

SWISS PRIME SITE

RESULTS – FIRST HALF-YEAR 2022

ZURICH, 25 AUGUST 2022



SWISS PRIME SITE

AGENDA

1 MARKET VIEW

2 HIGHLIGHTS – FIRST HALF-YEAR 2022

3 KEY RESULTS

4 FINANCE

5 EXPECTATIONS AND OUTLOOK

Good locations and properties remain in demand!



ECONOMY

- **GDP:** SECO is forecasting growth of 2.6% for 2022 and a further decrease in unemployment
- **PMI:** In July 2022, the industrial and services sectors were above the growth threshold, although the pace of growth has weakened slightly
- **Risks:** Trade and geopolitical conflicts, supply shortages, energy supply and the pandemic



INTEREST RATES / INFLATION

- **Policy rate:** The Swiss National Bank (SNB) tightened monetary policy and increased the policy rate as of 17 June 2022 to -0.25%
- **Inflation:** The SNB forecasts inflation rates of 2.8% (2022), 1.9% (2023) and 1.6% (2024)
- **Outlook:** Further SNB policy rate increases are expected; after adjusting for inflation, Switzerland's real interest rate remains negative



REAL ESTATE

- **Transaction market:** Sustained activity with stable yields
- **Office space:** Good locations benefit from continuing economic growth and rise in employment (Q1 2022: +2.6%)
- **Commercial real estate investments:** Offer protection against inflation by linking rents to the Swiss Consumer Price Index

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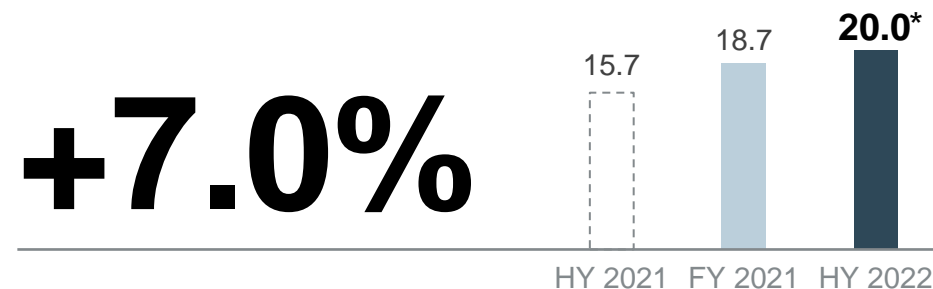
4 FINANCE

5 EXPECTATIONS AND OUTLOOK

Swiss Prime Site: Strong figures in the first half of 2022 (1/2)

ASSETS UNDER MANAGEMENT

in CHF billion



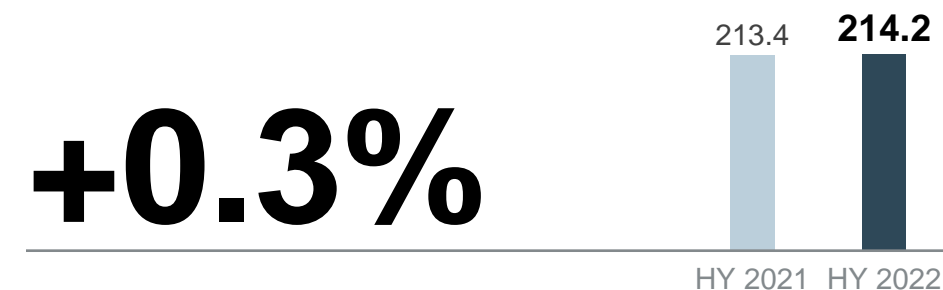
OPERATING INCOME

in CHF million



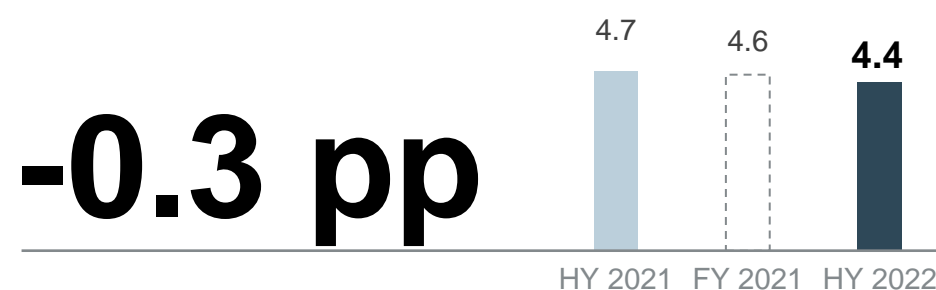
RENTAL INCOME

in CHF million



VACANCY RATE

in %



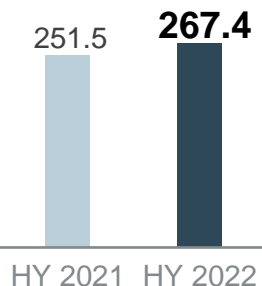
* of which CHF 13.1 billion from own property portfolio and CHF 6.9 billion from managed third-party assets

Swiss Prime Site: Strong figures in the first half of 2022 (2/2)

PROFIT

in CHF million

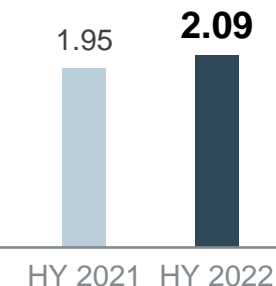
+6.3%



FFO I

in CHF per share

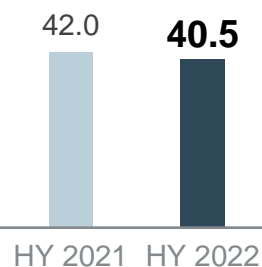
+7.2%



LOAN-TO-VALUE (LTV)

in %

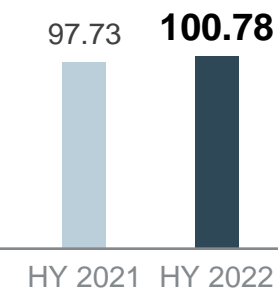
-1.5 pp



EPRA NTA

in CHF per share

+3.1%



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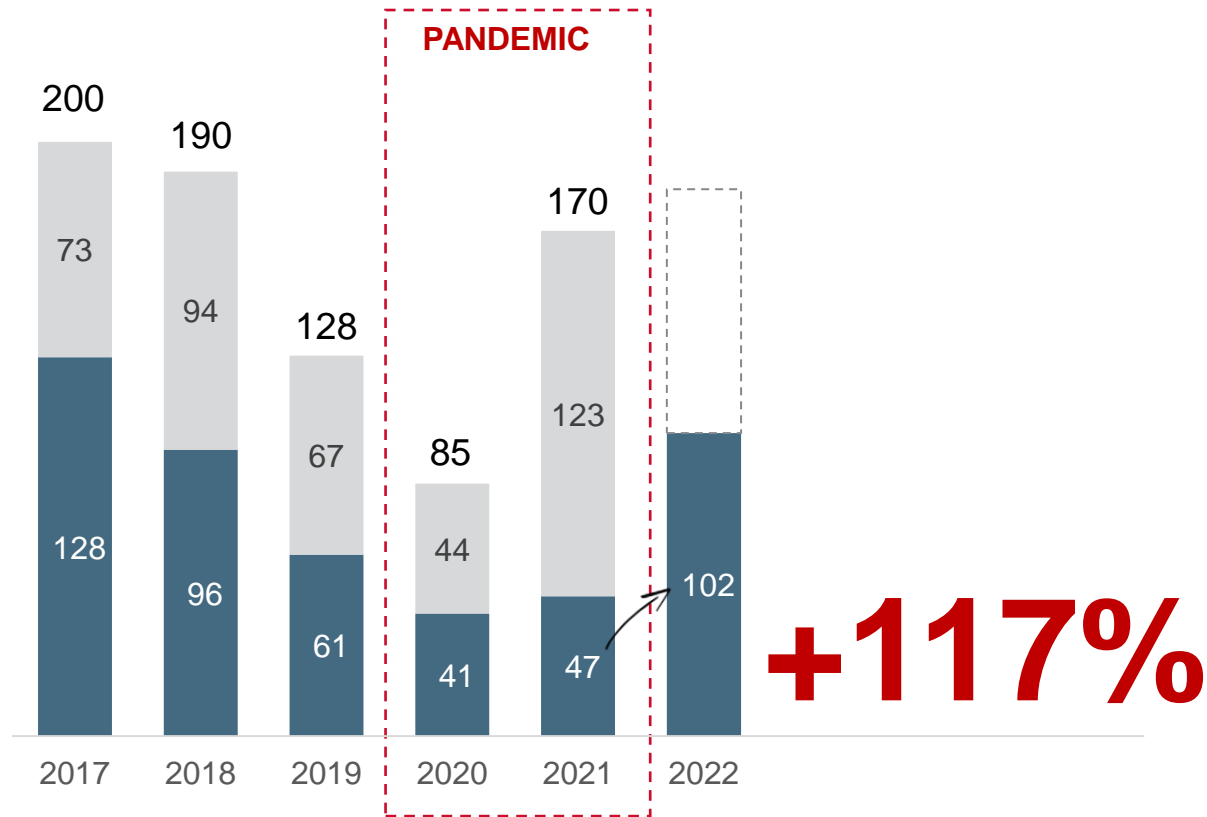
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Dynamic letting situation in the first half of 2022

NEWLY LET AND RE-LET SPACES

in 1 000 m²



- **Space:** Total 102 000 m² [HY 2021: 47 000 m²] commercial space let or re-let
- **Key new tenants:** Adobe, Arxada, NBE Therapeutics and Swiss Post
- **Projects:** High level of pre-lettings in the JED Schlieren and Stücki Park Basel development projects
- **Strong rental growth:** L4L rental growth of 1.9%

