

SWISS PRIME SITE

# SWISS PRIME SITE COMPANY PRESENTATION

OLTEN, MARCH 2021





# SWISS PRIME SITE

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## AGENDA

**1 SUCCESS STORY**

**2 OUR STRENGTHS**

**3 KEY FIGURES 2020**

**4 ORGANISATION**

**5 VISION, MISSION AND CORPORATE VALUES**

**6 STRATEGY AND BUSINESS MODEL**

**7 REAL ESTATE PORTFOLIO AND PROJECT PIPELINE**

**8 SUSTAINABILITY**

**9 OUTLOOK AND EXPECTATIONS 2021+**

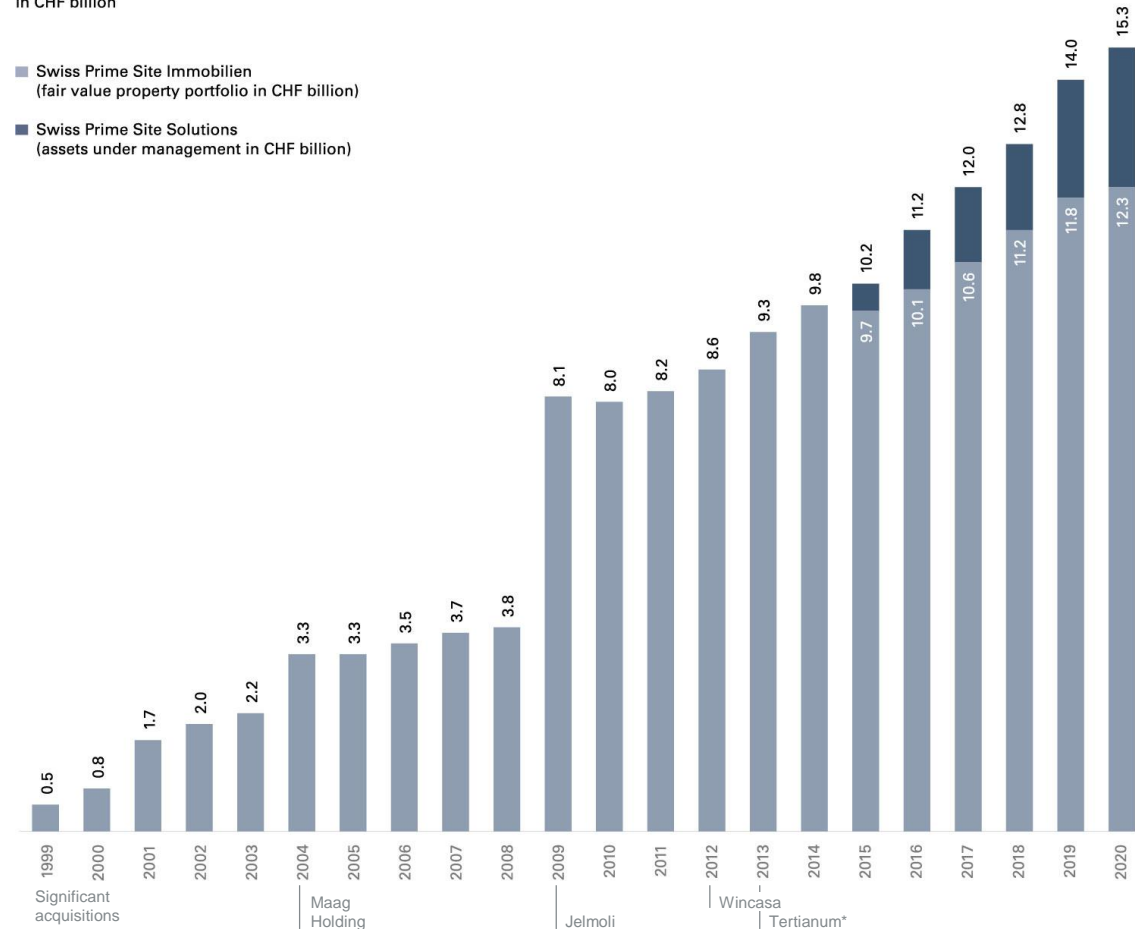
**10 CONTACTS**

# Impressive growth of the real estate assets under management

Real estate assets under management  
in CHF billion

■ Swiss Prime Site Immobilien  
(fair value property portfolio in CHF billion)

■ Swiss Prime Site Solutions  
(assets under management in CHF billion)



\* operational business sold as per end of February 2020

## COMMENTS

- Acquisition of Maag Holding with the Maag site in Zurich West in 2004
- Acquisition of Jelvoli property portfolio doubles value of property portfolio in 2009
- Strategic acquisitions of Wincasa (2012) and Tertianum (2013)
- Significant in-house developments: Prime Tower and SkyKey Zurich, EspacePost Bern as well as conversions such as Motel One Basel and Zurich
- Development of asset management services for third parties (2015: launch of Swiss Prime Investment Foundation)

