

SWISS PRIME SITE

RESULTS

FIRST HALF-YEAR 2019

ZURICH, 8 AUGUST 2019



SWISS PRIME SITE

1

Welcome

2

Highlights 1st half-year 2019 and update project pipeline

3

Key figures 1st half-year 2019

4

Outlook 2019+

1st half-year 2019 with good results

Operating income

Growth to CHF 607.7 million (+3.8%)

Profit

Up to CHF 356.5 million (+134.6%)
→ whereof CHF 158.1 million due to release of deferred tax liabilities

Property portfolio

Increase to CHF 11.5 billion (+6.0%)

Revaluations

CHF 85.2 million (+143.4%)

Vacancy rate

4.7% (unchanged to HY 2018)

Guidance and outlook

Confirmation of all targets | Start of process to sell group company Tertianum with an expected completion during 1st half-year 2020

An aerial photograph of a large, modern building's rooftop solar panel installation. The roof is covered with a grid of solar panels, with several rows of air conditioning units visible. The building has a distinctive teal-colored roof edge. In the background, there are city streets, a parking lot with yellow trucks, and other buildings.

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**WE OFFER
PERSPECTIVES**

SWISS PRIME SITE

1

Welcome

2

Highlights 1st half-year 2019 and update project pipeline

3

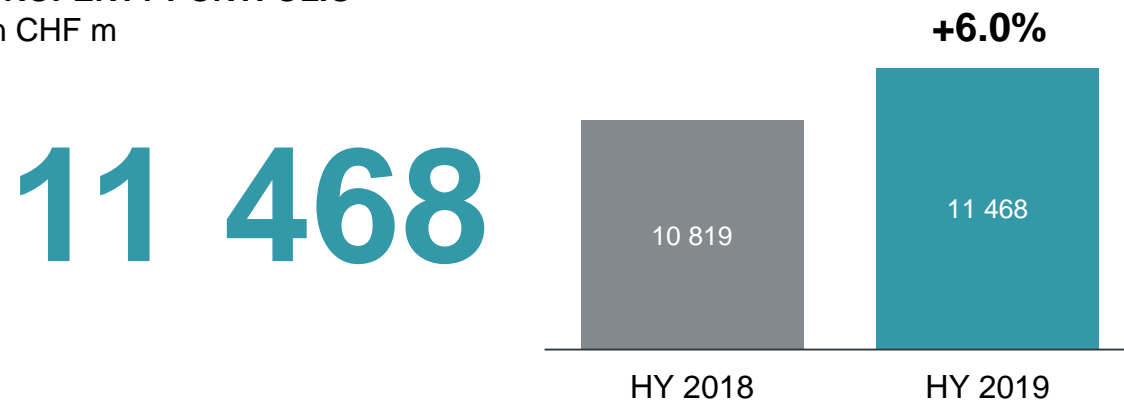
Key figures 1st half-year 2019

4

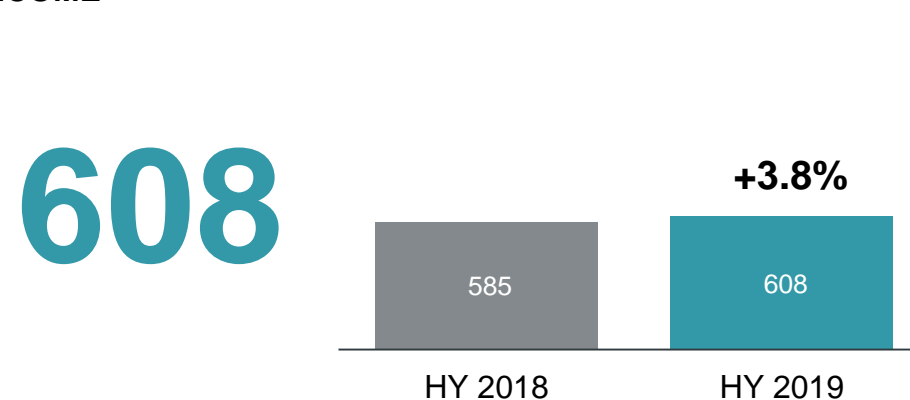
Outlook 2019+

Operating income increased – above-average growth in EBIT

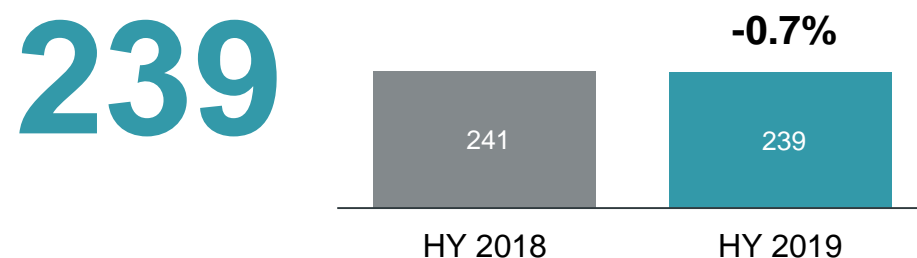