High operating revaluations and low vacancies

REAL ESTATE PORTFOLIO

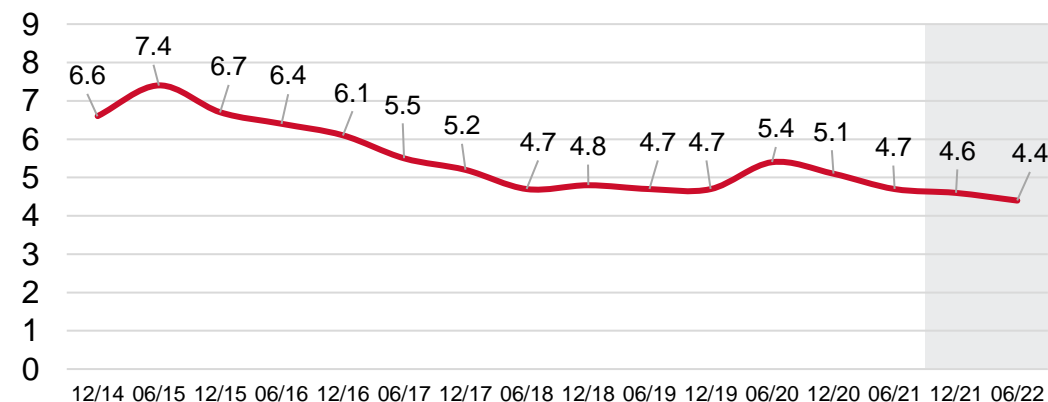
in CHF million

	FY / HY 2021 restated	HY 2022
Total	12 793.5	13 066.4
of which projects developments	1 006.9	997.7
Properties (number)	184	179
Rental income	213.4*	214.2
Revaluation gain	134.3*	166.6
Net yield on property (in %)	3.2	3.1
Discount rate, real (in %), avg.	2.75	2.71

- **Revaluation gain:**
→ CHF 166.6 million net (of which CHF 31.6 million from projects)
→ Key drivers: Lower vacancies and improved lettings
- **Discount rate:** Reduction of 4 basis points (HY 2021: 8 bp)
- **Net property yield:** An attractive 3.1% despite high revaluations

VACANCY RATE

in % (Group)

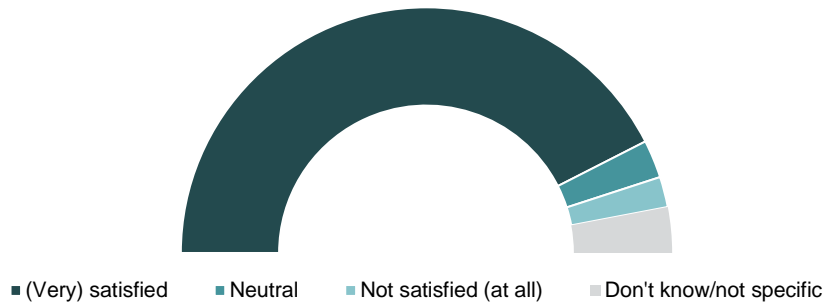


- **Vacancy rate:** Fall from 4.7% (HY 2021) to 4.4% (HY 2022)
- **Future plans:** Reduction in vacancies to below 4.4% forecast for 2022 as a whole

* HY 2021 values

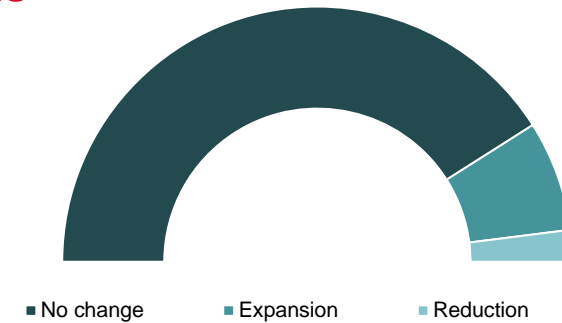
Tenant survey shows steady demand for space

OVERALL SATISFACTION



- 85% of tenants are very satisfied with Swiss Prime Site properties (2021: 75%)
- Based heavily on the property fit-out standard, location and general accessibility

SPACES



- 82% of tenants want to retain the leased space as it is (2021: unchanged)
- 14% want a bigger leased space
- Only 4% want a smaller space

Source: Swiss Prime Site tenant survey, summer 2022

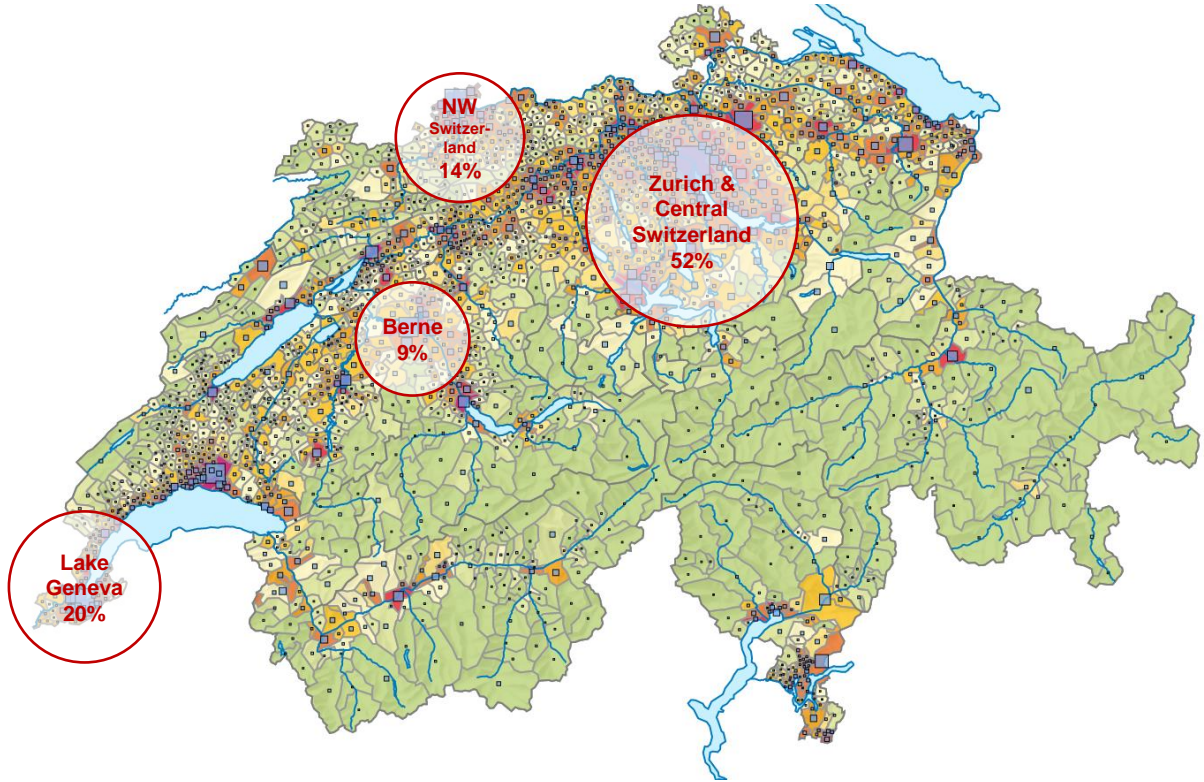
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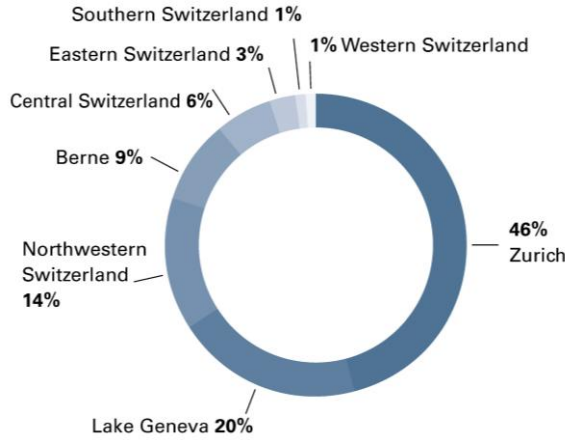


Portfolio: Focus on centres and commercial spaces

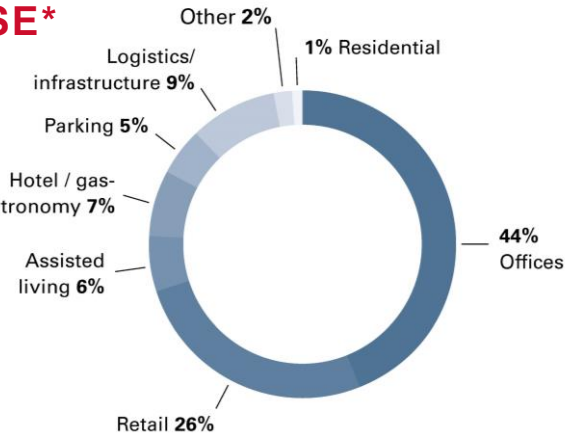
CHF 13.1 bn Property portfolio	179 Number of properties	1.7 million m² Rental floor space
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REGIONS* as at 30.06.2022



TYPES OF USE* as at 30.06.2022

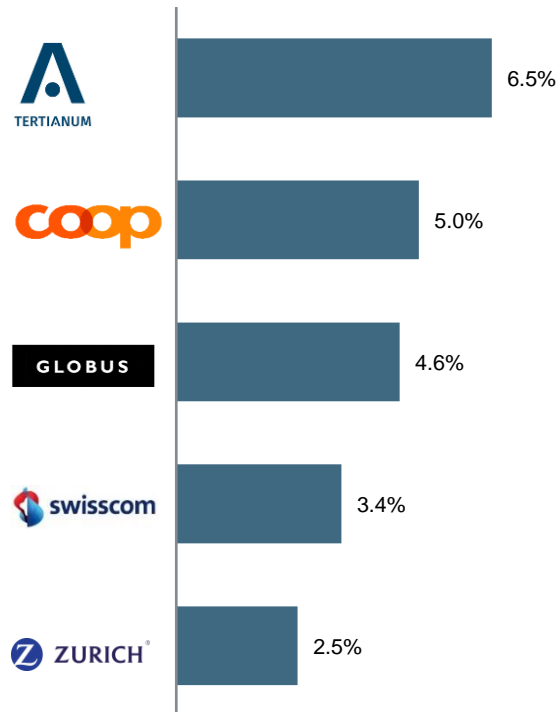


Map source: admin.ch | * Regions in % of market value and types of use in % of rental income