# Positive share price development and attractive dividend

## SHARE PRICE DEVELOPMENT

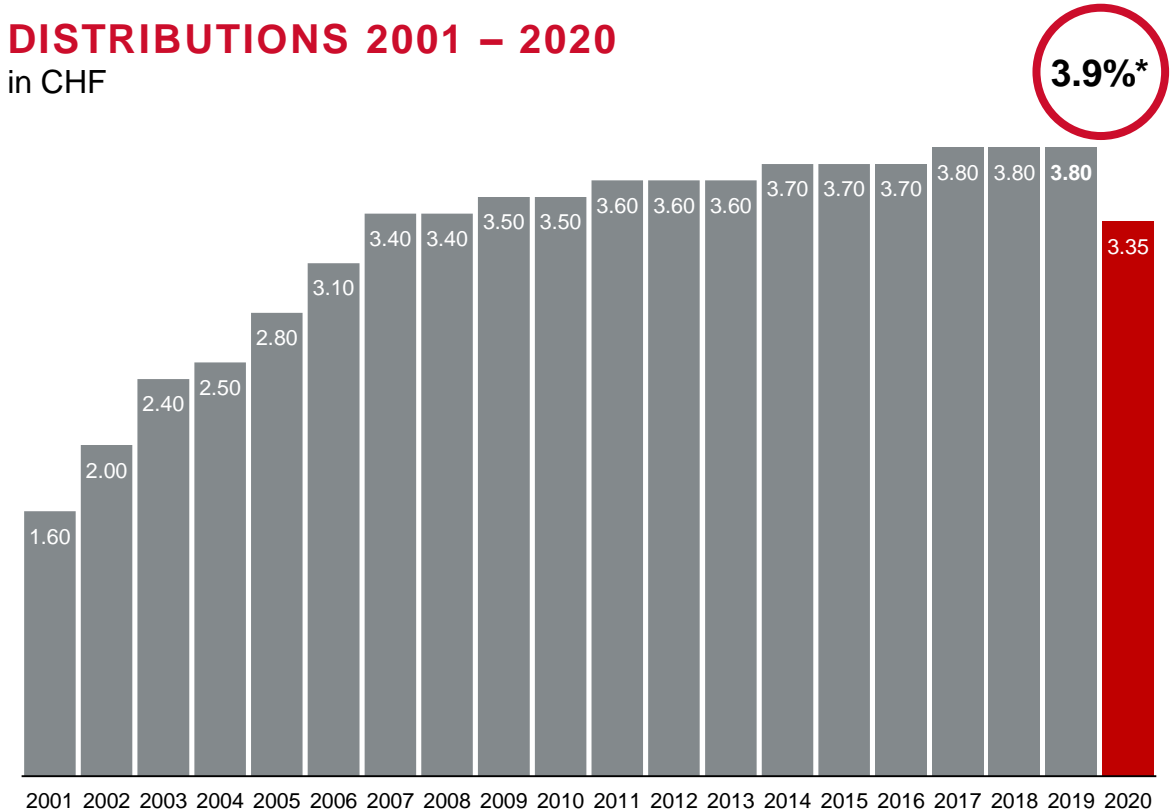
Indexed since IPO



Sources: Credit Suisse, Wüest Partner, Swiss Prime Site, Thomson Datastream

## DISTRIBUTIONS 2001 – 2020

in CHF



\* Yield based on year-end closing price 2020 and a dividend payout of CHF 3.35 (distribution of an ordinary dividend as well as distribution from reserves from capital contributions)

# The strengths of Swiss Prime Site at a glance

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## **INTEGRATED BUSINESS MODEL**

Swiss Prime Site invests in high-quality land, properties and locations. These, together with conversions and developments of entire sites, make up the Company's core business. We create living spaces for our customers and society as a whole that are future-proof and in line with market requirements.

## **GENERATING SUSTAINABLE VALUE**

As a company focused on the long-term, we invest across the group and at all levels of value creation in innovation, with the aim of a sustainable reduction in our resource use and a long-term increase in our financial success.

## **FOCUSING ON THE CUSTOMER**

For Swiss Prime Site, our customers and their needs are at the centre of our business. The Company develops tailor-made products and solutions that continue to meet our customers' needs, thereby increasing their satisfaction and strengthening our relationship.

## **STABLE FINANCING**

The Company has stable, long-term financing through debt and shareholders' equity. The equity ratio is 47.8%. Borrowed capital is composed of a balance of different instruments including mortgages, loans and traditional and long-term bonds. The loan-to-value ratio is 41.9%.

## **FIRST-CLASS LOCATIONS**

The fair value of our high-quality properties is CHF 12.3 billion. The portfolio consists of properties with a stable value in prime locations, primarily with office and retail floor space in the most densely populated regions and cities in Switzerland.

## **ATTRACTIVE PROFITABILITY**

The existing property portfolio shows an attractive net yield of 3.2%. Swiss Prime Site achieves a return on equity of 10.6%. The project pipeline for the coming years comprises numerous projects with an investment volume of around CHF 2 billion.

## **HIGH SHARE LIQUIDITY**

Swiss Prime Site is the largest stock exchange-listed real estate company in Switzerland, with market capitalisation of over CHF 6 billion. The approximately 76 million registered shares have a free float of 100% and high liquidity on the SIX Swiss Exchange.

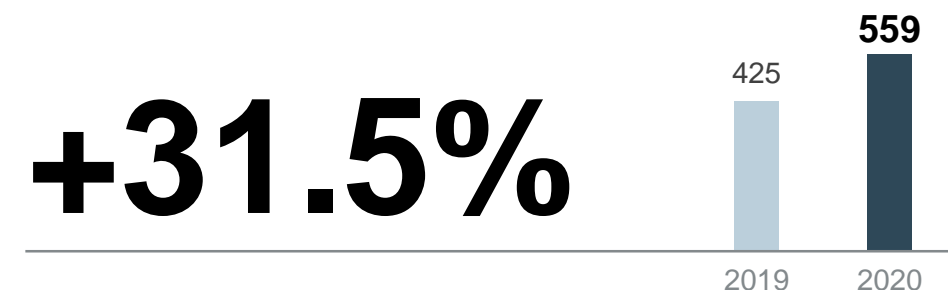
## **EQUITABLE DIVIDEND POLICY**

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.

# EBIT up considerably due to profit from sale of Tertianum

## EBIT EXCLUDING REVALUATIONS

in CHF million



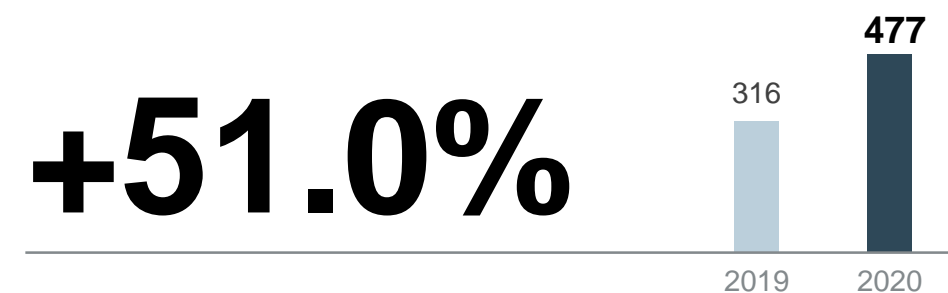
## RETURN ON EQUITY (ROE)\*

in %



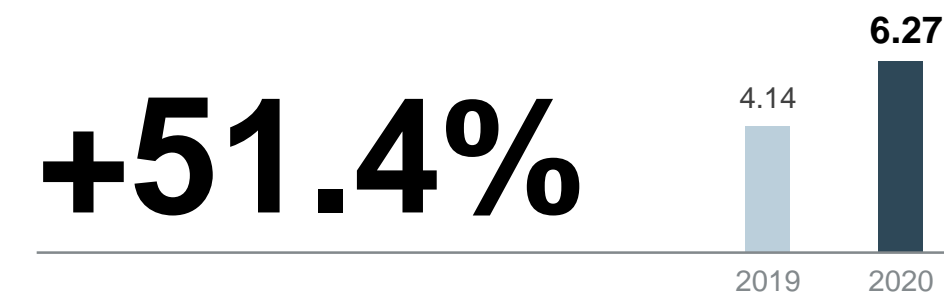
## PROFIT\*

in CHF million



## EARNINGS PER SHARE\*

in CHF



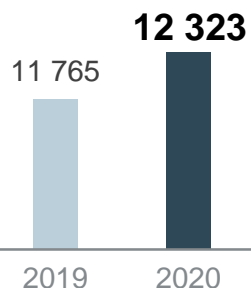
\* excluding revaluations and deferred taxes

