SWISS PRIME SITE



Key Figures 2019

11.8

Portfolio (CHF billion) +5.0% year-on-year

4.7

Vacancy rate (%) -2.1% year-on-year

3.80

Distribution (CHF)¹ unchanged year-on-year

¹ proposal to the Annual General Meeting

Short report

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Dear Shareholders

Continued demand for prime properties has ensured good growth in real estate markets. Under these conditions, and thanks to active portfolio management, Swiss Prime Site once again has very good results to report for the 2019 financial year.

Operating income rose by 3.7% to CHF 1258.8 million, with the Real Estate and the Services segments making a positive contribution to this pleasing growth. The core real estate business increased income by 2.0%. Real estate-related Services increased their contribution to the group by 4.8% compared to the previous year. The value of the real estate portfolio grew by 5.0% to CHF 11.8 billion during the course of the year. The vacancy rate fell to 4.7% [4.8%] and, together with an attractive net yield of 3.5% [3.6%], reflects the guality of the portfolio. Profit rose significantly to CHF 608.5 million [CHF 310.9 million]. In addition to operating improvements, higher revaluations in the real estate portfolio and a one-off positive tax effect caused by tax cuts in some cantons contributed to this pleasing result, For 2020, Swiss Prime Site expects economic and political conditions to be similar to those of the previous year. This should create a wide range of opportunities for both us and the real estate industry. In 2020, completed project developments, active asset, portfolio and vacancy management, recurring income from real estate developments and the continued realisation of the project pipeline will have a positive impact on the operational and strategic goals in the core real estate business. We expect solid contributions from the real estate-related Services segment. Selling the Tertianum Group will result in a one-off increase in profit excluding revaluations and deferred taxes. We will maintain an attractive dividend policy.

I would like to thank our valued shareholders, customers and partners for your trust and support. My thanks also go to all employees and the management across the entire Swiss Prime Site Group. In my time as a member of the Board of Directors and as its Chairman, we have all worked together to help Swiss Prime Site become a successful company in the real estate industry.

Hans Peter Wehrli Chairman of the Board of Directors

Summary of key figures

	in	31.12.2018	31.12.2019	Δ in %
Fair value of real estate portfolio	CHF m	11 204.4	11 765.4	5.0
Rental income from properties	CHF m	479.4	486.9	1.6
Vacancy rate	%	4.8	4.7	-2.1
Income from real estate developments	CHF m	72.8	79.8	9.7
Income from real estate services	CHF m	116.7	117.5	0.7
Income from retail	CHF m	131.3	127.8	-2.6
Income from assisted living	CHF m	396.9	423.9	6.8
Income from asset management	CHF m	8.5	13.5	60.2
Total operating income	CHF m	1214.1	1 258.8	3.7
Revaluation of investment properties,	CHF m	67.6	203.4	201.1
net				
Result from investment property sales, net	CHF m	18.4	20.8	12.9
Operating result (EBIT)	CHF m	478.6	628.3	31.3
Profit	CHF m	310.9	608.5	95.7
	<u></u> %	43.9	44.4	1.1
Equity ratio	<u> </u>	<u> </u>	<u> </u>	79.7
Return on equity (ROE)	<u> </u>			64.7
Return on invested capital (ROIC)		3.4	5.6	•
Earnings per share (EPS)	CHF	4.27	8.00	87.4
NAV before deferred taxes per share ¹	CHF	83.40	86.34	3.5
NAV after deferred taxes per share ¹	CHF	67.74	71.87	6.1
Figures excluding revaluations and all deferred taxes				
Operating result (EBIT)	CHF m	411.1	424.9	3.4
Profit	CHF m	287.8	315.7	9.7
Earnings per share (EPS)	CHF	3.95	4.14	4.8
Return on equity (ROE)	%	5.9	6.3	6.8

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

Further details regarding the financial results can be found at: www.sps.swiss/reporting

«Market conditions are intact»

Swiss Prime Site ended the 2019 financial year with very positive results. Both segments performed in line with expectations. René Zahnd, CEO of Swiss Prime Site, explains why market prospects are still favourable, why the company parted with Tertianum, when co-working works well, how to successfully enhance retail spaces and how important sustainability is for the Company as a whole.

René Zahnd, in 2019 there was a tangible sense of a «Sustainability Revolution». As a strong supporter of sustainability, what do you think about this movement? René Zahnd: Sustainability is about being prepared for the future. Right now, we are at a turning point. Sustainable actions generate medium- and long-term added value. If you have read Larry Fink's letter entitled «A Fundamental Reshaping of Finance», you'll know that companies like BlackRock, the world's largest asset management company, are placing more emphasis on the issue than ever before. This is happening with good reason.

<u>What is the real estate industry and</u> <u>Swiss Prime Site doing in this regard?</u>

The real estate industry is investing in properties and buildings that typically have a life cycle of 50 to 100 years. We therefore need to focus on the medium and long term so that we can offer our customers the right solutions for the future. Having said that, there is already plenty of potential for making savings in grey and operational energy in the construction and operation of properties. The government has made it very clear that we need to be carbon neutral by 2050. Swiss Prime Site has set objectives across different levels to ensure that we fulfil this requirement. From encouraging e-mobility and installing photovoltaic systems on the roofs of our buildings, and real estate that has practically no emissions or can even act as its own power plant, through to a binding definition of a CO₂ reduction pathway, we have introduced a range of measures that enable us to play our part. In addition, we created a Sustainability Board in 2019. This board looks at the issue in detail with the objective of embedding it in our business processes wherever possible.