PROPERTY PORTFOLIO
in CHF m



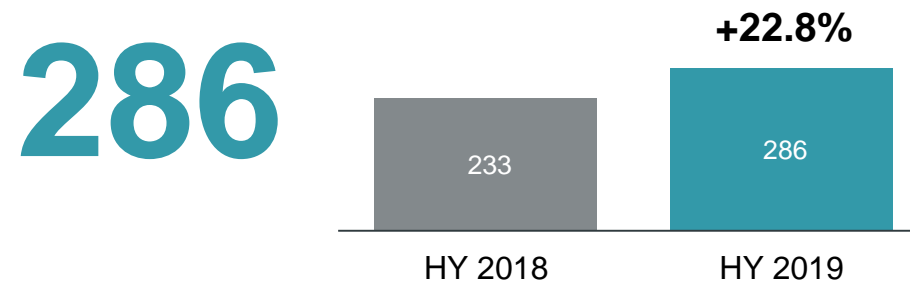
OPERATING INCOME
in CHF m



RENTAL INCOME
in CHF m

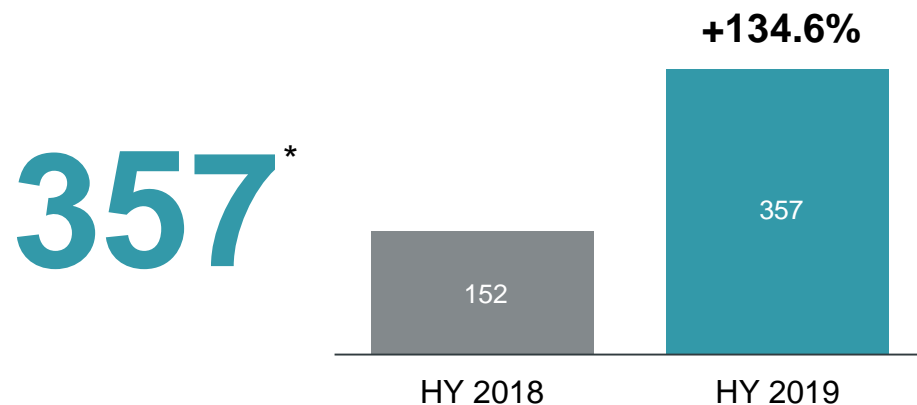


EBIT
in CHF m

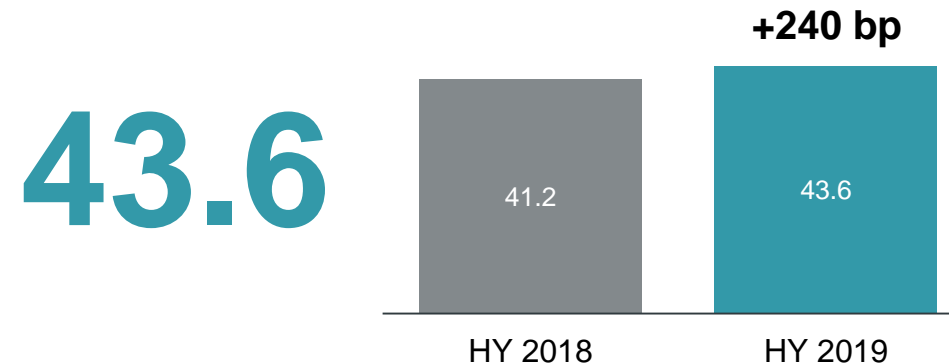


Earnings increase leads to NAV growth of 5.2%

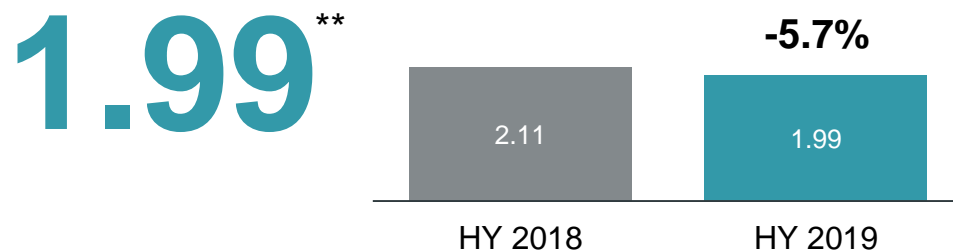
PROFIT
in CHF m



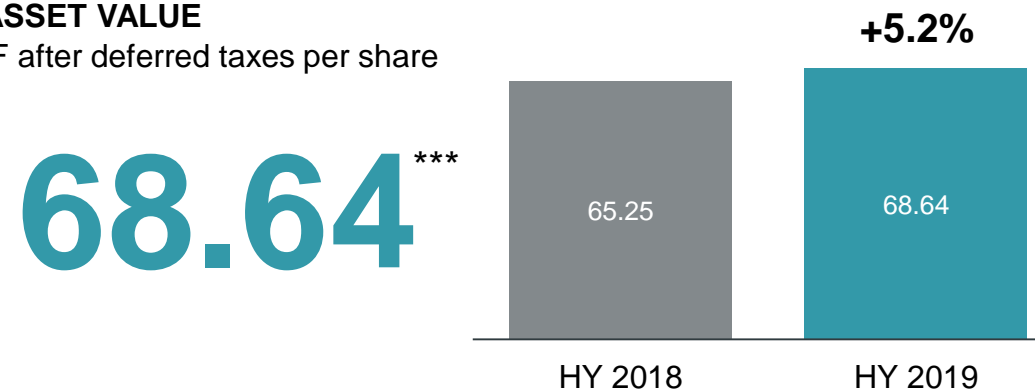
EQUITY RATIO
in %



EARNINGS PER SHARE (EPS)
in CHF excl. revaluations and deferred taxes



NET ASSET VALUE
in CHF after deferred taxes per share



* incl. CHF 158.1 million due to release of deferred tax liabilities

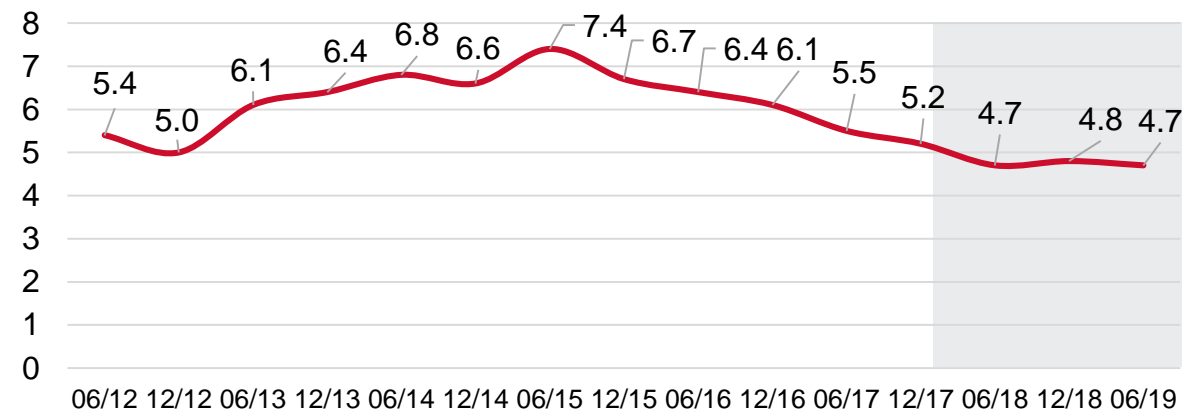
** increase by 6.2% in weighted number of shares

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

Revaluation gains significantly above previous year

Property portfolio in CHF m	HY 2018	HY 2019
Total	10 819.1	11 467.8
of which projects developments	483.8	789.9
Properties (number)	189	192
Rental income	240.9	239.3
Revaluation gains	35.0	85.2
Net property yield (in %)	3.7	3.5
Discount rate, real (in %), Ø	3.30	3.17

Vacancy rate in % (group)



Comments

- **Increase in value:** Property portfolio grows to CHF 11.5 billion, attractive net yield of 3.5%
- **Revaluations:** CHF 45.5 million on investment and CHF 39.7 million on development properties

Comments

- **Stabilisation** of vacancy rate at low level (4.7%)
- **Trend** in vacancies in 2019 expected to be ≤ 5% including completed projects

