of the 1.6 million square metres of rented space. In addition, we are strongly committed to the circular economy. This creates security both for us and for our tenants with regard to the sustainability standards of our properties, while at the same time highlighting additional opportunities to further optimise our buildings. We are also working on «green leases» that benefit both us and our customers.

What is the situation as regards sustainability in the Real Estate Asset Management segment?

AT: Sustainability is also a key issue for us. With this in mind, we also have a dedicated sustainability specialist in the team. Being part of the Swiss Prime Site Group also gives us access to a great deal of additional expertise in this area. We exploit these synergies to provide our customers with even better advice and further raise their awareness.

You mentioned green leases. Do your tenants want them?

RZ: Our tenants want an attractive location that is also as sustainable as possible. We also saw this again in the feedback to our annual tenant survey as our customers must themselves achieve climate neutrality by 2050 at the latest. Our investments lead to a reduction in ancillary costs as a result of lower consumption. Sustainability is also economical.

What are your expectations for the 2023 financial year?

RZ: We will hopefully see a calmer geopolitical situation in the foreseeable future. This is also likely to push effects such as the scarcity of raw materials and inflation, which is primarily driven by raw materials, rather more into the background. The pace of central bank interest rate rises has eased somewhat both globally and in Switzerland. —

Good operating results

Swiss Prime Site enjoyed a successful 2022 financial year and once again achieved a good operating performance. Following the integration of the Akara Group into Swiss Prime Site Solutions, the Services segment grew disproportionately to a total of CHF 7.7 billion AuM. As expected, the vacancy rate fell again to a low level of 4.3% as at the end of 2022. Overall, FFO growth of 6.2% per share underlines these good results.

Marcel Kucher
CFO Swiss
Prime Site



The 2022 key figures were affected by three extraordinary factors. Firstly, our consolidated financial statements were prepared in accordance with international financial reporting standards (IFRS) and the previous year's figures adjusted accordingly. Secondly, the Akara Group was integrated into our scope of consolidation. Further details can be found in section 2.4 of the Financial Report «Conversion to IFRS». Thirdly, based on the changing market environment with new shopping habits and a correspondingly uncertain outlook for Jelmoli, we decided to redevelop the building in order to position it as a mixed-use modern office and retail property in the future. Accordingly, we will no longer operate the department store ourselves from the end of 2024. In this context, we have recognised impairments on the inventory, property, plant and equipment - such as specific sales equipment - and software, which amounted to CHF 34.3 million. Together with other impairments (mainly software), these non-cash special effects amounted to a total of CHF 41.1 million. Adjusted for these special effects, the comparable EBIT came to CHF 430.7 million [CHF 404.8 million]. This corresponds to a pleasing increase of 6% compared to the previous year.

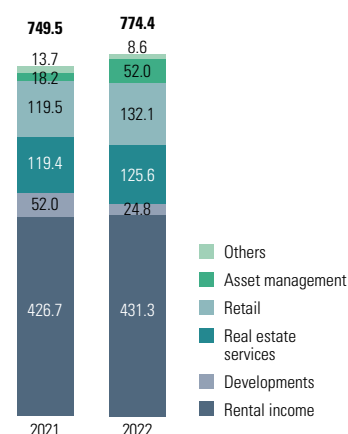
Rising rental income and good result from capital recycling

The positive course of business of the Swiss Prime Site Group is clearly demonstrated by the pleasing growth in operating income, which rose by 3.3% to CHF 774.4 million. Both segments contributed to this result. The rise in rental income in the Real Estate segment was driven by a strong new leases and renewal volume of 172 000 m² in the company's own portfolio. Improved rental conditions and the ongoing reduction in the vacancy rate to 4.3% [4.6%] led to an increase in rental income of 1.1% to CHF 431.3 million (+1.9% on a like-for-like basis). WAULT remained stable at 5.3 years [5.6 years].

The impressive result from new leases and renewal activities underlines both the high quality of the properties in our portfolio and the high demand for modern, flexible and high-quality office and commercial spaces at prime locations. We were able to more than compensate for rental income lost in 2021 with modernisation projects such as Müllerstrasse, Zurich or through our capital recycling activities. As part of our strategy to make the property portfolio even more focused, we sold various smaller existing properties, a portfolio comprising several retail properties in Western Switzerland and the last building of the major Espace Tourbillon project in Geneva with total proceeds of CHF 17 million. The sales generated an attractive gain of CHF 51 million [CHF 40 million]. In accordance with our capital recycling objectives, the proceeds were inves-

OPERATING INCOME

in CHF million



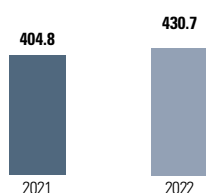
ted in the project pipeline. We also purchased three attractive development projects in Zurich (Oerlikon), Basel (Steinenvorstadt) and Berne that offer great value creation potential. This will ensure that our property portfolio becomes even more attractive going forward.

Stable revaluations compared to the 1st half-year

The valuation outcome remained stable compared with the first half of 2022 at CHF 169.7 million, but was lower than in 2021 [CHF 301.9 million]. In the wake of rising inflation and base rates, we are witnessing the end of yield compression, i.e. the reduction in purchase yields and thus discount rates seen over the last few

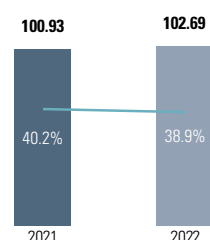
EBIT ADJUSTED (EXCL. REVALUATIONS)

in CHF million resp. %



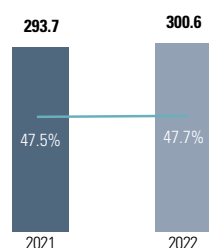
EPRA NTA PER SHARE AND LTV

in CHF resp. %



PROFIT BEFORE REVALUATIONS AND EQUITY RATIO

in CHF million resp. %



years. Due to the dynamic development of rents, with like-for-like growth of 1.9%, and the ongoing reduction in the vacancy rate, we achieved an increase in real estate values last year. The latter effects accounted for some 50% of revaluations in 2022. Despite the valuation effect, the net yield on property for our property portfolio remained almost unchanged at 3.1% [3.2%], still attractive given the widely diversified and economically strong tenant base.

Strong growth in real estate asset management

With its asset-light business model in the three areas of real estate funds, investment foundations and pension fund mandates,

Swiss Prime Site Solutions focused 2022 exclusively on non-listed products for qualified Swiss investors. Its services are enjoying solid demand even given the current stock market and economic environment. This is reflected in the expansion in the customer base of around 10% year-on-year and net new assets of around CHF 600 million. The combination of these and direct mandates enabled us to significantly increase our assets under management by 113% year-on-year to CHF 7.7 billion [CHF 3.6 billion]. All three products contributed to the growth. The increase of 185.6% in income from asset management to CHF 52.0 million was on the one hand in part to the integration of the Akara Group. On the other hand, the business grew organically by around CHF 1.8 billion in AuM and thus contributed significantly to the increase in income. Despite the strong growth, the proportion of recurring income at Swiss Prime Site Solutions was at 63%. The integration of the Akara Group was completed during the year and will deliver further economies of scale and efficiency gains. EBIT reached the desired target at CHF 30.0 million [CHF 8.6 million]. The EBIT margin increased significantly to 58% [47%] with costs – mainly personnel costs – remaining stable.

Active cost management and higher EBIT before revaluations and special effects

The increase in the group's costs compared with the previous year was primarily attributable to the integration of the Akara Group and the effects already mentioned. Excluding these effects, our strict cost control efforts were successful. The Group EBIT before revaluations and special effect increased by 6.4% and reached CHF 430.7 million [404.8 million]. Without adjustments, EBIT came to CHF 389.6 million.

New financing strategy clearly taking effect

The new financing strategy defined and implemented at the end of 2021 delivered the expected positive effects over the course of the financial year. Financing costs (net) were CHF 44.7 million [CHF 73.1 million]. The average interest rate on borrowed capital increased slightly to 0.9% [0.8%]. The current situation and interest rate pivot clearly show that diversifying our sources of financing was the right decision. To further optimise the maturity profile, our syndicated loans were extended by another year in the second half of 2022. The average term to maturity of our financial liabilities is therefore comfortable with 5.0 years [5.8 years].

Despite the special effects, the profit before revaluations reached CHF 300.6 million [CHF 293.7 million]. This corresponds to a return on equity (ROE) of 4.7% [4.8%].

Increase in net asset value and reduction of the LTV

The net asset value (NAV) per share rose by 1.7% year-on-year to CHF 102.96 [CHF 101.22]. To permit better comparison with other European real estate companies, we also report our EPRA NTA. This rose to CHF 102.69 [CHF 100.93] per share. Swiss Prime Site closed 2022 with a share price of CHF 80.15. The total return on an annual basis was –7.3% and clearly outperformed both the national SPI (–16.5%) and the REAL (–9.0%) indices and the international EPRA index (–36.0%). FFO I, which is used to determine our ability to pay dividends, increased by 6.2% year-on-year to CHF 4.26 per share as at the end of 2022 [CHF 4.01]. In accordance with our dividend policy, this allows us to propose to the Annual General Meeting that the dividend be increased to CHF 3.40. The payout ratio is thus a conservative 80%. With an equity ratio of 47.7% [47.5%] and a significantly improved LTV ratio of 38.9% [40.2%] and a diverse range of capital market and bank financing, we believe we have very solid and broad-based financing in place for the future.