Stable tenant structure, balanced lease expiries

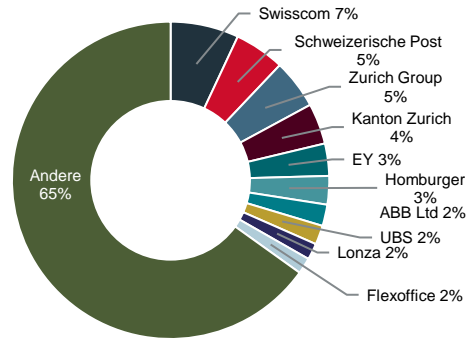
MAJOR TENANTS

in % rental income as at 30.06.2022



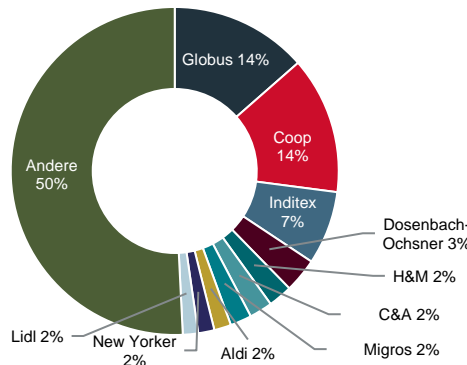
LARGEST OFFICE TENANTS

in % of net rental income as at 30.06.2022



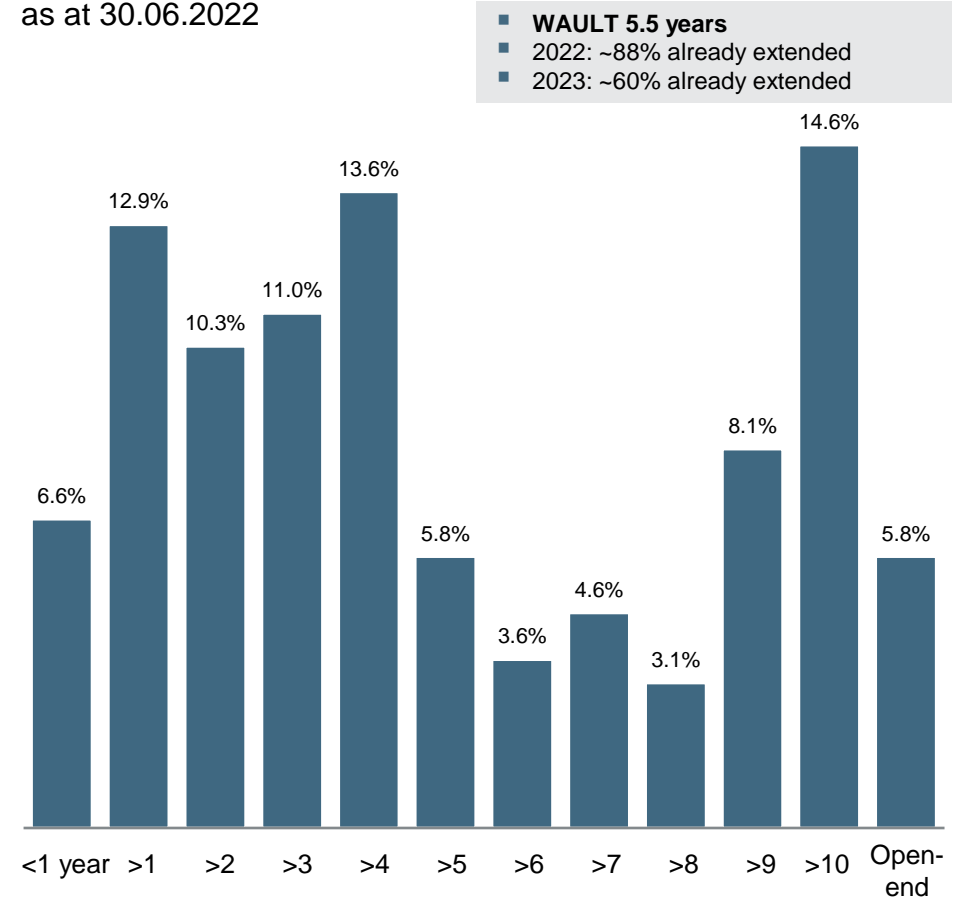
LARGEST RETAIL TENANTS

in % of net rental income as at 30.06.2022



LEASE EXPIRY OF RENTAL CONTRACTS

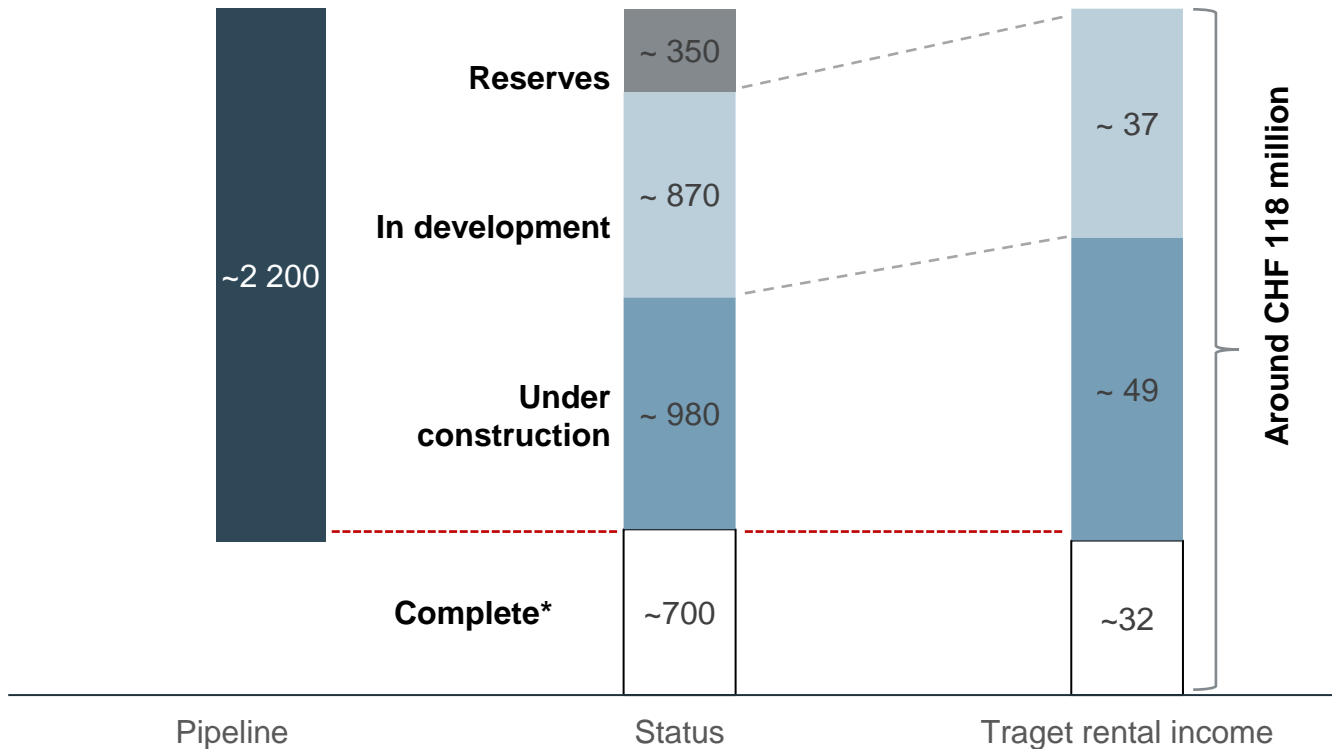
as at 30.06.2022



Significant potential through densification, utilisation and landbank

PROJECT PIPELINE

in CHF million



- **Completed projects:** Projects completed totalling around CHF 700 million; target rental income per annum of around CHF 32 million.
- **Projects under construction:** Projects totalling around CHF 980 million and target rental income totalling around CHF 49 million
- **Projects in development:** Attractive development projects totalling around CHF 870 million and target rental income totalling CHF 37 million (incl. two acquired projects)
- **Pipeline:** High densification potential and utilisation reserves within the existing portfolio and ongoing «refreshing» of the landbank through acquisitions

* in development as at June 2022: Route de Meyrin in Geneva, Poststrasse Uster, Maaglive in Zurich, Rheinstrasse Augst, BEYOND in Zurich and Dreispitz Mitte in Münchenstein

Scheduled projects under construction with high levels of pre-letting

						
	Stücki Park I+II Basel	Alto Pont-Rouge Lancy	Tertianum Paradiso	Müllerstrasse Zurich	Tertianum Olten	JED new build Schlieren
Construction status	Scheduled	Scheduled	Scheduled	Scheduled	Construction started	Building permit acquired
Occupancy rate	90%	50%	100%	100%	100%	90%
Investments*	CHF 250 million	CHF 306 million	CHF 74 million	CHF 222 million	CHF 34 million	CHF 98 million
Target rental income p.a.	CHF 14.3 million	CHF 15.6 million	CHF 3.3 million	CHF 10.7 million**	CHF 1.3 million	CHF 4.3 million
Project execution***	2020 – 2024	2020 – 2023	2021 – 2023	2021 – 2023	2021 – 2023	2022 – 2024

* incl. land | ** thereof CHF 4 Mio. additional rent p.a. | *** basic fit-out

Selection of planned projects with attractive uses

						
Design plan / building and zoning regulations (BZO)	BERN 131 Bern BZO	Steinenvorstadt Basel BZO	Route de Meyrin 49 Geneva District plan final	maaglive Zurich Design plan final	BEYOND Zurich BZO	Dreispietz Mitte Münchenstein District plan process
Competitive process & building application/permit	Building permit confirmed	Architectural competition ongoing	In development	Architectural competition concluded	In development	Urban construction architectural contract concluded
Pre-letting status	60%	Interim letting	Interim letting	Interim letting	Interim letting	Interim letting
Investments*	CHF 78 million	CHF 55 million	CHF 112 million	CHF 166 million	CHF 180 million	CHF 170 million
Target rental income p.a.	CHF 3.5 million	CHF 2.1 million	CHF 4.6 million	CHF 6.5 million	CHF 8.0 million	CHF 8.4 million
Project execution**	2022 – 2024	2024 – 2025	2024 – 2026	2024 – 2027	2025 – 2027	2028 – 2030