Successful letting and transaction activities



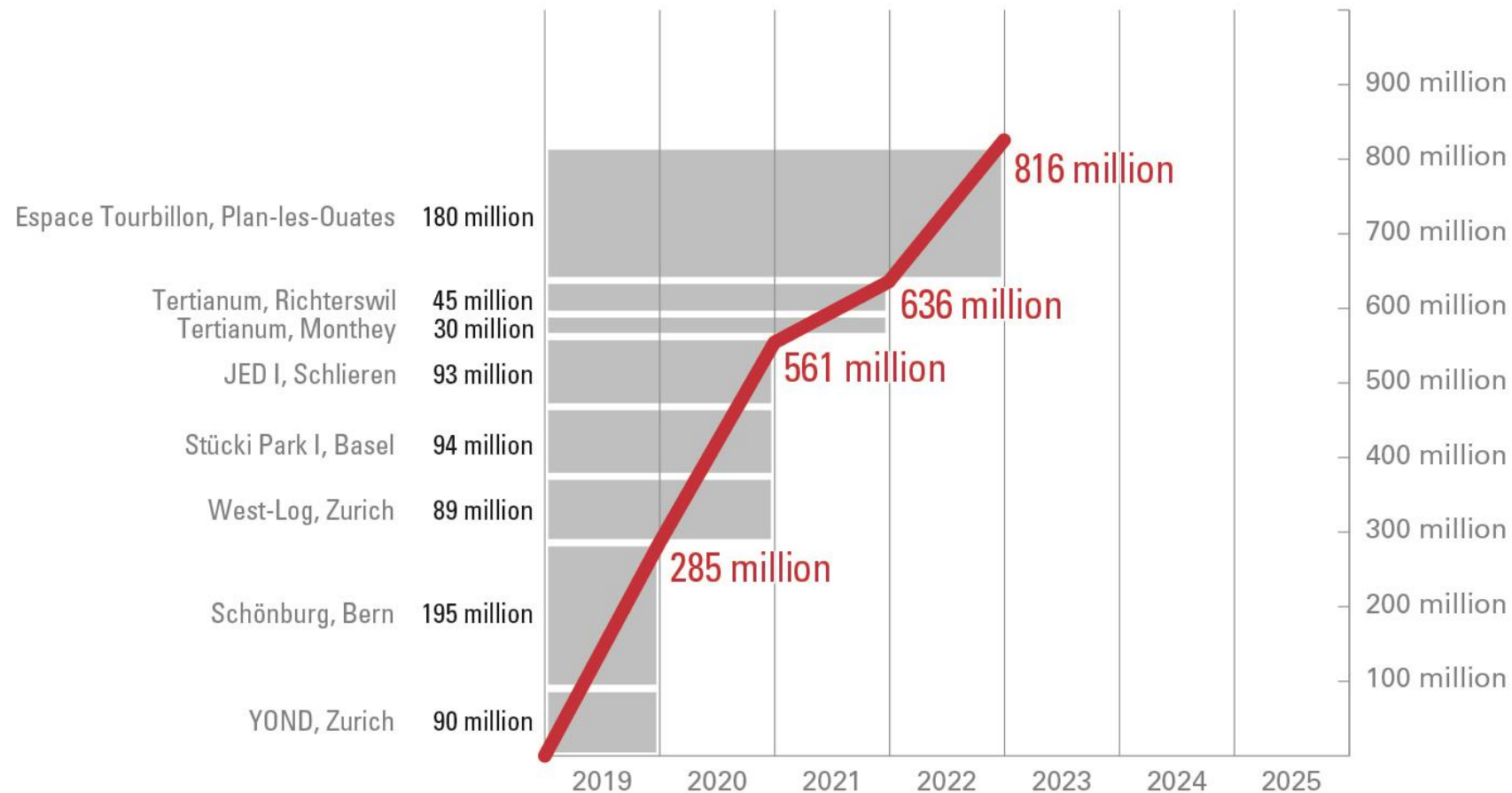
Image: Project JED, Schlieren

Core business real estate

- **New/renewed leases:** Total around 61 000 m² or 4% of entire portfolio (incl. reduction in vacancies), e.g. Stücki Park, Basel: Lonza (8 000 m² in new building); YOND, Zurich: ~80% let; Schönburg, Bern: 130 of 142 apartments let
- **Divestments:** Retail property Rue de la Croix d'Or 11 in Geneva (Q1 2019); Espace Tourbillon, Plan-les-Ouates: building A in condominium ownership
- **Acquisitions:** Acquisition in the Geneva development area Praille-Acacias-Vernets (PAV)
- **Project development:** Design plan for Usego site, Olten; building permit for Tertianum projects in Richterswil and Monthey; topping-out Stücki Park, Basel (new building) and Weltpost Park, Bern

Properties under construction (1|4)