Stable outlook

With our market-leading offering, we look to the immediate future with confidence. Our expectation is based on our high quality properties in prime locations and our successful asset management business, which can grow without significant capital investment. Our prudent capital recycling strategy and forward-looking refinancing over the last 18 months have significantly strengthened our balance sheet and make our business model more resilient to upcoming challenges. Following our sales as part of capital recycling and with the ongoing index adjustments, we expect rental income to increase marginally in the 2023 financial year, with gradually rising financing costs. Thus, we expect FFO I to remain roughly stable in 2023. After completion and commissioning of the highly advanced project developments in Zurich (Müllerstrasse), Altstetten (JED) and Basel (Stücki Park), FFO I should rise again noticeably in 2024.

ABOUT US



Our success story

Swiss Prime Site was founded in 1999. The Company is the largest listed real estate company in Switzerland and has a property portfolio valued at CHF 13.1 billion. Including Swiss Prime Site Solutions and Akara, the real estate assets under management are worth approximately CHF 21 billion.

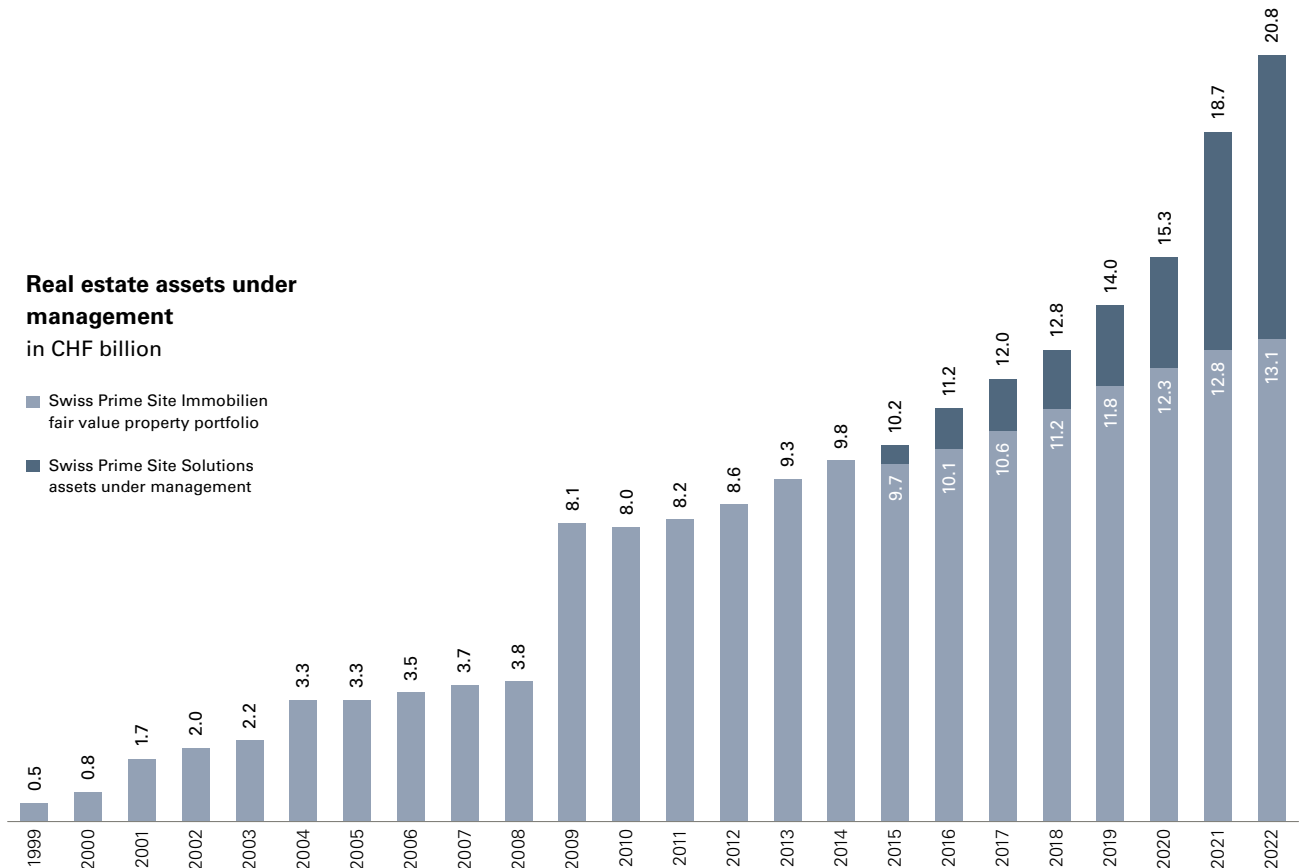
By means of acquisitions, property developments and conversions, as well as a sharp focus on prime locations, Swiss Prime Site is continuously building up its portfolio. One of the most significant takeovers to date was the acquisition of Maag Holding (2004) with the Maag site in Zurich-West. Prime Tower and the surrounding annex buildings were developed at the site. The acquisition of Jelmolli (2009) doubled

the value of the Company's real estate holdings. In addition, significant developments – such as YOND in Zurich and EspacePost Berne – and conversions of former office floor space have generated further growth and value and created premium properties. Together with Swiss Prime Solutions and Akara (acquisition in January 2022), Swiss Prime Site manages real estate assets of approximately CHF 21 billion.

Real estate assets under management
in CHF billion

■ Swiss Prime Site Immobilien
fair value property portfolio

■ Swiss Prime Site Solutions
assets under management



Board of Directors

Swiss Prime Site's Board of Directors comprises key personalities from Europe's economy. The years of extensive experience of the individual board members in various fields paves the way for a balanced body that is focused on the long term.



Ton Büchner

Chairman

Independent member
since 2020⁴

Mario F. Seris

Vice-Chairman

Independent member
since 2005³

Gabrielle Nater-Bass

Independent member
since 2019²



Thomas Studhalter

Independent member
since 2018¹

Christopher M. Chambers

Independent member
since 2009^{1,2}

Barbara A. Knoflach

Independent member
since 2021^{2,3,4}

Brigitte Walter

Independent member
since 2022^{1,3}

¹ Audit Committee

² Nomination and Compensation Committee

³ Investment Committee

⁴ Sustainability Committee

Executive Board

Swiss Prime Site's Executive Board comprises the CEO and CFO of the group and the CEOs of the group companies.



René Zahnd

CEO Swiss Prime Site
CEO Swiss Prime Site Immobilien

Marcel Kucher

CFO Swiss Prime Site



Anastasius Tschopp

CEO Swiss Prime Site Solutions

Oliver Hofmann

CEO Wincasa

Nina Müller

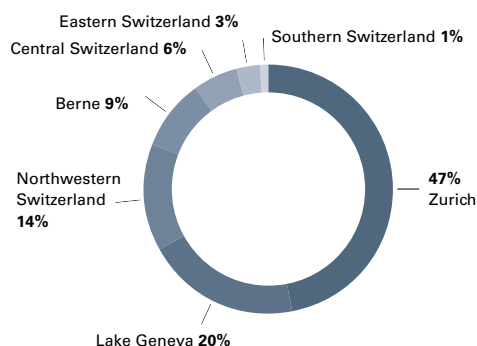
CEO Jelmoli

Our strategy

We are the leading real estate company in Switzerland and create sustainable living spaces that offer added value for our customers and for society as a whole. We focus on first-class properties, sites, real estate projects, products and services combined with an active management approach. We manage real estate assets with a total value of around CHF 21 billion, giving us a crucial size advantage when it comes to setting standards for innovation, sustainability and profitability. As such, we are the partner of choice for various stakeholder groups. Our strategy is based on two strong pillars: the Real Estate sector through which Swiss Prime Site holds and develops properties directly, and the Real Estate Asset Management sector through which we actively invest additional assets in real estate in our capacity as an asset manager.

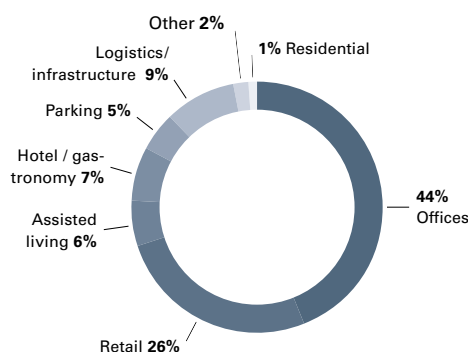
Portfolio split by region

Basis: Fair value as at 31.12.2022



Portfolio split by type of use¹

Basis: Net rental income as at 31.12.2022



¹ Real Estate segment

Real Estate

Our focus here is the long-term development of our first-class property portfolio that currently has a value of around CHF 13 billion and exclusively contains high-quality properties and locations. The portfolio comprises a total of around 180 buildings that meet the needs of commercial and services businesses. The most important type of use by some margin is office space, which accounts for around 44% of rental income. We are seeing strong growth in logistics and special uses such as laboratory space. There is some 1.6 million square metres of usable space in total, concentrated in Switzerland's most densely populated regions. The majority of the properties are located in German-speaking Switzerland (79%). The canton of Zurich and particularly Zurich City account for the main share in this region with 47 %. The Lake Geneva basin (20%) is another important region. Rental contracts have a long-term, balanced maturity profile. The average term of our rental contracts is 5.3 years, and the majority can be extended at an early stage.

We create additional value right from the outset by developing real estate projects and by converting and modernising entire sites. Through these activities and the attractive returns that we generate for our investors, we strengthen the regions in which we operate. One of our skills lies in bringing our own

projects to market maturity in the most suitable location depending on the relevant type of use and integrating them into our portfolio. This enables us to operate with a high degree of autonomy from market cycles while at the same time actively increasing the level of sustainability within the portfolio. Development projects are based on our strategic targets of generating consistent organic growth, increasing our profitability and renewing the portfolio through sustainable building materials and structures. To minimise risks, high return targets are set for intended purchases and a minimum threshold of 50% pre-letting for new developments. Ensuring diversification with regard to tenants and types of use is also a priority. We use capital recycling to continuously improve the portfolio and ensure a conservative level of group financing. Properties that no longer fit with the strategy due to their size or location are sold and the proceeds used to finance the development pipeline.