* incl. land | ** basic fit-out

Acquired projects in Berne and Basel



BERN 131, Berne

- **Utilisation:** Flexible office and commercial space, energy generation using photovoltaics on the roof and facade, hybrid wood new build
- **Key figures:** Investment CHF 78 million, target rental income CHF 3.5 million (pre-letting: 60%)
- **Project execution** 2022 – 2024



Steinenvorstadt, Basel

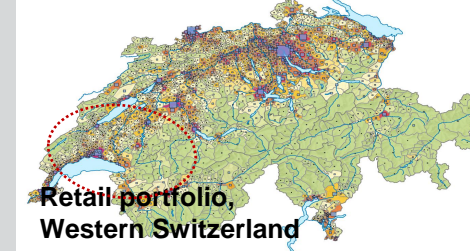
- **Utilisation:** Total renovation and conversion of a retail property to residential with services, gastronomy and retail use on the ground floor and basement floor
- **Key figures:** Investment CHF 55 million, target rental income after renovation CHF 2.1 million
- **Project execution:** 2024 – 2025

Effective and attractive capital recycling

SALES

CHF > 290 million

Portfolio streamlining



- Sale of nine smaller existing properties and Building B in Espace Tourbillon in Plan-les-Ouates as well as a retail portfolio (after balance sheet date) in Western Switzerland

Acquisitions



- Purchase of attractive development projects in Zurich-Oerlikon (next to the train station), Basel (Steinenvorstadt) and Berne (Project BERN 131; after balance sheet date)

**PURCHASES
& CAPEX**
CHF ~ 290 million

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Diversified range of services from Swiss Prime Site Solutions

REAL ESTATE FUNDS

HY 2022:
+ CHF 400
million



- SPSS IF Commercial: CHF 0.3 billion
- Akara Swiss Diversity Property Fund PK: CHF 2.4 billion
- Akara Property Development I KmGK (closed-end fund)

ASSET MANAGEMENT & EXECUTIVE MANAGEMENT

HY 2022:
+ CHF 300
million



- SPIF Real Estate Switzerland: CHF 3.3 billion
- SPA Living+ Europe (Senior Living Investments in Europe): EUR 50 million

ADVISORY

HY 2022:
+ CHF 500
million



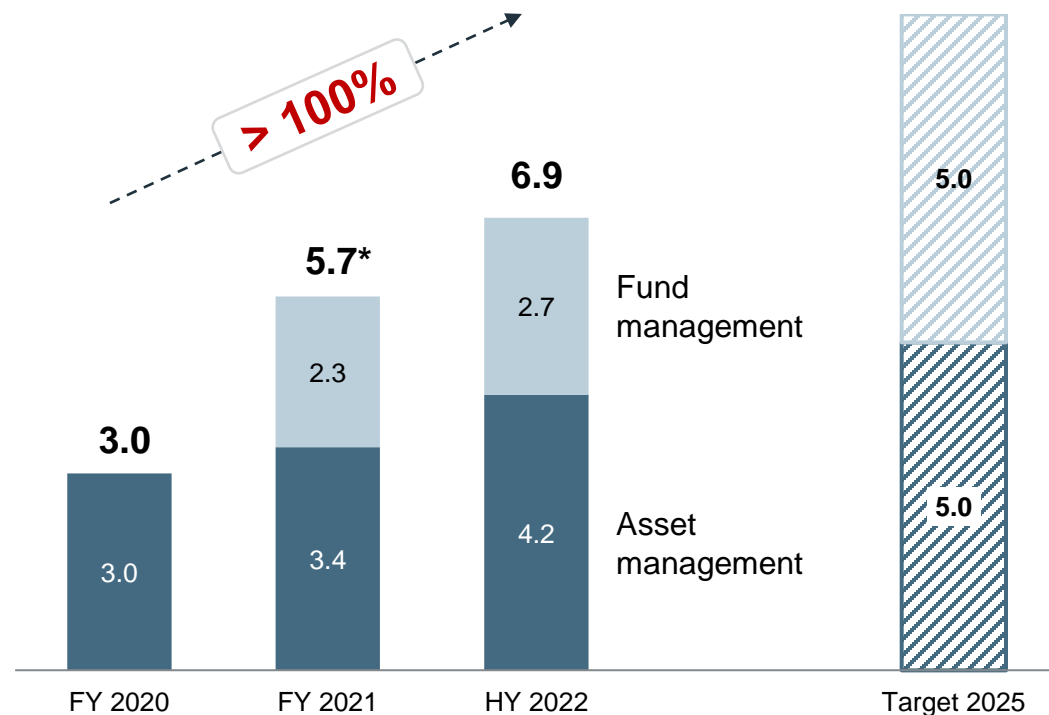
- Customers: Pension funds of Asga, BASF and edifondo
- Asset management of property portfolios worth CHF 0.9 billion

 Comprehensive range of services and balanced growth across all product groups

Growth of assets under management

ASSETS UNDER MANAGEMENT

in CHF billion



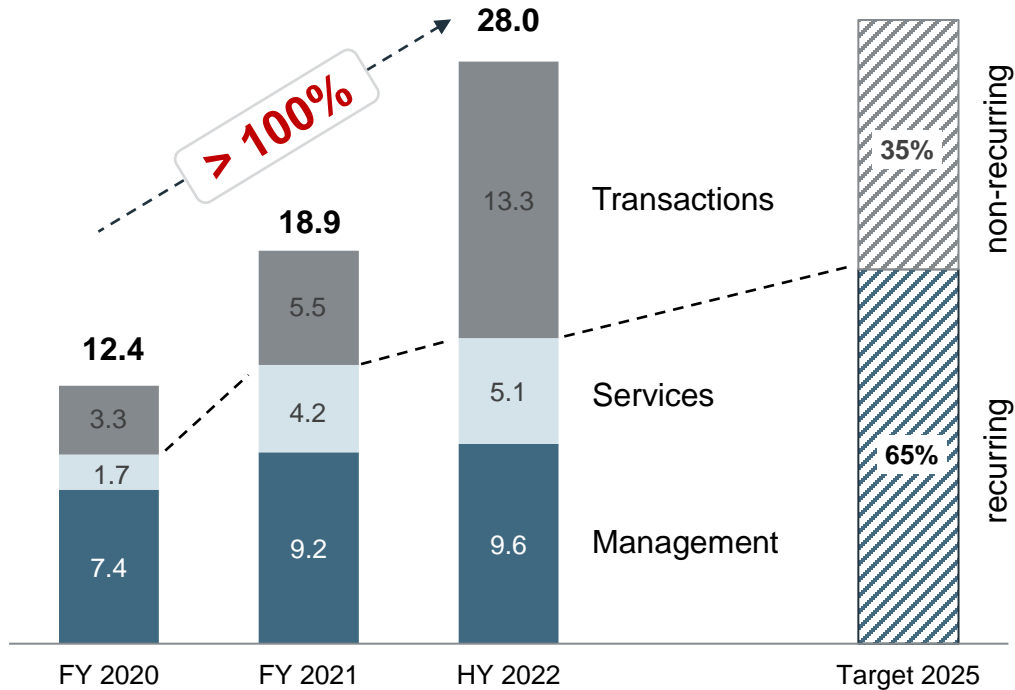
- **Fund management:** Strong growth due to the acquisition of the Akara Group (AuM: CHF 2.4 billion) and launch of the first real estate fund (AuM: CHF 0.3 billion)
- **Asset management:** Increase in assets under management due to the growth of Asga and Swiss Prime Investment Foundation

* Additional purchases IFC January 2022

Increase in recurring income at Swiss Prime Site Solutions

INCOME DISTRIBUTION STRUCTURE

in CHF million and %



- **Recurring income:** Proportion of recurring income at 53% from management fees and services/development fees; targeted increase to 65%
- **Non-recurring income:** Growth of several clients and products results in fee income from purchases, sales and capital increases (transaction fees)

Clear strength of asset management



Asset-light business model – real estate asset management for third parties



Strong, consistent growth of both products and services



Total CHF 6.9 billion asset under management (+ CHF 1.2 bn compared to 2021)



Two-thirds of income from funds business



Proportion of recurring income significantly above 50% (growing)

Second largest independent real estate manager in the Swiss market

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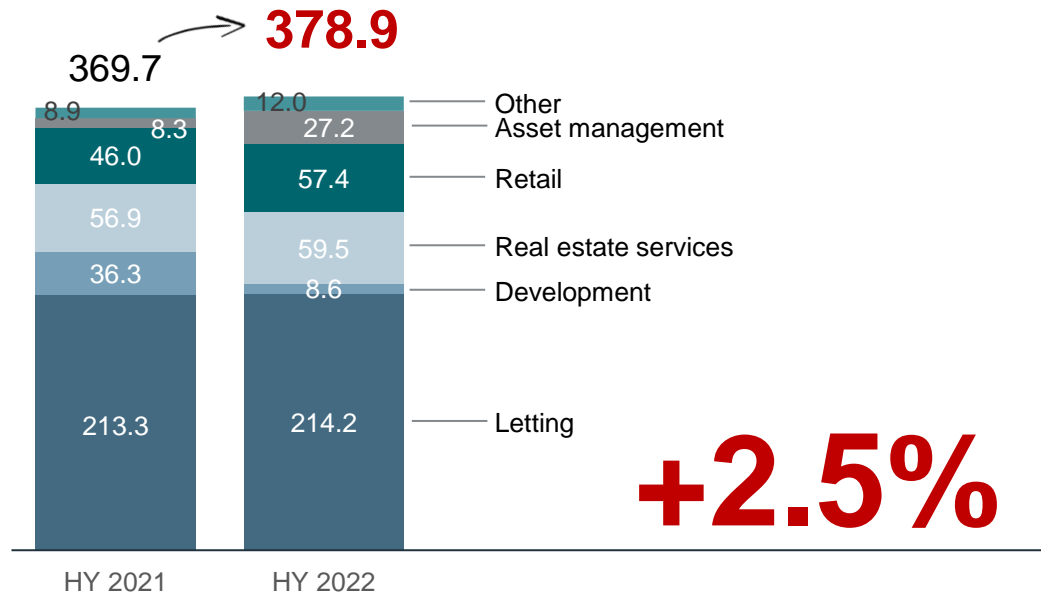
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Results – First half-year 2022 (1/2)

