

SWISS PRIME SITE

2020

— SHORT REPORT

## Key Figures 2020

15.3

Real Estate Assets under  
Management (CHF billion)  
+9.3% year-on-year

5.1

Vacancy rate (%)  
+8.5% year-on-year

610.4

Profit (CHF million)  
+0.3% year-on-year

47.8

Equity ratio (%)  
+7.7% year-on-year

8.04

Earnings per share (CHF)  
+0.5% year-on-year

3.35

Distribution (CHF)<sup>1</sup>  
-11.8% year-on-year

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<sup>1</sup> proposal to the Annual General Meeting

# Short report

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# Dear Shareholders,

Almost exactly a year ago, a challenging time began for us all. In the middle of lockdown, I became Chairman of the Swiss Prime Site Board of Directors. The social and political uncertainties brought about by COVID-19 have not made it easy to weather the crisis. For the management and Board of Directors, the wellbeing and safety of our employees and customers was our priority. Despite not being physically together, we created momentum and successfully coped with this extraordinary year. Swiss Prime Site ends the year with a positive operating result of CHF 762.3 million. Net profit was CHF 610.4 million. The Board of Directors will propose to the 2021 Annual General Meeting a dividend of CHF 3.35.

At the beginning of the crisis, the entire Board of Directors held a weekly conference call with the management team. In early summer, we adjusted the pace in view of the slightly more relaxed situation. Swiss Prime Site's management has successfully guided the core Real Estate business and the group companies Swiss Prime Site Solutions, Wincasa and Jelmolli through this period.

In the second half of 2020, the Board of Directors tackled Swiss Prime Site's key strategic topics, taking into account the change in market conditions. We looked at issues around corporate structure, portfolio size and profitability as well as hurdles and opportunities for the business. Working with management, we developed a strategy based on two strong company pillars – Real Estate and Services.

We are not seeking to materially change the size of the property portfolio from its current CHF 12 billion. However, we do want to increase profitability through targeted initiatives. This resulted in four strategic priorities. Firstly, the attractive project pipeline will continue to be implemented. This includes leveraging the potential of densification and land reserves as well as divesting projects, or parts of them, by way of «capital recycling». Secondly, the composition of types of use in the portfolio will be adjusted. The objective is to minimise risks and remain agile in the face of market changes. Thirdly, the portfolio will be actively optimised. This includes developing real estate or divesting properties and sites in less optimal locations in order to release capital. Fourthly, vacancies will continue to be kept at a low level. These initiatives will make a substantial contribution

towards further increasing the net yield of the core business and increasing the resilience of the portfolio in question.

After the successful divestment of Tertianum, the Services business will look at further honing its profile. The most important strategic decision here will relate to the group company Swiss Prime Site Solutions. The real estate asset manager will expand its business model to include fund products, thereby significantly extending its range of services. This strategy will result in significant growth. Wincasa will continue to press forward with the transformation towards a digital business model and will be able to significantly increase profitability once again in the medium term. At Jelvoli, a range of strategic options have been reviewed and measures defined to enable the group company to achieve a break-even result by 2023.

Five years ago, Swiss Prime Site started a process of renewal within the Board of Directors. My nomination and election, like that of other colleagues on the Board, has been the result of this process, which is still ongoing. We are pleased to propose to the shareholders at the forthcoming Annual General Meeting that Barbara A. Knoflach be accepted onto the Board as a replacement for Rudolf Huber.

I am thrilled to have been Chairman of such a dynamic and innovative company for the last year. It fills me with particular confidence that Swiss Prime Site is so committed to sustainability and is embedding this principle across different levels of the value-added process. An excellent example of this is the green bond, launched in autumn 2020. Both our business areas provide us with good long-term potential and a robust business model that remains resilient even in difficult times, such as those we have experienced in 2020. I therefore look to the future with optimism and confidence.

I would like to thank you, 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.



Ton Büchner  
Chairman of the Board of Directors





# Summary of key figures

	in	31.12.2019	31.12.2020 <sup>1</sup>	Δ in %
Fair value of real estate portfolio	CHF m	11 765.4	12 322.6	4.7
Rental income from properties	CHF m	486.9	424.7	– 12.8
Vacancy rate	%	4.7	5.1	8.5
Income from real estate developments	CHF m	79.8	50.1	– 37.2
Income from real estate services	CHF m	117.5	115.2	– 2.0
Income from retail	CHF m	127.8	110.6	– 13.5
Income from assisted living	CHF m	423.9	72.4	– 82.9
Income from asset management	CHF m	13.5	13.1	– 3.1
Total operating income	CHF m	1 258.8	792.9	– 37.0
Revaluation of investment properties, net	CHF m	203.4	203.4	– 0.0
Result from investment property sales, net	CHF m	20.8	22.2	7.1
Result from sale of participations, net	CHF m	–	204.2	n.a.
Operating result (EBIT)	CHF m	628.3	762.3	21.3
Profit	CHF m	608.5	610.4	0.3
Equity ratio	%	44.4	47.8	7.7
Loan-to-value ratio of property portfolio (LTV)	%	45.7	41.9	– 8.3
Return on equity (ROE)	%	11.5	10.6	– 7.8
Return on invested capital (ROIC)	%	5.6	5.4	– 3.6
Earnings per share (EPS)	CHF	8.00	8.04	0.5
NAV before deferred taxes per share <sup>2</sup>	CHF	86.34	95.41	10.5
NAV after deferred taxes per share <sup>2</sup>	CHF	71.87	80.11	11.5