The real estate market continued to grow well in 2019. Low interest rates stimulated demand for land and real estate once again. Do you think there is still room for growth?

Real estate has been a growth market for over twenty years. There has been specu-



lation for almost a decade about whether a slump is coming. It's not happened yet. This has been due to both the level of interest rates and the solid performance of the Swiss economy, making the current job market attractive to foreign companies and their workforce as well as to specialists. Even the low euro rate hasn't made much of an impact on that. Thinking about the immediate future, I can't see any signs of conditions changing dramatically. That is why I am confident.

Are you pleased with the 2019 financial year, and what conclusions can you draw?

Although it may not have seemed that way from the outside, it was a challenging year. We made some key strategic decisions. These included the decision to sell Tertianum, which we carried out at the end of 2019. In day-to-day business, we took major steps towards transforming Wincasa, developing the retail business at Jelmoli and our property portfolio and driving the growth of Swiss Prime Site Solutions. Together, we overcame the challenges, and can be proud of the results. However, as always, there is still a lot to do. Today's business environment requires constant movement and flexibility.

Let's talk about Tertianum.

When Swiss Prime Site acquired the residential and care services provider Tertianum in 2013, the company had fewer than 20 locations. Today, we have a network of more than 80 centres and residential homes spread across the whole of Switzerland. In 2019, Tertianum achieved an operating income of more than half a billion Swiss francs for the first time (CHF 519.6 million, +6.5%). EBIT was CHF 34.0 million (+23.6%) and, at 6.5%, the EBIT margin drew level with international competitors. We turned Tertianum into the largest private Swiss provider of retirement and care services and successfully positioned it in the market

How did earnings perform in the Services segment?

We were able to increase both the operating income (CHF 828.4 million, +4.8%) and the EBIT (CHF 55.5 million, +16.6%). We are very pleased with this growth. Regarding the EBIT of Tertianum and Wincasa, I am particularly proud that we were able to achieve the medium-term objective we set three years ago of reaching a combined EBIT of over CHF 50 million. And we did this a year before the target date of 2020.

Are you pleased with the results in the core real estate business? Could you provide more detail?

In our core business, we were able to increase our operating income slightly compared to the previous year, to CHF 519.5 million (+2.0%). With revaluations of CHF 204.4 million, we tripled the value compared to 2018. In geographical terms, the increase is spread across our key markets in Geneva and Zurich, with Müllerstrasse in Zurich being a runaway success. We acquired this property as part of the swap deal connected to our share in Sihlcity and it formed a substantial share of the revaluations in 2019 This is because we have been able to re-let the building on a long-term agreement. It also shows that revaluations are not only linked to the current interest rate, but can also be directly affected by management. With an EBIT of CHF 572.9 million, we clearly exceeded the previous year's results by CHF 141.8 million or 32.9%. Excluding revaluations, results increased compared to the previous year (CHF 368.4 million, +1.6%.)

«Thinking about the immediate future, I can't see any signs of conditions changing dramatically. That is why I am confident.»

There were rather smaller transactions in your portfolio in 2019. Is the market actually dry or were you simply choosy? A bit of both. Firstly, there is currently significant demand for real estate in prime locations, resulting in some absurd asking prices and low yields. We are not prepared to buy something at any price. Fortunately, with our project pipeline of around CHF 2 billion, we do not have to. Secondly, we certainly did conclude a number of transactions over the year. These were smaller properties that didn't fit in the portfolio anymore and could be sold at a profit and acquisitions that have the potential to be future development projects.

The retail market around the world is in turmoil. Currently, 26% of Swiss Prime Site's portfolio is retail. What makes you confident about the future?

Retail is not all the same. Our portfolio currently comprises 26% retail floor space. Of this, around a quarter is Jelmoli, where we have significant influence over the spaces and can ensure that they perform well. Our two biggest tenants in this type of use are also the two largest retailers in Switzerland, focusing on food products, where online business has made fewer inroads. Furthermore, the majority of the retail spaces are in excellent locations. In 2018, for example, when OVS turned its back on the Swiss market, we re-let the spaces very quickly and at a better price.

Do you have plans to reduce the proportion of retail further?

Since 2015, we have reduced the proportion from 34% to 26%. Once the projects under construction are up and running, this will reduce the proportion of retail automatically and over time. I can see between 20% and 25% being a realistic assumption. In addition, we will develop existing retail spaces and improve them with additional offerings.

What does that mean, exactly?

For example, in summer 2019, we welcomed a really interesting new tenant in Jelmoli – Pallas Kliniken. Even though Pallas Kliniken is not a retailer as such, it fits perfectly into the premium department store. They share the same customers and can offer them a fantastic, all-round service. This has enabled us to enhance the customer journey in Jelmoli and significantly increase the appeal of the store as a destination. Pallas Kliniken is also a new tenant which can benefit from the existing network within the building and vice versa.