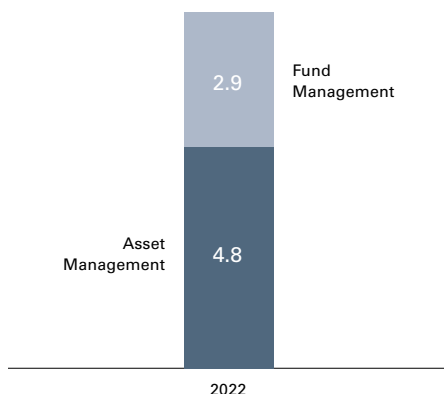
Real Estate Asset Management

The Real Estate Asset Management business field invests in real estate portfolios, chiefly on behalf of institutional investors, and advises investors and companies on their real estate assets. With its bespoke products and services, Swiss Prime Site Solutions manages assets of around CHF 7.7 billion and in turn creates added value for our customers along the entire real estate life cycle. Swiss Prime Site provides a Real Estate Investment Platform for a broad investor base (funds, pension funds, etc., along with an increasing number of qualified private investors), thus generating additional growth without the need for additional capital (asset light). This is supported by the steady increase in pension fund assets through higher national economic income and by a general trend towards consolidation due to the growing complexity of real estate investments.

We identify current trends and attractive investment opportunities for our customers through informative analysis, comprehensive market screening and the valuable networks of our fund managers, using innovative approaches and methods to develop and implement tailored solutions for them. As the industry leader, we take advantage of our synergies within the Swiss Prime Site Group in central functions such as strategy, finance and sustainability. Our comprehensive service portfolio features individually tailored investment strategies, giving us greater flexibility with regard to property size and geography (e.g. not limited to Switzerland) when seeking additional growth in other types of use such as residential.

Assets under Management

in CHF billion



We focus on first-class properties, sites, real estate projects, products and services combined with an active management approach.

Sustainability

Sustainability has been part of our business and value creation model and an integral component of our strategy for some time. It enables us to increase Swiss Prime Site's resilience, and we are convinced that we are creating long-term added value for our stakeholders and for society as a whole. A detailed materiality analysis, reviewed on an ongoing basis, forms the basis and focus of our commitment in this area. We plan, implement and measure the impact of the key topics for us and our environment along the six fields of action derived from the analysis. To put it in a global context, we establish the connection to the United Nations Sustainable Development Goals (SDGs). We have developed a detailed CO₂ reduction pathway based on the Swiss government's Energy Strategy 2050 and the international climate goals. Our primary objective is make the operational management of our property portfolio free of emissions by 2040. Sustainability is likewise of great importance in our corporate financing. Currently, around half of our external financing is linked to measurable sustainability goals. —

Setting an example of sustainability

As the largest real estate company listed on the stock exchange in Switzerland, we lead by example and are aware of our responsibilities towards our employees, customers, the environment and society as a whole. Our vision is to generate value and create sustainable living spaces. For us, this means a comprehensive, multidimensional business concept in which non-financial aspects are taken into account as well as financial goals.

Sustainability is part of our business and value creation model and has been an integral and unifying component of our strategy for some time. This includes compliance with legal requirements and regulatory standards, adhering to self-defined principles and directives and also, increasingly, directly influencing our partners' value chains. In this way, we are increasing Swiss Prime Site's resilience and are convinced that we are creating long-term added value for our stakeholders and society.

Putting our own commitment into a larger context

A detailed materiality analysis forms the basis and focus of our commitment in the area of sustainability. We plan, implement and measure the impact of the topics that are material for us and our environment in line with six fields of action: stakeholders, finance, infrastructure, innovation, ecology and employees. To put the topics in a global context, we establish their relevance for the United Nations Sustainable Development

Goals (SDGs). Five of the total of 17 SDGs have particular relevance for us. They concern sustainable cities and communities, climate action, responsible consumption and production, quality education and partnerships for the goals. This is where we see the biggest leverage for making a significant contribution to a future worth living.

Based on the Swiss Government's Energy Strategy 2050 and the international climate goals, we had developed a detailed CO₂ reduction pathway for our entire property portfolio back in 2019. This is reviewed annually on a property-specific basis, adjusted to the new circumstances and published as part of the reporting at portfolio level. Sustainability is likewise of great importance in our corporate financing. Currently, around half of our external financing is linked to measurable sustainability goals. In the 2022 reporting year, we additionally implemented a comprehensive Green Finance Framework and thus laid the foundation for linking all financing to sustainability in the medium term. —

Three questions for Martin Pfenninger, Head of Group Sustainability at Swiss Prime Site

Why is sustainability so important for Swiss Prime Site?

Martin Pfenninger: First the short answer: conviction, responsibility, customer focus and a signal to our industry.

And now the detailed answer: it's an issue that is key to a resilient business model and long-term value and is therefore firmly embedded in our corporate strategy. In addition, we have seen – and this is reflected in social and political discourse – that our customers and tenants have been keen to be more active in this area themselves for several years now. For example, they are increasingly asking about the sustainability of rented offices or other spaces. This is because when it comes to sustainability, you usually start with your own business, for example with the buildings you use. And from the perspective of our industry, it's high time that we did something, as the real estate and construction industry is responsible for significant greenhouse gas emissions. We want our actions to show that we accept our responsibility and want to set a good example.

What measures are being taken to improve properties' sustainability?

MP: The topic of sustainability, regardless of whether we're talking about a company or a property, is very individual. What you always need is a reference framework you can use to measure the positive impact. For companies, we use the acronym ESG (environmental, social, governance). The assessment criteria of rating agencies, for example, and the Global Real Estate Sustainability Benchmark «GRESB» for the real estate industry are based on this. On the other hand, the triple bottom line, which takes account of environmental and social as well as financial aspects, is often used in connection with property as a product.

«Sustainability out of conviction, a sense of responsibility and as a signal for our industry.»

MARTIN PFENNINGER,
HEAD GROUP SUSTAINABILITY



We use established certification systems for our properties to measure our buildings' current sustainability performance and work out how to improve it. And we use the Swiss Sustainable Building Standard (SNBS) in the planning and construction phases of development projects. In our work, we don't just focus on financial aspects such as profitability, high quality and flexibility of use and low life-cycle costs, but also on environmental aspects such as reducing CO₂ emissions, biodiversity and the circular economy, and on social aspects such as well-being, health or sustainably designed «public» outdoor space. We're convinced that continuously increasing our sustainability performance will ensure the future viability of our property portfolio in the long term.

How is Swiss Prime Site doing with the ambitious goal of achieving climate neutrality by 2040?

MP: The decision made in 2020 to bring forward the already ambitious climate neutrality goal for the operation of our property portfolio from 2050 to 2040 underlined our conviction that the goal is achievable. To make faster progress, we are focusing on measures with a direct impact. These include prioritising renewable energy sources, actively expanding our own production of energy (including photovoltaic energy), increasing energy efficiency, promoting new and sustainable mobility options and using innovative technologies – always in the context of the individual property strategy. Working together with tenants (green leases), suppliers and innovative partners is becoming

more and more important. Of course, emissions during operation are also important. At the same time, it's important to develop transparency on emissions in the supply chain and in connection with resource consumption and to develop a reduction strategy based on this. This is one of the reasons why we are advocates of the circular economy in our industry. Detailed explanations on progress can be found in this report. —

STORIES THAT MOVE US



In the urban development area Esplanade de Pont-Rouge, a modern service property with 15 upper floors and a floor space of approx. 28 000 m² is being built. The project is of great importance for the Geneva region in terms of its nature and location, as it will create an additional transport and economic hub for the city.



As the leading real estate company, we create added value and sustainable living spaces, innovatively and passionately. Our real estate investments and products set high standards and we constantly strive to create added value for our stakeholders. We are steadfastly committed to sustainability and accept responsibility for our actions, our environment and society.



Green leases – a marathon rather than a sprint!

With its Energy Strategy 2050, the federal government has set the course for a future of reduced environmental pollution. This means that sustainability issues and ESG (environment, social, governance) will continue to grow in importance and will be increasingly embedded in individual corporate strategies.

The construction and real estate sectors are responsible for a significant proportion of the CO₂ emissions in Switzerland and throughout the world. As such, efforts to tackle climate change must not only focus on sustainable design of new buildings – where certifications such as the Swiss Sustainable Building Standard (SNBS) and Minergie are already industry standards – but also extend to existing properties. This will allow real estate owners to increase the sustainability standards of their buildings in the long term. One fruitful approach here is the introduction of «green leases». Swiss Prime Site sets long-term goals and aligns its business model and value creation with those goals. In 2019, a detailed CO₂ reduction pathway was developed for the entire property portfolio. This forecast an influenceable 75% reduction in relative CO₂ emissions (intensity) by 2050 for the approx. 1.6 million square metres of floorspace. In 2020, the Sustainability Committee of Swiss Prime Site further tightened its reduction target for the property portfolio with the aim of achieving climate neutrality in operations by 2040. Meeting this goal will require additional measures, including green leases.

Modern work and rest areas at JED Schlieren.



Karin Voigt
Chief Portfolio Officer

Martin Pfenninger
Head Group Sustainability

Karin Voigt, Chief Portfolio Officer, and Martin Pfenninger, Head Group Sustainability at Swiss Prime Site, comment on this.

What specific points relating to sustainability does Swiss Prime Site already regulate in rental contracts?