OPERATING INCOME

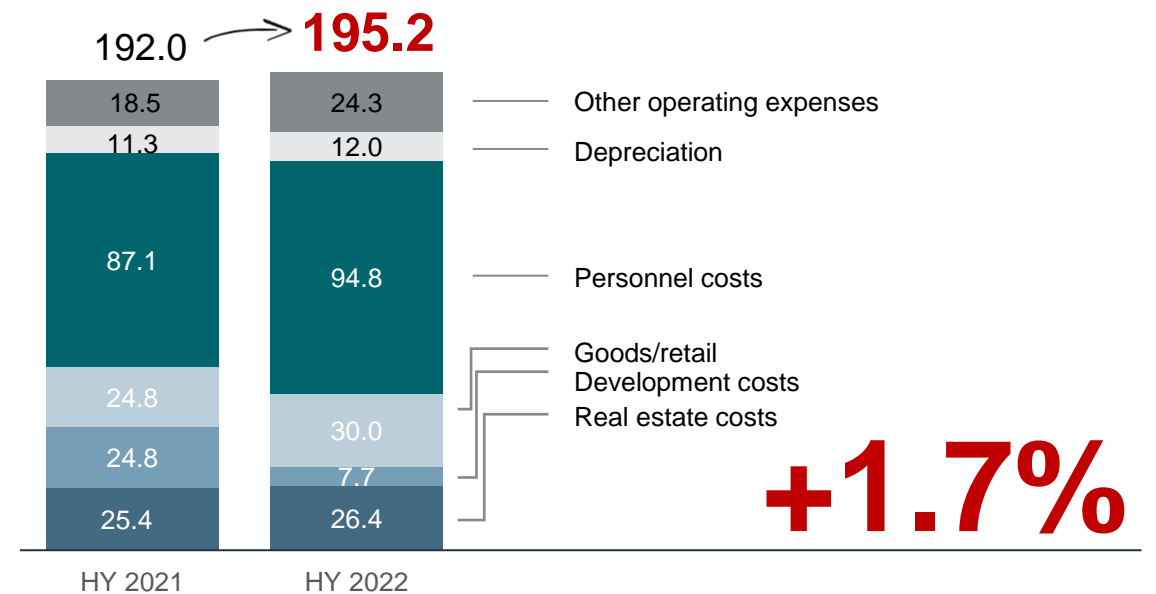
in CHF million



- Increase in operating income from letting, real estate services, retail and asset management balances out lower income from development (completion of Espace Tourbillon project in 2021)
- Strong growth in asset management

OPERATING EXPENSES

in CHF million

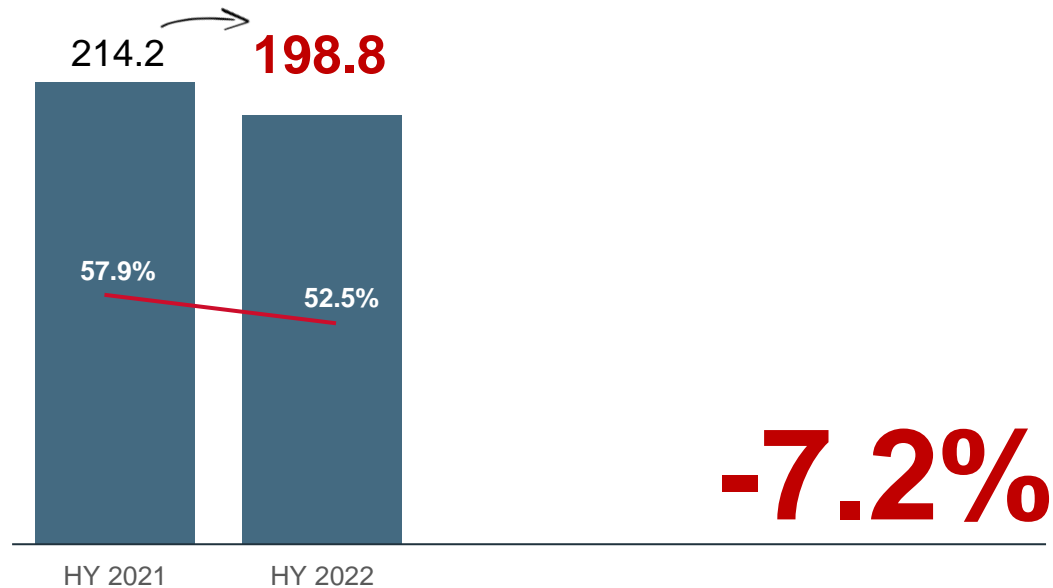


- Below average rise in operating expenses of 1.7%
- Decrease in development costs due to completion of Espace Tourbillon project
- Increase in personnel costs due to acquisition of Akara and end of short-time working

Results – First half-year 2022 (2/2)

EBIT AND EBIT MARGIN (EXCLUDING REVALUATIONS)

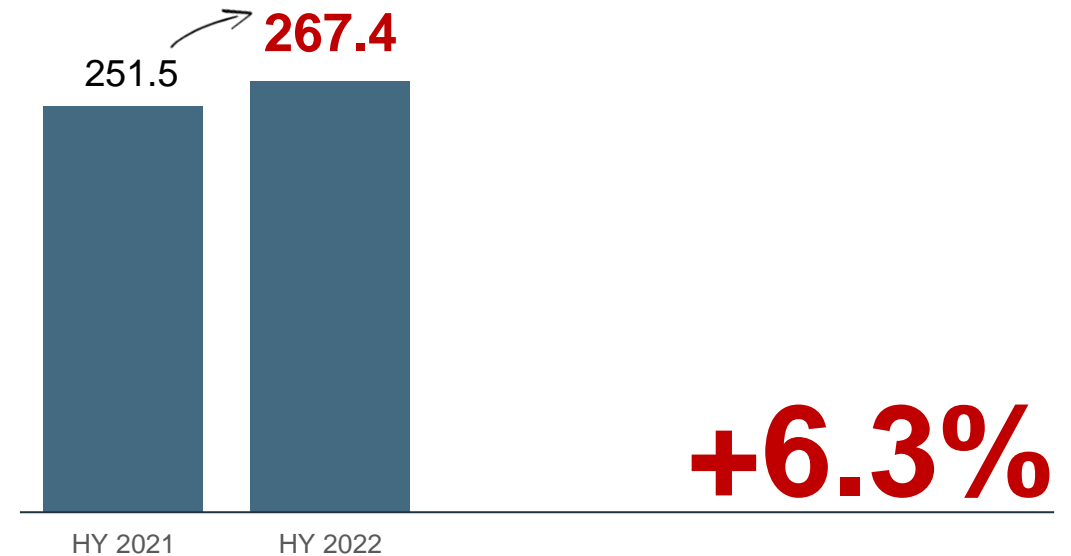
in CHF million and %



- Temporary effect of comparatively slightly lower profits of sales and less income from the Espace Tourbillon project completed at the end of 2021
- Overcompensation in H2 due to higher profits of sale