## Figures excluding revaluations and all deferred taxes

Operating result (EBIT)	CHF m	424.9	558.9	31.5
Profit	CHF m	315.7	476.6	51.0
Earnings per share (EPS)	CHF	4.14	6.27	51.4
Return on equity (ROE)	%	6.3	8.5	34.9

<sup>1</sup> Sale and deconsolidation of the Tertium Group as of 28 February 2020

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







# A successful year marked by the pandemic

2020 was a year that demanded much from us, both as people and as a community, and presented us with many challenges. The COVID-19 pandemic and its implications significantly impacted our social lives and our economy. The resulting «quake» was clearly and immediately felt both by the Swiss real estate industry and by us – the country's largest listed real estate company. However, the crisis also presented us with opportunities: Swiss Prime Site worked with its customers to take swift and efficient action and find solutions. Internal processes were optimised with and for employees and real estate projects were advanced well, despite the tough conditions.

The pandemic had a severe impact on the country's economic performance. Many companies, and particularly the self-employed, needed emergency loans to keep their head above water.

Swiss Prime Site and its group companies Swiss Prime Site Immobilien, Swiss Prime Site Solutions, Wincasa and Jelmoli were strongly impacted by the strict measures brought about by the pandemic. The main impact was on work processes and general procedures. On the other hand, Jelmoli, for example, had to shut down almost its entire operations during lockdown. Government directives had a significant impact on individual group companies as well as the group's operating result. After the first few cases appeared in Switzerland, Swiss Prime Site formed the «Corona» working group. The Group's aim is to safeguard the health of all employees while

still ensuring that business processes can continue.

Despite the adverse circumstances, the 2020 financial year was successful for Swiss Prime Site, with overall positive results. One important milestone was the strategic sale of the Tertianum Group, completed in the first quarter of the reporting year. The impact of this structural change within the group resulted in operating income of CHF 792.9 million [CHF 1 258.8 million]. EBIT, however, rose by 21.3% to CHF 762.3 million. The sale of Tertianum contributed significantly to the pleasing result, adding CHF 204.2 million. This includes real estate portfolio revaluations of CHF 203.4 million [CHF 203.4 million]. The total fair value of all properties held by Swiss Prime Site as at the end of 2020 is CHF 12.3 billion. The Company generated a profit of CHF 610.4 million [CHF 608.5

million]. While in 2019 the release of deferred tax liabilities due to cantonal tax rate reductions still had a significant impact totalling CHF 172.5 million, this value was only CHF 7.1 million in 2020. Excluding the effect of revaluations and deferred taxes, the group's profit rose by 51.0% to CHF 476.6 million compared with the previous year.

### **Real Estate segment**

In view of the circumstances, the Real Estate segment performed well in the reporting year. Operating income was CHF 482.9 million [CHF 519.5 million]. The fall in rental income to CHF 431.0 million (–1.4%) is due to the concessions granted to tenants who were significantly impacted by the pandemic. In terms of the operating result, the segment reported EBIT of CHF 555.0 million. This included profits from the sale of existing and development properties amounting to CHF 34.8 million. The fair value of the property portfolio rose to CHF 12.3 billion. The vacancy rate increased year on year from 4.7% to 5.1%, although that still marks a substantial improvement compared with the mid-year level of 5.4%. This achieved the subgoal of bringing the vacancy rate back down to within reach of 5%. This is because, despite the lockdown, modern, flexible properties in optimal locations for a range of types of use remained attractive to tenants and were in

demand. YOND in Zurich is fully let except for two small spaces. After the hand-over of apartments to over 140 tenants in the Schönbürg building in Berne, a hotel, food shop and fitness centre were completed on the site in spring. In the north of Basel city, the major «Stückli Park» project made further important progress. In JED in Schlieren, too, the attractive and modern spaces were handed over in line as agreed to the two key tenants, Zühlke and Halter. The building permit has been issued for the new building. To further increase the sustainability of the building, which has been planned without ventilation, cooling or heating, the building will be constructed using the secondary building material «zirkulit». To make JED even more appealing and further raise its profile, a comprehensive event and gastronomy concept was developed. Anchor tenant Elektro-Material AG started business from the West-Log building in Zurich in the second half of the year. Despite the unique circumstances in the 2020 financial year, projects under construction continued with almost no delays. At the end of the reporting year, the project pipeline included projects under construction with an investment volume (including land) of CHF 1 080 million. Further projects with an investment volume (including land) of CHF 640 million are in development. Building permits have been issued for the projects Alto Pont-Rouge in

Geneva, the JED new build in Schlieren, Stücki Park II in Basel and Tertianum in Lugano-Paradiso. Based on the attractiveness of the properties and sites, Swiss Prime Site expects good market take-up of the spaces. The planning application for the modification of the building on Müllerstrasse in Zurich, which is already let, has been submitted. The architecture competition for the new development maaglive at the Prime Tower site in Zurich has taken place. Two entries are now being thoroughly assessed. Two projects for the major tenant Tertianum are well on track to be tackled according to schedule next year.