Karin Voigt: Our leases already include clauses that address photovoltaic systems, operational optimisation and energy contracting. Now, we want to work with tenants to define a shared attitude towards sustainability. In addition, we find it important to explicitly foresee the purchase of energy from renewable sources, to consistently define waste separation and to promote the use of sustainable materials and the circular economy in construction measures. There are many individual things that, taken together, will contribute greatly to achieving the goal.

Are green leases already standard in Switzerland?

Martin Pfenninger: Swiss Prime Site is a pioneer here. We have set ourselves the goal of climate neutrality by 2040. But other real estate companies also have sustainability right at the top of their agendas. Through an industry working group, we recently defined a number of elements that might form part of a green lease. Green lease contracts are a logical and

important next step. This sustainable development is a marathon rather than a sprint. It's something we always need to bear in mind.

It is partly claimed that a green lease primarily means higher costs ...

Karin Voigt: That's not the case. For one thing, there is a lot you can do without incurring additional costs. This includes the precise and discerning choice of products for building expansion that improves the quality of the accommodation. And we're also increasing efficiency and the perception of interior quality with clever sensor technology. Nowadays, ESG issues are key in most larger companies. The properties we own are primarily for commercial use. This means that our tenants are companies. They want and have to be climate neutral by 2050. To achieve this goal, they need to pay special attention to sustainability in their operations and in their real estate use. Our green leases fulfil this demand and help tenants achieve their goals. —



Mobility as a Service!

Urban Connect, an e-mobility start-up from Zurich with a completely new business model and an award-winning app. Mobility brings people and markets together and creates opportunities and economic growth. At the same time, mobility is also a source of traffic jams, pollution and stress. Urban Connect offers Mobility as a Service and stands for the shift from vehicle ownership to vehicle access. It allows companies to give their employees access to a shared fleet of premium vehicles – from e-bikes to e-cars to public transport.



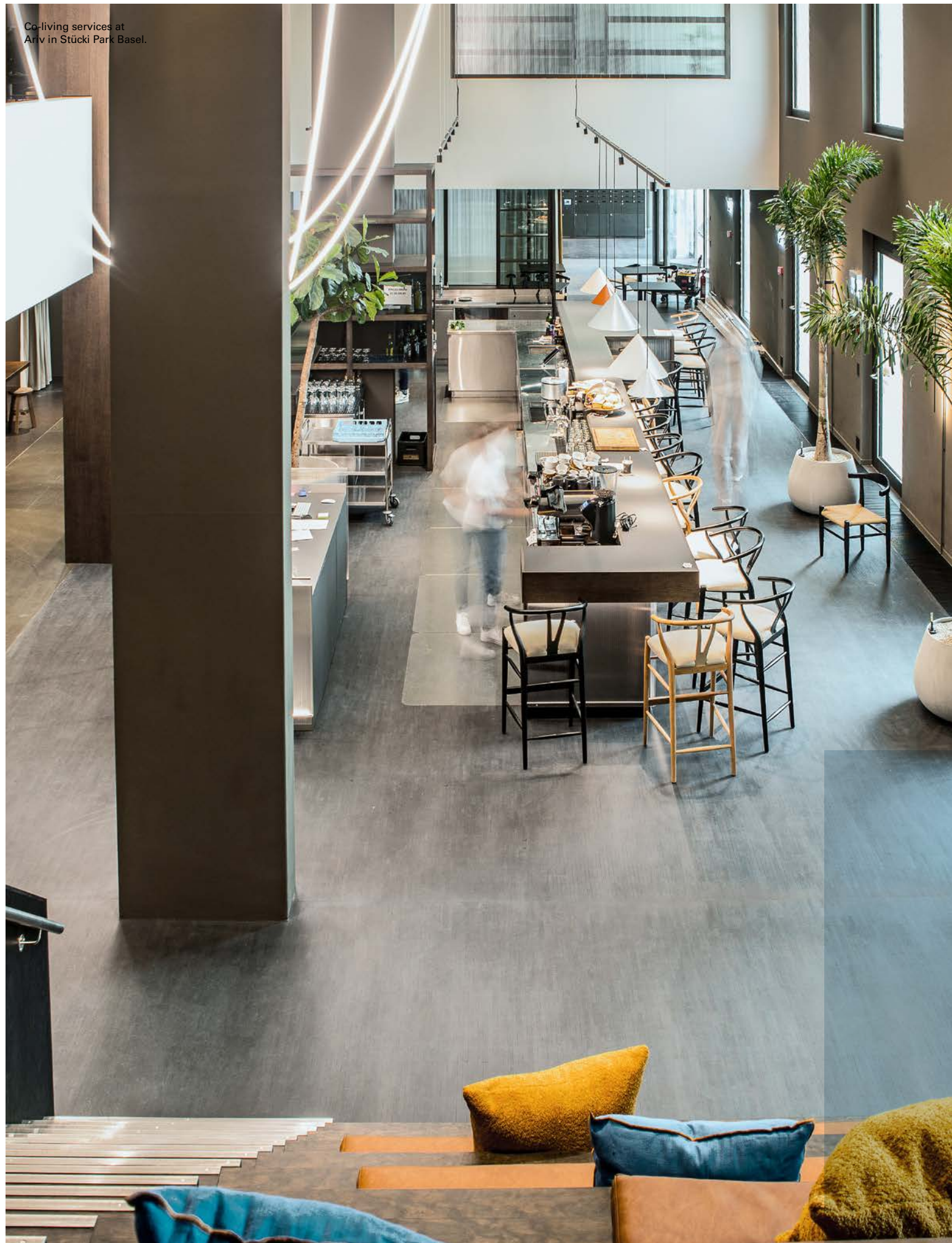
MORE ABOUT
URBAN CONNECT

Today, ESG issues are important and central to most larger companies.

Green leases

There is still no single standard that categorises leases as «green» or sustainable. A green lease is a catalogue of measures that define ways in which tenants and landlords can contribute to sustainability within the context of the tenancy. The contract for the tenancy includes corresponding sustainability clauses. This includes improving the CO₂ emissions of buildings. The tenants and users thus benefit from optimisations and the resulting advantages. Including sustainability clauses in leases can help in achieving two goals. First, it increases the market appeal of the property. And second, it improves energy efficiency and consequently reduces ancillary costs.

Co-living services at
Ariv in Stüchi Park Basel.



Stücki Park – where life sciences and business come together

Since 2017, the site in Basel known simply as «Stüggi» to the locals is being completely transformed and repositioned. A former shopping centre has been turned into an urban development for leisure, entertainment, work and – above all – research, development and knowledge transfer. The former dyeing factory on the outskirts of the city is turning into an attractive life sciences hub of national importance.

In the north of the city of Basel, a new centre for innovation, experience, health, gastronomy and shopping will be built by 2024. An overall concept that meets the needs of over 4 000 people who will one day work on the site, as well as those of many neighbourhood residents.

«Stüggi» – a site with a rich history

Swiss Prime Site acquired the former Stücki shopping centre as part of its takeover of Jelmolli in 2009. In 2016, the decision was made to completely reposition the historic site in the north of Basel and make it more interesting for everyone. Swiss Prime Site had a clear vision: to make the site much more lively, attractive and exciting through additional types of use. A further goal was to use the existing Tech Park as the basis for establishing a life sciences cluster in the north of the city.

Phase I – transforming the existing buildings

To achieve these goals, the project was split into two phases. The first involved repurposing the existing buildings. The former shopping centre was thus consigned to history. In the retail category, the main focus is now on meeting the needs of the surrounding neighbourhood. The newly available spaces have been complemented by a comprehensive entertainment concept (multiplex cinema, gym, bowling alley, virtual reality centre, etc.), various food outlets, an attractive co-working space and, most recently, co-living services from Ariv. Most of the changes to the existing buildings had been completed by 2020, marking the end of the first project phase.

Phase II – strengthening the life sciences hub

Basel has a long history as a home for large and important pharmaceutical, chemical, biotech and medtech companies. The canton of Basel-Stadt opened its Tech Park on the Stücki site back in 2011. In addition to offices and other infrastructure, it offers attractive and collaborative laboratory and research spaces for innovative startups from the fields of life sciences, nanotechnology, ICT and cleantech. The construction of the Tech Park also planted the seeds for the «Stücki >

At the end of 2024, when the keys are handed over to the last tenants and more than 4 000 people come to Stücki Park every day, the historic area will be enriched by the final chapter.



The demand for life sciences space has further accentuated in recent years.



The power supply of the future

Photovoltaics and electric mobility – Switzerland is focusing on solar power. The Swiss solar business has been racing from one record year to the next – and not just since the current energy crisis began. The boom is set to continue, given that solar energy makes an important contribution to achieving the national climate strategy and also has enormous potential. As a leading integrated real estate services provider, Wincasa has recognised this nexus and offers its clients holistic photovoltaic and electric mobility solutions from a single source – irrespective of energy and system suppliers.



MORE ABOUT ELECTRIC
MOBILITY SOLUTIONS

Park» life sciences hub. The demand for corresponding spaces has grown further in recent years. As a result, Swiss Prime Site made the decision to significantly expand the site in two construction phases (four new buildings) and double the area from 27 000 m² to 60 000 m². The first two new buildings were completed at the end of 2020. One of the buildings has already been occupied by the new tenant Lonza. In another building, flexible office and meeting rooms were created that can be booked at short notice by site tenants and other users. Two additional, identical buildings are still under construction and are due to be completed in 2024.

Stücki Park – a site with a big future

The former industrial site of the dyeing factory in the north of Basel is currently in the final phase of its transformation into a modern, technology-focused life sciences hub with great future potential. According to the Federal Statistical Office, the region is the biggest employer in this sector alongside Zurich. Along with the sector's bright economic prospects, another key factor for Swiss Prime Site is the yield on the type of use. The fully equipped laboratory and research spaces that are currently available promise significantly higher returns compared to other types of use. Further strengths of Stücki Park include the diversity of the site and its broad mix of tenants, users and visitors. With the transformation of the existing buildings into entertainment, gastronomy, leisure and residential zones, the site has become an urban development that exists in harmony with the neighbourhood and the city as a whole. When the

keys are handed over to the remaining tenants at the end of 2024 and Stücki Park is hosting more than 4 000 people a day, it will mark a further chapter in the site's rich history.