Values in CHF



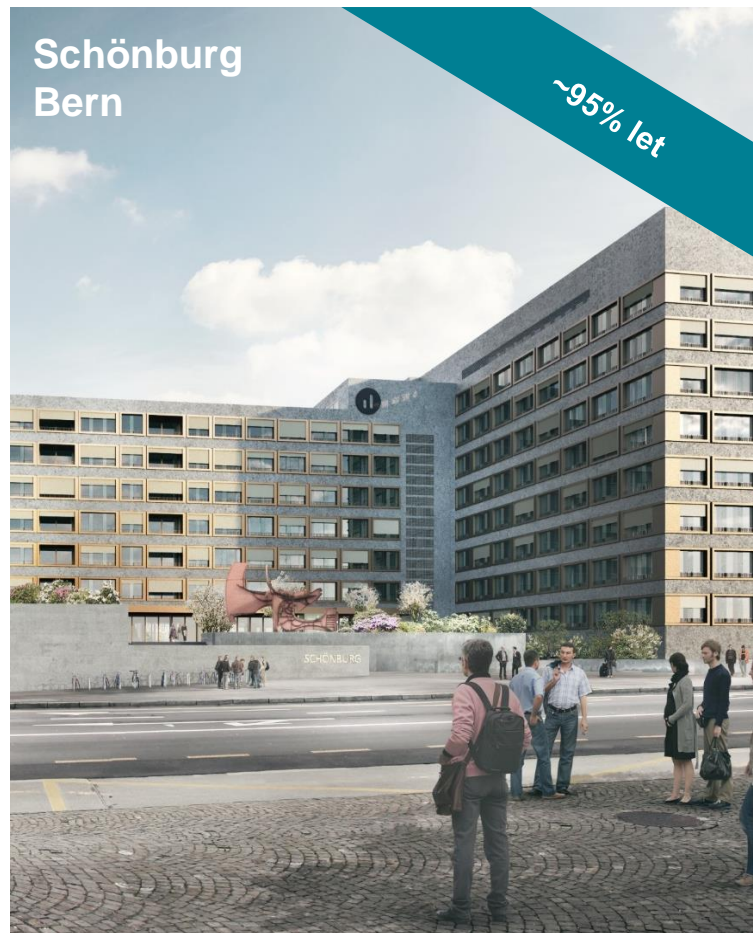
Pipeline: CHF 2 billion

**Under construction:
CHF ~800 million**

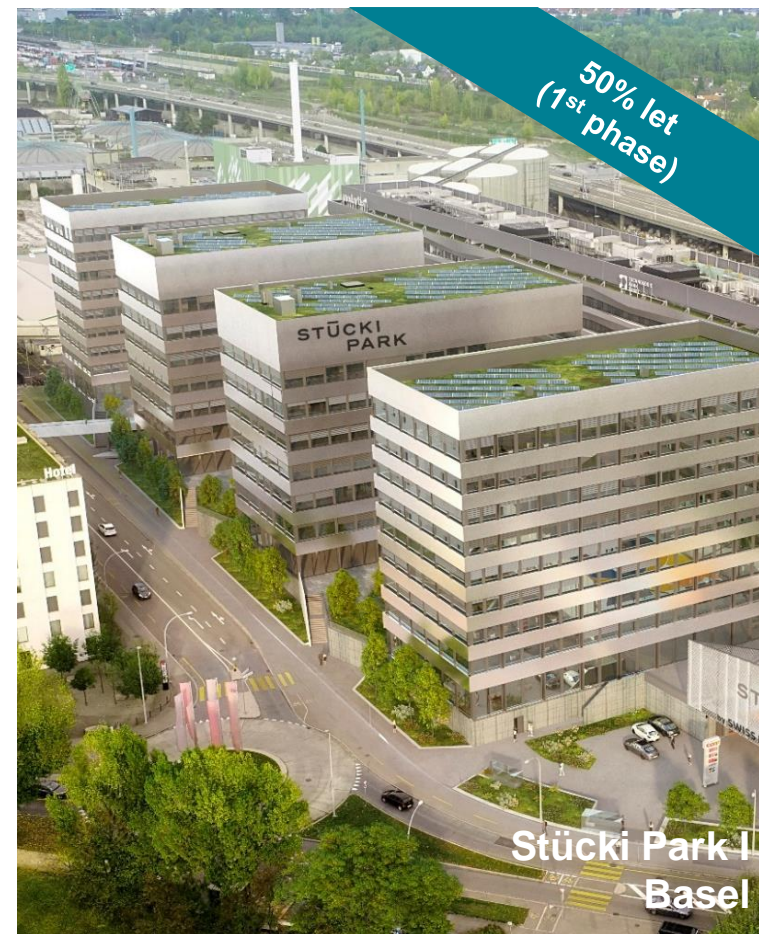
**In development:
CHF ~800 million**

Reserves: CHF ~400 million

Properties under construction (2|4)



Properties under construction (3|4)

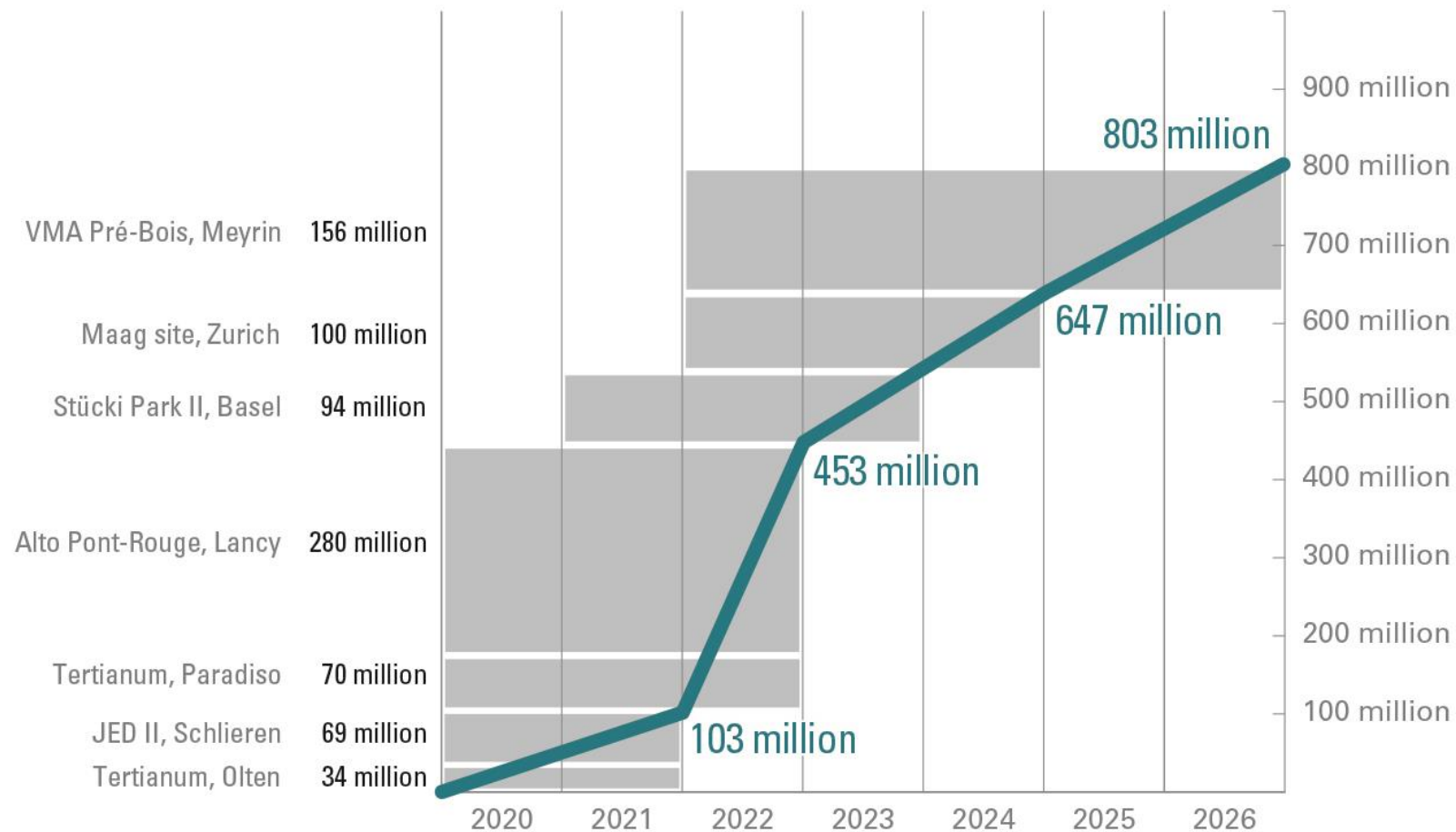


Properties under construction (4|4)



Projects in planning (1|2)

Values in CHF










Pipeline: CHF 2 billion

Under construction:
CHF ~800 million

**In development:
CHF ~800 million**

Reserves: CHF ~400 million

Projects in planning (2|2)

