

SWISS PRIME SITE

**CAPITAL MARKETS  
DAY 2019**  
ZURICH, 23 OCTOBER 2019





# Today's Agenda – Swiss Prime Site Capital Markets Day 2019

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9.30 – 10.40	<b>Management presentations</b> René Zahnd (CEO Swiss Prime Site) and Peter Lehmann (CEO Swiss Prime Site Immobilien)
10.40 – 12.00	<b>Retail property tour</b> Pallas Kliniken – aesthetics flagship clinic at Jelmoli
12.00 – 13.15	<b>Lunch</b> at Jelmoli – The House of Brands
13.15 – 17.00	<b>Development projects property tour</b> West-Log (city logistics in Zurich), JED and YOND (offices in Schlieren respectively Zurich)
17.00 – 18.00	<b>Apero</b> at YOND, Zurich
18.00	End of programme

# SWISS PRIME SITE

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**1**

**Business update**

**René Zahnd**

**2**

**Project pipeline overview**

**Peter Lehmann**

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**Projects on the site visit**

**Peter Lehmann**

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**Guidance and summary**

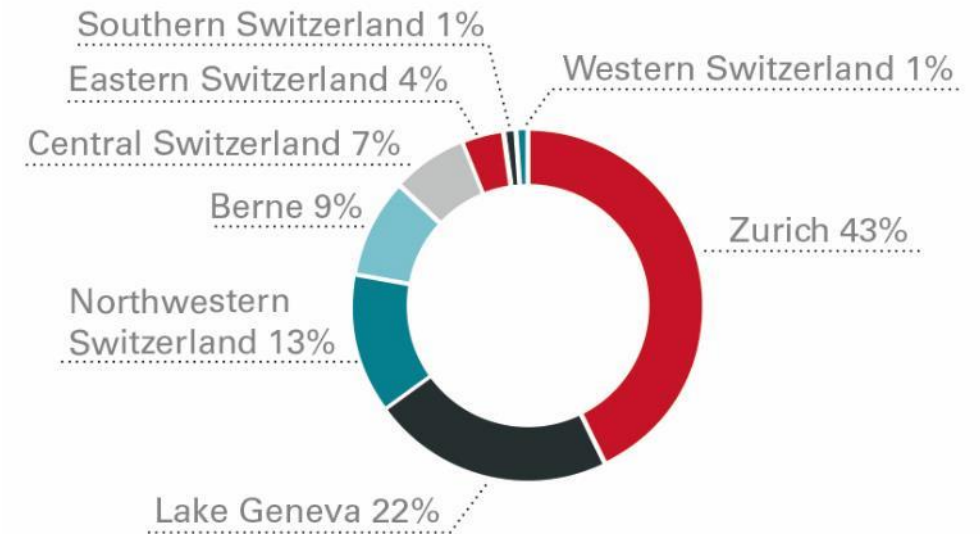
**René Zahnd**

# Balanced portfolio throughout attractive regions of Switzerland



## Portfolio split by region

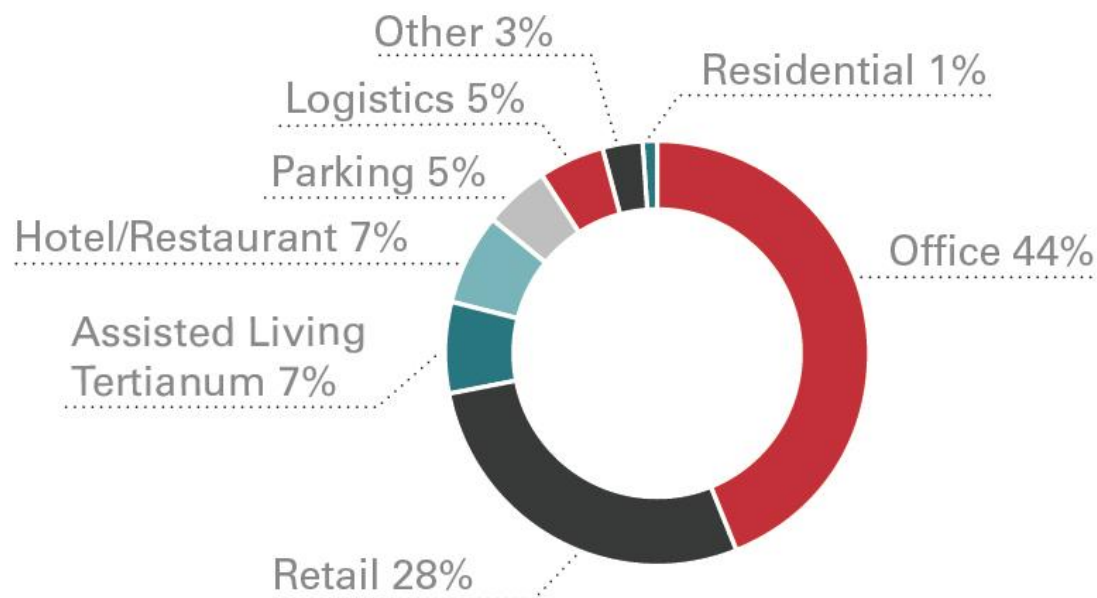
Basis: fair value as at 30 June 2019



## Office (>40%) with highest share within portfolio

### Portfolio split by type of use

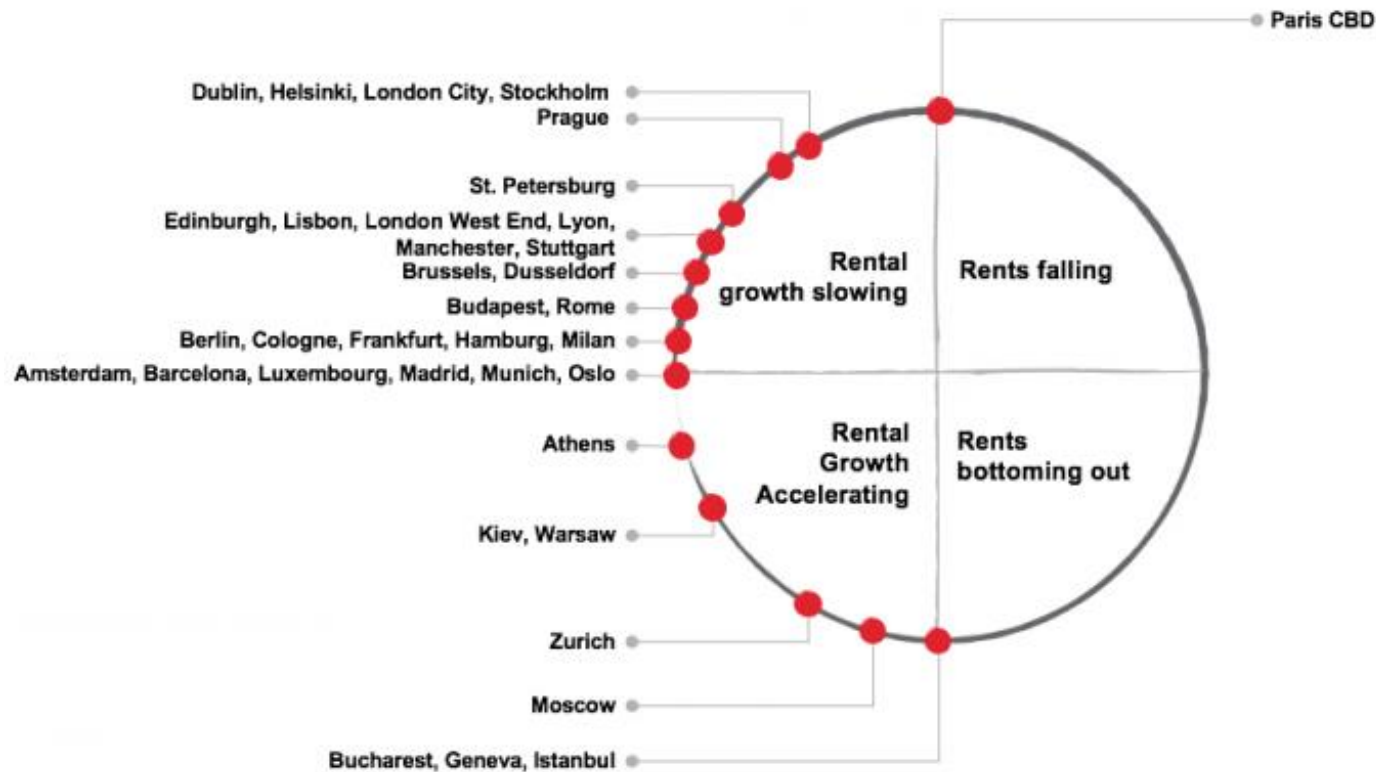
Basis: net rental income as at 30 June 2019