### **Services segment**

The cumulative operating income of the segment, comprising the group companies Swiss Prime Site Solutions, Wincasa and Jelmoli and, for two months, Tertianum, amounted to CHF 378.2 million. The significant difference compared to the previous year is due to two special effects. Firstly, Tertianum was sold and deconsolidated at the end of February. Secondly, Jelmoli's sales were significantly hampered by the pandemic. The operating result (EBIT) was CHF 207.3 million compared to CHF 55.5 million in 2019. This exceptionally positive result was due to the divestment gain of CHF 204.2 million from the Tertianum Group transaction. Real estate asset manager Swiss Prime Site Solutions significantly en-

hanced its profile in the reporting year, adding more experts to its organisation. The decision was also taken to further expand the product range. Assets under management were increased from CHF 2.3 billion at the end of 2019 to CHF 3.0 billion. In a tight market, the integrated real estate services provider Wincasa increased the assets under management to CHF 72.0 billion. The pandemic also left behind clear traces in the group company's income statement. Handling more than 2000 tenant requests resulted in significant additional expenses and personnel costs. At the same time, the whole organisation is involved in the ongoing transformation and digitalisation of the business model. This has two key objectives. Firstly, to significantly simplify, modernise and automate residential services. Secondly, to expand the range of services for major customers in the area of sites and centre management. In addition to coping with the pandemic, Jelmoli conducted a review of their strategy and, as a result, worked more on their range, customer focus and presence. Major changes have taken place under the new management, the impact of which should already be felt in 2021. As well as the main location in Zurich, Jelmoli has also operated two smaller locations at Zurich Airport since 2020. Due to the pandemic, these were either closed shortly after they had started operating (Airside) or opened after a delay (Circle).





The planned opening of the new online store was postponed to spring 2021. Jelmoli's management hopes that these three new «locations» will give the business significant momentum and bring positive results.

### **Outlook**

For the 2021 financial year and beyond, the management of Swiss Prime Site expects market opportunities for office floor space to remain sound. This assessment for Switzerland is based on the shortest commuter times in Europe, an occupancy rate for office floor space that was adapted to new working models even before the pandemic and the need for more distancing and common areas. The situation for retail remains challenging. Here, Swiss Prime Site expects continued positive demand for bricks-and-mortar retail in good locations. The retail space portfolio is primarily situated in premium locations. If the general situation for tourism returns to normal in the medium term, there will be good opportunities once again for hotels and events. In view of the development projects that were completed in 2020 and are largely fully let, Swiss Prime Site expects rental income to rise in 2021, subject to unforeseeable upheaval linked to the coronavirus pandemic. The vacancy rate in the portfolio will be

reduced to below 5%. On a medium-term horizon, Swiss Prime Site is standing by the targets communicated in October 2020.

A handwritten signature in blue ink, appearing to read 'R. Zahnd', with a stylized, flowing script.

René Zahnd, CEO

# Success story

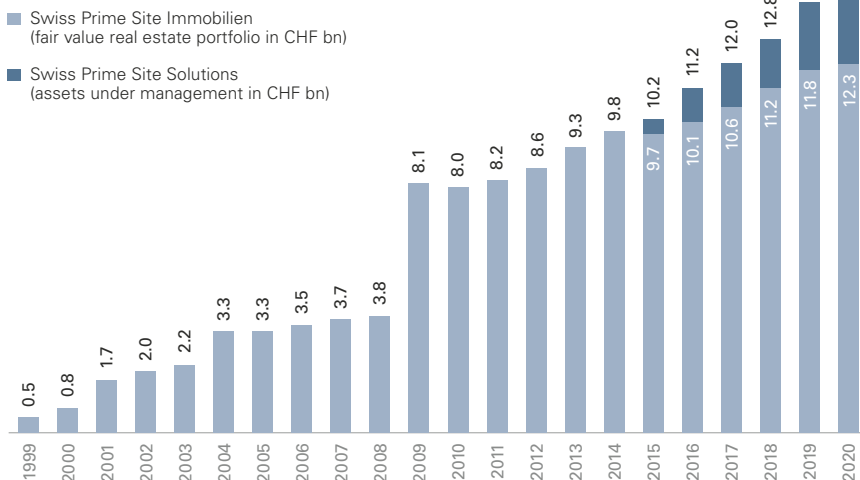
Swiss Prime Site was founded in 1999. The Company is the largest stock exchange-listed real estate group in Switzerland. Currently, its property portfolio is valued at CHF 12.3 billion. Including Swiss Prime Site Solutions, the group manages real estate assets of CHF 15.3 billion.

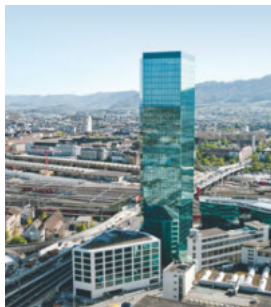
Swiss Prime Site has continuously expanded its portfolio through acquisitions, developments and conversions as well as a strong focus on prime locations. The purchase of Maag Holding (2004) with the Maag Site in Zurich-West counts among the most paramount acquisitions to date, where Prime Tower and the surrounding buildings were constructed. The acquisition of Jelmoli (2009) doubled the value of the real estate holdings.