# Portfolio growth and stable revaluations despite COVID-19

## PROPERTY PORTFOLIO

in CHF million

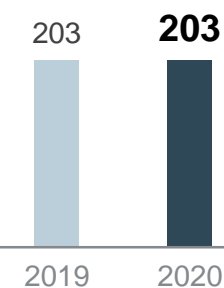
**+4.7%**



## REVALUATIONS

in CHF million

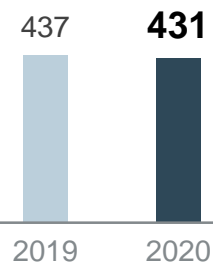
**+0.0%**



## RENTAL INCOME\*

in CHF million

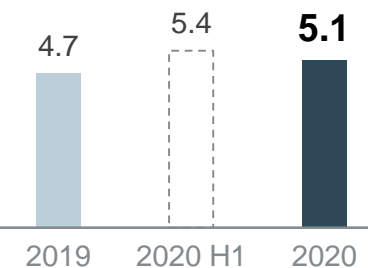
**-1.5%**



## VACANCY RATE

in %

**+0.4 pp**



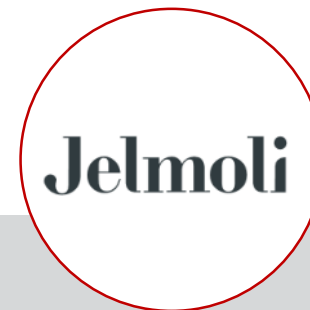
\* Real Estate segment

# COVID-19: impact on the Swiss Prime Site Group (1|2)



- Retail and gastronomy spaces closed, with significant indirect impact on «parking» type of use as well
- Significant impact on travel and tourism numbers, leading to decline in the hotel type of use
- More than 500 rent relief requests, incurring high processing costs (all processed)
- Restricted transaction market
- More difficult to market spaces (first-time lettings and re-lettings)

**Rental income: impact of CHF –12.7 million**

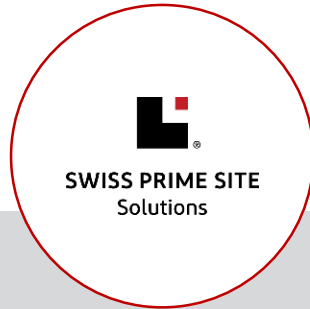


- Zurich store (except food market) closed for eight weeks (17 March until 11 May 2020)
- Majority of employees applied for short-time working
- «The Circle» opening delayed, and partial lockdown in «Airside» at Zurich Airport
- Restrictions on the number of customers and opening hours during Christmas period (incl. fewer Sunday shopping days, gastronomy closed)

**Operating income: down by CHF –17.2 million (–13.4%)**



## COVID-19: impact on the Swiss Prime Site Group (2|2)



- Delays in capital increases, transactions and developments for the client Swiss Prime Investment Foundation
- As a result, growth of assets under management slower than planned in H1 (could be caught up in H2)
- The client Swiss Prime Investment Foundation faced with approx. 100 rent relief requests (all processed)
- Launch of new products slowed (investment foundation and Living+)



- More complicated working conditions due to working from home and split locations
- Unusually high number of tenant requests relating to rent deferrals, waivers and reductions (>2 000) after lockdown, resulting in high processing costs
- Of 90 shopping centres under management, 30 were completely closed and 60 partially closed during the lockdown
- Missing revenue from parking occurred result directly





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# Governance structure at Swiss Prime Site

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## BOARD OF DIRECTORS

**President**  
Ton Büchner



**Vice president**  
Mario F. Seris



**Christopher M. Chambers**



**Barbara Frei-Spreiter**



**Thomas Studhalter**



**Gabrielle Nater-Bass**



**Barbara Knoflach**



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## EXECUTIVE BOARD

**CEO**  
René Zahnd



**CFO**  
Markus Meier



**Swiss Prime Site Immobilien**  
Martin Kaleja



**Swiss Prime Site Solutions**  
Anastasius Tschopp



**Wincasa**  
Oliver Hofmann

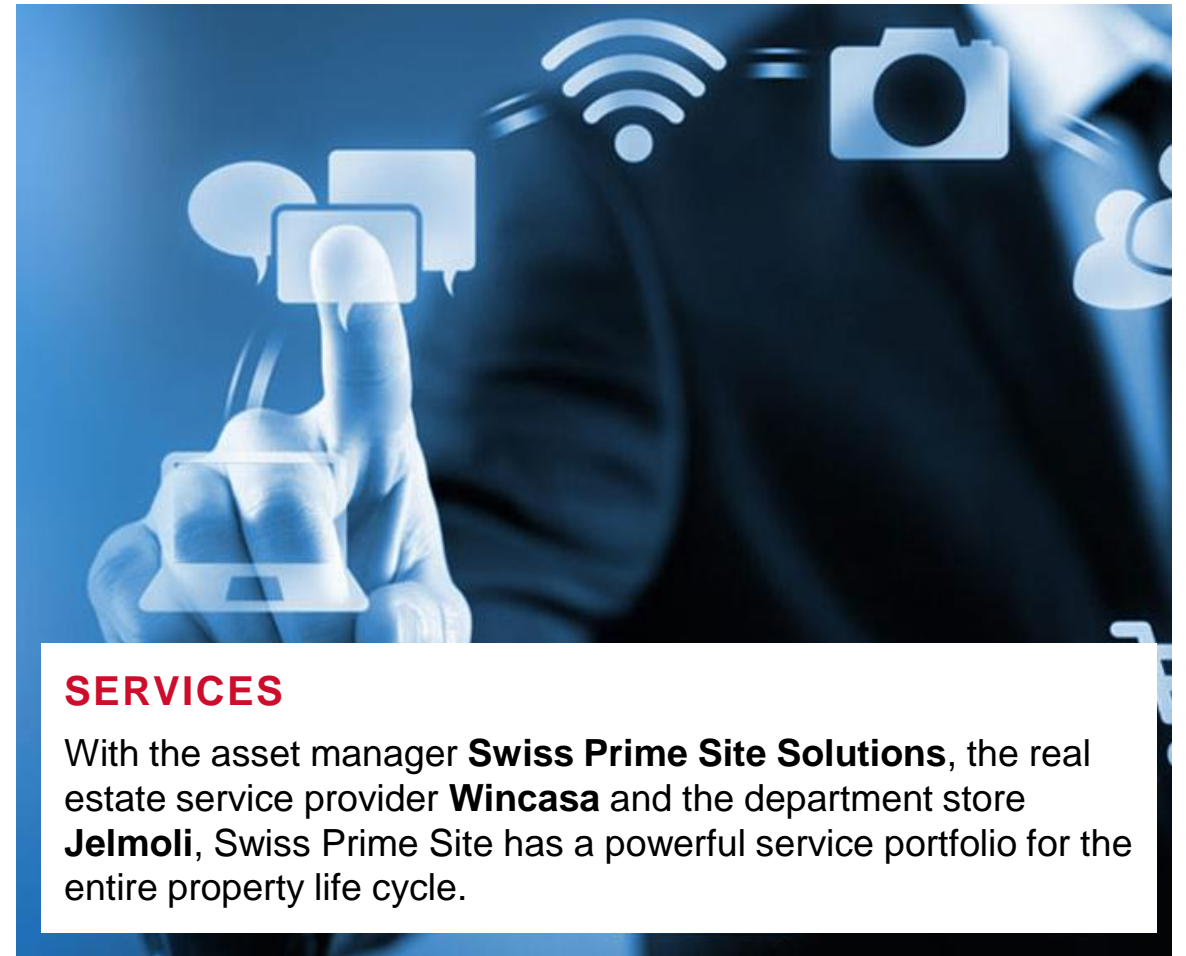
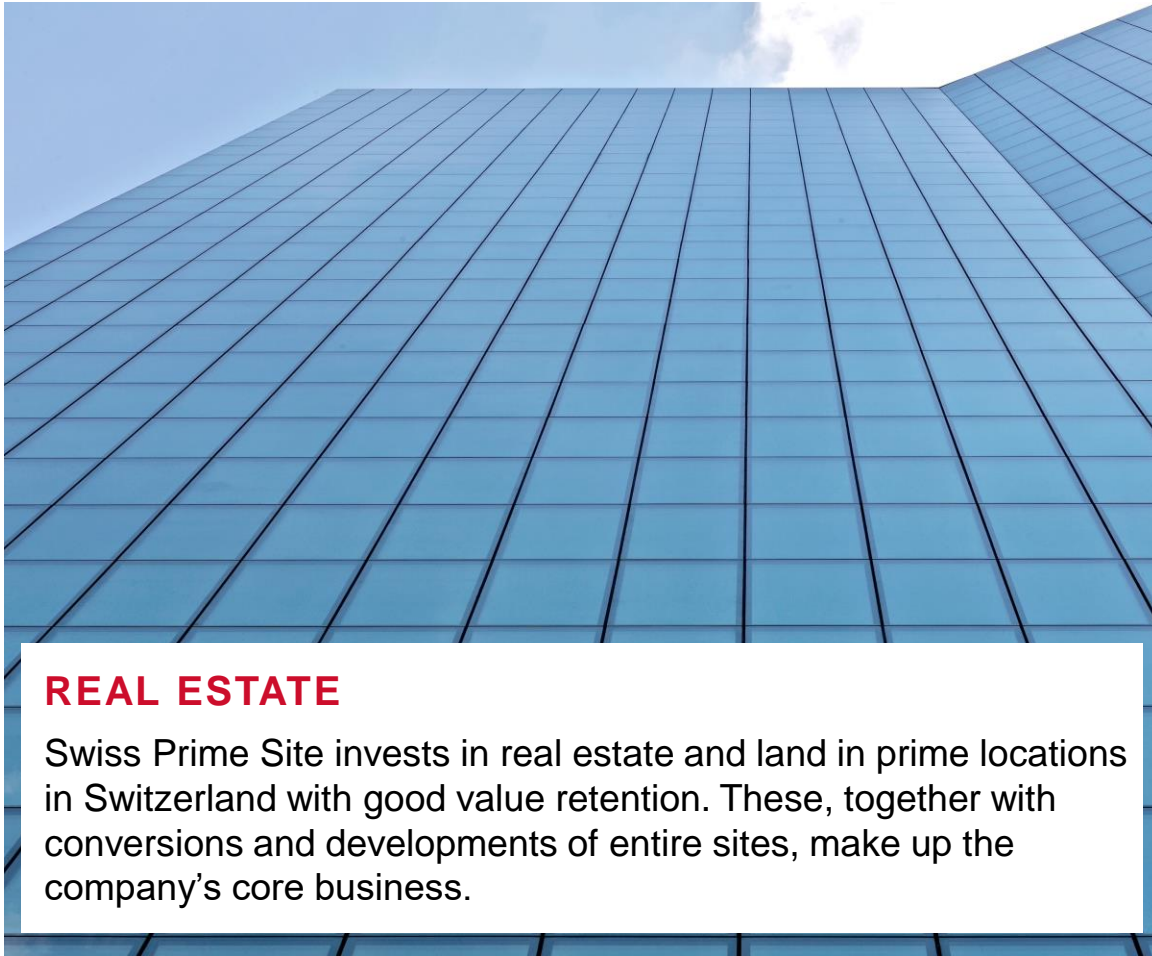