### Swiss Prime Site – Property portfolio

- Portfolio of premium quality properties in prime locations with stable values
- Commercial and service companies as major tenants
- 44% are currently let as offices and 28% as retail space
- The maturity profile of the portfolio is long-term (WAULT >6 years)
- Approximately 25% of net rental income is generated by contracts with a lease term of ten years or more

# Healthy Swiss office market | Zurich with strong demand

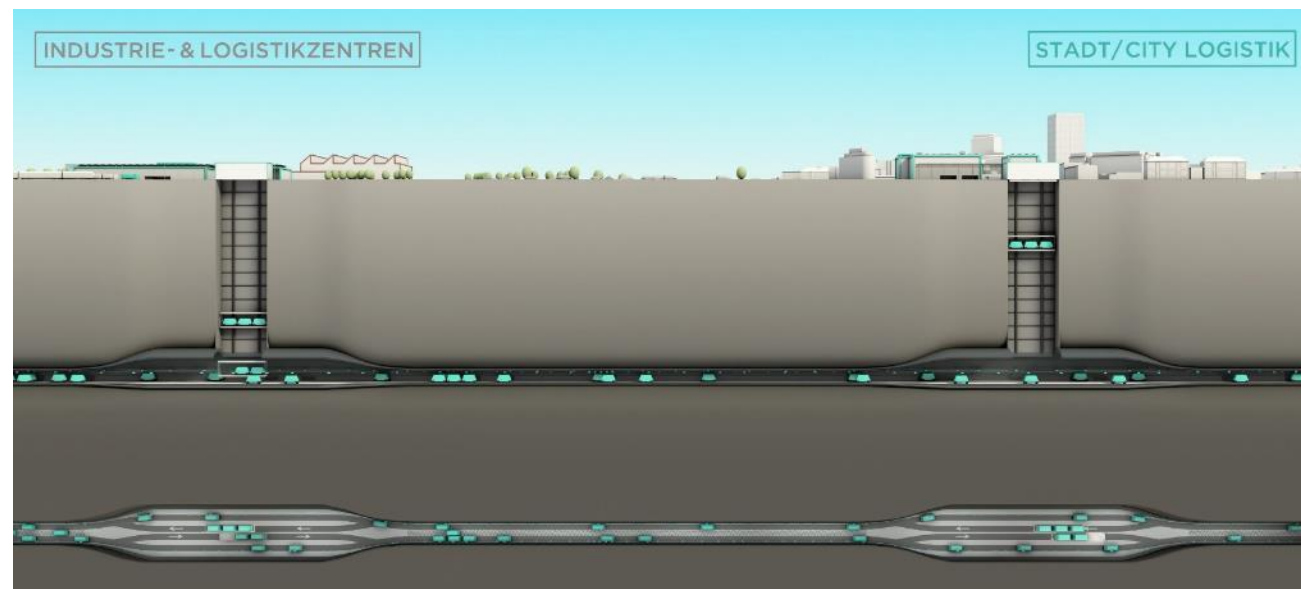
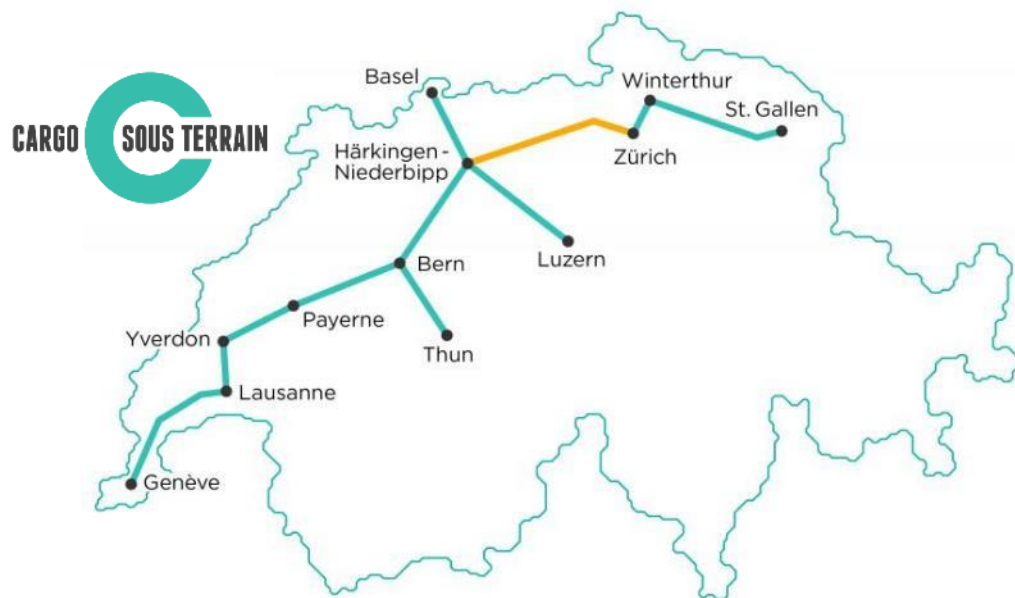