Furthermore, significant projects such as YOND in Zurich and EspacePost in Berne or conversions of former office space have paved the way for generating additional growth and value in addition to creating premium locations. Together with Swiss Prime Site Solutions (third-party real estate asset management), Swiss Prime Site manages real estate assets of CHF 15.3 billion (as at 31 December 2020).

## Real estate assets under management

in CHF bn





Prime Tower, Zurich



Jelmoli, Zurich



SkyKey, Zurich



YOND, Zurich



Opus, Zug



Stücki Park, Basel



EspacePost, Berne



Schönburg, Berne



Rue du Rhône 48-50, Geneva

# Board of Directors



**Ton Büchner**

Chairman

Independent member since  
24.03.2020<sup>3</sup>



**Mario F. Seris**

Vice-Chairman

Independent member since  
27.04.2005<sup>3</sup>



**Dr. Barbara Frei-Spreiter**

Independent member since  
27.03.2018<sup>2</sup>



**Thomas Studhalter**

Independent member since  
27.03.2018<sup>1</sup>



**Christopher M. Chambers**

Independent member since  
22.10.2009<sup>1, 2</sup>



**Dr. Rudolf Huber**

Independent member since  
29.04.2002<sup>1</sup>



**Gabrielle Nater-Bass**

Independent member since  
26.03.2019<sup>2</sup>

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<sup>1</sup> Audit Committee

<sup>2</sup> Nomination and Compensation Committee

<sup>3</sup> 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, long-term-oriented body.



# Executive Board



**René Zahnd**

CEO Swiss Prime Site



**Markus Meier**

CFO Swiss Prime Site



**Peter Lehmann**<sup>1</sup>

CEO Swiss Prime Site  
Immobilien



**Anastasius Tschopp**<sup>2</sup>

CEO Swiss Prime Site Solutions



**Oliver Hofmann**

CEO Wincasa



**Nina Müller**

CEO Jelmoni

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<sup>1</sup> until 31 December 2020

<sup>2</sup> as of 1 January 2021

Swiss Prime Site's Executive Board comprises the Chief Executive Officers of the group companies Swiss Prime Site Immobilien, Swiss Prime Site Solutions, Wincasa and Jelmoni as well as the group's CEO and CFO.



**Martin Kaleja**<sup>2</sup>

CEO Swiss Prime Site  
Immobilien



# Strategy

The Swiss Prime Site Group pursues the vision of creating sustainable living spaces for society as a whole and its clients. With its prime real estate portfolio worth CHF 12.3 billion and a comprehensive range of services along the real estate life cycle, the company is uniquely positioned to turn this vision into reality and thus meet the needs of its clients and society in the long-term.

## **Sustainability is an integral part of the corporate strategy**

As Switzerland's largest listed real estate company, Swiss Prime Site is aware of its responsibility for its clients, employees, the environment and long-term urban development. Sustainability is therefore an integral part of the corporate strategy and business activities in both the real estate and services segments.

## **Real Estate: realisation of the project pipeline and optimisation of the portfolio**

Investments in properties in prime locations and the development of attractive and sustainable sites form the core business of Swiss Prime Site. Swiss Prime Site is pursuing four strategic priorities for its real estate portfolio: realisation and renewal of the CHF 2 billion project pipeline, adjustment of the use mix with a reduced retail share, optimisation

of the portfolio with a size of around CHF 12 billion, vacancy management (target vacancy rate: ~4% mid-term).

## **Services: growth of the assets under management and profitability**

With the group companies Swiss Prime Site Solutions, Wincasa and Jelmoli, the company has strong service providers who supply services that are in high demand in the core real estate business, as well as for the Group and third-party clients, and strengthen the business model.

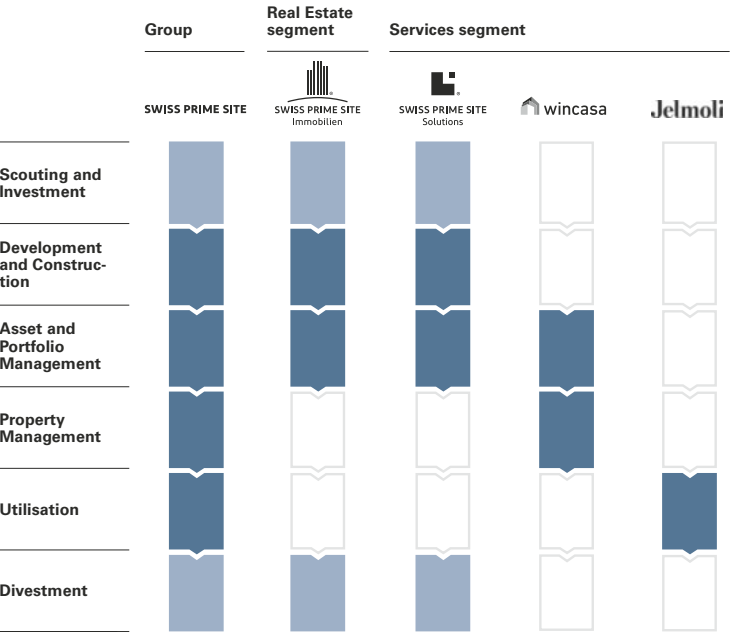
### **Targets**

~4%  
Vacancy rate

≥45%  
Equity ratio

6–8%  
Return on equity

# Business model



Swiss Prime Site’s business model is based on the vision of creating innovative and sustainable living space. It covers the entire value chain along the real estate cycle. Swiss Prime Site implements the highest quality standards and consistently focuses on current and future market requirements.