<u>Nina Müller has been announced as</u> <u>the new CEO of Jelmoli. What will her</u> <u>main tasks be?</u>

We are really pleased to be able to announce that Nina Müller will be the new CEO of Jelmoli. She will take up her role in spring 2020. Jelmoli is performing well and she can look forward to leading the finest premium department store in Switzerland. With the challenges in the online market, opening the new locations at the airport in Zurich and updating the ERP system, there is much to be done.

What progress is Swiss Prime Site making currently in the implementation of its strategy?

Our strategy is shaped by our three- to fiveyear business scenarios. In spring 2019, we and the Board of Directors signed off the 2020–2022 period. The targets we have set ourselves are challenging but achievable.

Can you tell us a bit more about them?

Our decision to sell Tertianum and the successful completion of this process represent an important strategic step. The cash flow and results from the sale of Tertianum will help us to implement more of our project pipeline, grow our asset management and reduce debt, thereby fulfilling our shareholders' and stakeholders' expectations. «Our decision to sell Tertianum and the successful completion of this process represent an important step»

How do you view the office market in Switzerland currently?

Market conditions for prime office and commercial real estate are intact. In particular, the rental market in our key regions of Zurich and Geneva is in a healthy and robust condition. The supply of high-quality space in the city of Zurich, for example, is at its lowest level since 2010.

What do you think will happen to the vacancy rate in the medium term?

In 2019, we reported a vacancy rate of 4.7%. This is slightly lower than the 4.8% reported in the previous year. Fundamentally, we are confident that we can keep the value under 5%. At the same time, it is important to recognise that a certain level of vacancies cannot be avoided and is basically also a good thing. It gives us the requisite flexibility to respond better to demands from existing customers or the market.

Co-working and flexible working arrangements are currently the words on everyone's lips. Where does Swiss Prime Site stand on these? We have co-working in around a dozen of our properties. The proportion of the total rental yield in the portfolio continues to be low, at roughly 1%. It is quite possible that we may expand in this area. We can see from the market that this segment is fulfilling a need that previously wasn't adequately covered.

Do you work with other providers or do you have your own model?

We are currently working with a range of providers who have various models for the involvement of Swiss Prime Site. There are traditional packages as well as some which are unique, at least at present. For example, we were able to secure Tadah as a tenant for our YOND building, which offers co-working areas with integrated childcare facilities. This works particularly well in developments like YOND, with its own ecosystem comprising a range of tenants. We will definitely continue working in this area. And of course, we are still not excluding the possibility of managing the co-working areas ourselves. After all, why should we share these profits with third parties?

Some people say that this is a good way of reducing vacancies in the portfolio. What do you think?

Certain advocates in the market may well see it like that. From our vantage point, however, this view clearly falls short of the mark, and is actually incorrect. A good office or commercial space should be in an excellent, highly frequented location, thereby fulfilling a key requirement for customers – accessibility. These two prerequisites are key in order to attract tenants. If a property has vacancies because it is outdated or the location is wrong, they won't be filled by introducing co-working concepts.

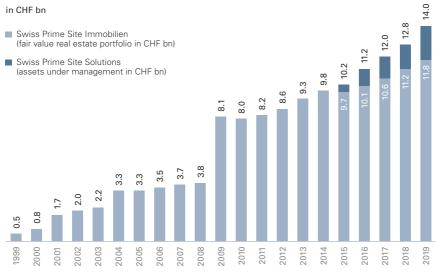
Can you outline the short- and medium-term objectives?

Swiss Prime Site anticipates that operating results will improve across the 2020 financial year, before revaluations and deferred taxes. Profit from the sale of the Tertianum Group will contribute significantly to this. In addition, we anticipate that the vacancy rate will stay below 5%.

Success story

Swiss Prime Site was founded in 1999. The Company is the largest stock exchange-listed real estate group in Switzerland. Currently, its property portfolio is valued at CHF 11.8 billion.

Swiss Prime Site has continuously expanded its portfolio through acquisitions, developments and conversions as well as a strong focus on prime locations. The purchase of Maag Holding (2004) with the Maag Site in Zurich-West counts among the most paramount acquisitions to date, where Prime Tower and the surrounding buildings were constructed. The acquisition of Jelmoli (2009) doubled the value of the real estate holdings. Since then, Swiss Prime Site has executed key strategic acquisitions with Wincasa (2012) and Tertianum (2013). Furthermore, significant projects such as SkyKey in Zurich and EspacePost in Berne or conversions of former office space (for example, Motel One in Zurich) have paved the way for generating additional growth and value in addition to creating premium locations. Together with Swiss Prime Site Solutions (third-party asset management), Swiss Prime Site manages real estate assets of CHF 14.0 billion.



Real estate assets under management



Prime Tower, Zurich



Jelmoli – The House of Brands, Zurich



SkyKey, Zurich



Motel One, Zurich



Opus, Zug



Messeturm, Basel



EspacePost, Berne



Rue du Rhône 48–50, Geneva



Place du Molard 2-4, Geneva

Board of Directors



Prof. em. Dr. Hans Peter Wehrli Chairman Member since 29.04.2002³



Mario F. Seris Vice-Chairman Member since 27.04.2005³



Dr. Barbara Frei-Spreiter Member since 27.03.2018²



Thomas Studhalter Member since 27.03.2018¹



Christopher M. Chambers Member since 22.10.2009^{1,2}



Dr. Rudolf Huber Member since 29.04.2002 ¹

¹ Audit Committee

- ² Nomination and Compensation Committee
- ³ Investment Committee

Swiss Prime Site's Board of Directors comprises personalities from Switzerland's economy. The years of extensive experience of the individual board members in various fields paves the way for a balanced, longterm-oriented body.



