



**SWISS PRIME SITE**

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# **SHORT REPORT**

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**2018**





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# Dear Shareholders



**Swiss Prime Site made good progress in 2018 in its core business and the vertically integrated real estate-related business fields. Robust economic performance and stable business conditions on the Swiss capital market allowed us to continue to implement our strategy according to plan.**

2018 was a successful financial year for the entire group. Our results at all levels reflected the goals we had set ourselves. Operating income increased by 5.1% to CHF 1 214.1 million. It is gratifying to note that growth was underpinned by both the Real Estate and Services segments. Profits rose by 1.8% to CHF 310.9 million. This includes profits of CHF 676 million from revaluation of investment properties. In addition, important transactions allowed us to increase the value of the portfolio to CHF 11.2 billion. We also made significant progress within our development pipeline. In Geneva, both of our important urban development projects, «Espace Tourbillon» and «Alto Pont-Rouge», are making very good headway. The modification of the «Schönburg» building

has progressed, enabling staged hand-over to tenants this year. In Basel, the former Stücki shopping centre is currently experiencing a repositioning as an attractive mixed-used site with high demand for floorspace for laboratories, offices, research and health. In Zurich, we have begun work on the modification of a large site in Schlieren, which is designed as an important hub for knowledge transfer, entrepreneurship and innovation. The acquisition of the «West-Log» project in Zurich as an urban logistics property with great future potential represented a significant enhancement to our pipeline. In the real estate-related business fields, we are investing in digitalisation and expansion, thereby strengthening our individual business models.

In short, we are happy with the past financial year, and we are optimistic about the coming year. I would like to thank you, our valued customers and partners, for your trust and support. My thanks also go to all employees across the entire Swiss Prime Site Group, the Executive Board and my colleagues on the Board of Directors.



**Hans Peter Wehrli**  
Chairman of the Board of Directors

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## Key Figures 2018

3.80

Dividend (CHF) <sup>1</sup>  
unchanged year-on-year

11.2

Portfolio (CHF billion)  
+5.4% year-on-year

4.8

Vacancy rate (%)  
-7.7% year-on-year

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

# Summary of key figures

	in	31.12.2017	31.12.2018	Δ in %
Fair value of real estate portfolio	CHF m	10 633.1	<b>11 204.4</b>	5.4
Rental income from properties	CHF m	469.9	<b>479.4</b>	2.0
Vacancy rate	%	5.2	<b>4.8</b>	-7.7
Income from real estate developments	CHF m	51.7	<b>72.8</b>	40.6
Income from real estate services	CHF m	120.0	<b>116.7</b>	-2.8
Income from retail	CHF m	136.2	<b>131.3</b>	-3.6
Income from assisted living	CHF m	359.9	<b>396.9</b>	10.3
Income from asset management	CHF m	9.9	<b>8.5</b>	-14.4
Total operating income	CHF m	1 154.8	<b>1 214.1</b>	5.1
Revaluation of investment properties, net	CHF m	65.9	<b>67.6</b>	2.5
Result from investment property sales, net	CHF m	0.3	<b>18.4</b>	n/a
Operating result (EBIT)	CHF m	470.6	<b>478.6</b>	1.7
Profit	CHF m	305.5	<b>310.9</b>	1.8
Equity ratio	%	43.1	<b>43.9</b>	1.9
Return on equity (ROE)	%	6.4	<b>6.4</b>	-
Return on invested capital (ROIC)	%	3.5	<b>3.4</b>	-2.9
Earnings per share (EPS)	CHF	4.27	<b>4.27</b>	-
NAV before deferred taxes per share <sup>1</sup>	CHF	82.87	<b>83.40</b>	0.6
NAV after deferred taxes per share <sup>1</sup>	CHF	66.85	<b>67.74</b>	1.3
<b>Figures excluding revaluations and deferred taxes</b>				
Operating result (EBIT)	CHF m	404.8	<b>411.1</b>	1.6
Profit	CHF m	307.4	<b>287.8</b>	-6.4
Earnings per share (EPS)	CHF	4.30	<b>3.95</b>	-8.1
Return on equity (ROE)	%	6.4	<b>5.9</b>	-7.8

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

Further details regarding the financial results can be found at: [annualreport2018.sps.swiss/en](http://annualreport2018.sps.swiss/en)

# «We see great potential in development projects in particular»

Swiss Prime Site closed out the 2018 financial year with favourable results. Both the core real estate business and the Services segment contributed to this pleasing result. The portfolio of existing properties was optimised by acquisitions and divestment. In addition, the project pipeline was implemented according to plan and augmented with new projects. Technological changes were prioritised in the group companies in the Services segment. The progress achieved will make the business models of the vertically integrated real estate-related business areas significantly more robust for the future. Sustainable growth and long-term success are of paramount relevance to the entire management team, and in particular to René Zahnd, CEO of Swiss Prime Site.

**René Zahnd, you have been CEO of Swiss Prime Site for three years now. How has the real estate market changed since you took up your position in 2016?**

René Zahnd: The market has become considerably more dynamic. New technologies and the changed demands of market players are leading to a diversification of the source of demand. The positive side effect of this change is that the real estate sector has to focus much more strongly than previously on the client (tenant/user/operator) and their specific needs. This has meant that products coming onto the market are also absorbed at the end of the day. Another change has occurred in the residential market, which is now reaching its limits. Put another way, too many residential properties are still being created in the wrong location. What is more important for Swiss Prime Site, however, is the fact that demand for office floor

space has picked up again, particularly in the greater Zurich area.