Swiss Prime Site sold the Tertianum Group to Capvis in the year under review. The sale comprised the operational management of over 80 residential and care centres and residences in all parts of Switzerland. 15 properties already belonging to the Swiss Prime Site portfolio, with Tertianum as the tenant, remain in the company’s ownership.



### **Swiss Prime Site Immobilien**

The investment focus of the core real estate business is directed at investments in high-quality 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.

**431.0**

Rental income  
from properties  
in CHF million

**12.3**

Real estate portfolio  
in CHF billion



### **Swiss Prime Site Solutions**

Swiss Prime Site Solutions is an asset management company focusing on the real estate sector. The business field develops tailor-made 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.

**13.1**

Income from  
asset management  
in CHF million

**3.0**

Assets under Manage-  
ment in CHF billion





### **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 72 billion. Wincasa is regarded as a first mover in the field of digitalisation in the real estate sector.

**146.2**

Income from real estate services in CHF million

**72.0**

Assets under Management in CHF billion

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### **Jelmoli**

### **Jelmoli**

Jelmoli in Zurich is Switzerland's leading omnichannel premium department store and generates total sales (incl. shop-in-shop) of CHF 189 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. Since 2020, there are new Jelmoli branches in «The Circle» and «Airside» at Zurich Airport.

**110.6**

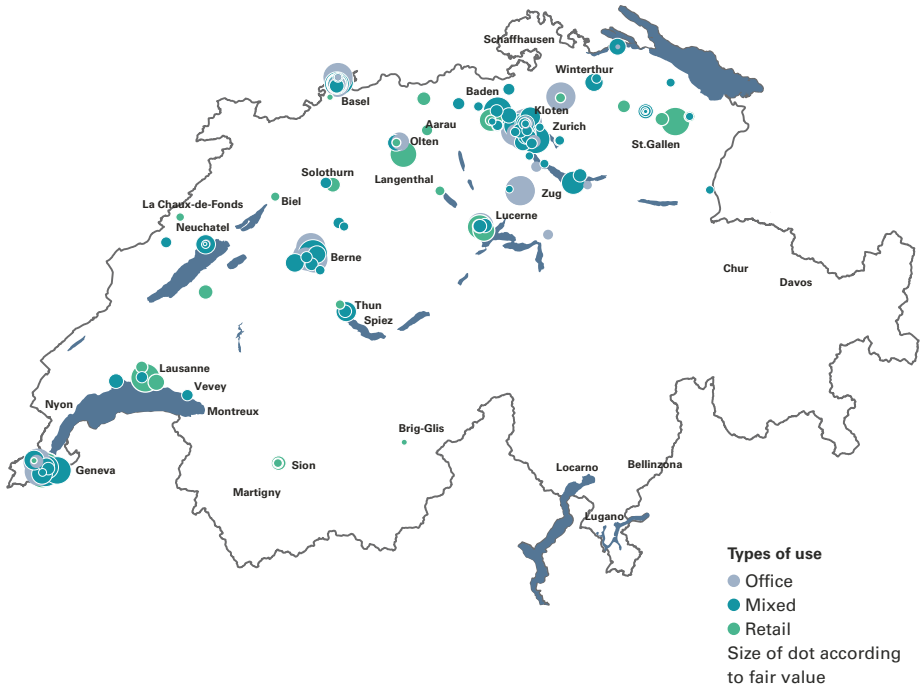
Income from retail in CHF million

**26 300**

Retail floor space in m<sup>2</sup> (incl. Zurich Airport)



# Real estate portfolio



## Portfolio

Without exception, the properties of Swiss Prime Site have a high property and location quality. In addition, the portfolio as a whole has a good sustainability balance. In order to optimise this further, targeted measures are being taken and investments made as part of Swiss Prime Site's CO<sub>2</sub> reduction path.

In total, the portfolio comprises 185 properties as at the end of 2020. The total rental floor space increased to 1.7 million m<sup>2</sup>, while the vacancy rate was maintained at 5.1% through proactive management despite the difficult environment.