Gabrielle Nater-Bass Member since 26.03.2019²

Executive Board



René Zahnd CEO Swiss Prime Site



Markus Meier CFO Swiss Prime Site



Peter Lehmann CEO Swiss Prime Site Immobilien

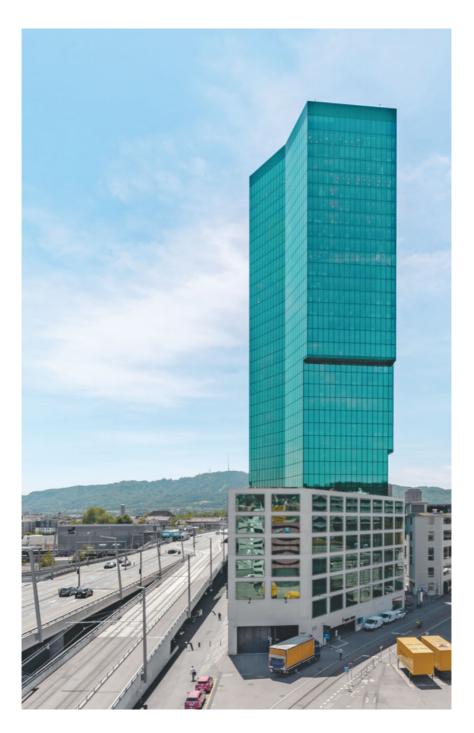


Oliver Hofmann CEO Wincasa



Dr. Luca Stäger CEO Tertianum

As at the end of 2019, Swiss Prime Site's Executive Board comprised the Chief Executive Officers of the group companies Swiss Prime Site Immobilien, Wincasa and Tertianum as well as the group's CEO and CFO.



Strategy

Investments and focus

Swiss Prime Site Group's objective is aimed at achieving constant growth and a sustainable trend in profitability. To realise this goal, the Company has executed substantial investments in the core real estate business. First-class properties with attractive vields located in Switzerland are regarded as the focal point of this strategy. With a 43% share. Zurich currently accounts for the most important strategic region in the real estate portfolio valued at CHF 11.8 billion. The Lake Geneva region also plays a key role in realising growth. Swiss Prime Site focuses on commercial property, utilising its own knowhow in sustainably developing, repositioning or modernising properties and sites.

Earnings diversification and synergies

Existing real estate-related business fields are being expanded in order to further strengthen diversification of the business model. Swiss Prime Site currently boasts attractive group companies with Wincasa, Tertianum, Jelmoli and Swiss Prime Site Solutions. These group companies provide services for the group as well as for third parties that are heavily in demand on the market, against the backdrop of the core real estate business. The goals are focused on significantly boosting the contributions to revenues and operating income in addition to enhancing the synergies within the group and individual group companies.

Innovation and sustainability

As Switzerland's largest listed real estate company, Swiss Prime Site aims to be an innovation leader. Hence, the Company has created positions at the group level and in the individual group companies that are exclusively engaged in developing innovative technologies, techniques and processes. The objective is directed at equipping the group for facing future challenges and changing markets - particularly amid times of disruptive transitions. The key factors include sustainability, in addition to innovation and digitalisation. In all these aspects, conscious sustainability-oriented management ensures the future viability and success of the Company.

2020 Targets

<5% Vacancy rate

~45% Equity ratio

6-8%

Business model

From space to living spaces

The core of Swiss Prime Site's business model is formed by development, construction and management as well as company and third-party utilisation of properties. The objective of this core process is aimed at sustainably generating value and expanding the real estate portfolio. Sites and properties are developed into projects according to the highest standards for current and future market needs. Swiss Prime Site finances these projects and designates partners for the construction process. Following completion, the properties are marketed, managed and transferred to tenants for their utilisation. At the end of their life cycle, the properties are redeveloped or converted, enabling the cycle to commence anew.

The property portfolio is supplemented by acquisitions and optimised through divestments within the value-creation chain. Revolving around the core of the business model, superordinate business processes ensure that the relevant know-how is expanded within the Company while access to markets and resources is secured. Furthermore, marketing and branding as well as modern information technology and contemporary employee development underpin the creation of space to living spaces.

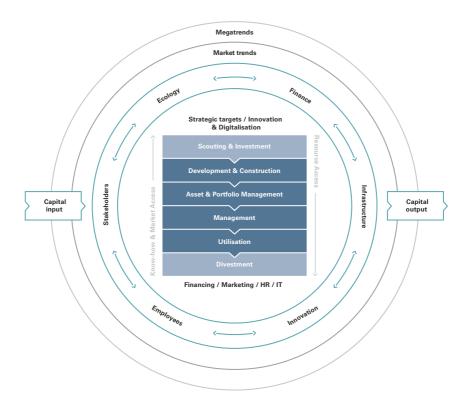
Sustainably developing spaces in line with needs

At a more overriding and therefore more social level, the most notable inspirations are incorporated that have a significant impact on the business model. Relevant trends such as digitalisation, demographic changes or immigration can lead to enlargements and adjustments of the value-creation chain. Market trends like revitalisation of industrial sites that are no longer contemporary or changes in the interest-rate environment count among the additional influencing factors.