PROFIT

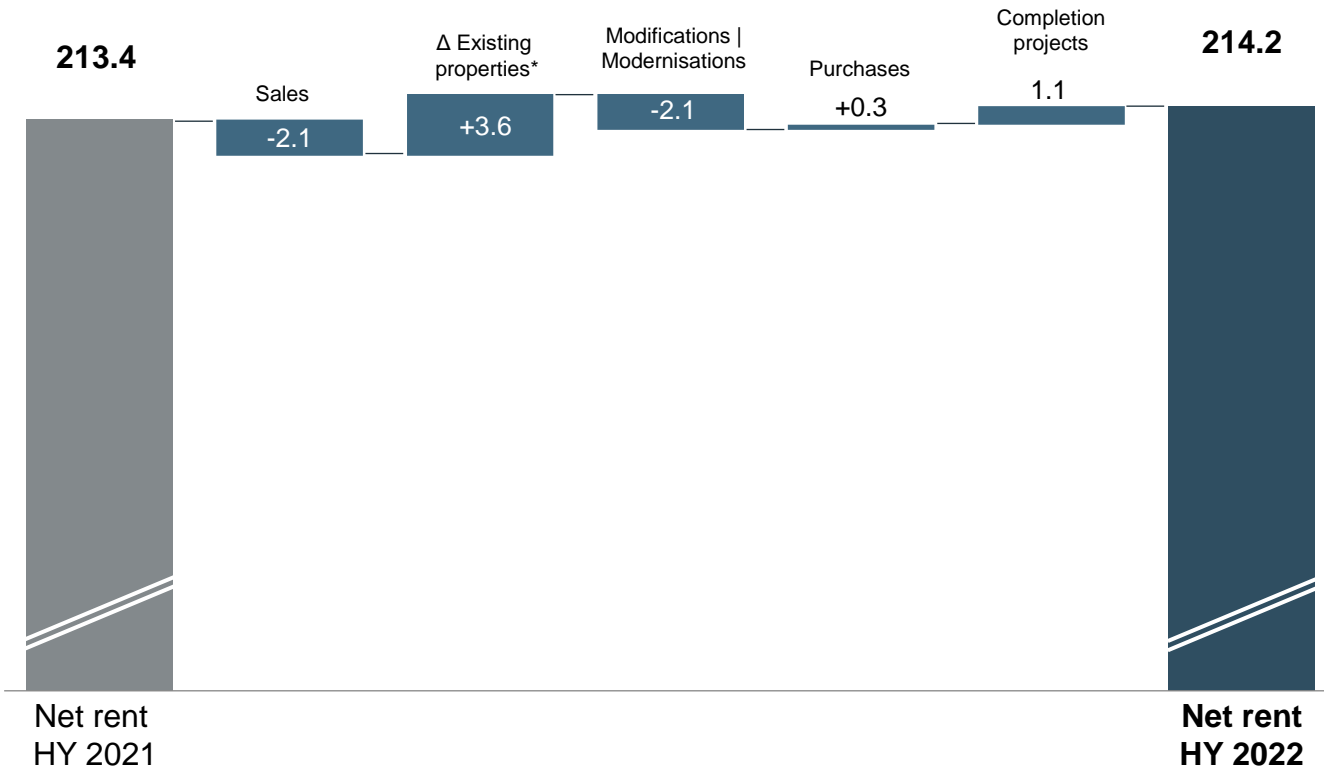
in CHF million



- Strict cost control
- Positive effect of refinancing as at the end of 2021

Growth in rental income of 1.9% on a like-for-like basis

CHANGE IN GROUP NET RENTAL INCOME in CHF million



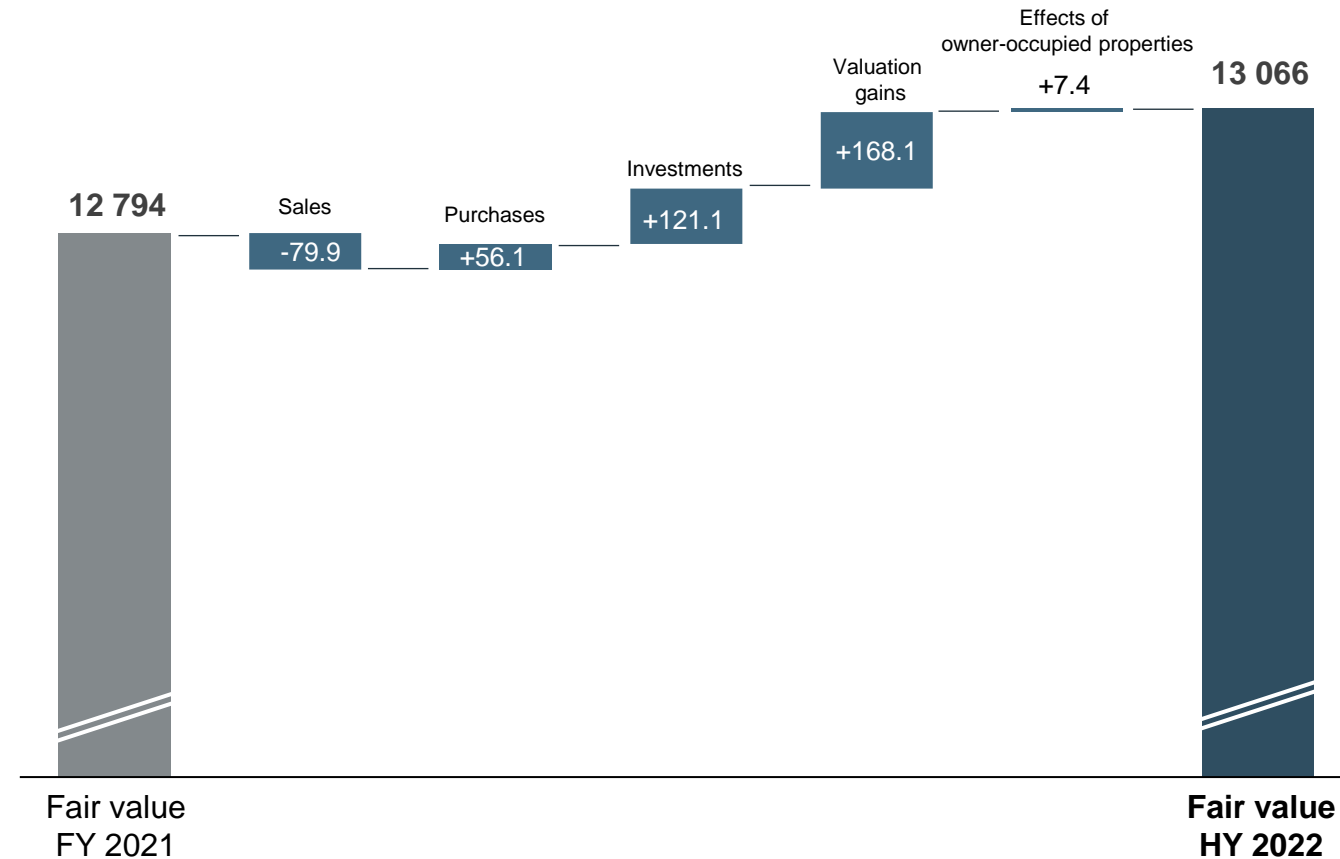
- Rental income: Rose by 0.3% to CHF 214.2 million
- EPRA L4L growth: +1.9%
- Key factors:
 - Reduction in vacancies of 0.3 percentage points
 - Improved letting conditions
 - Increase in turnover-linked and parking rents

* Basis: Real Estate segment

Strong portfolio growth due to attractive locations

PROPERTY PORTFOLIO GROWTH (FAIR VALUE)

in CHF million

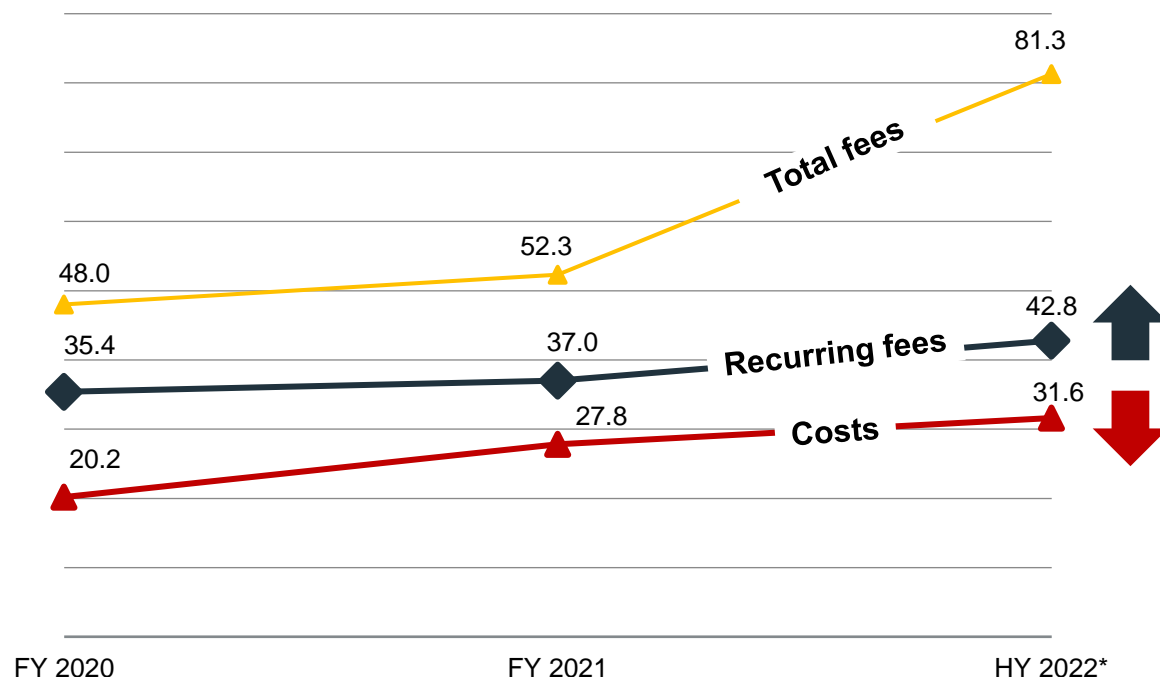


- Total 179 properties (2021: 184): Continued focus planned
- Revaluation gains of 1.3% of the portfolio value
- Reduction in the discount base rate of 4 basis points (HY 2021: 8 bp)
- L4L rental income growth of 1.9%
- Improvement in the vacancy rate to 4.4% compared to 4.7% in HY 2021

Recurring income above costs

RECURRING FEES AND COST COMPARISON

in AuM basis points



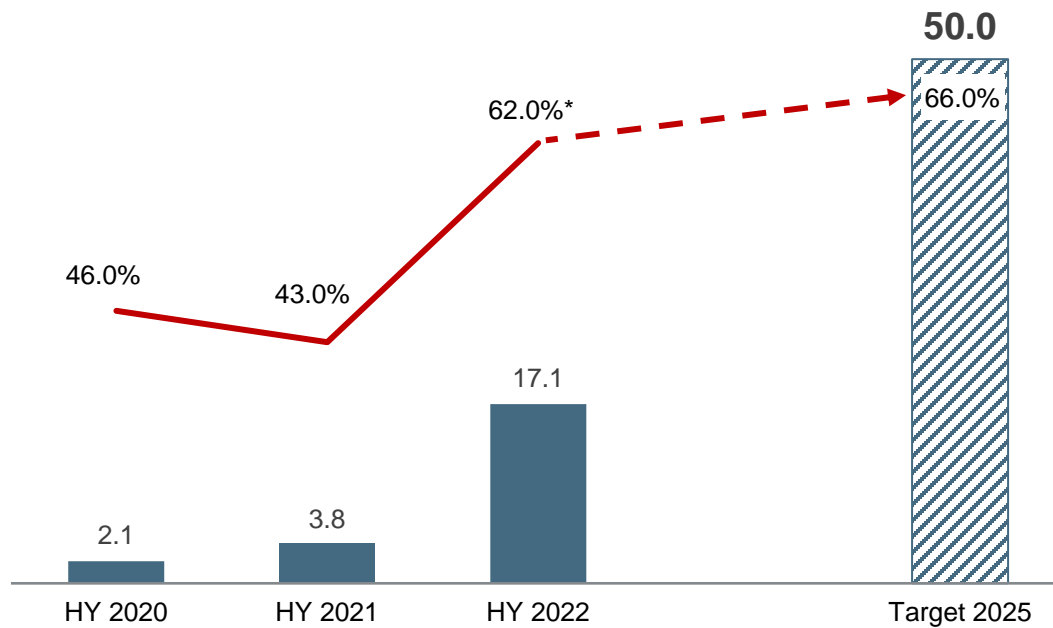
* annualised

- **Total fees:** Increased revenues due to numerous transactions in HY 2022
- **Recurring fees:** Increase in spread to costs from 9.2 in fiscal 2021 to 11.2 basis points in HY 2022 (costs incl. share of non-recurring expenses)
- **Outlook:** Reduction in costs through economies of scale and efficiency gains following integration of Akara as well as higher revenues from more profitable mix of products and services