Life sciences

The field of life sciences includes all research areas concerned with living organisms, their structures and their processes. The sector invests heavily in basic research, knowledge and technology. Its influence extends to a wide range of other industries, from chemistry and pharmaceuticals to production technology and through to agriculture and nutrition. The life sciences sector has several clusters in Switzerland. It employs a large number of people in the regions of Basel, Zurich and Lake Geneva, due in part to the regional universities and educational institutions based there. Demand for real estate with research and laboratory spaces is correspondingly high. Life sciences real estate is generally divided into four types of use: research & development, production premises, pharmaceutical logistics and office premises.



Modern and sustainable space in the Messeturm Basel.

Decarbonisation, net zero, buildings as power plants

Innovation smooths the way for sustainable executive management at Swiss Prime Site – and is firmly entrenched in our strategy. This enables us to implement innovation as an integrated principle across all our business fields. This is more important than ever in light of our climate target of «net zero by 2040».

Decarbonisation in the real estate sector requires far-reaching measures. The aim is to achieve this through a fundamental shift in energy supply. In this approach, Swiss Prime Site is guided by SDG 13 (Sustainable Development Goal No. 13), Climate Action. This requires innovative technologies that make the switch from fossil fuels to renew-

ables possible in the first place. Buildings should – almost as a secondary function, and as a way of contributing to the smart cities of tomorrow – become actual power stations, producing energy for tenants and, in an ideal scenario, neighbours, too. This also offers the electricity sector the chance to shape the future of energy in a positive way. >

Future Board, Swiss Prime Site's innovation committee, brings together innovation and sustainability initiatives from across the group and reads them for implementation in operations. The interdisciplinary committee regularly discusses potential partnerships with start-ups and tech companies. These must, in one way or another, have a positive impact on the four strategic innovation targets: i) improving operational efficiency, ii) servitisation of properties and sites, iii) boosting sustainability and wellbeing in development and operations, and iv) creating new business models and sources of income. The Startup Accelerator Programme is held for specific issues several times a year on the basis of these targets.

The aim is to develop specific user-focused use cases and business models and to establish innovative thinking in the corporate culture.



Startups

Enerdrape develops prefabricated geothermal panels with a modular system that makes them easy to install. This technology enables all kinds of new and existing underground infrastructure to be converted into sites fulfilling heating and cooling requirements – such as underground car parks, for example.

The team at **Evodrop** provides a water treatment system that eschews the use of salt and preserves essential minerals for drinking water (such as calcium and magnesium). The technology guarantees healthy drinking water free from harmful substances and prevents lime-scale damage. The latter extends the lifespan of water supply infrastructure, reducing CO₂ emissions in operation.

TVP Solar produces solar thermal high-vacuum flat-plate collectors for

industrial uses. The systems help heat water and produce steam in a temperature range between 80 and 180 degrees Celsius, including in difficult weather conditions.

NewGreenTec generates green energy with small hybrid, decentralised wind-solar power stations. The wind turbines are small and compact, making them ideal for the roofs of buildings. The smart technology ensures that electricity is generated all year round, including at night.

SoHHytec offers a system based on solar technology for the on-site production of (sources of) energy. The company, which holds a world record for efficiency in this respect, provides a 100% clean and green system for hydrogen production – that also generates electricity, heating and oxygen.



Startup days in Berne

With their vision to «make Switzerland more startup», the startup days are welcoming the Swiss start-up scene at Kursaal Bern again this year. High-quality investors, innovative companies and other important players network and share their know-how at this event. Swiss Prime Site was also on site as a key partner in 2022. Among the numerous contributors, Bastian Zarske Bueno, Head of Group Corporate Ventures & Innovation, represented our company. He took part in the panel discussion on the topic of «PropTech x CleanTech: sustainability and circular economy in the world's biggest asset class» along with representatives of Implenla, FenX AG and LEKO LABS.



MORE ABOUT THE EVENT

As part of the programme, participants have the opportunity to develop relevant projects for Swiss Prime Site Immobilien, Swiss Prime Site Solutions, Wincasa and Jelmoli and present them to the Executive Board. These partnerships enhance the Swiss Prime Site Group's capacity for innovation and competitiveness, promote innovation from the ground up and enhance sustainable growth.

One of the workshops during the business year 2022 was about decarbonisation, net zero and buildings as power plants. The five finalists below presented specific use cases developed

for Swiss Prime Site to the Executive Board and submitted their partnership bids at the same time. Successful past partnerships have been entered into with organisations including Memox, Flex-Office, Airlite, Rüedu and Superlab Suisse.



The residential tower, building K and the culture pavilion are grouped around a tree-lined square.

Maaglive: an oasis for working, residential living and cultural activities

The site of the former Maag Zahnräder AG near the Hardbrücke railway station was revitalised by the construction of Prime Tower, the Cubus and Diagonal annex buildings and the Platform corporate building. The buildings continue to shape the region to this day. The Maaglive project now marks the beginning of a new chapter. >



01

Where Prime Tower now soars skyward, factory workers once performed their day-to-day work in industrial halls. Back then, Maag Zahnradfabrik manufactured machine tools, gears, couplings and gear pumps. Today, the Maag site is primarily associated with commercial businesses, service providers and cultural activities. In 2004, Swiss Prime Site acquired the Maag site and gave it new prominence with the construction of Prime Tower and the surrounding buildings.

From a closed industrial site to an open district centre

Today – almost 20 years later – Maaglive has ushered in a new chapter. The sustainable building project aims to create a new and lively centre for the district. In future, people with a wide variety of different lifestyles will be able to live, work and spend their free time here. The project envisages reopening the historically listed Building K and adding a residential tower and cultural centre, which will open up the area. The restored «Lichtstrasse» will make the area more accessible and provide important connections to the neighbourhood while at the same time creating a landscaped district square that will be open to the public.



FlexOffice goes Prime Tower

When FlexOffice opted for Prime Tower, they chose the top location in Zurich. «You can't get more urbanity in Zurich», says Andreas Brandl, CEO of FlexOffice, and explains in the interview what FlexOffice offers, why the Prime Tower's location is important and what the perfect office of the future looks like.



TO THE INTERVIEW

01 Building K (left) with the residential tower in the background.

02 Cultural pavilion with various public uses. A lively meeting place for art, creative industries and the community.

Maaglive represents living life

More than anything else, people are what can bring a place to life. Beginning in 2027, the new district centre on the Maag site is expected to consist of Building K, a 14-storey residential tower and a cultural pavilion with various public uses. Residential living, cultural offerings, work and restaurants will be woven together to create a lively mix. The historic Building K will only be minimally renovated and will feature hospitality, studio and co-working spaces.

Emotionality and diversity drive the vision behind the culture pavilion

The culture pavilion, designed as a wooden hybrid structure, will serve as an «indoor public space» and lively venue for the arts, creative industries and local residents, as well as the city of Zurich and beyond. The culture pavilion will provide a new place for cultural activities that is permanent, flexible and inspiring. The facilities will be available for use 24 hours a day, which is currently not possible. The ground floor will feature an open design and, together with

the city square, will serve as the district's new gathering spot. Pop-up stores and quieter meeting areas on the first floor will also enrich the new pavilion. Rooms on the top floors will provide ample flexibility and can be used for larger exhibitions, seminars as well as meetings or presentations.

Residential tower: a perfect symbiosis between life and work

The residential tower, planned as a wood hybrid construction, will round off the site's extensive range of uses. It will offer space for new forms of living and working. In future, the ground floor will be home to a shop, a café and the reception for the workspace. The work and conference area will lead up a large staircase to the first floor. The upper floors are intended for residential properties, ranging from studios to two- and three-room flats. Tenants will have access to additional work and communal areas on the floors. The attractive new residential concept is complemented by a fitness area, a library and a large, well-landscaped rooftop terrace.

Sustainable added value for Zurich-West

The new trio of buildings consisting of the residential tower, Building K and the culture pavilion will surround a tree-lined square in the district. The sustainable building concept is in line with the city of Zurich's plans to lower temperatures, which helps solve a highly relevant problem, especially in a district with many asphalt surfaces. For example, the lush landscaping of the open spaces and rooftops helps reduce the negative effects of hotspots in Zurich-West. —



E-mobility in a central location

A total of 44 parking spaces – 22 on the first basement level of Prime Tower, and 22 on the second – have been equipped with basic e-mobility infrastructure. Fifteen charging stations have already been installed and are now in operation. The modular charging system and full service won us over. The modular system is flexible, meaning that additional charging stations can be added at any time. The billing is handled online through the PLUG'N'ROLL system.



[MORE ABOUT PLUG'N'ROLL](#)

The real estate sector in the metaverse

Tech companies are investing billions in creating the next generation of virtual worlds. As part of this, real estate companies could look to expand upon their current business models in a targeted way. Yet not everything that is technically possible is likely to lead to success.

Companies in numerous industries have been prompted to extend their business models from the physical space into the virtual metaverse, thus positioning themselves as far-sighted organisations. Real estate developers and players from outside the industry have invested millions in «parcels» – pixels on various platforms. In retail, brands have opened virtual flagship stores and are now selling digital product collections. Yet while all this is going on, such efforts to become pioneering players within the metaverse have met with incomprehension from many. It could be argued that this issue has proved more polarising than almost any other. If we are to draw any conclusions about the role that the metaverse may play in the real estate sector, we need to ask three key questions.