Vertically integrated group companies

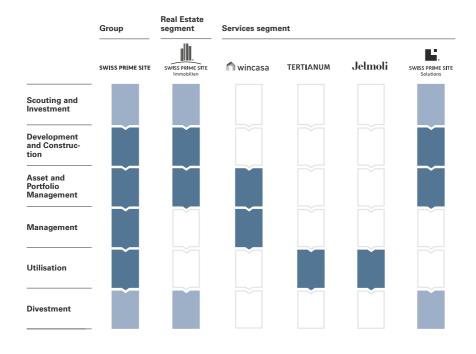
The group companies Swiss Prime Site Immobilien, Wincasa, Tertianum, Jelmoli and Swiss Prime Site Solutions constitute the integral elements as well as the basis of Swiss Prime Site Group's integrated business model. The real estate portfolio comprising CHF 11.8 billion in properties is actively expanded and optimised by Swiss Prime Site Immobilien through acquisitions, developments, conversions, construction, financing and where necessary divestments. Wincasa plays a role through acquiring, managing, marketing and selling properties throughout the value-creation hierarchy as a link in the chain. Tertianum as a services provider in the assisted living sector in addition to Jelmoli as a premium department store utilise properties in the portfolio and

Swiss Prime Site's integrated business model



also contribute to further strengthening the business model. Swiss Prime Site Solutions as an asset manager since 2017 provides core processes services for third parties with acquisition, development, conversion, construction, financing and sales. The value-creation processes of the group companies are intentionally not fully centralised and generate – beyond the aforementioned integrated elements of the business model – further contributions for the Swiss Prime Site Group's long-term success.

Group companies





Swiss Prime Site Immobilien

The investment focus of the core Real Estate business is directed at investments in highquality properties in prime locations. These properties are mainly used by commercial tenants. Other key activities within the core business include conversion, development and modernisation of entire sites. 486.9 Rental income from properties in CHF million

11.8 Real estate portfolio in CHF billion

n wincasa

Wincasa

Wincasa is the leading integrated real estate services provider in Switzerland. The company's innovative services portfolio encompasses the entire life cycle of properties. Assets under management amount to CHF 71 billion. Wincasa is regarded as a first mover in the field of digitalisation in the real estate sector. 148.1 Income from real estate services in CHF million

71 Assets under management in CHF billion

TERTIANUM

Tertianum

Tertianum Group is the leading provider in the assisted living and geriatric care sector in Switzerland. Quality-conscious living and autonomy, individual services, security as well as care and support are at the heart of Tertianum. The group has 80 business operations throughout Switzerland and generates total operating income (including rental income) of CHF 519.6 million. In December 2019 the Tertianum Group was sold to Capvis. 423.9 Income from assisted living in CHF million

80 Number of business operations

Jelmoli

Jelmoli

Jelmoli – The House of Brands in Zurich is Switzerland's leading premium department store and generates total sales (incl. shop-inshop) of CHF 226 million. Roughly 40% of the retail floor space of 23800 square metres generates sales from third parties according to the shop-in-shop model. The rest of the floor space is self-managed by Jelmoli. A new branch at Zurich Airport will open from 2020. 127.8 Income from retail in CHF million

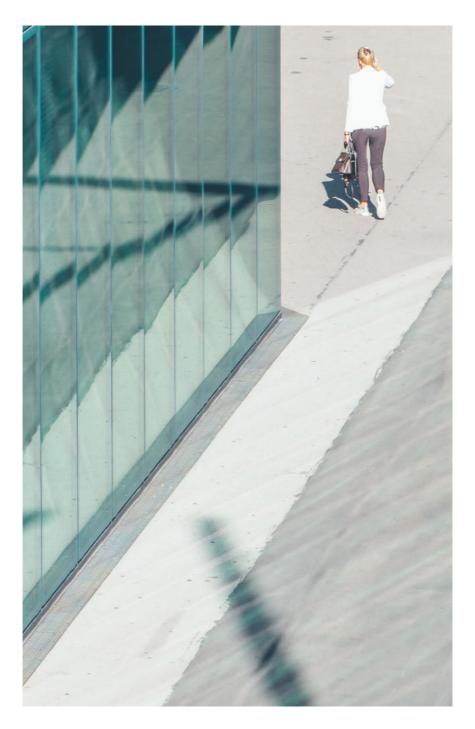
23800 Retail floor space in square metres