**Jelmoli**  
Nina Müller



# Swiss Prime Site | Two strong pillars

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# Creation of added value and living spaces

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## VISION

**As the leading real estate company in Switzerland, we create more value and develop sustainable habitats – innovatively and passionately.**

## MISSION

- **We set standards for real estate investments and investments in real estate-related business fields, with which we create sustainable added value for our stakeholder groups.**
- **We invest in and actively manage first-class properties, real estate projects, property sites, products and services.**
- **We are the partner of choice for any stakeholder groups in our business fields.**
- **We are committed to sustainability and assume responsibility for our actions, our environment and our society.**

## VALUES

- 1. Respect**  
We treat everybody with respect.
- 2. Ambition**  
We set high targets for ourselves.
- 3. Innovation**  
We live innovation and develop constantly.
- 4. Responsibility**  
We actively assume and stand by our responsibilities.
- 5. Integrity**  
Integrity is the focal point of our activities.



# Swiss Prime Site 2020+ | Stable portfolio and growth in services

## REAL ESTATE

*Portfolio of prime, value-retaining and attractive real estate valued at around CHF 12 billion*

### Strategic priorities

- ① Project pipeline realisation
- ② Adjustment of types of use
- ③ Portfolio optimisation
- ④ Vacancy management

## SERVICES

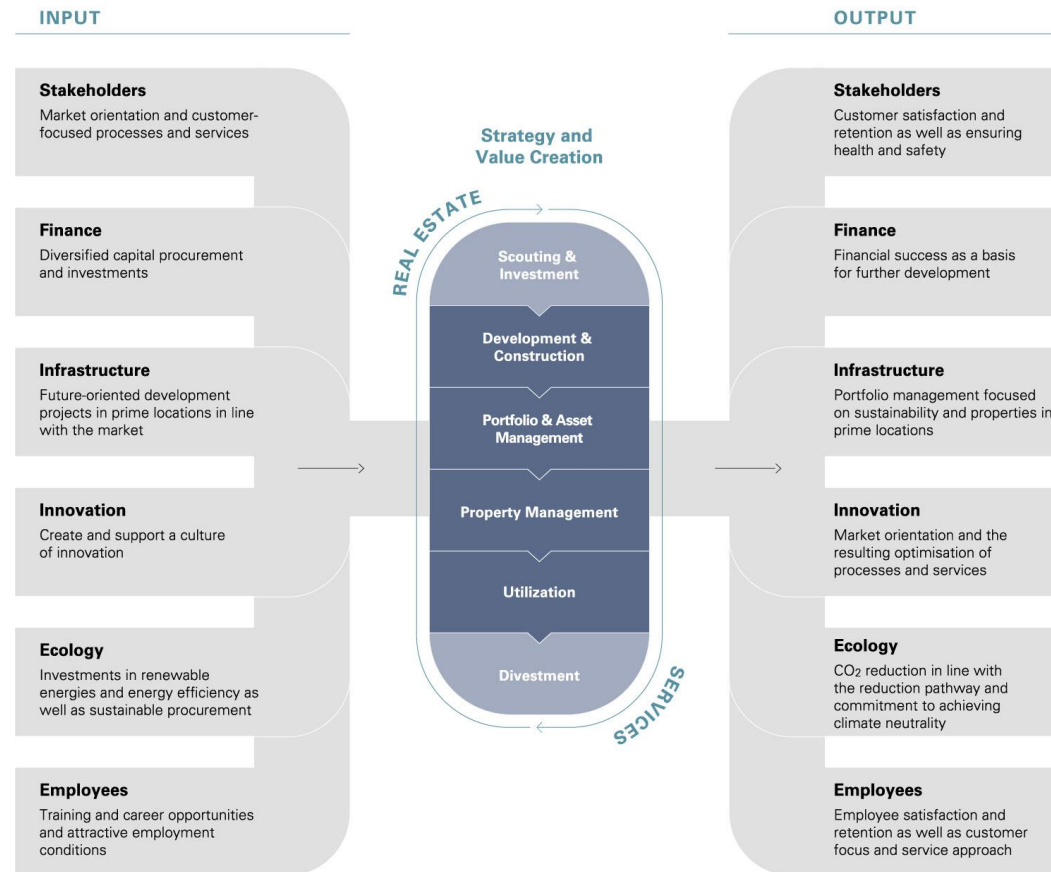
*Real estate-related service business with high growth rates of assets under management*