Projects	 Tertianum Paradiso	 Tertianum Olten	 Alto Pont-Rouge Lancy	 JED II Schlieren	 Stücki Park II Basel	 Maag site Zurich	 VMA Pré-Bois Meyrin
Design plan		publication				architectural competition	district plan procedure
Building application	submitted		submitted				
Building permit					granted		
Pre-letting status	100%	100%	in negotiation	in negotiation	in negotiation		

Pleasing results for the Services segment



- Assets under management increase by 4.1% to CHF 70 billion
- Expansion of mixed-use site management in Western Switzerland & gain of Altenrhein site
- Split of property management as of July 2019 into «Operation» and «Development & Transformation»



- Opening of new Breitling and Hublot watch boutiques
- Conversion of the «Beauty» department (opening August 2019)
- Pallas Kliniken will offer medical services on around 900 m² as of September 2019



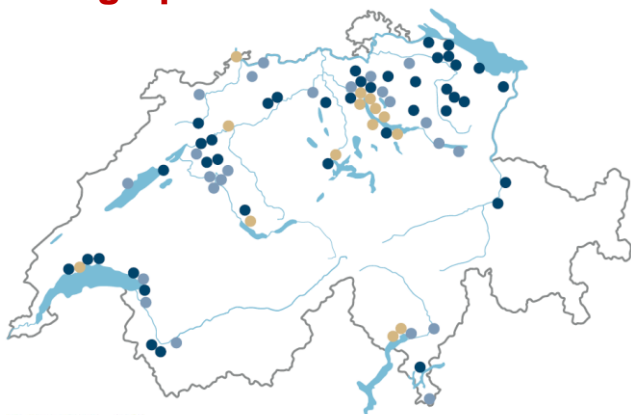
- Assets under management increased by 48.5% to CHF 2.2 billion
- 4th capital increase for Swiss Prime Investment Foundation with proceeds of CHF 180 million
- Increase in profitability and expected EBIT increase in 2019

Services segment: focus on Tertianum

Highlights HY 2019

- Expansion of the network to 78 locations throughout Switzerland
- Opening of Tertianum «Rebgarten» in Liestal in October 2019 on course
- Full-year 2019 on track: sales CHF >500 million and EBIT CHF >30 million

Geographical distribution 2019

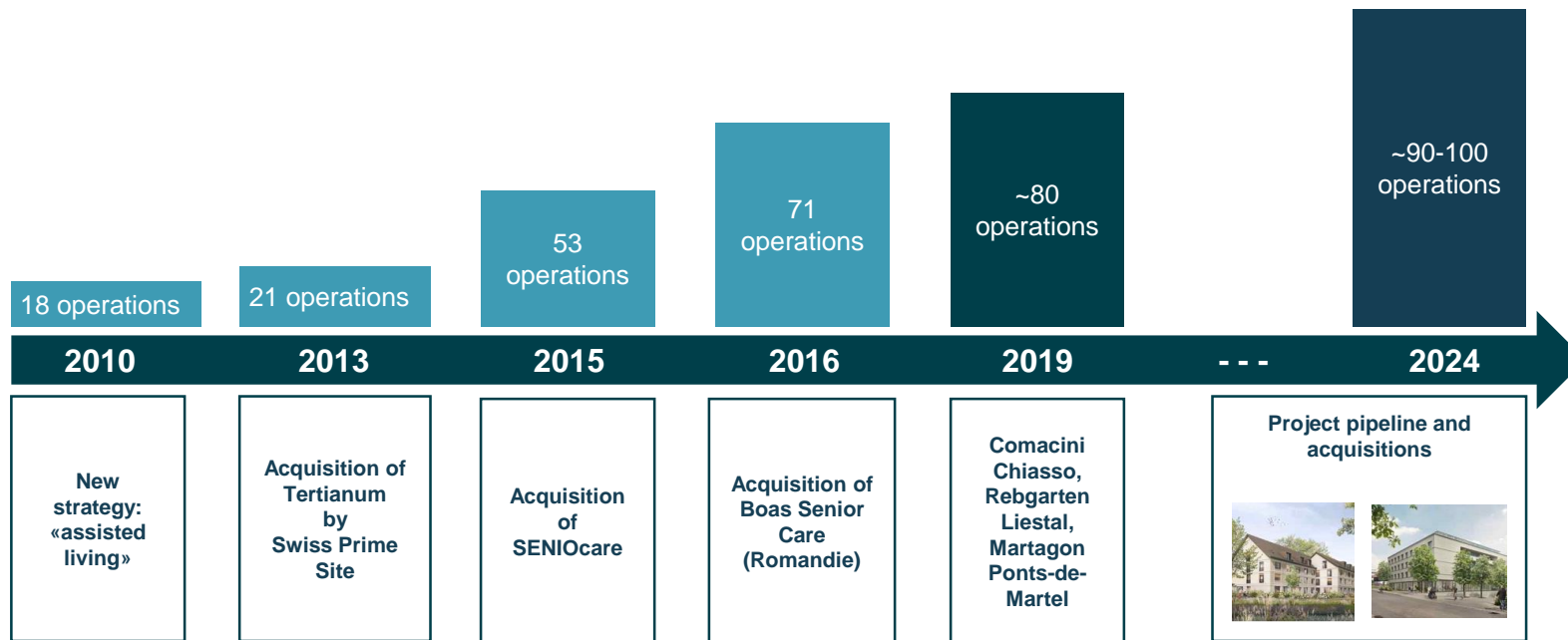


● Residenz | Résidences | Residenza
● Wohn- und Pflegezentren (ohne Wohnungen) | Résidences des soins (sans appartements) | Centri abitativi e di cura (senza appartamenti)
● Wohn- und Pflegezentren (mit Wohnungen) | Résidences des soins (avec des appartements) | Centri abitativi e di cura (con appartamenti)

Other important figures

Employees ~4 700
 # Care beds 3 323
 # Senior apartments 1 914

Growth 2010 – 2019ff



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**TON
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**WE CREATE
LIVING SPACES**