**Geographic allocation**

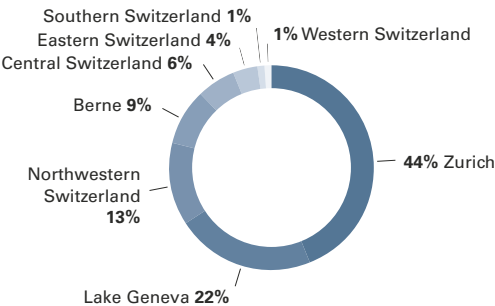
According to Wüest Partner, roughly 80% of the group’s properties rank in the quadrants with the highest quality based on the overall market. The majority of properties (76%) are located in German-speaking Switzerland. In this context, canton Zurich and particularly Zurich City account for the lion’s share in this region with 44%. Another region in the spotlight is the Lake Geneva area (22%).

**Utilisation**

Swiss Prime Site has focused its portfolio on commercial and services businesses and their needs. Currently, 44% are leased as office and 26% as retail properties. The real estate portfolio’s maturity profile is long term and thus attractive. Roughly 21% 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.

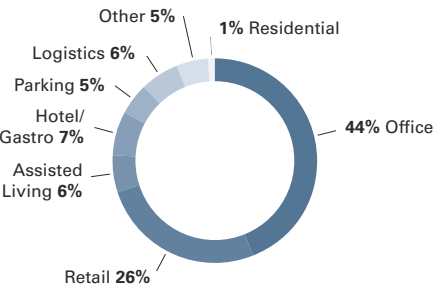
**Portfolio split by region**

Basis: fair value as at 31.12.2020



**Portfolio split by type of use<sup>1</sup>**

Basis: net rental income as at 31.12.2020



<sup>1</sup> 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 allows the company to act with a high degree of independence from market cycles on the one hand and to positively influence the degree of sustainability within the portfolio on the other.

Project development is based on the Group's strategic goals to increase organic growth and enhance the company's profitability and to renew the portfolio by means of sustainable building stock. Income from completed projects accrues in the form of revaluation gains, as an increase in rental income and as sales profits. New projects developed by Swiss Prime Site Immobilien generally have an above-average net yield compared with the market and the existing portfolio, and the highest sustainability standards.

The investment volume of Swiss Prime Site Immobilien's project pipeline amounted to roughly CHF 2 billion at the end of 2020.

## Projects under construction

The construction projects comprise an investment volume (incl. land) of around CHF 1080 million. The largest single project, with a volume of CHF 300 million, is Alto Pont-Rouge in Lancy. The project is of great importance for the Geneva region due to its nature and location, as it will create an additional trans-

port and economic hub for the city. Shortly after the start of construction in the second half of 2017, two of the five properties to be built at the large Espace Tourbillon development site in Plan-les-Ouates were sold. Two further buildings are currently being sold, one of which is being sold in condominium ownership. The fifth building (CHF 85 million investment) will be transferred to the existing portfolio. The projects under construction show an average net yield above the current portfolio average.

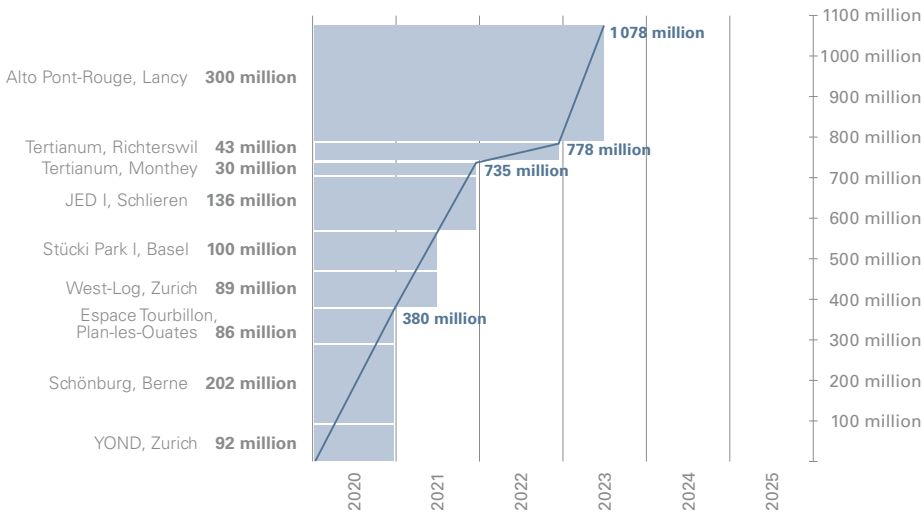
## Projects in planning phase

As at the end of 2020, projects with an estimated investment volume (incl. land) of around CHF 640 million were in the planning stage. The largest single project, with a volume of CHF 222 million, is Müllerstrasse in Zurich. This is a comprehensive modernisation of the existing office building. Four projects for the construction of three new residential and care centres as well as a residence for Tertianum are also in planning or partly already under construction.