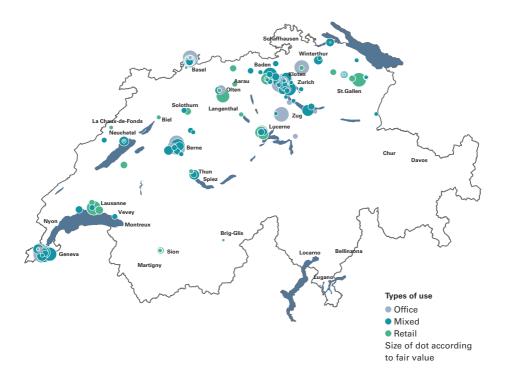
Swiss Prime Site Solutions

Swiss Prime Site Solutions is an asset management company focusing on the real estate sector. The business field develops tailormade services and investment products for third-party clients. The objective is aimed at generating solid and attractive earnings with low risk, regardless of the yield environment. 13.5 Income from asset management in CHF million

2.3 Assets under management in CHF billion



Real estate portfolio



Expansion and growth

The founding of Swiss Prime Site in 1999 by the Credit Suisse Pension Fund, Siemens Pension Fund and Winterthur Life (today: AXA) laid the foundation for the current real estate portfolio. The value of the real estate holdings grew through acquisitions and significant self-development projects to roughly CHF 3.8 billion (2008) within less than ten years. With the acquisition of the Jelmoli properties in 2009, the Company more than doubled its real estate portfolio. Additional key projects and acquisitions (2013: Tertianum properties) considerably boosted the level of quality and size of the real estate portfolio. The fair value of the real estate held by Swiss Prime Site amounted to CHF 11.8 billion as at the end of 2019.

Geographic allocation

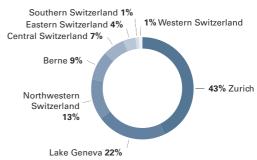
Swiss Prime Site's real estate portfolio boasts a high level of quality of property and location. According to Wüest Partner, roughly 80% of the group's properties rank in the quadrants with the highest quality based on the overall market. The majority of properties (76%) are located in German-speaking Switzerland. In this context, canton Zurich and particularly Zurich City account for the lion's share in this region with 43%. Another region in the spotlight is the Lake Geneva area (22%).

Utilisation

Swiss Prime Site has focused its portfolio of high-quality, value-retaining properties situated in prime locations primarily on commercial and services businesses and their needs. Of the total 1.6 million square metres of available floor space, 45% are leased as office and 26% as retail properties at present. The real estate portfolio's maturity profile is long term and thus attractive. Roughly 22% of net rental income is generated with rental agreements with a term of ten years or more. Another 34% of the portfolio is subject to renewed leasing at terms of between four and nine years.

Portfolio split by region

Basis: fair value as at 31.12.2019



Portfolio split by type of use¹

Basis: net rental income as at 31.12.2019



¹ Real Estate segment

Project pipeline

Development and project planning

One of Swiss Prime Site Immobilien's strengths is its ability to develop its own projects. This paves the way for the Company to operate with a high degree of independence from market cycles.

Development projects are based on the group's strategic targets aimed at boosting organic growth and increasing corporate profitability. Earnings from completed projects are realised in the form of revaluation gains, rising rental income and sales proceeds. New projects developed by Swiss Prime Site Immobilien generally exhibit above-average net yields versus the market as well as the existing portfolio.

The investment volume of Swiss Prime Site Immobilien's project pipeline amounted to roughly CHF 2 billion as at the end of 2019.

Projects under construction

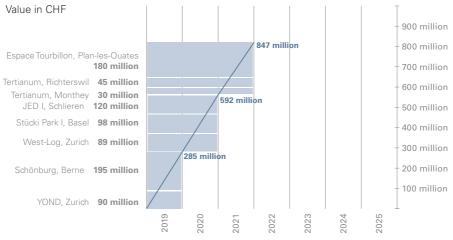
Construction projects comprise an investment volume (including share of land) of roughly CHF 850 million. Overall, six projects are under construction in 2020. The most significant investments are being carried out in the large-scale Espace Tourbillon building complex in Plan-les-Ouates. Two buildings of the five structures to be erected were already sold shortly after the construction start date in the second half-year 2017. One building is sold in condominium ownership. Projects under construction exhibit an average net yield that exceeds the current portfolio mean.

Projects in planning phase

Projects were in the planning phase at the end of 2019 with estimated investment volumes (including share of land) of roughly CHF 940 million. The largest individual project of all is Alto Pont-Rouge in Lancy, with a volume of about CHF 280 million. The project plays a significant role for the Geneva region in its form and due to its location, since another transportation juncture and economic hub will be created for the city as a result. In addition, there are four projects in the planning phase or already in execution for the construction of new residential and geriatric care centres (Monthey, Richterswil and Olten) and a residence (Paradiso) for Tertianum.

Swiss Prime Site Immobilien also holds land reserves in addition to substantial utilisation reserves in its portfolio.