Firstly, are people likely to spend more time in the virtual realm in future? The fact that gaming is already the foremost entertainment medium across all age groups is often overlooked. Over a third of humankind play video games on a regular basis, and a growing proportion of them are doing so with virtual reality (VR) headsets. Admittedly, apart from gaming, there is little evidence of a mass movement into completely virtualised parallel worlds. But could we

not argue that today's hybrid world is, in fact, a precursor to such developments?

Secondly, will the technologies that underpin the metaverse soon become widely available? The competition between technology companies is accelerating the development of the necessary hardware, which is reflected in the falling price and increasing sales figures of AR and VR devices. The data processing and transmission infrastructure still remains an obstacle because this is insufficient for processing large amounts of data in real time in many places. Realistically, however, given the speed at which technology is evolving, it does not seem that this will present much of a hurdle for long.

Thirdly, companies should take a nuanced view of the appeal of different business models in the metaverse. Despite the risks, such as the

The fact that only large tech companies are currently shaping the development of digital infrastructure is not a desirable trend.

The metaverse also promises many opportunities for the real estate industry.





Zalando's tech hub in Prime Tower

Zalando is new to Zurich and is working on virtual fitting rooms in Prime Tower. Dunja-Maria Bischof, Site Operations Lead, talks in an interview about the choice of location and the new technology – and reveals her favourite places in Zurich.



[TO THE INTERVIEW](#)

high power consumption of many VR and AR applications, the development of virtual platforms and expansion of physical reality offer serious business opportunities. This is especially true for commercial real estate. Given the creeping «servitisation» of real estate, the metaverse may actually be the least capital-intensive way of «developing» extra space and expanding one's portfolio – just virtually. The investment risks will pay off provided that such ventures offer new added value for users. With this in mind, real estate companies should not only concentrate on transferring their existing business models to virtual platforms, but also try to complement their existing business models and assets in a meaningful way.

The fact that only large tech companies are currently shaping the development of digital infrastructure is not a desirable trend and runs the risk that the adverse societal consequences we have already seen due to the proliferation of social media will be repeated and exacerbated. To prevent this, real estate developers could contribute to and benefit from the appeal and economic benefits of the «living space» of the metaverse through targeted innovation. The proof will be in the pudding. —



The LEED Gold-certified Prime Tower site in Zurich.

Certification as a foundation for sustainable added value

We are convinced that sustainable, future-oriented governance increases the company's resilience. This particularly applies to Swiss Prime Site's comprehensive real estate portfolio. The objective of certifying as many of the some 180 properties as possible enables the company to create a frame of reference, transparency and the foundation on which to generate ecological, economic and social added value for all stakeholders, for the long term.



Second Green Bond Report

Swiss Prime Site has CHF 600 million in green bonds outstanding and has already invested more than 94% of the funds raised in sustainable projects. This will lead to CO₂ reductions of 650 tonnes per year, among other outcomes.



TO THE REPORT

part of this for Swiss Prime Site, and also forms the basis for key – sometimes strategic – decisions about asset management and development & construction. When it comes to the certification of existing properties, Swiss Prime Site plays a leading role in the market, having completed their first real estate certifications over ten years ago.

Swiss Prime Site's environmental policy stipulates that all new build, modification and repositioning projects have to be certified under a nationally or internationally recognised sustainability label. For existing properties, the company uses BREEAM In-Use, an international certification system. For development projects, the focus is on certification under the Swiss Sustainable Building Standard (SNBS). «Beyond certification, we create potential analyses for each certified property which result in measures for increasing sustainability performance. Our goals in individual topical areas, such as the avoidance of greenhouse gas emissions – in both the construction and operating phases – and the circular economy go beyond merely meeting targets», explains Martin Pfenniger, Head Group Sustainability at Swiss Prime Site.

These are implemented through the promotion of e-mobility, photovoltaic systems, sensor technology that improves wellbeing and, last but not least, ongoing dialogue with our stakeholders. This is because the real estate industry is obligated to increase their contribution towards reducing emissions and consumption of resources. Swiss Prime Site launched a certification strategy for its existing properties last year. After conducting extensive analysis of different certification systems and a feasibility

study of existing properties, a detailed implementation plan was created. A dedicated project team has already implemented more than a dozen pilot certifications.

When certifying real estate, the size of the portfolio is a key factor – when it comes to implementing the certification, it makes a significant difference whether only a handful of properties are being certified or – as in the case of Swiss Prime Site – over 180 properties. In addition, not all certification systems are suitable for a property's specific situation. This is the case if the property being certified is a site containing several different buildings. For the certification process to be a success, therefore, comprehensive data gathering and documentation are essential. It is also important to involve and communicate with the various parties – asset management, management service providers and tenants. There is particularly strong interest and increasing demand among international clients for certified buildings. This is very encouraging to see; achieving net zero by 2050 across Switzerland and the transformation to greater sustainability requires proactive and cooperative collaboration. One example of this is what are known as «green leases».

The real estate industry has a clear obligation to make its contribution to a reduction of emissions and consumption of resources.

Anyone who is currently involved in the real estate market will be aware that the certification of buildings is a hot topic. «By certifying our properties, we are increasing transparency while at the same time establishing a frame of reference. We are also laying the foundation for long-term environmental, economic and social added value for all stakeholders. And since last year, we have coupled our ambitious climate goals with our financing strategy. Each improvement in sustainability allows us access to more attractive financing», says René Zahnd, CEO Swiss Prime Site, of their ambitions. In development projects, the certification process increases the sustainability performance and also acts as a useful quality assurance tool. The ability to identify potential early on and derive measures to improve ESG aspects is an essential

BREEAM

BREEAM certification (Building Research Establishment Environmental Assessment Method) is a sustainability assessment method used to certify projects, infrastructure and buildings. The system was established in 1990 by the Building Research Establishment (BRE) and sets benchmarks for the environmental features of buildings throughout the design, specification, construction and operation phases. The parameters can be applied to both new builds and renovation plans. The results are divided into five categories – Certified, Good, Very Good, Excellent and Outstanding.



«We currently manage
assets of more
than CHF 7 billion.»

ANASTASIUS TSCHOPP,
CEO SWISS PRIME SITE SOLUTIONS



The next stage in real estate asset management

Swiss Prime Site
Solutions is develop-
ing the Akara Tower
in Baden for the
Akara Diversity fund.

Addition isn't just for maths – addition can also create synergies, pool knowledge and optimise customer benefits. In early 2022, the addition of Swiss Prime Site Solutions and Akara resulted in a single company. Officially completed in mid-2022, this successful merger represents the next stage in real estate management. >

Joint forces and sustainable growth

Swiss Prime Site Solutions, founded in 2017 as a Swiss Prime Site group company, has set itself the target of becoming the leading independent real estate asset manager in Switzerland. It has been making steady progress, with a focus on exceptional performance. «Five years later, we can look back with pride on what we have achieved. We currently manage assets of over CHF 7.7 billion», says Anastasius Tschopp, CEO of Swiss Prime Site Solutions. With CHF 2.3 billion in assets under management, the Akara Group has made a significant contribution towards this growth since it was acquired on 1 January 2022. The next milestone followed on 9 August 2022: the FINMA-approved merger of the two fund management companies. «This additional expertise enables us to provide the entire real estate value-creation cycle – from development, owner representation and execution to portfolio management – in-house at Swiss Prime Site Solutions», adds Tschopp. This makes it unique within the Swiss real estate asset management sector. The range of services includes real estate funds, asset management and business administration, along with mandates in the field of real estate asset management advisory.

Synergies and plenty of potential

Swiss Prime Site Solutions has separate teams for each real estate investment solution and fund. These teams manage the products of the Swiss Prime Investment Foundation (SPA), two investment funds for qualified investors and individual real estate services for institutional clients. Regulation by FINMA, the issuer of our fund licence, along with the configuration of our products – separated by Chinese walls – ensure the independence of the various teams and guarantee fair market competition. At the same time, this structure promotes dialogue on market conditions as well as knowledge transfer, and promotes top performance in all areas. New responsibilities and functions have already been established following the merger of the two companies, based on a mutual willingness to learn and process optimisation – the «best of both worlds». In the first half of 2022, Swiss Prime Site Solutions was able to reduce rental default rates, achieve above-average investment returns and increase market penetration. The companies' shared conception of culture and strong entrepreneurial spirit were key. In short, the merger has been an absolute win-win from the very outset.

The Swiss Prime Site Solutions magic formula

Among the USPs of Swiss Prime Site Solutions are the many years of experience and in-depth expertise of its employees and management team. Anastasius Tschopp: «Our personal, property-focused approach to management sets us apart from other real estate asset managers. That's our trump card.» The lean organisational structure and flat hierarchy offer every member of staff a platform to contribute their ideas. All in all, it's the perfect formula for innovative, sustainable investment solutions for our customers and for reaching the next level in real estate asset management. —

The range of services includes real estate funds, asset management and business administration, along with mandates in the field of real estate asset management advisory.



SPA Immobilien Schweiz – contribution in kind to the Ringier pension fund

Swiss Prime Site Investment Foundation is acquiring 33 properties for the «SPIF Real Estate Switzerland» investment group for a contribution in kind to the Ringier Group's occupational pension foundation (Ringier OPF). The acquisition of these properties, which are worth a total of CHF 231 million, increases the property portfolio's fair value to more than CHF 3.5 billion.



MORE NEWS



High up with Roger Federer!

The attractiveness of the Prime Tower is also reflected in the fact that we receive many requests for photo and video shoots. In exceptional cases, such requests will be approved. This is the case with ON, for example. The company shot a commercial with Roger Federer on the roof of the Prime Tower. The campaign was produced for the launch of the new sneaker «THE ROGER Clubhouse Mid» and published in mid-2022.