**How does the interest rate situation influence your business model?**

Although the assumption a few years ago was that interest rates were bound to rise again soon, we are still confronted with a low interest phase. The effect is that all market players are on the lookout for returns, and one place they are finding them is the real estate sector. This means that currently we are in direct competition not just with other real estate companies, but also with life insurance companies, pension funds and other institutional investors. Thanks to our attractive portfolio and the project pipelines, we are able to cope well with the existing market situation. Our results reflect this.





**What does this new competition mean for you?**

When more players participate in the real estate market, this often results in excess demand and price increases. This does not affect us severely, given that we have a large portfolio of 190 properties, as well as a wide pipeline of around 20 projects at our disposal. Both factors give us a certain degree of independence vis-à-vis the market. When it comes to seeking higher returns, we see great potential in project developments in particular.

**It appears that you continued to cope very well with the challenges in the 2018 financial year. What conclusions would you draw?**

At the start of the year, we promised our investors successful business performance. We were able to fulfil our promise. We are definitely satisfied with the result. At the earnings level, we grew by 5.1% to CHF 1 214.1 million. Rental income, which is the most important indicator in our core real estate business, also rose by a pleasing 2.0% to CHF 479.4 million.

**How did earnings perform in the Services segment?**

We achieved year-on-year growth in Services as well. Our major growth area was assisted living, through our group company Tertianum (+10.2% compared with 2017). We expect

further growth in that area in coming years as our network expands. Some record sales were posted at Jelmoli, especially on «Thank You Day» which marked the 185th anniversary, and also during the pre-Christmas period. Our strategy of not participating in pointless discount battles such as «Black Friday» once again proved to be the right approach this year. We are convinced that our customers value this position.

**How did Wincasa and Swiss Prime Site Solutions fare in 2018?**

Wincasa was able to achieve increased turnover (+1.5%) in a saturated market. But much more pivotal for the real estate service provider is the transformation of the business model into a digital concept, and the development of new services. The newly established Mixed Use Site Management unit has acquired a number of interesting contracts over the past year. We reorganised the management at Swiss Prime Site Solutions in the summer of 2018 and this has already paid off. Following the renewal of the asset management contract with Swiss Prime Investment Foundation (SPIF) ahead of schedule, the focus is now on delivering the best possible service for this customer. In this respect, we are very fortunate that the employees of this group company have expertise across the whole real estate spectrum. The assets managed by Swiss Prime Site Solutions increased from CHF 1.4 billion to CHF 1.6 billion in 2018. All in all, a pleasing performance.

**And what is the position at operating result level in these two segments?**

We are on target there, too. Swiss Prime Site Immobilien generated EBIT of CHF 431.1 million, representing growth of 2.1% in our core business. Revaluations in the amount of CHF 68.3 million also contributed to this impressive result. Again, this shows the attractiveness of our real estate portfolio. This figure also includes profits on sales. They are part of our strategy of developing real estate projects and selling them either in part or in whole when a favourable opportunity presents itself. We then invest the income in additional properties for our portfolio and new projects. We are on schedule in the Services segment with our goal of generating a substantial contribution to the Group by no later than 2021. Currently, EBIT is CHF 47.6 million.

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**«Rental income, which is the most important indicator in our core business, also rose by a pleasing 2.0% to CHF 479.4 million.»**

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**You conducted a number of transactions in 2018, including the sale of your share**

**in Sihlcity. What was the reason for this surprising move?**

We had a little over 24% ownership of the site dating from the period when Sihlcity was developed. However, we always aim to be at least a majority owner, or better still, sole owner. When we were offered the prospect of an attractive real estate swap for our share, we seized the opportunity. This enabled us to further optimise our portfolio and to relinquish a part of the retail floor space that we did not control.

**You carried out a share capital increase in September 2018. Why?**

In the course of our claim to grow profitably, we use capital increases to seize opportunities in the market. We have done this very well in the past. In this sense, capital increases are part of our corporate strategy.

**How will you use this capital?**

We invest the funds specifically for our development projects, which in the medium and long term allow us to increase rental income and generate income from sales, which we in turn can invest in new projects. We achieved this in Geneva with the partial sale of «Espace Tourbillon» and reinvestment in the project «Alto Pont-Rouge». And with the sale of the «Weltpost Park» project in Berne and the acquisition of «West-Log» in Zurich. Another important consideration is the additional financial flexibility, which al-

lows us to react to unique opportunities in the market, such as the purchase at Beethovenstrasse in Zurich.

**Do you feel you are well set up now in relation to capitalisation?**

Our current equity ratio is 43.9%. It is sound as usual, and gives us enough room for manoeuvre. We are a company that will always consider the whole gamut of financing possibilities if we need to.