Projects under construction



Projects in planning phase

Value in CHF

941 million 900 million maaglive, Zurich 120 million 821 million 800 million Rheinstrasse, Augst 55 million 700 million Müllerstrasse, Zurich 220 million 600 million 546 million Stücki Park II. Basel 94 million 500 million 452 million 400 million Alto Pont-Rouge, Lancy 280 million 300 million 200 million Tertianum, Paradiso 70 million 100 million JED II, Schlieren 68 million Tertianum, Olten 34 million 2020 2022 2026 2023 2024 2025 2021

Espace Tourbillon, Plan-les-Ouates

The superstructure comprises a composition of five building structures each with seven above-ground and three subterranean floors as well as its own integrated logistics. The complex will provide future tenants with flexible and state-of-the-art floor space. Project planning envisages construction of the property in one phase and until 2021. Upon completion, the major Espace Tourbillon development project will span usable floor space totalling 95000 square metres, providing the fast-growing Geneva region space with an additional 4000 workplaces. Two buildings were sold to the Hans Wilsdorf Foundation at the end of 2017 and will be fully developed and transferred to the buyer in turnkey condition in 2021. One building is sold in condominium ownership.

www.espacetourbillon.ch

Realisation	2017-2021
Investment volume incl. land	CHF 180 million
Rental space	47 000 m ²
Rental income	CHF 14 million
Gross yield (on cost)	7.6%
Net yield (on cost)	6.4%



JED I, Schlieren

Commercial sites can be transformed into socially valuable and interesting properties with multi-faceted opportunities for utilisation through conversions and redevelopments. In this regard, the former NZZ printing facility under the new name JED – Join. Explore. Dare. – will undergo a significant upgrade by 2020. The ideally accessible site will be positioned in the long term as a centre for innovation, entrepreneurship, knowledge transfer and attractive working environments. The signing of long-term rental agreements with two service companies secured two key anchor tenants.

Realisation (phase 1)	2018-2020
Investment volume incl. land	CHF 120 million
Rental space	21500 m ²
Rental income	CHF 6.1 million
Gross yield (on cost)	5.1%
Net yield (on cost)	4.5%

www.jed.swiss



JED II, Schlieren



On the land reserve of the former NZZ printing facility, an innovative new building based on the 2226 concept by Prof. Dietmar Eberle will be built by 2022. The office building will be constructed in solid construction and will not require heating, ventilation, cooling or external energy supply. The aim is to keep the temperature inside the building constant between 22 and 26 degrees Celsius (2226). The maintenance and operating costs will be 50% less than for conventional properties. On the ground floor and the four floors above, a total of 15000 m² are available for rent, whereby large connected areas are offered.

Realisation (phase 2)	2020-2022
Investment volume incl. land	CHF 68 million
Rental space	15000 m²
Rental income	CHF 4.4 million
Gross yield (on cost)	6.5%
Net yield (on cost)	5.9%

www.jed.swiss



Stücki Park, Basel

The Stücki Park will be thoroughly developed, thus becoming attractive and future oriented. The key expansion of the already existing laboratory and office floor space will be carried out in two phases. 50% of the first phase is already pre-let to Lonza. Four new buildings situated between the already fully leased Businesspark and shopping centre will noticeably expand the total floor space. At the same time, the rental floor space will double to more than 60000 square metres. Consequently, the project will meet the region's needs for laboratory and office floor space, creating room for an additional 1700 workplaces. The laboratory and office floor space constitutes a key element for the successful and sustainable future development of the entire site, where innovation, entertainment, wellness, healthcare, research and shopping are all interwoven in an overall concept.

www.stueckipark.ch

Realisation	2018-2023
Investment volume incl. land	CHF 192 million
Rental space	33 600 m²
Rental income	CHF 12 million
Gross yield (on cost)	6.1%
Net yield (on cost)	5.4%

West-Log, Zurich

A logistics centre with offices on the upper floors is being built within walking distance of the Zurich-Altstetten railway station and with connections to the A1 motorway. Thanks to its optimal location, the building enables the anchor tenant Elektro-Material AG to distribute goods quickly and cost-effectively in the city of Zurich and the surrounding area. With the West-Log building, Swiss Prime Site Immobililen is responding to the growing market for city logistics, which is becoming increasingly important in the age of e-commerce.

Realisation	2018-2020
Investment volume incl. land	CHF 89 million
Rental space	17 600 m²
Rental income	CHF 3.4 million
Gross yield (on cost)	3.8%
Net yield (on cost)	3.4%

www.west-log.ch



Alto Pont-Rouge, Lancy



A modern services property with 15 upper floors - featuring innovative and flexible floor space and comprising roughly 35000 square metres - will be constructed in the years 2020-2022 on the Esplanade 4 parcel of land in the Esplanade de Pont-Rouge urban development zone, situated in close proximity to the Lancy railway station in Geneva. The Lancy-Pont-Rouge railway station is the first major construction phase of Geneva's Praille-Acacias-Vernets (PAV) development zone, where a new urban district is emerging on an area of 230 hectares. The official inauguration ceremony for the new Lancy-Pont-Rouge railway station in December 2017 has already laid the cornerstone for PAV's redesign. The development project should pave the way for the emergence of an urban centre on the former industrial site.

0 million
1 500 m²
5 million
5.3%
5

Our strengths at a glance



Sustainable business model

Swiss Prime Site invests in high-quality land, properties and locations, which, together with conversions and developments of entire sites, form the Company's core business. Vertically integrated real estate-related group companies complement the core business and provide interesting added value.



First-class quality of location

The portfolio of 187 high-quality properties comprises value-retaining Swiss properties situated in first-class locations with a fair value of CHF 11.8 billion. In this context, the Company focuses on office and retail properties. The vacancy rate amounts to 4.7%.