### Strategic priorities

- ①  Growth of existing and development of new investment products
- ②  Successful transformation of the business model
- ③  Break-even operating result

# Business model of Swiss Prime Site Group

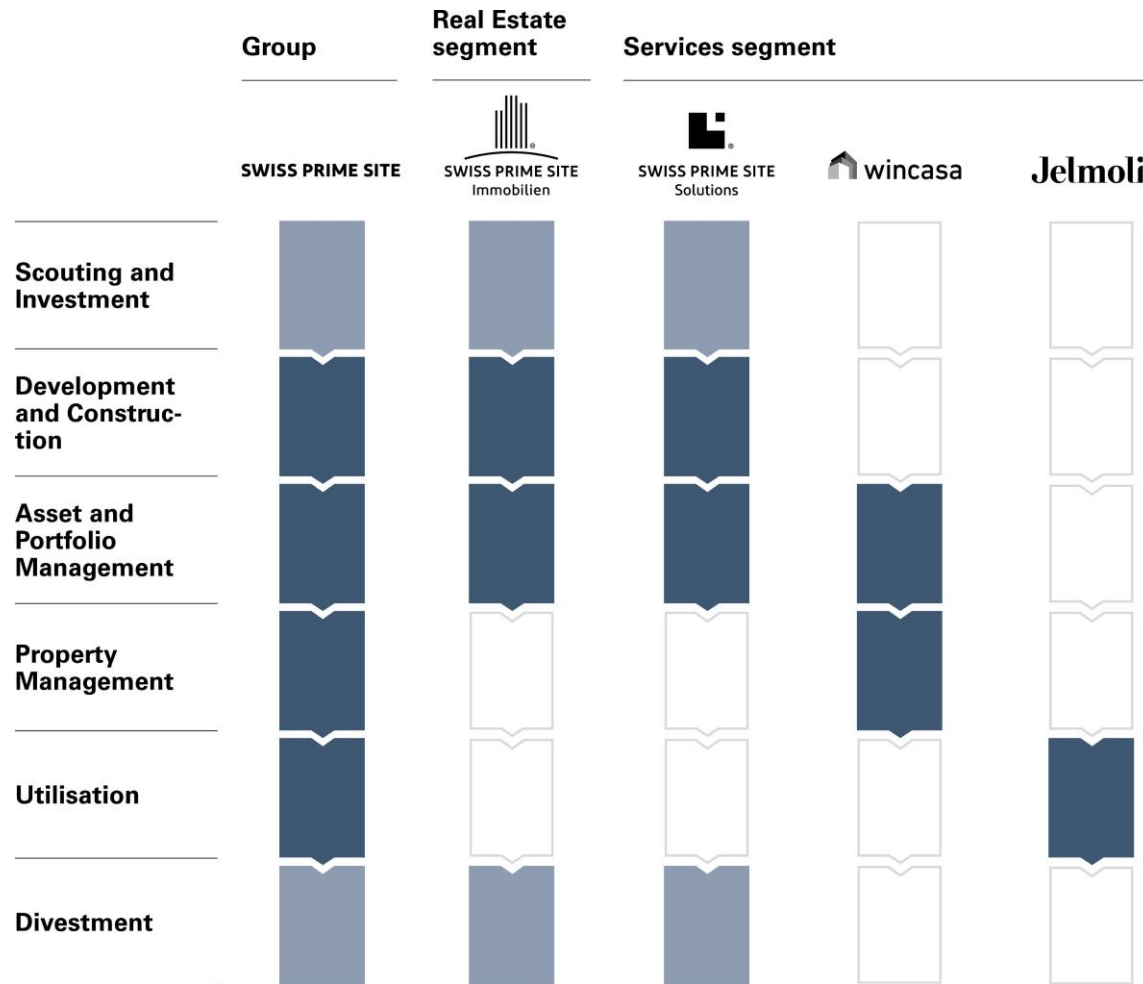
## Swiss Prime Site's integrated business model



## 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.

# Value creation of the group companies



## VALUE CREATION PROCESS

- The group companies constitute integral parts and the foundation of Swiss Prime Site Group's integrated business model
- Swiss Prime Site Immobilien manages the real estate portfolio (acquisition, development, conversion, realisation, financing, sale)
- Swiss Prime Site Solutions is an asset manager for third parties (acquisition, development, conversion, realisation, financing and sale)
- Wincasa contributes to value creation through the management, marketing and sale of real estate
- Jelmoli make use of properties in the portfolio and contribute to further strengthening of it