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1

Welcome

2

Highlights 1st half-year 2019 and update project pipeline

3

Key figures 1st half-year 2019

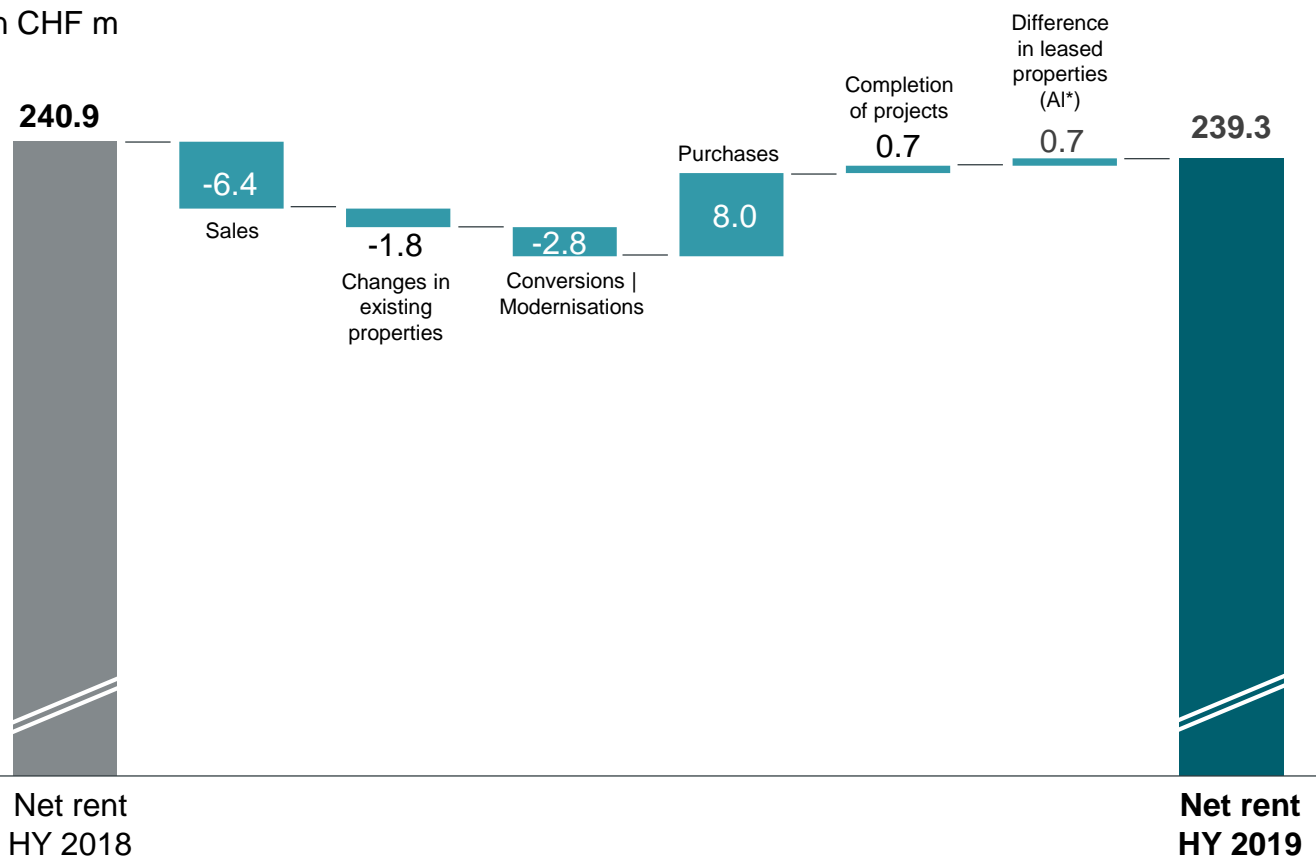
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Outlook 2019+

Stable development of rental income

Change in net rental income

in CHF m



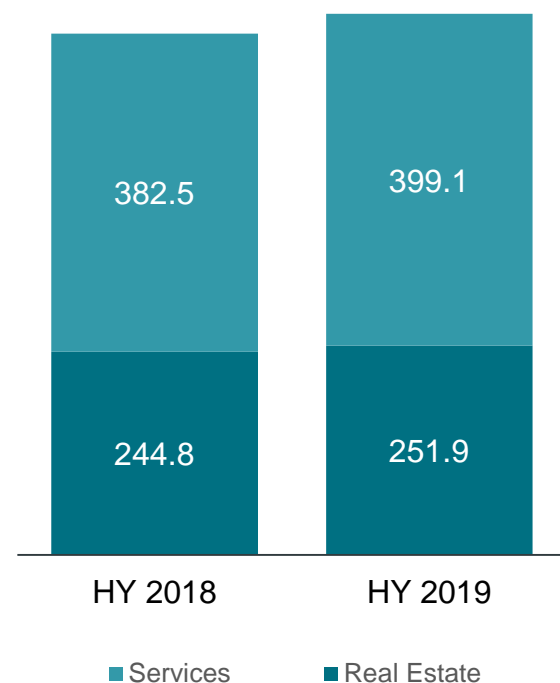
* Assisted living

Facts

- Growth from commissioning completed projects (including Riantbosson Centre, Meyrin) and acquisitions in the previous year (including Müllerstrasse 16/20 and Beethovenstrasse 33, Zurich)
- Decrease in rental income due to conversions (Stücki, Basel; A1, Oftringen) and sales (Sihlcity, Zurich)

Operating income and EBIT – growth in both segments

Operating income by segment
in CHF m



EBIT by segment
in CHF m

	HY 2018	HY 2019
Real Estate	217.0	263.5
Services	15.9	22.6
EBIT	232.9	286.1

Services segment EBIT per group company

	HY 2018	HY 2019
Tertianum	11.1	14.5
Wincasa	9.4	7.1
Jelmoli	-6.2	-5.4
Swiss Prime Site Solutions	1.6	6.4
EBIT	15.9	22.6

Facts

- Increase in EBIT in core Real Estate business due to revaluation gains
- Increase in EBIT of Tertianum as a result of the growth strategy
- Contribution from Wincasa below previous year due to investments in digitization of business model
- Jelmoli with better result in a challenging market environment
- Swiss Prime Site Solutions with strong result (including increase in assets under management)

Profit positively influenced by tax effect

Swiss Prime Site Group income statement
in CHF m

	HY 2018	HY 2019
Operating income	585.3	607.7
Revaluation of investment properties	35.0	85.2
Result from investments in associates	0.6	0.5
Result from investment property sales	6.3	5.6
<i>Profit on real estate development (net)*</i>	6.8	7.0
Operating expenses	-394.3	-412.9
EBIT	232.9	286.1
Financial expenses	-38.3	-36.6
Financial income	0.6	1.2
Income taxes	-43.2	+105.8
Profit	152.0	356.5
Profit before revaluations/deferred taxes	151.1	151.3