Strong increase in EBIT and EBIT margin in asset management

EBIT and EBIT margin

in CHF million and %



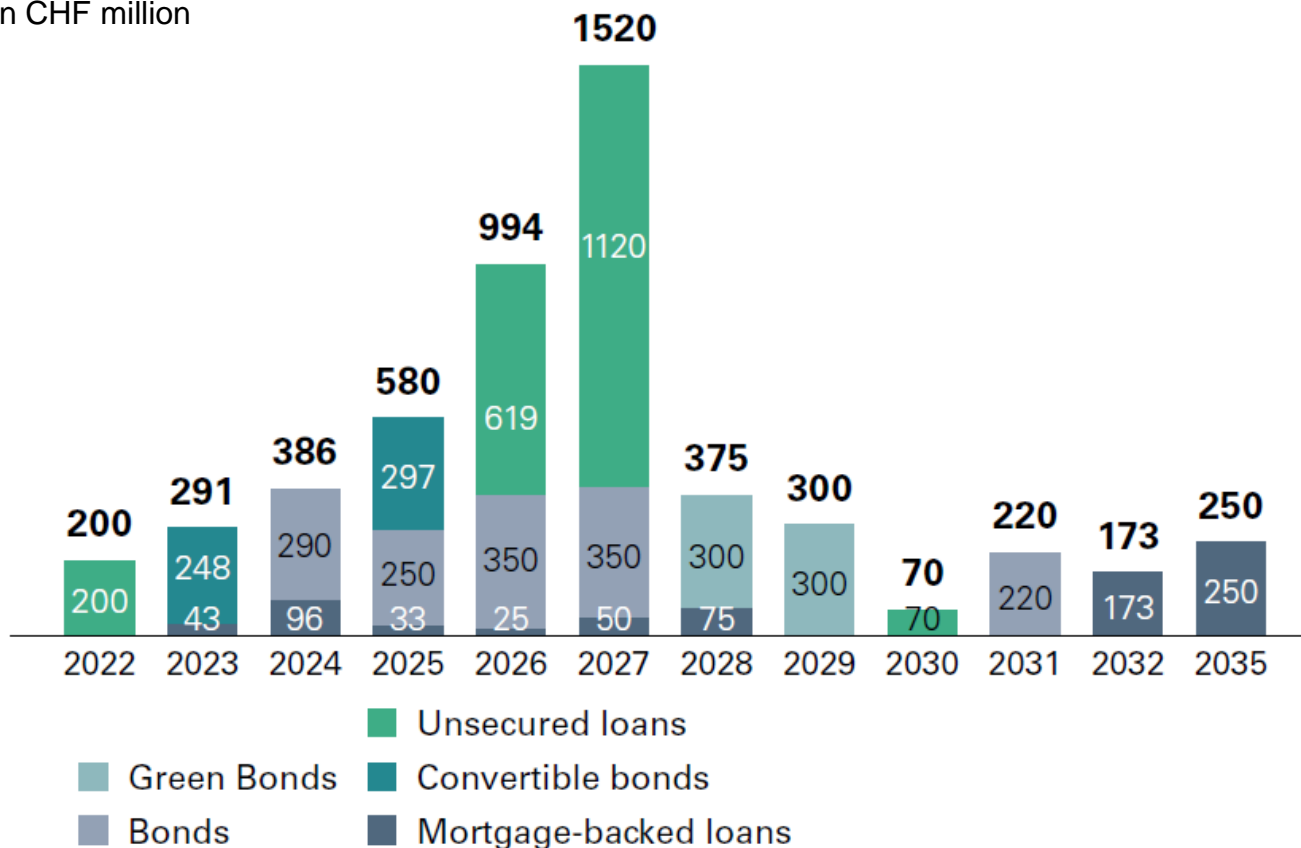
- **EBIT:** Strong increase in EBIT to CHF 17.1 million by combining organic and acquisitional growth
- **Akara EBIT proportion:** CHF 5.7 million
- **EBIT margin:** Operational growth of EBIT margin

* net (excl. transitory items from Akara TC projects of CHF 7.7 million – 48% gross)

Lower interest costs and LTV with balanced lease expiry profile

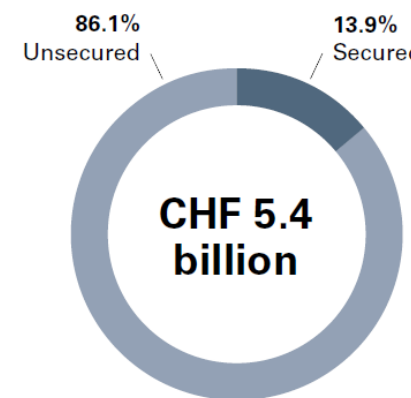
LEASE EXPIRY PROFILE

in CHF million



FINANCING STRUCTURE

In CHF billion and % (excluding leasing)



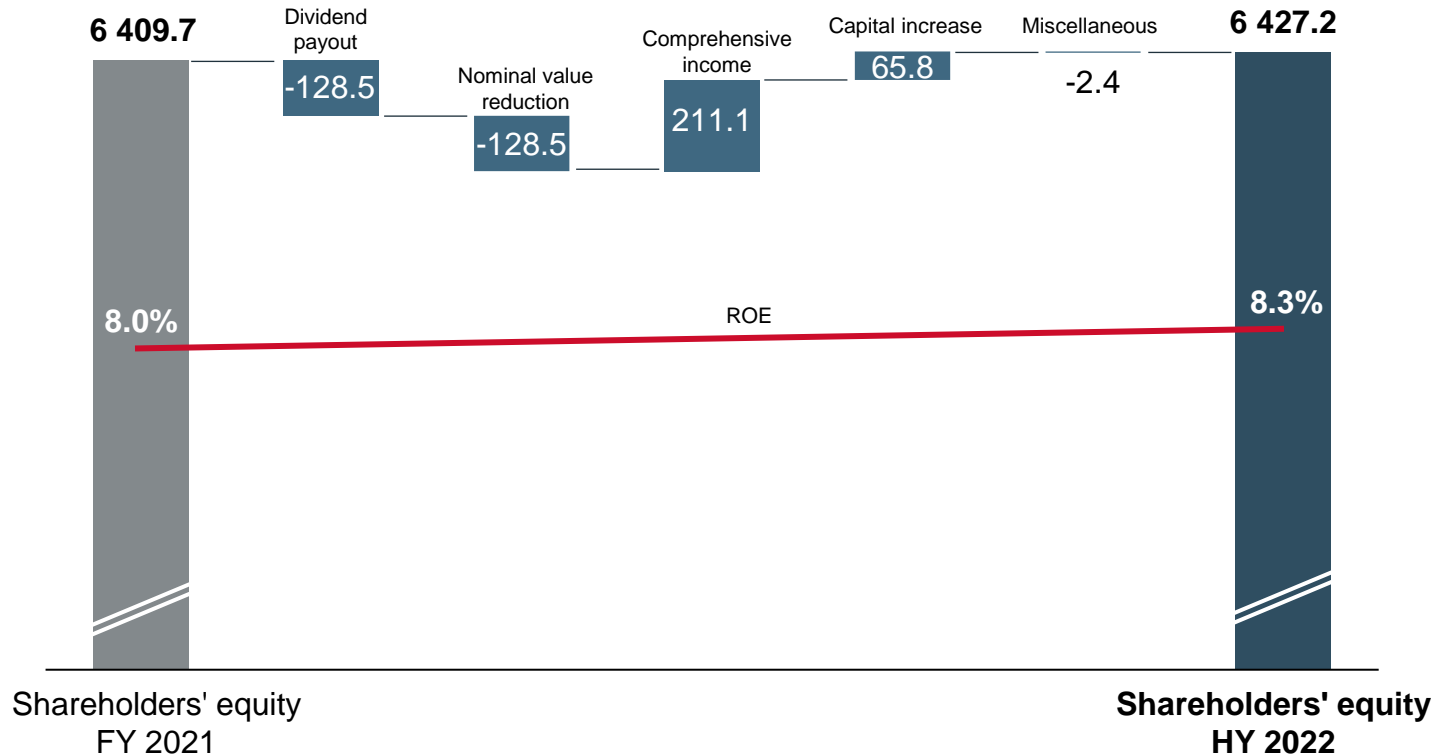
KEY FIGURES

Financial year	HY 2021	HY 2022
Average interest rate	0.94%	0.70%
Average contractual term	5.8 years	5.0 years
LTV property portfolio	42.0%	40.5%

Increase in return on equity

CHANGE IN SHAREHOLDERS' EQUITY AND RETURN ON EQUITY

in CHF million and %

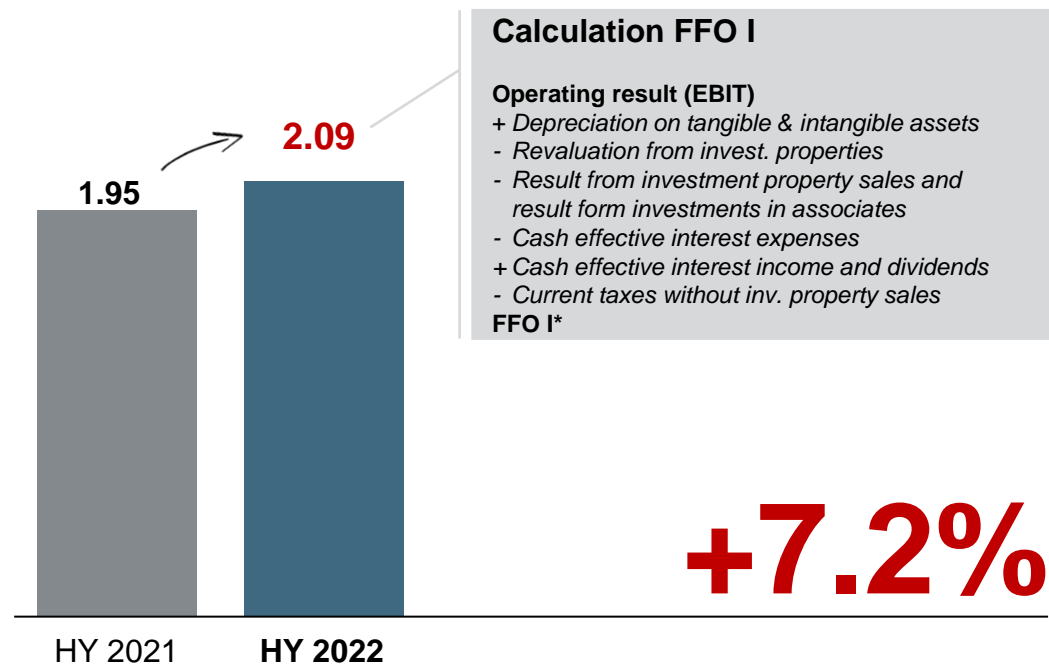


- Increase in equity despite distribution to shareholders of CHF 3.35 per share in March and June 2022 (total CHF 257.0 million)
- Stable equity ratio of 46.6% [47.5%]
- ROE of 8.3% (target: 6–8%) above Swiss Prime Site's long-term objectives