**Where do you see Swiss Prime Site currently in the implementation of its strategy?**

We are very satisfied with developments in the core real estate business. The focus on development projects and our clients has already paid off. This performance also reflects the outstanding quality of our real estate team, allowing us to deliver superior services both for our own portfolio and through asset management for third-party portfolios (SPIF). We have made very good progress in the past year in the Services segment. The focus is now on continuing to work on operational excellence to ensure that we will be in a position to generate at least 10% of EBIT from this area in the medium term. At the same time, we as a group are also making improvements in the areas of innovation and sustainability. At the end of the day, this will be reflected in continuing strong performance.

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**Could you provide a bit more detail?**

Thanks to investments, we have been able to increase our portfolio of existing properties significantly by CHF 571.3 million in the past 12 months. Furthermore, we succeeded in reducing the vacancy rate to 4.8%. The sale of the «Weltpost Park» project has enabled us to further refine our portfolio's focus on office floor space. The growth in the Services segment demonstrates that we have also increased earnings diversification. Our group companies make valuable market knowledge available to us, and we can make ideal use of that knowledge both for purchases and in our projects. Innovation, and in this context sustainability as well, are pillars that will support our future. We have group-wide commitments in order to further develop our business models in this regard.

**How will the office market perform in your core zones, Zurich and Geneva?**

We expect stable performance and good demand in Zurich. We are also seeing this at first hand in our projects that are coming onto the market, such as YOND. The demand for superior-quality, flexible office floor space is there. In Geneva, we are seeing a clear movement by many companies out of the city centre into the new sub-centres that are emerging around the Pont-Rouge, and around Plan-les-Ouates for logistics. This is precisely where we are developing two exciting major projects.

**Will the vacancy rate continue to fall?**

We currently have a vacancy rate of under 5%. That is a very good figure, which we want to maintain. A base vacancy rate of 4% to 5% really is quite healthy. It gives us flexibility in the portfolio and allows us to respond to our tenants' needs.

**Wincasa bought real estate service provider «streamnow» in the second half of 2018. Can you tell us what the story was there?**

Wincasa is systematically continuing on the digitalisation path and placing a strong focus on client benefit. Digital communication and transaction portals such as streamnow are well established in the market and contribute to increasing the professionalisation of services for tenants. streamnow is a well-

designed tenant portal that allows users to take care of all matters relating to the property and the rental agreement simply, quickly and at any time, wherever they happen to be. We are all familiar with this from online banking and insurance apps. We are convinced that this acquisition means an important step towards focussed tenant services.

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**«We are a company that will always consider the whole gamut of financing possibilities if we need to.»**

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**You have slightly adapted the way you communicate your goals. Why?**

Investors and analysts want forecasts to be as precise and detailed as possible. We value transparency very highly, and we want to be even more successful in meeting this need. Investments in real estate are a medium- to long-term proposition. Taking a look at our pipeline, it is easy to see that projects generally take a number of years. Properties have to be built before they can yield returns. This may also sometimes result in higher vacancy rates at first. Furthermore, the years ahead will vary considerably with

respect to the development projects that we will either incorporate into our portfolio or sell on the market. It is important to us to make that clear.

**What target figures can investors expect for 2019 and beyond?**

We anticipate stable figures for 2019 both at the earnings and operating result level. We will see stronger growth again in 2020 and 2021 as a result of project completions.

**How do you see the future?**

I am optimistic by nature, so I also take a mainly positive view of the future, specifically in those areas that we can directly influence ourselves through our daily work. Of course, this doesn't include geopolitical risks, which definitely have not reduced, or home-grown concerns, such as the vote on the urban sprawl initiative or debate about the responsible business initiative. All in all, however, we are in a good position in the Swiss real estate sector.