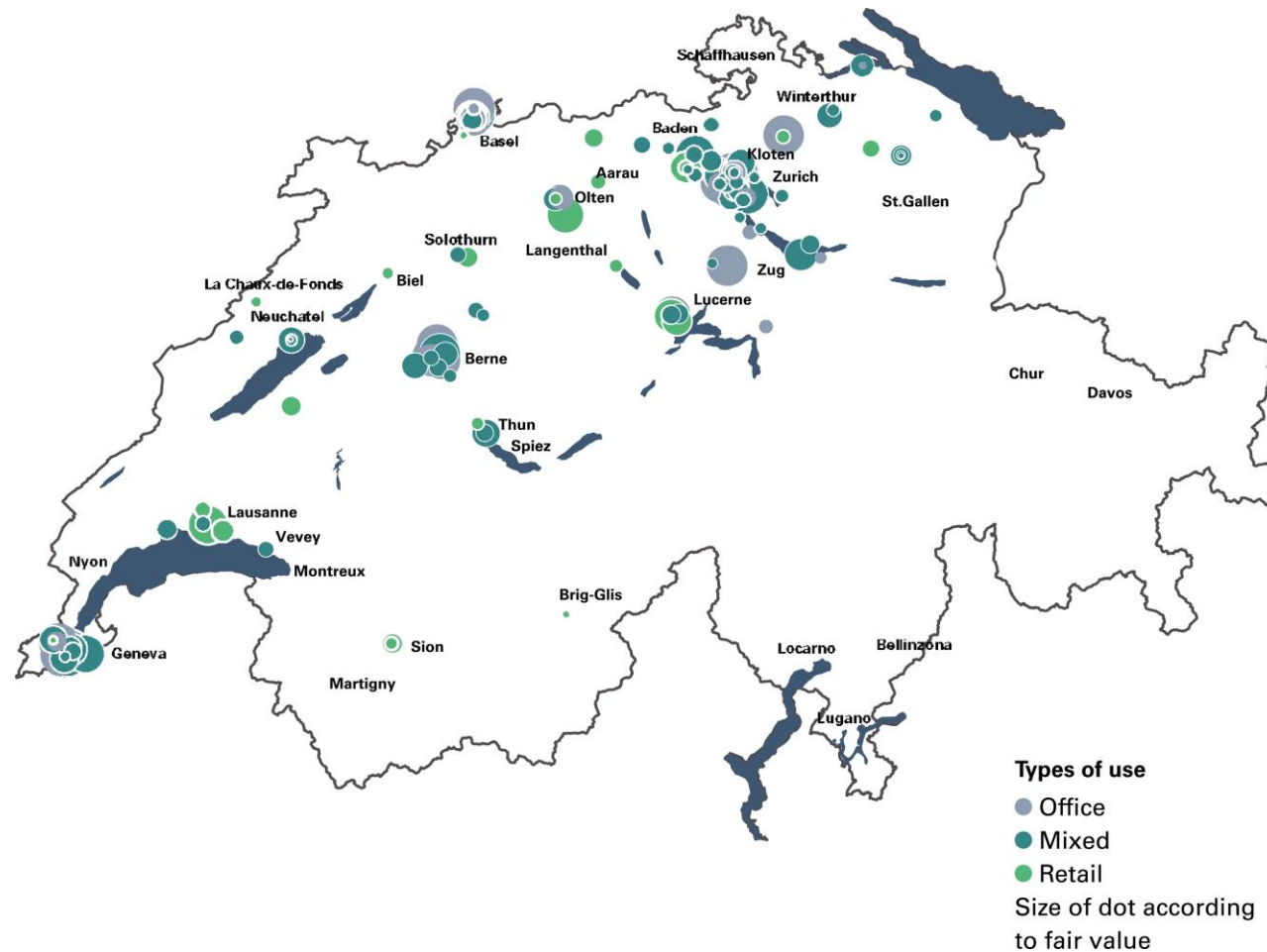


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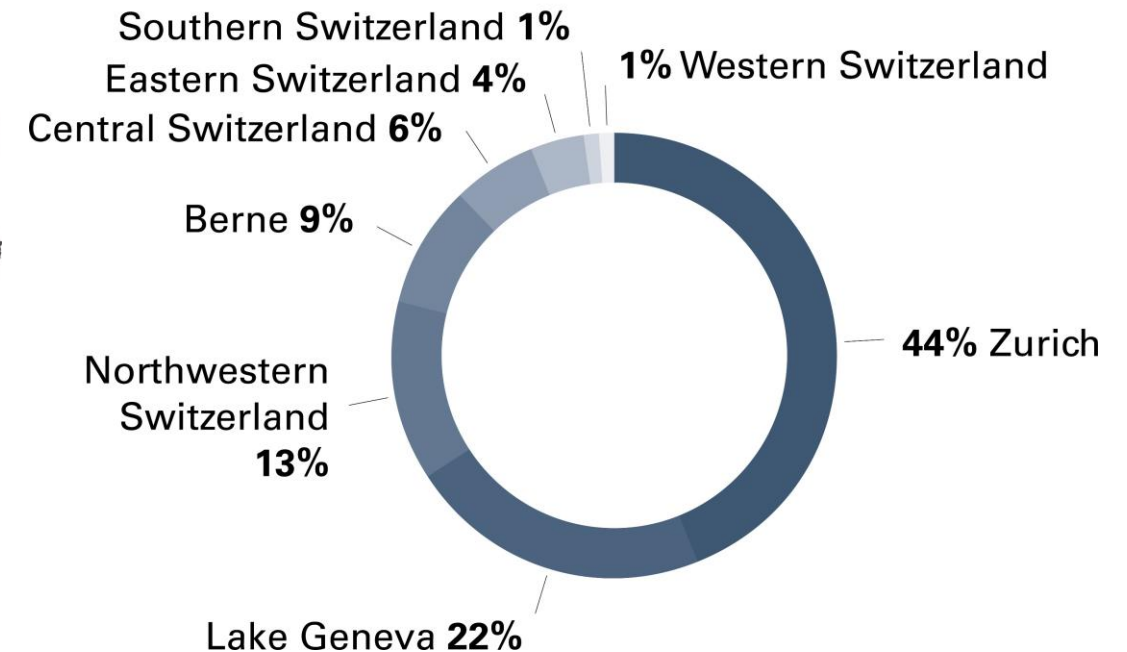


# Balanced portfolio by region



## Portfolio split by region

Basis: fair value as at 31.12.2020



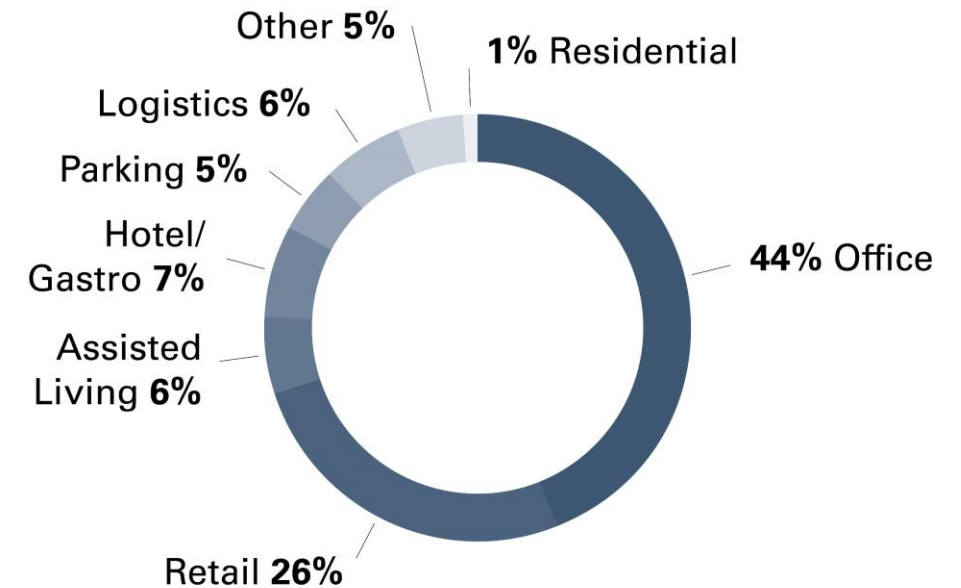


# Focus on commercial real estate



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

Basis: net rental income as at 31.12.2020



<sup>1</sup> Real Estate segment

# Building projects completed or scheduled

## PROJECTS

								
	<b>YOND</b> Zurich	<b>Schönburg</b> Berne	<b>West-Log</b> Zurich	<b>Stücki Park I</b> Basel	<b>JED I</b> Schlieren	<b>Espace Tourbillon</b> Plan-les-Ouates	<b>Tertianum</b> Monthey & Richterswil	<b>Alto Pont-Rouge</b> Lancy
<b>Construction status</b>	completed	completed	completed	completed	completed	scheduled	scheduled	scheduled
<b>Occupancy rate</b>	97%	100%	85%	60%	75%	40%	100%	20%
<b>Investments*</b>	CHF 92 million	CHF 202 million	CHF 89 million	CHF 100 million	CHF 136 million	CHF 86 million**	CHF 30   43 million	CHF 300 million
<b>Target rental income p.a.</b>	CHF 5.5 million	CHF 6.1 million	CHF 3.2 million	CHF 4.9 million	CHF 6.8 million	CHF 6.0 million	CHF 1.3   2.1 million	CHF 15.1 million
<b>Project duration</b>	2018 – 2020	2017 – 2020	2018 – 2020	2018 – 2020	2018 – 2020	2017 – 2021/22	2020 – 2021/22	2020 – 2023