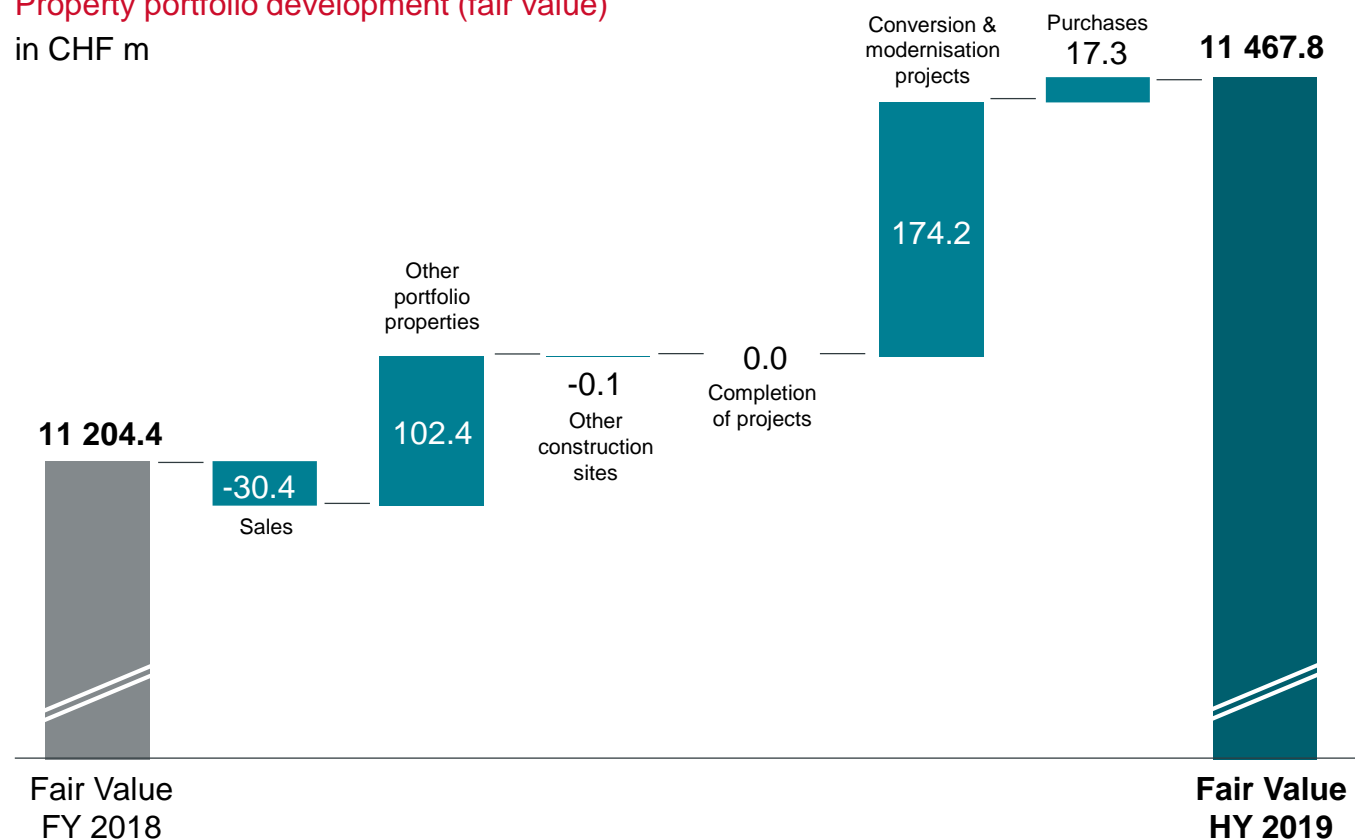
* pro-rata profit from partial sale of Espace Tourbillon and Weltpost Park based on PoC method

Facts

- Recurring income from real estate developments and profit from the sale of a retail property in Geneva totalling CHF 12.6 million (pre-tax)
- Increase in operating expenses due to sale of real estate developments and growth in assisted living
- Decline in financial expenses due to attractive refinancing and capital increase in the second half of 2018
- Tax income due to release of deferred tax liabilities in the amount of CHF 158.1 million (non-cash)

Property portfolio expanded to CHF 11.5 billion

Property portfolio development (fair value)
in CHF m



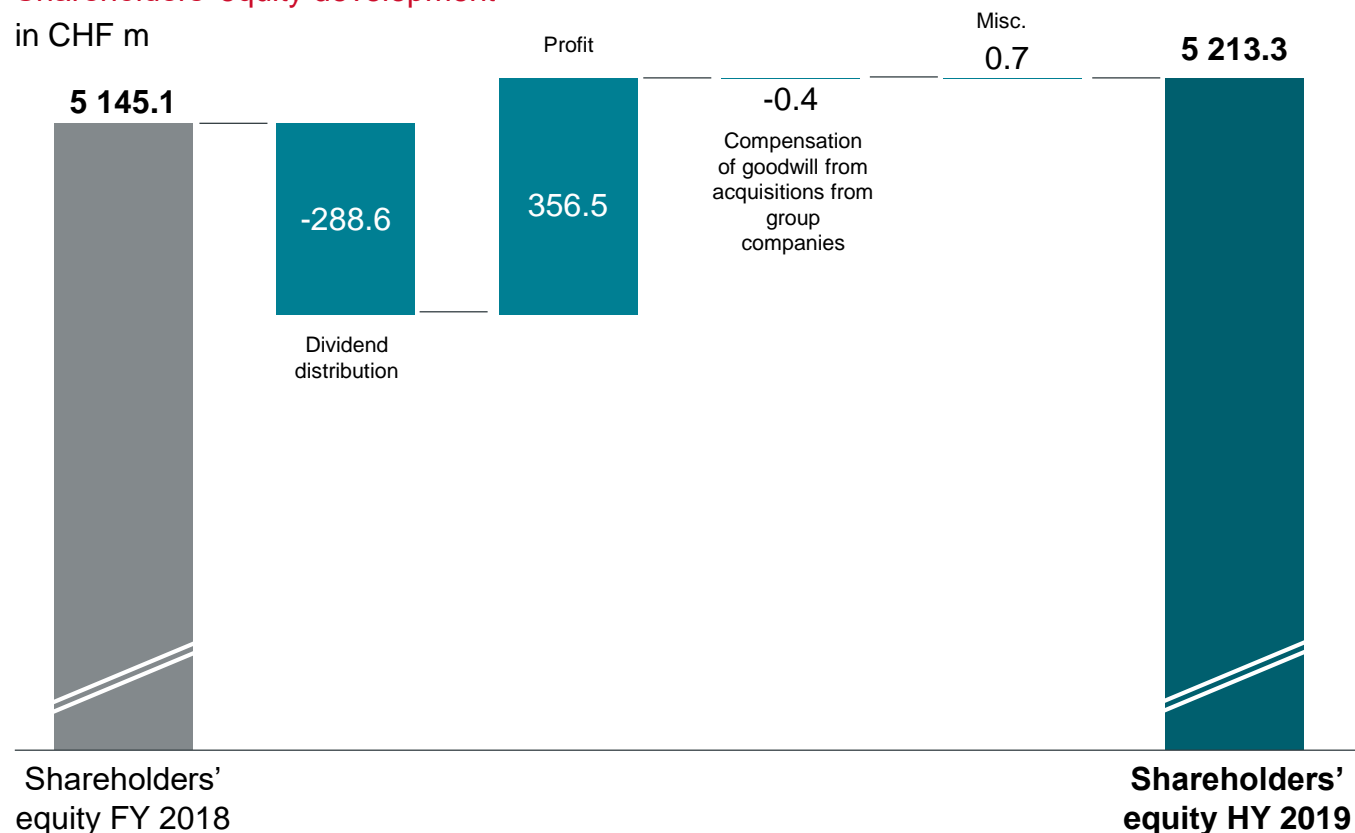
Facts

- Expansion of the real estate portfolio to 192 properties (+2 compared to end 2018)
- Investment and development properties with positive revaluations
- Net yield of 3.5% slightly lower, in the prime investment property market still at an attractive level
- Stable vacancy rate of 4.7%