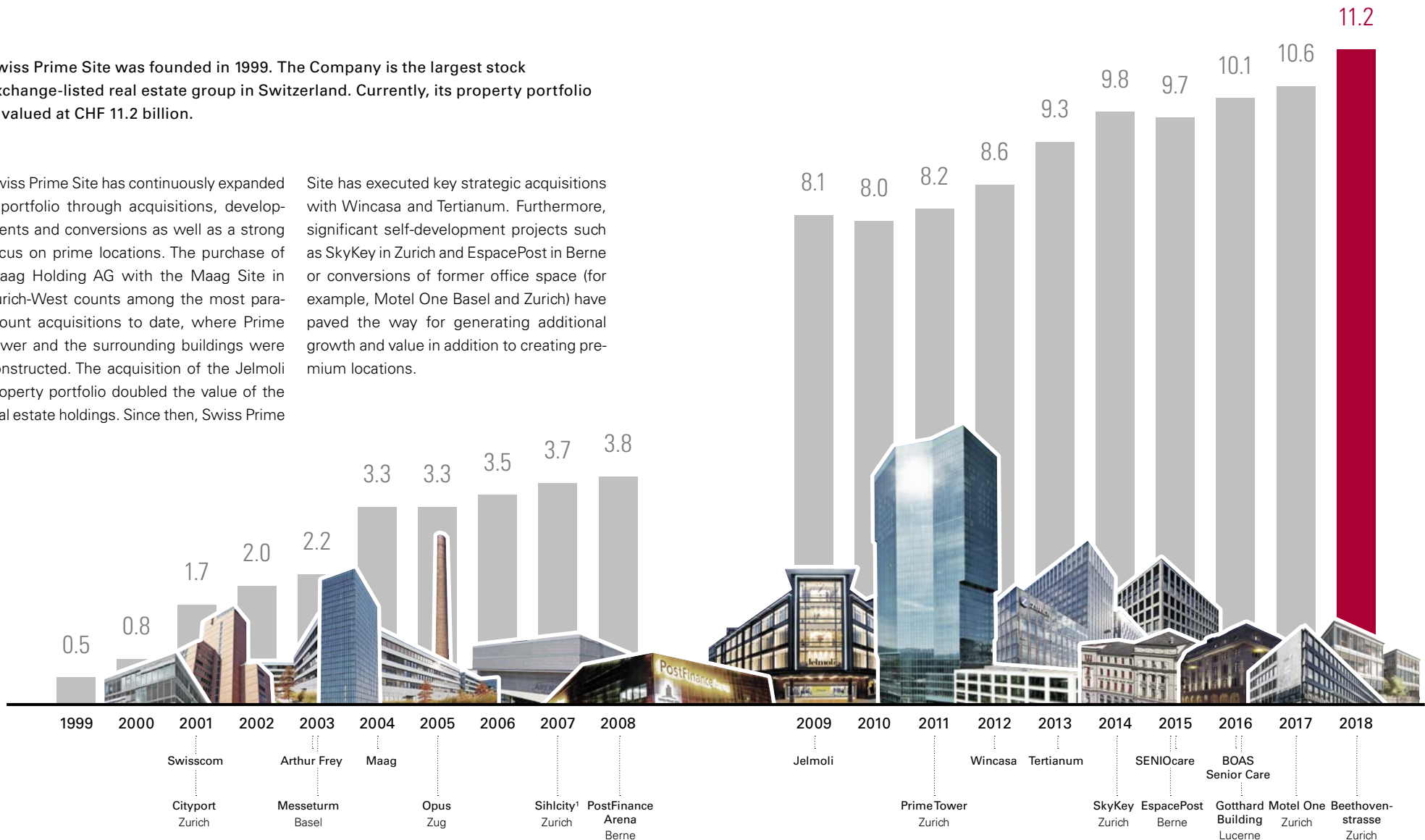
# Success story

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 11.2 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 AG 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 the Jelmoni property portfolio doubled the value of the real estate holdings. Since then, Swiss Prime

Site has executed key strategic acquisitions with Wincasa and Tertianum. Furthermore, significant self-development projects such as SkyKey in Zurich and EspacePost in Berne or conversions of former office space (for example, Motel One Basel and Zurich) have paved the way for generating additional growth and value in addition to creating premium locations.

Fair value of the real estate portfolio in CHF billion



<sup>1</sup> sold on 1 October 2018

# Board of Directors



**Prof. em. Dr. Hans Peter Wehrli**

Chairman

Member since 29.04.2002<sup>3</sup>



**Mario F. Seris**

Vice-Chairman

Member since 27.04.2005<sup>2,3</sup>



**Dr. Barbara Frei-Spreiter**

Member since 27.03.2018<sup>2</sup>



**Dr. Rudolf Huber**

Member since 29.04.2002<sup>1</sup>



**Christopher M. Chambers**

Member since 22.10.2009<sup>1,2</sup>



**Thomas Studhalter**

Member since 27.03.2018<sup>1</sup>



**Klaus R. Wecken**

Member since 22.10.2009

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.

<sup>1</sup> Audit Committee

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

<sup>3</sup> Investment Committee

# Executive Board



**Franco Savastano**  
CEO Jelvoli

**René Zahnd**  
CEO Swiss Prime Site

**Oliver Hofmann**  
CEO Wincasa

**Markus Meier**  
CFO Swiss Prime Site

**Peter Lehmann**  
CEO Swiss Prime Site Immobilien

**Luca Stäger**  
CEO Tertanium

Swiss Prime Site's Executive Board comprises the Chief Executive Officers of the group companies Swiss Prime Site Immobilien, Wincasa, Jelvoli and Tertanium 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 yields 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 more than CHF 11 billion. The Lake Geneva region also plays a key role in realising growth. Swiss Prime Site focuses on commercial property, utilising its own know-how 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.