\* incl. land \*\*house B (houses C & D sold, houses A & E in sales process)

# Strong development project pipeline

## PROJECTS

### Design plan

### Planning application








### Building permit

### Pre-letting status

### Investments\*

### Target rental income p.a.

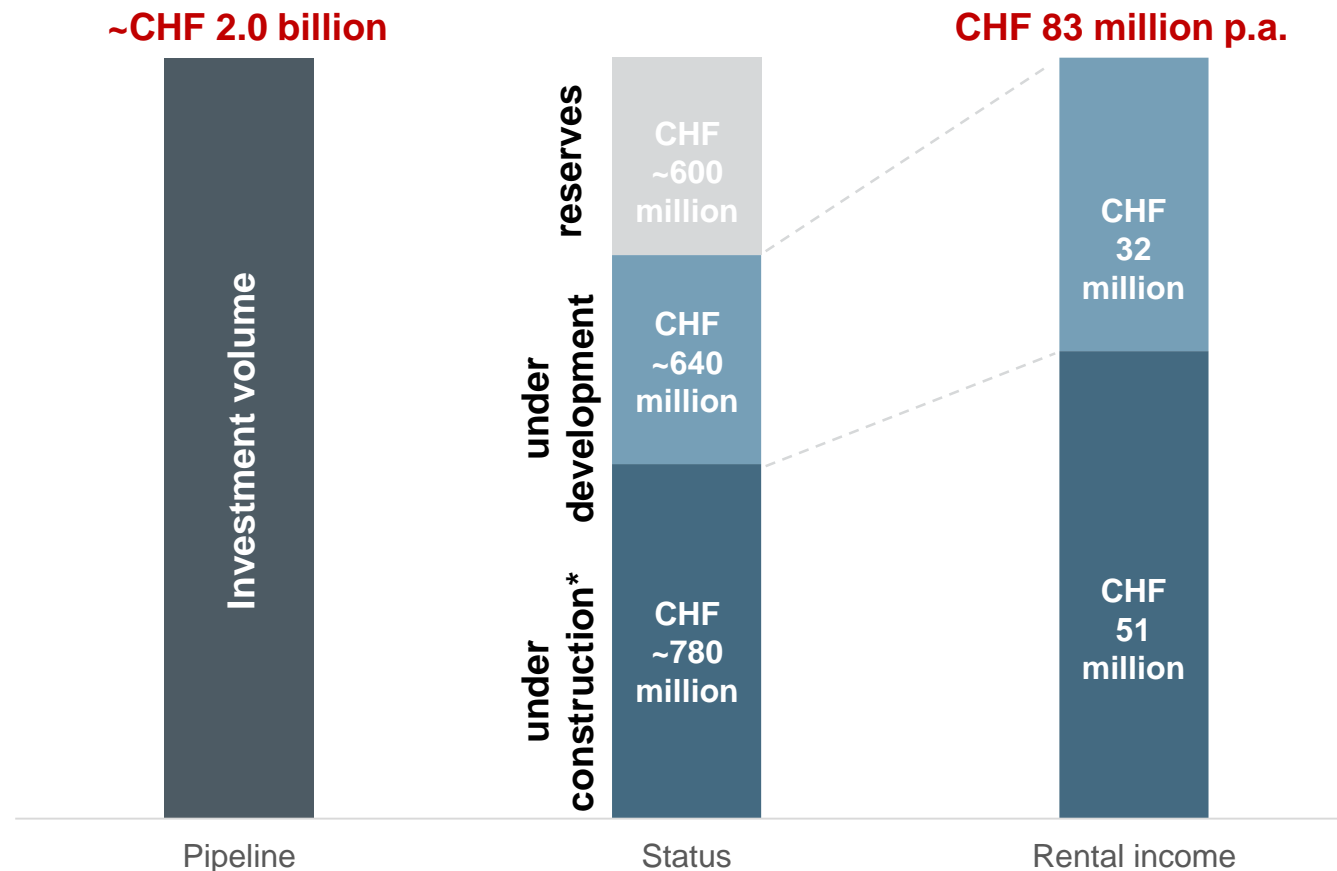
### Project duration

						
<b>Tertianum Paradiso</b>	<b>Tertianum Olten</b>	<b>JED II Schlieren</b>	<b>Stücki Park II Basel</b>	<b>Müllerstrasse Zurich</b>	<b>maaglive Zurich</b>	<b>Rheinstrasse Augst</b>
	legally valid				architecture competition	zone plan authorised
				submitted		
granted		granted	granted			
100%	100%	under negotiation	under negotiation	100%	interim letting	interim letting
CHF 69 million	CHF 32 million	CHF 72 million	CHF 76 million	CHF 222 million	CHF 113 million	CHF 51 million
CHF 3.2 million	CHF 1.3 million	CHF 4.0 million	CHF 5.0 million	CHF 9.9 million**	CHF 7.0 million	CHF 2.0 million
2021 – 2023	2021 – 2023	2021 – 2023	2021 – 2023	2021 – 2023	2023 – 2025	2024 – 2025

\* incl. land \*\*existing property still let until mid-2021

# Expected contribution from project developments

## PROJECT PIPELINE OVERVIEW



\* excl. Schönburg and YOND projects, which were handed over to tenants in Q1 2020

## COMMENTS

- **Projects under construction:** Projects (totalling CHF 780 million\*) close to completion with expected rental income of CHF 51 million (from 2021, CHF ~24 million over the whole year) and net yield (on cost) of ~4.5%, above the existing portfolio average
- **Projects in development:** Attractive development prospects of around CHF 640 million due to many issued building permits and expected rental income of CHF 32 million and net yield of ~4.5% (on cost)
- **Reserves:** Around CHF 600 million development potential of existing construction land reserves