TO THE VIDEO



Sustainability and people-centred properties are gaining in importance, as shown by the YOND building in Zurich.

A new era of opportunity for sustainability

The phrase «turning point» is commonly used in various contexts at the moment. Epidemiologists, for example, are using it to refer to a new era and the considerably higher risk of pandemics. Politicians, meanwhile, are using it in the context of the war in Ukraine to describe the presumed end of a stable European order, in particular among the major powers. The expression reflects the fact that recent events have had such a profound impact that a return to any previous state of normality is no longer conceivable. >

It may prove particularly difficult to pin down the exact «turning point» for bringing about a new era of sustainability.



Youth support

Swiss Prime Site is a partner of YES (Young Enterprise Switzerland), and René Zahnd is its chairman. Sponsoring focuses particularly on the non-profit organisation's Company Programme. At the start of June, the programme's national finals took place in the halls of Zurich HB, the main railway station. The top 25 mini-enterprises showcased their abilities and were assessed in various categories. A jury from Swiss Prime Site and Jelmoli awarded the Best Marketing & Sales Award to Patissima. Its team impressed the judges on a number of fronts, including a well-developed overall concept and great presentation.



MORE ABOUT YES

A new era of sustainability

The extent to which an extraordinary event or crisis ushers in a new era should be left for historians to decide. It is likely that they will identify historic «turning points» in an ever-shorter succession. That's because the effects of individual events take on greater global and societal significance in a globalised world. It may prove particularly difficult to pin down the exact «turning point» for bringing about a new era of sustainability. The very first environmental policy measures date back to the 1970s. The decision by individual countries to abandon nuclear energy could also be regarded as a crucial turning point, provided they do not scrap this priority because of other events. The fact is that a comprehensive reconsideration is underway on a global level. The most recent crises have thus contributed to ushering in a new era of sustainability.

Social and economic transformation

The fact that we are facing a growing number of complex and multi-faceted challenges is undisputed. Requirements from customers and employees towards companies are changing. The pandemic has accelerated the transition to new models of work and effects from conflicts have revealed supply chain dependencies and caused energy prices to spike. This has promoted sustainability efforts to expand decentralised renewable energy production and to use regional products and services. But it has also brought about changes that contradict universal sustainability goals, such as resorting to the use of coal-based energy and the decision by the EU to classify gas and nuclear energy as environmentally sound. These developments have thrown existing practices and business models into question and are having a significant impact on the real estate industry. Buildings require a great deal of capital and resources. Property owners such as Swiss Prime Site and its tenants are directly affected by the aforementioned price trends for energy and materials.

Finite resources cannot be scaled indefinitely

We owe our prosperity and post-industrial growth to the use of fossil fuels and finite resources in a linear economic system. In the face of increasing consumption and population growth, this means that resources will become increasingly scarce and environmental problems will get much worse. The prevailing economic system does not consistently take external effects and the resulting environmental costs into account, nor has it been designed with sustainable growth and scalability in mind. It will undoubtedly reach its limits, slowly but surely.



Timber hybrid buildings BERN 131 and Maaglive

Service property BERN 131, currently under construction, will be a sustainable timber structure with a photovoltaic system on the façade and roof. The system will contribute significantly to the energy efficiency of this energy plus building. The use of wood-based materials also creates a pleasant indoor climate. The culture pavilion in the Maaglive project designed by Sauerbruch Hutton is also designed as a timber hybrid structure.



MORE ABOUT
BERN 131

We must take advantage of this turning point to transform our economic system in view of the obvious limits and resulting consequences.

From linear systems to circular economy

It is obvious that companies in the real estate sector play a central role in society and must take responsibility for bringing about a transformation. When it comes to operational carbon emissions, many companies now provide the necessary level of transparency. Buildings are now powered to a greater degree with renewable energy and, where possible, designed to actively produce energy. As this development continues to advance, a greater focus is placed on investment properties and the embodied carbon of buildings. Swiss Prime Site's «Müllerstrasse Zürich» project, which is the most well-thought-out project of its kind in Switzerland, is a good example of this. Although the life cycle of real estate is often depicted as a circle, its related processes are aligned with the prevailing linear economic system. Standing in contrast to



The property at Müllerstrasse in Zurich is being developed in the context of the circular economy.

this is the holistically defined concept of the circular economy that can serve as a guiding paradigm for a long-overdue transformation. The basic idea is to transform today's model of «take, make, use, waste» and incorporate the concept of the circular economy into processes on the design, product and material levels. For buildings, this means building only what is truly needed, building less and preserving existing structures, being smart and efficient, and using the appropriate materials and technologies.

The contribution of real estate

Two aspects in particular must play a part in how we think, behave and make decisions when it comes to the circular economy. First, we must consistently take the whole real estate life cycle and necessary adaptability (e.g. flexibility of use and extending the use phase) into account. Second, we must factor the externalised effects and costs of today's system into our decisions (environmental impact). What costs less in the short term may end up costing more over the long term because not investing in the sustainability performance of buildings carries substantial risks (marketability, regulatory developments, etc.). The effects of climate change and the consequences of exploiting and polluting our environment bear on processes that occur at a comparatively slow tempo. They fail to effect a turning point for this reason. It is sudden, unexpected and painful events that force us into a new age of holistic sustainability. Perhaps historians will one day describe this era as post-industrial – that is, if knowledge and information are actually used by a society rooted in circular principles to avoid repeating the errors of the past. —

Sustainability and the circular economy as value drivers

Sustainability is far from being just a «necessary exercise». For Swiss Prime Site, the largest listed real estate investor in Switzerland, as well as many other companies, sustainability has become a value and innovation driver. This also applies to the concept of the circular economy, which not only aims to minimise our environmental footprint but also make a positive contribution and create new business opportunities. It is a matter of transforming our business and value creation models by taking environmental, ecological and social aspects into account. The challenge of switching to a circular economy lies in its complexity. It is necessary to consider company-specific products and services. The entire business and value creation model is also brought into focus making it necessary to have more intense discussions with stakeholders about the supply chain as a whole. We need a transformation led by the business community that can rely on internationally valid standards and a binding regulatory framework. Current developments have made it even more difficult to tread this path, but we cannot rule out that such developments may also make it possible to tread it more quickly.

What costs less in the short term may end up costing more over the long term.



New meeting zones
at Swiss Prime Site
in the Prime Tower.

New Work at Swiss Prime Site

Since spring 2022, Swiss Prime Site employees have been enjoying not just a unique work location, but also new office spaces that epitomise the spirit of New Work. The return of floor space by a tenant in the Prime Tower offered the rare opportunity to move closer together and to merge and redesign two adjacent storeys.

Emilia Nenakhova
Manager Asset
Development



In an interview with Emilia Nenakhova, we learn more about the planning, modification and occupation of the new spaces, and the positive outcomes for company culture.

What was special about this modification?

Emilia Nenakhova: For me, what was most unusual about this project was that I had two hats on. On the one hand, I was part of the project management and, on the other, the future user. To approach the project with a neutral, needs-based mindset, I had numerous discussions with my colleagues to garner their input and expectations, and took them into account wherever possible.

What are the stages in an office planning project like this?

EN: That varies in each case. The starting point has to be analysing the status quo and understanding the goals – the vision. Then you have to develop a budget and a schedule. Later, you dive into the advanced project planning. That stage is about requirements, selecting stakeholder groups, holding workshops and the preparation of detailed area and materialisation studies, as well as the coordinated scheduling and relocation planning. In the implementation phase, coordinating and monitoring the schedule are key. And lastly, it's a question of adhering to deadlines and – most critically – the budget.

That sounds a bit like a moving target.

How did you go about it?

EN: The most important thing by far was to get my colleagues on board, so we put together a team of ambassadors. Every department in the company was represented. Regular dialogue with our «sponsors» higher up was also vital. It was in this context that we reached decisions on issues raised by the team of ambassadors.

And how much say did employees have?

EN: We held numerous workshops to capture requirements. In some instances, we used grass-roots democracy and took a vote on certain things. Sometimes there were ordinary consultative meetings, with a few longer ones now and again.

What stakeholder groups were involved?

EN: Internally, we had individual representatives from management, our «sponsors», and the team of ambassadors – the staff representatives. Externally, we had invaluable support from a workspace consultant and our furniture supplier. Their professionalism and creativity helped us a great deal, and their pragmatic approach was perfect for us.

What were the challenges or hurdles that you encountered?

EN: Supply times and punctuality are the two most significant. And then, of course, the budget control that goes along with that. Construction issues such as delivery and fire protection also played a key role.

How did you maintain an overview?

EN: Disciplined time management. It sounds very painstaking. And it is. But without it we would probably still be working on it today! That's why it's important to make sure you always keep an eye on the schedule and build in a buffer for contingencies and unexpected challenges... basically, that you expect the unexpected. Good planning also reduces stress. And it helped that the «construction site» was only a few metres from my workspace, so I could be on site quickly. At the same time, this was also a challenge that directly affected us, as we were rebuilding on the 34th floor during ongoing operations.

Can you build sustainability aspects into this kind of project?

EN: Of course! Sustainability was one of the requirements from the start. Our goal was to create office space that aligns with the healthy building approach. For example, our air quality was already high, but we thought about how we could improve it even more. We found a special mineral paint that not only looks good on our walls, but also has air-purifying characteristics.

What flexible elements did you use to enhance the new office landscape?

EN: We wanted to create an environment that allows for a variety of activities and forms of work. For example, you can book a regular office workspace online for a half day or full day if you need to. But for short visits to Prime Tower, there are numerous flexible work

areas where you can sit and really concentrate on your work. And for smaller tasks in between, there are sofa corners and standing desks. After a little more than six months, we can see that this concept is working very well.