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

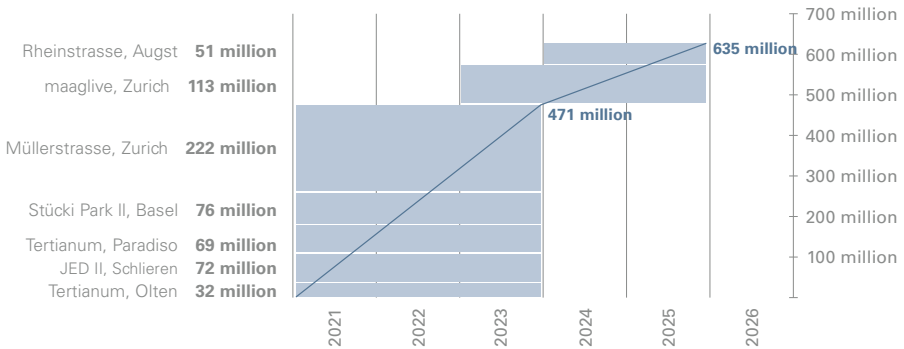
Projects under construction

Value in CHF



Projects in planning phase

Value in CHF





# Espace Tourbillon, Plan-les-Ouates

The project 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 95 000 square metres, providing the fast-growing Geneva region space with an additional 4 000 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. Another two buildings are in the process of being sold, thereof one in condominium ownership.

Realisation	2017–2021
Investment volume incl. land	CHF 86 million
Rental space	24 600 m <sup>2</sup>
Rental income	CHF 6.0 million
Gross yield (on cost)	7.0%
Net yield (on cost)	6.2%

[www.espacetourbillon.ch](http://www.espacetourbillon.ch)



# JED, 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 printing facility under the new name JED – Join. Explore. Dare. – will undergo a significant upgrade by 2021. The ideally accessible site will be positioned in the long term as a centre for innovation, entrepreneurship, knowledge transfer and attractive working environments. With Zühlke, Halter and JED Events, well-known service companies were acquired as long-term tenants for the existing building.

[www.jed.swiss](http://www.jed.swiss)

Realisation (phase 1)	2018–2021
Investment volume incl. land	CHF 136 million
Rental space	24 100 m <sup>2</sup>
Rental income	CHF 6.8 million
Gross yield (on cost)	5.0%
Net yield (on cost)	4.5%



# JED, 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 2023. The office building will be constructed in solid construction using «zirkulit» 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. Approximately 15000 m<sup>2</sup> are available for rent, whereby large connected areas are offered.

Realisation (phase 2)	2021–2023
Investment volume incl. land	CHF 72 million
Rental space	14 700 m <sup>2</sup>
Rental income	CHF 4.0 million
Gross yield (on cost)	5.6%
Net yield (on cost)	5.3%

[www.jed.swiss](http://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 let to Lonza. Four new buildings will noticeably expand the total floor space. At the same time, the rental floor space will double to more than 60 000 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](http://www.stueckipark.ch)

Realisation	2018–2023
Investment volume incl. land	CHF 176 million
Rental space	33 600 m <sup>2</sup>
Rental income	CHF 9.9 million
Gross yield (on cost)	5.6%
Net yield (on cost)	5.1%



# 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 Immobilien is responding to the growing market for city logistics, which is becoming increasingly important in the age of e-commerce.

Realisation	2018–2021
Investment volume incl. land	CHF 89 million
Rental space	17 600 m <sup>2</sup>
Rental income	CHF 3.2 million
Gross yield (on cost)	3.6%
Net yield (on cost)	3.3%

[www.west-log.ch](http://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 35 000 square metres – will be constructed by 2023 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.

Realisation	2020–2023
Investment volume incl. land	CHF 300 million
Rental space	31 600 m <sup>2</sup>
Rental income	CHF 15.1 million
Gross yield (on cost)	5.0%
Net yield (on cost)	4.5%

# Engagement and responsibility

## **Long-term alignment with the Sustainable Development Goals (SDGs)**

Swiss Prime Site sets itself long-term goals and is guided by the Swiss government's Energy Strategy 2050, the Paris Climate Agreement and the Sustainable Development Goals (SDGs) of the United Nations. Swiss Prime Site uses the 17 SDGs as a reference system to embed its commitment in the context of global sustainable development. The focus is on seven key goals to which Swiss Prime Site can contribute by fulfilling its responsibility in its core business: SDG 4 (Quality education), SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure), SDG 11 (Sustainable cities and communities), SDG 12 (Responsible consumption and production), SDG 13 (Climate action), SDG 17 (Partnerships for the goals).

The relevant Sustainable Development Goals are also reflected in the material issues identified by Swiss Prime Site, which form the basis for the integrated management of financial and non-financial aspects as well as integrated reporting.

## **Taking responsibility for safe, resilient and sustainable cities and settlements**

Swiss Prime Site considers SDG 11 (Sustainable cities and communities) to be an appropriate guiding principle for its corporate responsibility and is committed to safe, resilient and sustainable cities and communities. On the one hand, it reflects the corporate vision of designing sustainable living spaces. On the other hand, several trends can be classified under it that have a significant influence on the core business. These include, for example, urbanisation, intergenerationality and the climate-adapted design of living spaces.

Swiss Prime Site is aware that a meaningful contribution to SDG 11 can only be made if the company builds on its strengths. This includes a clear focus on client needs, the promotion of employees and an innovative working culture, as well as investments to increase energy efficiency and reduce CO<sub>2</sub> emissions. Based on these pillars, Swiss Prime Site has developed group-wide strategic goals that will be further operationalised in the group companies and thus point the way to a successful, sustainable future.

## SDGs: material issues within Swiss Prime Site



### Stakeholders

In order to strengthen relationships with stakeholders, the company is in constant dialogue with all stakeholder groups and coordinates communication measures in a timely and recipient-oriented manner.