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## 2019 targets

**$\leq 5 \%$**

Vacancy rate

**$\pm 45 \%$**

Equity ratio

**$6 - 8 \%$**

Return on equity



# 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.

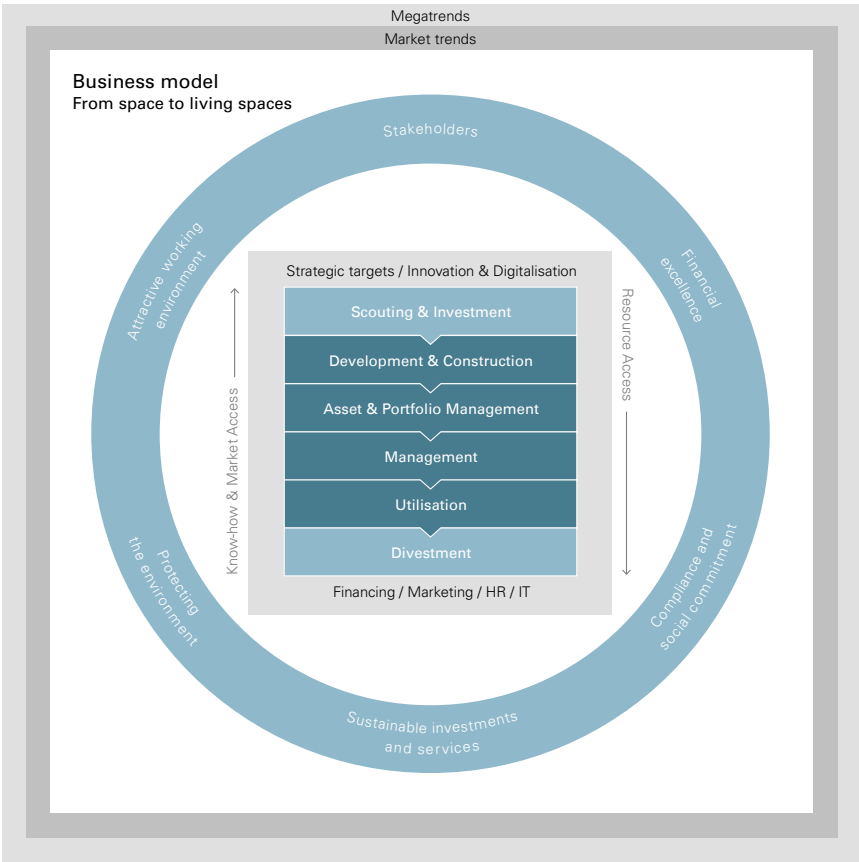
## **Vertically integrated group companies**

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 roughly CHF 11 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 services provider in the assisted living sector in addition to Jelmoli as premium department store utilise properties in the portfolio and also contribute to further strengthening the business model. Swiss Prime Site Solutions as asset manager since 2017 provides core processes services for third parties with

acquisition, development, conversion, construction, financing and sales.

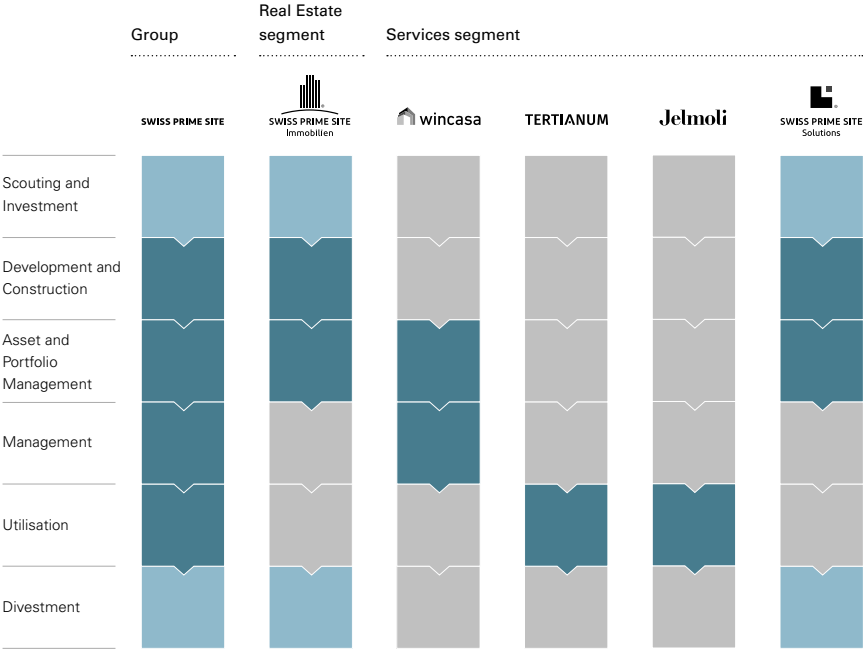
The value-creation processes of the group companies are intentionally not fully centralised and generate – beyond the aforemen-

tioned integrated elements of the business model – further contributions for Swiss Prime Site Group’s long-term success.



Swiss Prime Site’s integrated business model

# Group companies



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.

479.4

Rental income from properties  
in CHF million

11.2

Real estate portfolio  
in CHF billion



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 around CHF 68 billion. Wincasa is regarded as a first mover in the field of digitalisation in the real estate sector.

116.7

Income from real estate services  
in CHF million

68

Assets under management  
in CHF billion

## 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 77 business operations throughout Switzerland and generates total operating income (including rental income) of CHF 488.1 million.

396.9

Income from assisted living  
in CHF million

77

Number of business operations

## Jelmoli

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Jelmoli – The House of Brands in Zurich is Switzerland's leading premium department store and generates total sales (incl. shop-in-shop) of CHF 236 million. Roughly 40% of the retail floor space of 23 800 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.

131.3

Income from retail  
in CHF million

23 800

Retail floor space  
in square metres



## SWISS PRIME SITE Solutions

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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.