Do you think that the new office environment also influences company culture?

EN: That was one of our sub-goals. So far, feedback has been extremely positive. The elements I've mentioned were intended to get employees talking to each other and to strengthen the internal flow of information.

What else do you hope the new work environment will achieve?

EN: I hope that the new offices help our colleagues to work more efficiently and experience more variety in their working day.

One final question: what is or was your greatest wish in connection with the project?

EN: I hoped we would create a working environment where, come Sunday night, people will be looking forward to Monday. When I look around, I have the feeling that we've come pretty close to achieving that [laughs]. —



Global Real Estate Run

Local involvement with a global impact – this is exactly the spirit behind Swiss Prime Site's participation in the Global Real Estate Run. A total of 16 employees completed a 6 km run along the Limmat. The organisation GROW MY TREE planted a tree for every kilometre run. The initiative is designed to raise greater awareness of sustainability, promote innovation in the real estate sector and drive belief in a more generation-friendly future.



MORE ABOUT THE EVENT

Selected group key figures

Key financial figures	in	01.01.– 31.12.2021 or 31.12.2021	01.01.– 31.12.2022 or 31.12.2022	Change in %
Rental income from properties	CHF m	426.7	431.3	1.1
EPRA like-for-like change relative	%	1.3	1.9	37.3
Income from real estate developments	CHF m	52.0	9.1	–82.4
Income from asset management	CHF m	18.2	52.0	185.6
Income from real estate services	CHF m	119.4	125.6	5.1
Income from retail	CHF m	119.5	132.1	10.5
Total operating income	CHF m	749.5	774.4	3.3
Revaluation of investment properties, net	CHF m	301.9	169.7	–43.8
Result from investment property sales, net	CHF m	39.9	50.9	27.5
Operating result before depreciation and amortisation (EBITDA)	CHF m	730.0	618.4	–15.3
Operating result (EBIT)	CHF m	706.7	559.4	–20.9
Profit	CHF m	498.9	404.4	–18.9
Return on equity (ROE)	%	8.0	6.2	–22.5
Return on invested capital (ROIC)	%	4.3	3.3	–23.3
Earnings per share (EPS)	CHF	6.57	5.27	–19.8
Funds from operations per share (FFO I)	CHF	4.01	4.26	6.2
Financial figures excluding revaluations and all deferred taxes				
Operating result before depreciation and amortisation (EBITDA)	CHF m	428.1	448.6	4.8
Operating result (EBIT)	CHF m	404.8	389.6	–3.8
Profit	CHF m	293.7	300.6	2.4
Return on equity (ROE)	%	4.8	4.7	–2.1
Return on invested capital (ROIC)	%	2.8	2.6	–7.1
Earnings per share (EPS)	CHF	3.87	3.92	1.3
Key balance sheet figures				
Shareholders' equity	CHF m	6 409.7	6 569.3	2.5
Equity ratio	%	47.5	47.7	0.4
Liabilities	CHF m	7 089.7	7 201.9	1.6
Loan-to-value ratio of property portfolio (LTV)	%	40.2	38.9	–3.2
NAV before deferred taxes per share ¹	CHF	101.22	102.96	1.7
NAV after deferred taxes per share ¹	CHF	84.37	85.64	1.5
EPRA NTA per share	CHF	100.93	102.69	1.7
Real estate portfolio				
Fair value of real estate portfolio	CHF m	12 793.5	13 087.7	2.3
of which projects/development properties	CHF m	1 006.9	1 117.3	11.0
Number of properties	number	184	176	–4.3
Rental floor space	m ²	1 677 027	1 653 456	–1.4
Vacancy rate	%	4.6	4.3	–6.5
Average discount rate	%	2.75	2.69	–2.2
Net property yield	%	3.2	3.1	–3.1
Employees				
Number of employees as at balance sheet date	persons	1 667	1 779	6.7
Full-time equivalents as at balance sheet date	FTE	1 474	1 567	6.3

¹ Services segment (real estate-related business fields) included at book values and not at fair values

Consolidated income statement

in CHF 1 000	01.01.– 31.12.2021	01.01.– 31.12.2022
Rental income from properties	426 692	431 324
Income from sale of trading properties	–	15 702
Income from real estate developments	51 964	9 132
Income from asset management	18 215	52 016
Income from real estate services	119 426	125 562
Income from retail	119 540	132 124
Other operating income	13 666	8 566
Operating income	749 503	774 426
Revaluation of investment properties, net	301 882	169 739
Result from investments in associates	909	2 540
Result from investment property sales, net	39 916	50 877
Real estate costs	–52 702	–55 760
Cost of trading properties sold	–	–13 616
Cost of real estate developments	–33 377	–8 051
Cost of goods sold	–63 726	–75 219
Personnel costs	–176 889	–189 415
Other operating expenses	–43 945	–51 321
Depreciation, amortisation and impairment	–23 233	–59 013
Capitalised own services	8 379	14 167
Operating expenses	–385 493	–438 228
Operating result (EBIT)	706 717	559 354
Financial expenses	–75 807	–45 217
Financial income	2 687	485
Profit before income taxes	633 597	514 622
Income taxes	–134 705	–110 193
Profit attributable to shareholders of Swiss Prime Site AG	498 892	404 429
Earnings per share (EPS), in CHF	6.57	5.27
Diluted earnings per share, in CHF	6.17	4.97

Consolidated balance sheet

in CHF 1 000	31.12.2021	31.12.2022
Assets		
Cash	114 656	21 201
Securities	1 351	1 130
Accounts receivable	39 349	42 659
Other current receivables	6 268	2 638
Current income tax assets	3 868	3 731
Inventories	33 263	28 004
Real estate developments	–	–
Trading properties	53 466	73 959
Accrued income and prepaid expenses	27 141	39 816
Assets held for sale	250 124	109 073
Total current assets	529 486	322 211
Net defined benefit assets	80 239	5 752
Non-current financial assets	4 285	9 501
Investments in associates	50 800	53 948
Investment properties	12 131 001	12 587 234
Owner-occupied properties	597 611	572 645
Tangible assets	23 620	3 892
Right-of-use assets	43 132	30 737
Goodwill	–	152 849
Intangible assets	32 243	32 267
Deferred income tax assets	6 919	186
Total non-current assets	12 969 850	13 449 011
Total assets	13 499 336	13 771 222
Liabilities and shareholders' equity		
Accounts payable	25 297	43 641
Current financial liabilities	14 519	355 867
Other current liabilities	129 937	110 145
Real estate developments	–	–
Advance payments	30 984	31 080
Current income tax liabilities	36 182	44 375
Accrued expenses	157 484	138 940
Total current liabilities	394 403	724 048
Non-current financial liabilities	5 415 515	5 149 557
Deferred tax liabilities	1 279 736	1 328 320
Net defined benefit liabilities	–	–
Total non-current liabilities	6 695 251	6 477 877
Total liabilities	7 089 654	7 201 925
Share capital	1 162 347	153 437
Capital reserves	50 016	995 605
Treasury shares	–58	–1 374
Revaluation reserves	12 008	19 627
Retained earnings	5 185 369	5 402 002
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	6 409 682	6 569 297
Total liabilities and shareholders' equity	13 499 336	13 771 222

Environmental key indicators

Swiss Prime Site real estate portfolio

	in	2021	2022
Properties	Number	160	153
Usable floor space	m ²	1 590 270	1 604 846
Total energy consumption	MWh	206 343	217 122
Share renewable	MWh	94 883	121 695
Share non-renewable	MWh	111 460	95 427
Electricity	MWh	74 987	98 868
Share renewable (hydro)	MWh	68 379	96 795
Share non-renewable (standard Swiss consumer mix)	MWh	6 608	2 073
Heating energy	MWh	131 356	118 254
Heating oil	MWh	6 657	7 400
Natural gas	MWh	71 162	53 161
District heating	MWh	53 251	57 693
Share renewable	MWh	26 218	24 899
Share non-renewable	MWh	27 033	32 794
Wood chips	MWh	286	0
Energy intensity ²	kWh/m ²	173.5	177
Electricity intensity ³	kWh/m ²	79.9	93.4
Heat intensity ⁴	kWh/m ²	94.8	84.1
CO ₂ emissions ⁵	tCO ₂ e	25 064	21 300
CO ₂ emissions Scope 1	tCO ₂ e	10 696	9 303
CO ₂ emissions Scope 2	tCO ₂ e	3 697	3 773
CO ₂ emissions Scope 3	tCO ₂ e	10 671	8 224
CO ₂ intensity ⁶	kgCO ₂ e/m ²	19.6	16.9
Share of CO ₂ emissions of portfolio relative to total emissions of Swiss Prime Site Group	%	91.7	90.2
Water consumption	m ³	580 564	669 566

Notes on collection of environmental figures (accounting concept) are available to download at www.sps.swiss under sustainability.

Swiss Prime Site complies with all legal requirements and strives to meet best practice standards. The Company fosters close relations with the financial industry and the broad public sector through traditional and digital communication channels. Share-price relevant news is reported by the Company on an ad hoc basis. Furthermore, comprehensive information about various topics and disclosure requirements is published on the group's website www.sps.swiss.

The Investor Relations and Corporate Communications department is responsible for the management of all contacts with investors, analysts and media representatives. Regular conferences with the media, institutional investors and analysts are held to report important corporate news, which can be followed by shareholders and other interest groups personally or via the Swiss Prime Site website.

21 March 2023

Annual General Meeting Financial Year 2022

24 August 2023

Semi-annual report 2023 with financial results
press conference

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Swiss Prime Site's property portfolio will be climate-neutral by 2040. That's a promise.

Swiss Prime Site

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