### Innovation

Swiss Prime Site's positive business result is due, among other things, to forward-looking innovative activity. The systems and processes derived from this create concrete competitive advantages in the market.



### Finance

A stable and sustainable company is based on financially sustainable management. Financial capital comprises the financial resources that Swiss Prime Site uses for the development and provision of offers and services.



### Ecology

Swiss Prime Site acts in an environmentally conscious and resource-conserving manner – whether in the daily work in its own operations or in investments in real estate and its management. The focus is on the real estate portfolio.



### Infrastructure

The development and enhancement of group-wide products and services and their customer-oriented market orientation are part of Swiss Prime Site's core entrepreneurial task.



### Employees

Swiss Prime Site's human capital comprises the knowledge, skills and experience of its employees. The implementation of the strategy and the market success are directly linked to the motivation and innovative strength of the employees.

# Our strengths at a glance



## Integrated business model

Swiss Prime Site invests in high-quality land, properties and sites. Together with conversions and developments of entire sites, this is the company's core business. In this way, we create market-compliant, sustainable living spaces for our clients and society as a whole.



## Sustainable value creation

As a long-term oriented company, we invest in innovation across the Group and, where possible, at all levels of value creation in order to sustainably reduce our resource consumption and ensure the long-term increase of financial success.



## First-class quality of location

The market value of our quality properties amounts to CHF 12.3 billion. The portfolio consists of prime, stable-value properties with mostly office and retail space in the most densely populated regions and cities in Switzerland. The vacancy rate is 5.1%.



## Stable financing

The Company boasts a stable financing situation through debt and shareholders' equity. The equity ratio amounts to 47.8%. The composition of debt equitably consists of the use of various instruments such as straight and green bonds, mortgages and loans. The loan-to-value ratio amounts to 41.9%.



## Attractive profitability

The existing real estate portfolio realises an attractive net yield of 3.2%. Swiss Prime Site achieves a return on equity (ROE) of 10.6%. The project pipeline for the coming years comprises various projects totalling an investment volume of roughly CHF 2 billion.



## Equitable dividend policy

The Board of Directors pursues an equitable dividend policy. The target range of the payout ratio is between 80–100% of the adjusted EPRA EPS. In special situations, the Board of Directors may deviate from this policy.

# Our share

Swiss Prime Site AG share's closing price on 30 December 2020 amounted to CHF 86.90. The stock turned in a performance in 2020 (total return) of  $-19.2\%$  (2019:  $+47.0\%$ ), including the distribution of CHF 3.80 per share carried out with value date of 1 April 2020. Consequently, the share has underperformed the sector (REAL:  $-6.7\%$ ) and the Swiss stock market (SPL:  $+3.8\%$ ).

The average annual performance (total return) of the Swiss Prime Site share since the initial public offering amounts to  $+7.3\%$ , thus significantly surpassing that of the sector (REAL  $+6.7\%$ ) as well as the overall market (SPL:  $+4.8\%$ ).

The share reached its peak price of CHF 123.70 on 19 February 2020 and closed at its lowest point of CHF 74.75 on 28 October 2020. The average daily trading volume amounted to CHF 23 million.



Source: Thomson Datastream



# Income statement

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

# Balance sheet

in CHF 1000	31.12.2019	31.12.2020
Cash and securities	173 622	143 352
Current receivables	110 231	61 734
Inventories	34 789	30 786
Real estate developments	19 650	27 628
Accrued income and prepaid expenses	37 819	33 109
Assets held for sale	94 136	216 401
<b>Total current assets</b>	<b>470 247</b>	<b>513 010</b>
Investment properties	11 671 294	12 106 219
Tangible assets	71 083	25 956
Investments in associates	52 231	51 487
Deferred income tax assets	1 634	60
Other financial investments	6 535	4 060
Intangible assets	27 880	25 450
<b>Total non-current assets</b>	<b>11 830 657</b>	<b>12 213 232</b>
<b>Total assets</b>	<b>12 300 904</b>	<b>12 726 242</b>
Current financial liabilities	1 259 877	1 333 776
Current liabilities	182 542	152 656
Real estate developments	–	4 742
Accrued expenses and deferred income	179 058	156 051
Non-current financial liabilities	4 120 843	3 830 525
Deferred tax liabilities	1 099 397	1 162 863
<b>Total liabilities</b>	<b>6 841 717</b>	<b>6 640 613</b>
Share capital	1 161 979	1 162 347
Reserves	4 296 165	4 923 443
Treasury shares	– 106	– 161
<b>Shareholders' equity attributable to shareholders of Swiss Prime Site AG</b>	<b>5 458 038</b>	<b>6 085 629</b>
Non-controlling interests	1 149	–
<b>Total shareholders' equity</b>	<b>5 459 187</b>	<b>6 085 629</b>
<b>Total liabilities and shareholders' equity</b>	<b>12 300 904</b>	<b>12 726 242</b>

# Information policy

## **23 March 2021**

Annual General Meeting  
financial year 2020

## **26 August 2021**

First half-year 2021  
with financial results press conference



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