8.5

Income from asset management  
in CHF million

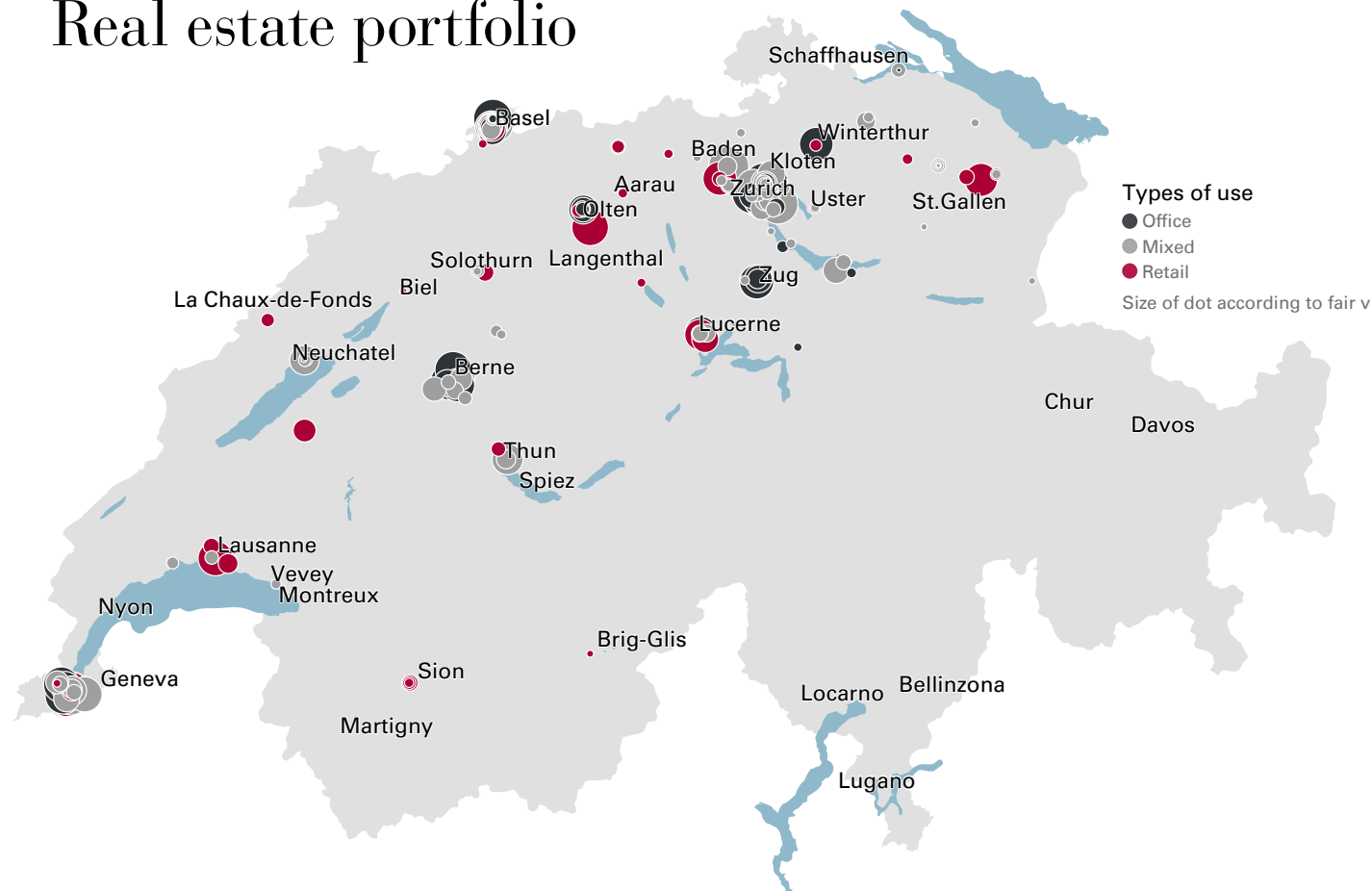
1.6

Assets under management  
in CHF billion



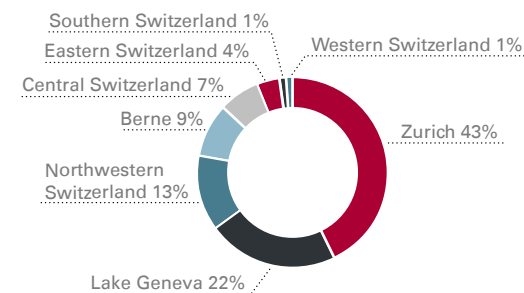


# Real estate portfolio



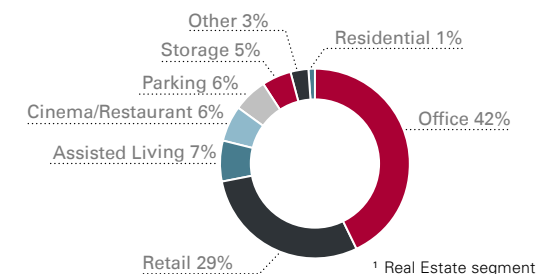
## Portfolio split by region

Basis: fair value as at 31.12.2018



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

Basis: net rental income as at 31.12.2018



## 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 considerably boosted the level of quality and size

of the real estate portfolio. Another spurt in growth followed with the acquisition of the three real estate-related services providers Tertianum (2013), SENIOcare (2015) and BOAS Senior Care (2016). The fair value of the real estate held by Swiss Prime Site amounted to CHF 11.2 billion as at the end of 2018.

## 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, 43% are leased as office and 29% as retail properties at present. The real estate portfolio's maturity profile is long term and thus attractive. Roughly 24% of net rental income is generated with rental agreements with a term of ten years or more. Another 30% of the portfolio is subject to renewed leasing at terms of between four and nine years.