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# Carbon neutrality by 2040

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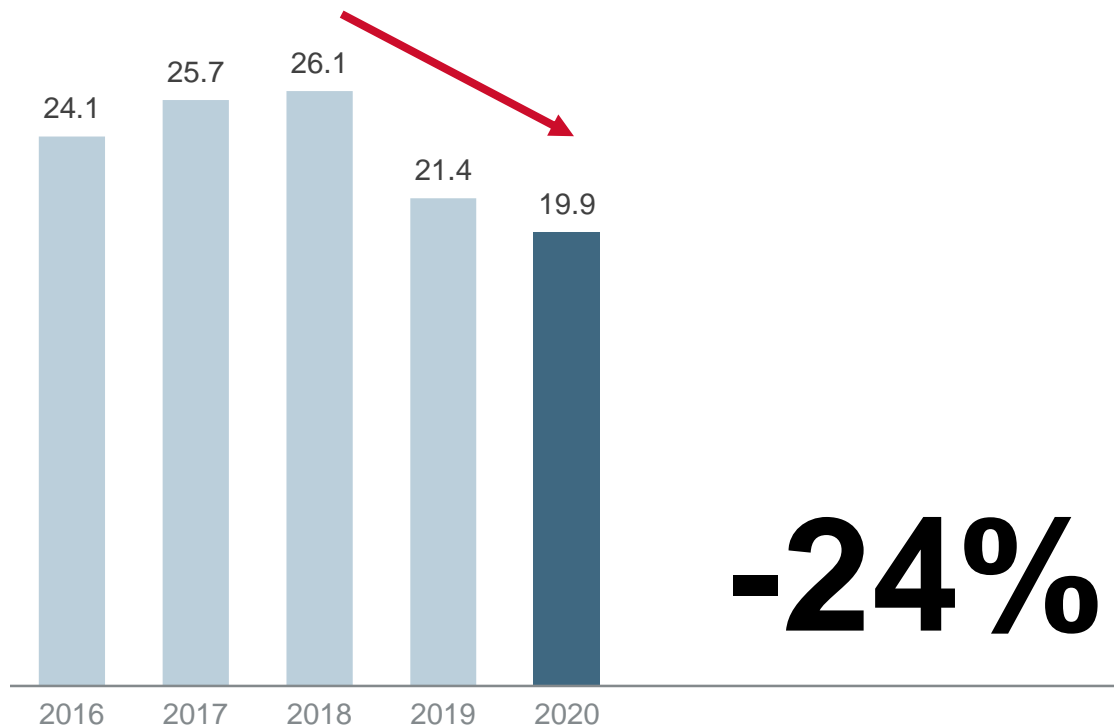
## COMMENTS

- **Carbon neutrality:** The ambition is to achieve carbon neutrality in the property portfolio by 2040 through a defined CO<sub>2</sub> reduction pathway, thereby achieving the goals of the Paris Climate Agreement and the Swiss government's Energy Strategy 2050 before target dates
- **Reduction pathway:** Existing properties will be modernised during the planned maintenance cycle to meet the climate target by 2040; development projects planned with the aim of carbon neutrality (e.g. new build JED Schlieren); the reduction pathway factors in Scope 1, 2 and 3 emissions
- **Sustainable financing:** Two sustainable bonds issued in the amount of CHF 600 million to finance carbon-neutral projects and modernise existing properties

# First important milestones on CO<sub>2</sub> pathway

## CO<sub>2</sub> INTENSITY OF PORTFOLIO

kg CO<sub>2</sub>-e/m<sup>2</sup>



## COMMENTS

- From 2018, measures introduced led to a significant decrease in CO<sub>2</sub> emissions by 24%
- Development projects are planned with the aim of carbon neutrality; on some projects, energy is even fed into the grid (property as a power plant)
- In the case of necessary run time-related and periodic maintenance work, attention is consistently paid to contributing directly to reducing CO<sub>2</sub> emissions; use of renewable energy wherever possible is a priority across all company operations
- Measures already taken relate to the use of electricity from hydropower, installation of photovoltaic systems, connection of properties to the district heating network (replacement of fossil fuel-based heating systems) and installation of electric charging stations

# Engagements for tenants, employees and other stakeholders



- More than 500 rent relief requests processed by Swiss Prime Site Immobilien
- Assistance provided in solidarity with small companies and self-employed directly affected by the lockdown with monthly gross rent below CHF 15 000
- In 2020, a total of CHF 12.7 million in rent waivers were granted and planned turnover-linked rents were not collected



- A pool of CHF 450 000 was put together by the members of the Board of Directors (50%) and the Executive Board (50%) as financial support for Jelvoli employees affected by COVID-19 (especially those working in sales and gastronomy) in addition to short-time working compensation
- Partnership with SOS Kinderdorf from 1 January 2021; CHF 1 donated per newly let m<sup>2</sup> (construction projects) or re-let m<sup>2</sup> (vacancies)
- Space made available for a private vaccination centre in Zurich (on the YOND site)



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# Market outlook



## OFFICE

- Working from home is less pronounced than in Europe as a whole due to short commuting times (avg. 30 minutes)
- Increase in quality and required space per employee
- Attractive transaction market: prime yields\* down considerably to 1.7% (Zurich) and 2.0% (Geneva)
- **Conclusion: Office market is likely to see stable development due to expected economic growth**



## RETAIL

- Swiss retail more stable as a whole in 2020, despite the pandemic; different sectors affected differently, proportion of e-commerce continues to rise
- Non-food retail has potential to catch up in 2021 after second lockdown
- Transaction market intact: prime yields\* down slightly to 2.3% (Zurich) and 2.6% (Geneva)
- **Conclusion: In the age of omni-channel concepts, attractive locations remain important for retailers**



## HOSPITALITY




- Low occupancy in hospitality sector in 2020 due to lack of tourists from abroad (Zurich: -63%, Geneva: -67%); only partially cushioned by domestic tourism
- Restrictive entry and quarantine regulations continue (Zurich airport: -87% passengers in January 2021)
- **Conclusion: The hotel and events market will remain under pressure in the short and medium terms due to various restrictions**

\* Source: Wüest Partner Q4 2020





# Medium-term goals Swiss Prime Site

## REAL ESTATE SEGMENT

Level		Targets
 <b>Portfolio</b>	➔	<b>Stable volume</b> of CHF ~12 billion <b>Vacancies 2021+</b> in medium term ~4% <b>Types of use 2025</b> Reduced retail to <20% and increased office and logistics use
 <b>Pipeline</b>	➔	<b>Active volume</b> CHF ~1.4 billion Total rental income CHF ~83 million (2026) <b>Reserves in the portfolio and project pipeline</b> Capitalisation of reserves of CHF ~600 million
 <b>Capital Recycling</b>	➔	<b>Sales of non-core real estate</b> to refinance the project pipeline

## SERVICES SEGMENT

Group companies		Targets
 <b>SWISS PRIME SITE Solutions</b>	➔	Assets under management CHF ~7 billion EBIT contribution to the group CHF ~30 million until 2025
 <b>wincasa</b>	➔	Assets under management CHF ~75 billion Securing an EBIT margin of ~15% until 2023
<b>Jelmoli</b>	➔	Operating EBIT «break-even» Rent stable until 2023

# Guidance Swiss Prime Site 2021



## Comments concerning the guidance

- **Financial years 2019 and 2020 affected by one-off special effects**  
2019 → extraordinary tax income of CHF 172.5 million  
2020 → profit from the sale of Tertium of CHF 204.2 million
- **Revaluation effects in the context of the pandemic**  
Portfolio → high proportion of existing properties are in premium locations and have further upside potential  
COVID-19 → revaluation effects also depend on the further course of the pandemic
- **Basis of the target setting**  
Targets related to rental income and vacancy assume that no additional lockdowns will be imposed by authorities (as of end of February 2021)

## Level

## Targets



Rental income



Increase of the rental income



Vacancy rate



Reduction of the vacancy rate to below 5%



Dividends



80% – 100% of the adjusted EPRA earnings per share



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## Analyst and investor contact

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Media Relations

**Head Group Communications**  
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## Company calender

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<b>AGM</b>	23 March 2021
<b>HY 2021</b>	26 August 2021

## Headquarters

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www.sps.swiss

## Zürich Office

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Prime Tower, Hardstrasse 201  
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