Increased FFO I per share and EPRA NTA per share

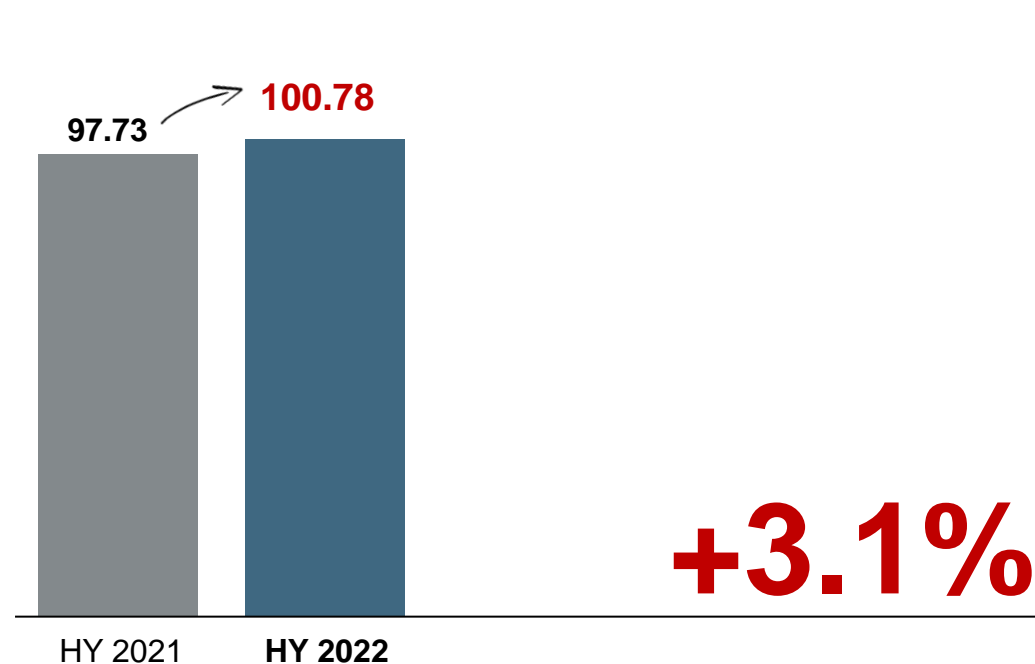
FUNDS FROM OPERATIONS I (FFO I)

in CHF per share



EPRA NTA (NET TANGIBLE ASSETS)

in CHF per share



* FFO II = FFO I + profit from sales of investment properties (net) – current tax liabilities from property sales

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Increase in 2022 guidance

EXPECTATIONS FINANCIAL YEAR 2022

AuM: CHF > 20 billion


Vacancy rate: < 4.4%


Increase in FFO I: ≥ 5%*


LTV: < 40%

MEDIUM-TERM OBJECTIVES


PROPERTY


 **Portfolio** → **Volume** of CHF 12–13 billion
Vacancies 2022+ 4% in the medium term
Types of use 2025
 Reduced retail to < 20% and increased office and logistics use


 **Pipeline** → **Active volume** ~ CHF 1.5 billion
Reserves in the portfolio and project pipeline
 Recognition of reserves of ~ CHF 350 million

 **Capital recycling** → **Sales of non-core real estate** to refinance the project pipeline

SERVICES

 → Assets under management > CHF 10 billion
 EBIT contribution to the group > CHF 50 million by 2025
 EBIT contribution 2022 at CHF ~ 30 million

 → Assets under management of > CHF 70 billion
 Securing an EBIT margin of 12–15% from 2022

 → EBIT operationally «balanced» by 2023

* Adjusted for early repayment premiums of CHF 24.9 million in 2021

SWISS PRIME SITE

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Company calendar

Capital Markets Day 26 October 2022

Results 2022 9 February 2022

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APPENDIX

Swiss Prime Site – attractive investment case

Swiss market leader

- Resilient Swiss economy as a stable basis for real estate investments (safe haven)
- Clear Swiss market leader with AuM of CHF >20 billion (of which own assets of CHF >13 billion)

Stable cash flows

- Highly stable cash flows with 99.5% collection rate
- Attractive FFO yield of around 5%

Attractive portfolio

- Largest listed property portfolio in Switzerland with attractive and stable tenant base
- Focus on prime locations in densely populated areas

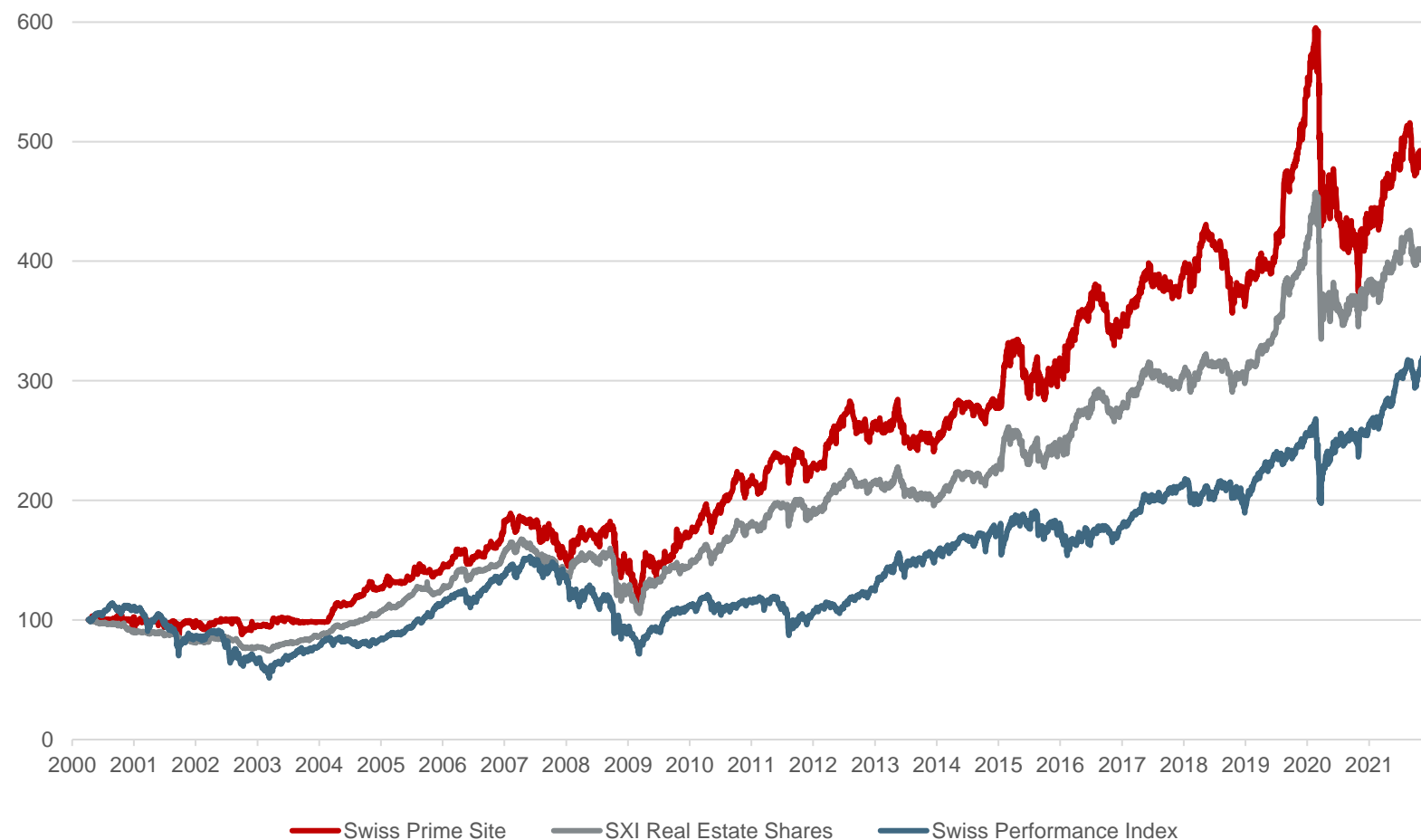
Sustainable foundations

- Industry leader in ESG areas (circular economy, ESG-linked financing and remuneration)
- Climate-neutral by 2040 (operations)

Attractive dividend policy

- Sustainable and stable dividend policy with a payout ratio of 80–90% of funds from operations (FFO I)

Outperformance of Swiss Prime Site shares



- Outperformance of SPSN**
 Swiss Prime Site shares in the current year (YTD) and since the IPO show an outperformance (+2.5% YTD) compared to the real estate sector (REAL: -0.1% YTD) and the stock market (SPI: -12.1% YTD)
- Good protection from inflation**
 Commercial real estate investments offer good protection from inflation by linking rents to the Swiss Consumer Price Index
- Switzerland as a safe haven**
 Strong Swiss economy and currency offer a stable environment for real estate investments

Improved ESG ratings from Sustainalytics and Inrate

**RATING AGENCY
& BENCHMARK**



RATING

13.3 Low Risk
(0-10: Negligible
10-20: Low
20-30: Medium
30-40: High)

A
(AAA to CCC)

C-
(A+ to D-)

A-
(A+ to D-)

«Green Star»
Investment: 74
Development: 78

DATE

27 July 2022
(Report 2021)

31 May 2022

5 October 2021

2 June 2022
(Report 2021)

15 October 2021

SWISS PRIME SITE

WE CREATE
LIVING SPACES