# 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 (including share of land) of Swiss Prime Site Immobilien's project pipeline amounts to roughly CHF 2 billion at the end of 2018.

## Projects under construction

Construction projects comprise an investment volume (including share of land) of roughly CHF 800 million. In this context, the constructed rental floor space will amount to approximately 155 000 square metres and generate rental income of around CHF 44 million per year. Overall, six projects are under construction at present. The most significant investments are being carried out in the large-scale «Espace Tourbillon» building complex in Geneva, with a volume of CHF 232 million.

Two buildings of the five structures to be erected were already sold shortly after the construction start date in the second half-year 2017. The objective here is aimed at realising another partial sale. Projects under construction exhibit an average net yield that exceeds the current portfolio mean.

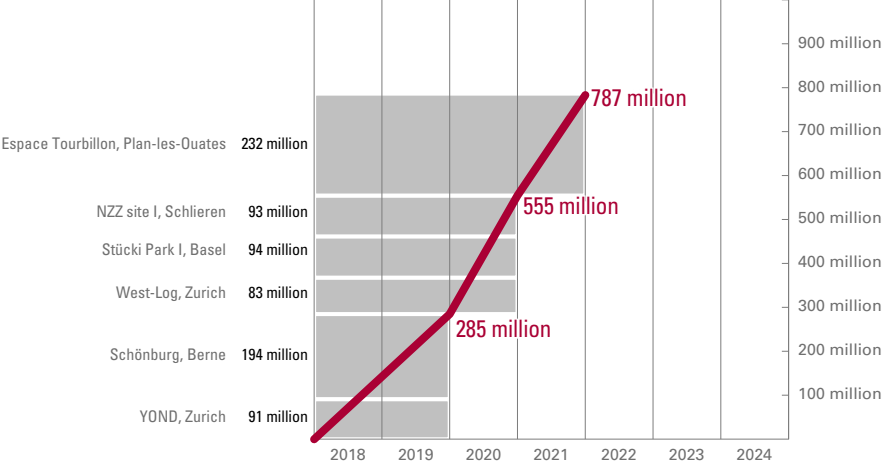
## Projects in planning phase

Projects were in the planning phase at the end of 2018 with estimated investment volumes (including share of land) of roughly CHF 900 million. In this regard, the constructed rental floor space will probably amount to approximately 135 000 square metres and generate rental income of around CHF 48 million per year. The largest individual project of all will be «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 for the construction of new residential and geriatric care centres in Paradiso, Monthey, Richterswil and Olten (Usego site) for the Tertium group company.

Swiss Prime Site Immobilien also holds land reserves that harbour potential investments of more than CHF 300 million in addition to substantial utilisation reserves in its portfolio.

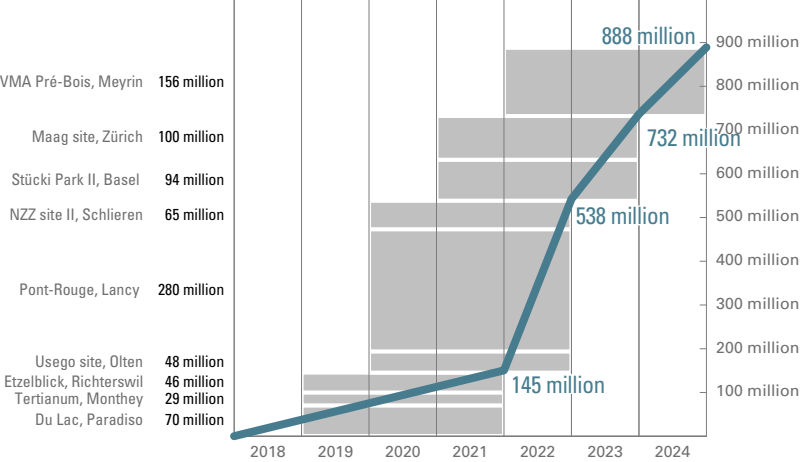
Projects under construction

Value in CHF



Projects in planning phase

Value in CHF



# Espace Tourbillon, Plan-les-Ouates

The 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 planned 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.

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

Realisation	2017–2021
Investment volume incl. land	CHF 232 million
Rental space	59 600 m <sup>2</sup>
Rental income	CHF 17 million
Gross yield (on cost)	7.4%
Net yield (on cost)	6.2%





# 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 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 Halter and Zühlke secured two key anchor tenants.

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

<b>Realisation (phase 1)</b>	2018–2020
<b>Investment volume incl. land</b>	CHF 93 million
<b>Rental space</b>	23 800 m <sup>2</sup>
<b>Rental income</b>	CHF 5.5 million
<b>Gross yield (on cost)</b>	5.9%
<b>Net yield (on cost)</b>	5.1%





# Stücki Park, Basel



The Stücki site 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. 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 60 000 square metres. Consequently, the project will meet the region's needs for laboratory and office floor space, creating room for an additional 1 700 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.