Solid capitalisation

Shareholders' equity development

in CHF m

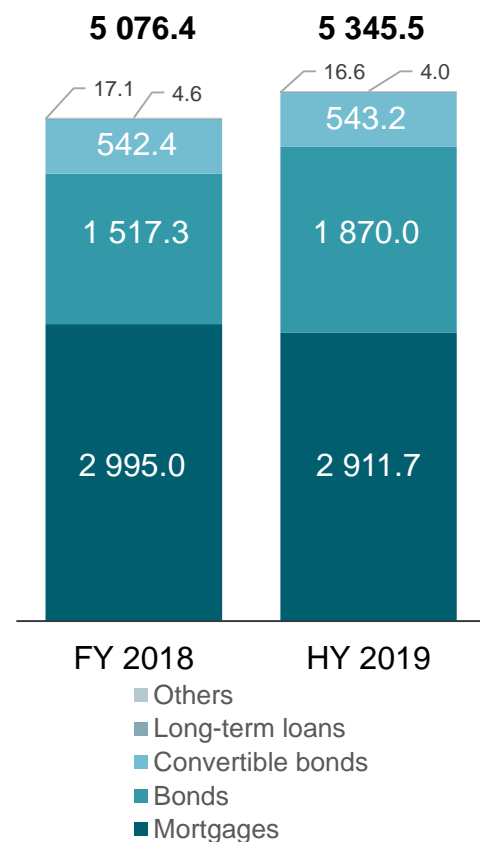


Facts

- NAV increase to CHF 68.64 per share (+1.3% compared to the end of 2018), i.e. total return (incl. distribution) of 6.9% in the first half of 2019
- Dividend of CHF 3.80 per share paid out on 4 April 2019 (dividend yield: 4.5%)
- Annualized ROE of 13.8% above long-term target range of 6 – 8%
- Target equity ratio of ~45%

Capital market financing further expanded

Financing structure in CHF m



Financial liabilities

	HY 2018	HY 2019
Ø interest rate (in %)	1.4	1.4
Ø maturity (in years)	4.4	4.3
Loan-to-value (in %)	47.7	46.6

in CHF m	FY 2018	HY 2019
Short-term	963.4	943.2
Long-term	4 113.0	4 402.3
Total	5 076.4	5 345.5

Facts

- Stable interest rate of 1.4% with a maturity of 4.3 years
- Issue of an 8-year CHF 350 million straight bond with a coupon of 1.25% (April/May 2019)
- Total ten bonds outstanding in the amount of CHF ~2.4 billion with maturities from 2019 to 2027
- Target LTV of ~45%

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THE FUTURE**

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1

Welcome

2

Highlights 1st half-year 2019 and update project pipeline

3

Key figures 1st half-year 2019

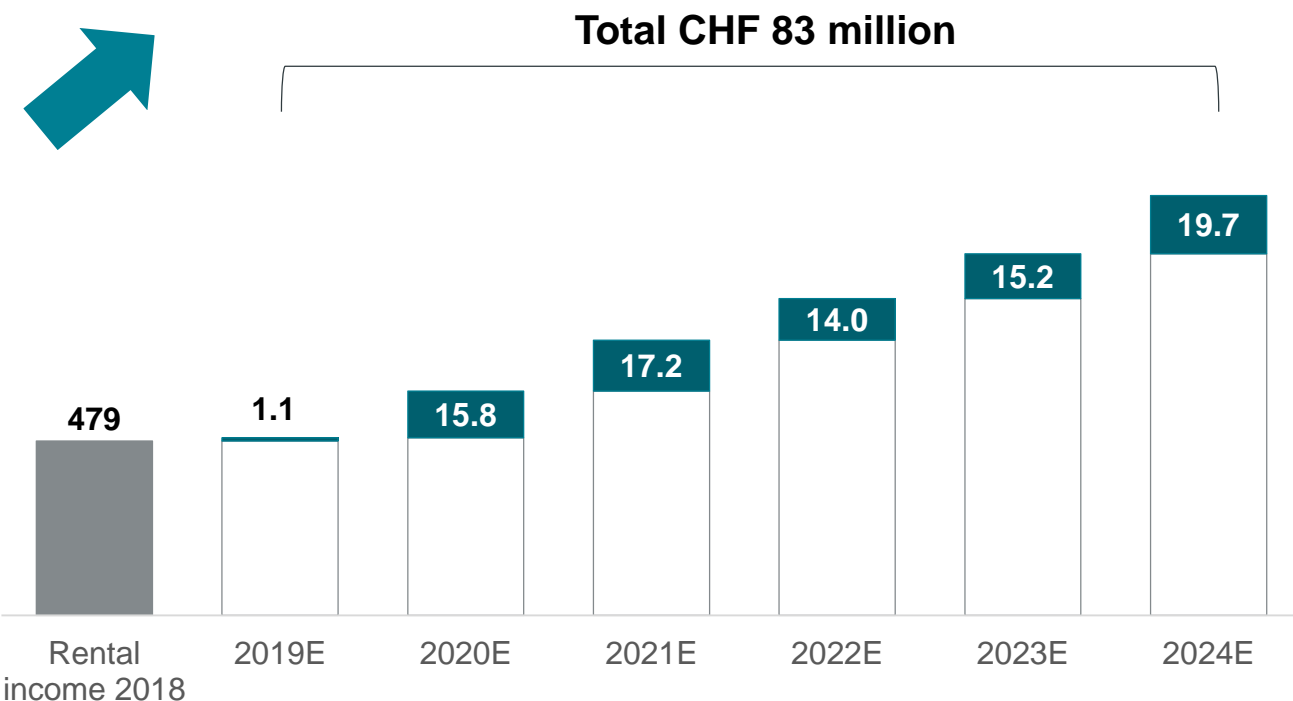
4

Outlook 2019+

Confirmation of all targets

Expected rental income from development pipeline*

Values in CHF m



*without sales of projects and assuming full letting

Vacancy rate 2019E

Active vacancy management with an expected vacancy rate of $\leq 5\%$

Earnings contribution of Services segment 2019E

Targeted further growth of Services segment earnings | Tertianum is heading for an EBIT contribution of over CHF 30 million

Dividend policy

Swiss Prime Site maintains an attractive dividend policy

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Company calendar

Results financial year 2019	27 February 2020
Annual General Meeting	24 March 2020

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