Stock's high level of liquidity

Swiss Prime Site is the largest stock exchange-listed real estate company in Switzerland, with market capitalisation of CHF 8.5 billion. The roughly 76 million registered shares are subject to 100% free float and exhibit a high level of liquidity on the SIX Swiss Exchange.



Stable financing

The Company boasts a stable financing situation through debt and shareholders' equity. The equity ratio amounts to 44.4%. The composition of debt equitably consists of the use of various instruments such as bonds, mortgages and loans. The loan-to-value ratio amounts to 45.7%.



High profitability and growth

The existing real estate portfolio realises an attractive net yield of 3.5%. Swiss Prime Site achieves a return on equity (ROE) of 11.5%. The project pipeline for the coming years comprises more than 20 projects totalling an investment volume of roughly CHF 2 billion.

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Equitable dividend policy

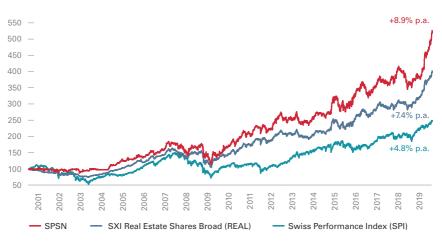
The Board of Directors pursues an attractive and investor-friendly distribution policy. Around 80% of the profits generated excluding revaluations and deferred taxes are currently repatriated to the shareholders. The dividend yield amounts to 3.4% at present.

Our share

Swiss Prime Site AG share's closing price on 30 December 2019 amounted to CHF 111.90. The stock turned in a performance (total return) of +47.0% in 2019, including the distribution of CHF 3.80 per share carried out with value date of 4 April 2019. Consequently, the share has outperformed the sector (REAL: +37.0%) and the Swiss stock market (SPI: +30.6%).

The share reached its peak price of CHF 113.30 on 27 December 2019 and closed at its lowest point of CHF 80.20 on 3 January 2019. The average daily trading volume amounted to CHF 16.9 million.

The average annual performance (total return) of the Swiss Prime Site share since the initial public offering amounts to +8.9%, thus significantly surpassing that of the sector (REAL +7.4%) as well as the overall market (SPI: +4.8%).



Quelle: Thomson Datastream

Sustainability goals and roadmap

Swiss Prime Site sets itself long-term goals. When doing so, it is guided by national and international frameworks, such as the Energy Strategy 2050, the Paris Agreement and the Sustainable Development Goals (SDGs) of the United Nations. Sustainability management is focused on the material issues defined during the 2019 materiality process. From these, Swiss Prime Site derives a sustainability roadmap, which includes responsibilities, short- and medium-term goals and corresponding implementation measures. This roadmap forms an integral part of the annual business-plan process. The roadmap is structured according to the six capitals of the integrated reporting approach. On the basis of this roadmap, Swiss Prime Site assesses the achievement of goals and defines additional measures if they are not met.

Sustainability goals are set across the six capitals, both at group level and for the individual group companies. Whereas the group's overarching goals are described for all six dimensions, the main focus at the operational level for 2018 and 2019 was on the working environment, digitalisation and raising energy efficiency levels in the group's operations and its property portfolio.

Our achievements in 2018/2019



Stakeholders

Following on from Swiss Prime Site's first stakeholder panel in 2017, a second panel was held on the topics of «urbanisation» and «intergenerationality». Among other things, the discussions with external stakeholders and experts served as input for revising the Swiss Prime Site materiality matrix.



Infrastructure

Swiss Prime Site standardised the requirements for applying Building Information Modeling (BIM) to all new developments.



Ecology

In addition to extending the carbon accounting concept, Swiss Prime Site developed a wide-reaching CO_2 reduction pathway for the entire property portfolio.



Finance

Reporting on climate-related financial risks was introduced in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Innovation

Swiss Prime Site organised interdisciplinary workshops on megatrends and futurerelevant issues. In 2019, these included climate change and changing social values. The aim was to develop specific ideas and to establish innovative thinking in the corporate culture.



Employees

The group-wide trainee programme was successfully introduced. It will give talented youngsters an insight into the diverse areas of activity at Swiss Prime Site and strengthen the employer brand.

Information policy

24 March 2020 Annual General Meeting financial year 2019

25 August 2020 Semi-Annual Report 2020 with financial results press conference

Autumn 2020 Capital Markets Day 2020



Markus Waeber Head Group Investor Relations & Communications

+41 58 317 17 64 markus.waeber@sps.swiss



Mladen Tomic Head Corporate Communications

+41 58 317 17 42 mladen.tomic@sps.swiss

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Overall responsibility | Editorial

Swiss Prime Site AG Frohburgstrasse 1 CH-4601 Olten info@sps.swiss www.sps.swiss

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Linkgroup AG, Zurich

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Image material Swiss Prime Site AG, Olten





Headquarters Swiss Prime Site AG Frohburgstrasse 1 CH-4601 Olten Zurich Office Swiss Prime Site AG Prime Tower, Hardstrasse 201 CH-8005 Zurich Geneva Office Swiss Prime Site AG Rue du Rhône 54 CH-1204 Geneva

1 1 1

Phone +41 58 317 17 17 | info@sps.swiss | www.sps.swiss