Realisation	2018–2023
Investment volume incl. land	CHF 188 million
Rental space	31 000 m <sup>2</sup>
Rental income	CHF 12.2 million
Gross yield (on cost)	6.5%
Net yield (on cost)	5.9%



# 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 and the city of Zurich. The building is specially designed for highly efficient logistics and, thanks to its optimal location, 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	2018–2020
Investment volume incl. land	CHF 83 million
Rental space	17 600 m <sup>2</sup>
Rental income	CHF 3.4 million
Gross yield (on cost)	4.0%
Net yield (on cost)	3.6%



# YOND, Zurich

The unique building structure of the «YOND» real estate product located at the Siemens Site focuses on small- and medium-sized enterprises from various sectors. Starting from 2019, services providers and production facilities will be united under one roof, thus creating additional synergies for all tenants. Two-storey or utilisation-independent rooms will accommodate the various spatial concepts and fluctuating floor space needs. The construction project combines what embodies the spirit of the times of millennials: i.e. room and space that are individually and creatively adapted to the relevant market situation.

Realisation	2017–2019
Investment volume incl. land	CHF 91 million
Rental space	18 500 m <sup>2</sup>
Rental income	CHF 5.1 million
Gross yield (on cost)	5.6%
Net yield (on cost)	5.3%

[www.yond-zuerich.ch](http://www.yond-zuerich.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 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 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	2020–2022
Investment volume incl. land	CHF 280 million
Rental space	32 300 m <sup>2</sup>
Rental income	CHF 15.2 million
Gross yield (on cost)	5.4%
Net yield (on cost)	4.6%

# 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.



## Stable financing

The Company boasts a stable financing situation through debt and shareholders' equity. The equity ratio amounts to 43.9%. 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 45.3%.



## First-class quality of location

The portfolio of 190 high-quality properties comprises value-retaining Swiss properties situated in first-class locations with a fair value of CHF 11.2 billion. In this context, the Company focuses on office and retail properties. The vacancy rate amounts to 4.8%.



## High profitability and growth

The existing real estate portfolio realises an attractive net yield of 3.6%. Swiss Prime Site achieves a return on equity (ROE) of 6.4%. The project pipeline for the coming years comprises more than 20 projects totalling an investment volume of roughly CHF 2 billion.



## Stock's high level of liquidity

Swiss Prime Site is the largest stock exchange-listed real estate company in Switzerland, with market capitalisation of approximately CHF 6 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.



## Equitable dividend policy

The Board of Directors pursues a constant and investor-friendly dividend policy. Around 80% of the profits generated excluding revaluations and deferred taxes are currently repatriated to the shareholders. The dividend yield amounts to 4.8% at present.



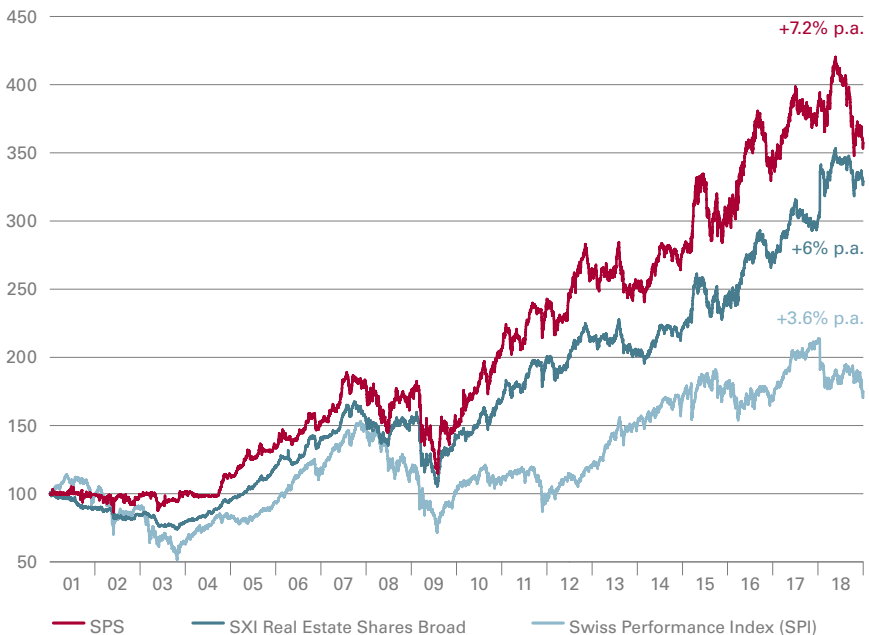
# Our share

Swiss Prime Site AG share's closing price on 28 December 2018 amounted to CHF 79.55. The stock turned in a performance (total return) of  $-7.1\%$  in 2018, including the distribution of CHF 3.80 per share carried out with value date of 5 April 2018. Consequently, the share has underperformed the sector (SXI Real Estate Shares Broad Index:  $-2.1\%$ ) and outperformed the Swiss stock market (SPI:  $-8.6\%$ ).

The share reached its peak price of CHF 94.30 on 11 May 2018 and closed at its lowest

point of CHF 77.45 on 15 October 2018. The average daily trading volume amounted to CHF 14.6 million.

The average annual performance (total return) of the Swiss Prime Site share since the initial public offering amounts to  $+7.2\%$ , thus significantly surpassing that of the sector (SXI Real Estate Shares Broad Index:  $+6.0\%$ ) as well as the overall market (SPI:  $+3.6\%$ ).



# Information policy

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**26 March 2019**

Annual General Meeting  
financial year 2018

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**8 August 2019**

Semi-Annual Report as at 30.06.2019  
with financial results press conference



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