## Zurich office market highlights

- Healthy absorption especially in Zurich CBD with expectation of rising prime rents
- Office supply in the Zurich region has fallen below 300 000 m<sup>2</sup> in Q2 2019 for the first time since 2010 according to JLL
- Prime office net yields are at 2.0% (-30 bps YoY) in Zurich (Source: Wüest Partner Q2 2019)

Source: JLL

# Increase in logistics demand requires investment in infrastructure too



## Construction plans

- Test track Härkingen/Niederbipp to Zurich until 2030, 10 main hubs planned along the route, expected infrastructure investments: CHF 3 bn
- By 2050 Lake Geneva to Lake Constance

## Highlights

- Allows the flexible and underground transport of pallets and containers using a sustainable and automated logistics system
- Political consultation process ended in July 2019 with positive signals from different parties

Source: CST

# Financial update H2 2019

## Third-party asset management



**5<sup>th</sup> capital increase for Swiss Prime Investment Foundation (SPIF) in the amount of up to CHF 125 million (subscription period: 1 to 31 October 2019)**

**Asset management contract with SPIF renewed until 2023**

## Bond issue



**CHF 170 million 12-year straight bond with a coupon of 0.375% (August 2019)**

## Tax voting



**Federal Act on Tax Reform and OASI Funding (19 May 2019): positive effect of CHF 158 million in H1 2019, further marginal positive effects from Zurich (1 September 2019) and Solothurn (15 December 2019) votings expected**



# Real Estate: Successful portfolio management (e.g. Müllerstr. Zürich)



Image: Müllerstrasse, Zurich

## Key takeaways

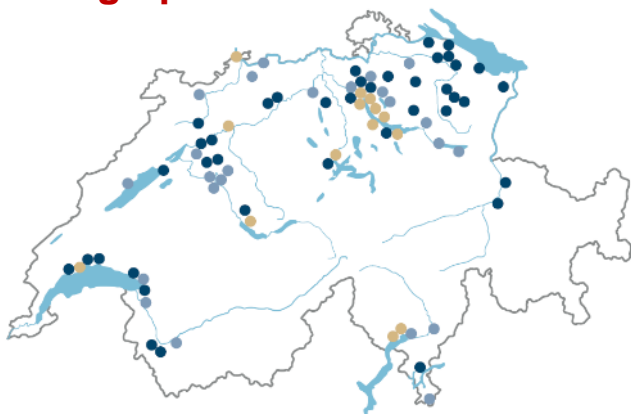
- Purchased in October 2018 from a Credit Suisse property fund as part of the Sihlcity swap deal
- Prime CBD location close to main station Zurich (outstanding public transport connections incl. tram and suburban trains) with a floor space of 13 692 m<sup>2</sup>
- Building currently fully let until 2021 (no extension with the current tenant)
- New long-term lease contract signed with a single tenant in fall 2019
- Expected significant increase in fair value
- Portfolio overall: revaluation gains H2 2019 expected to be higher than in H1

# Tertianum: Sales process on track

## Highlights HY 2019

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

## Geographical distribution 2019

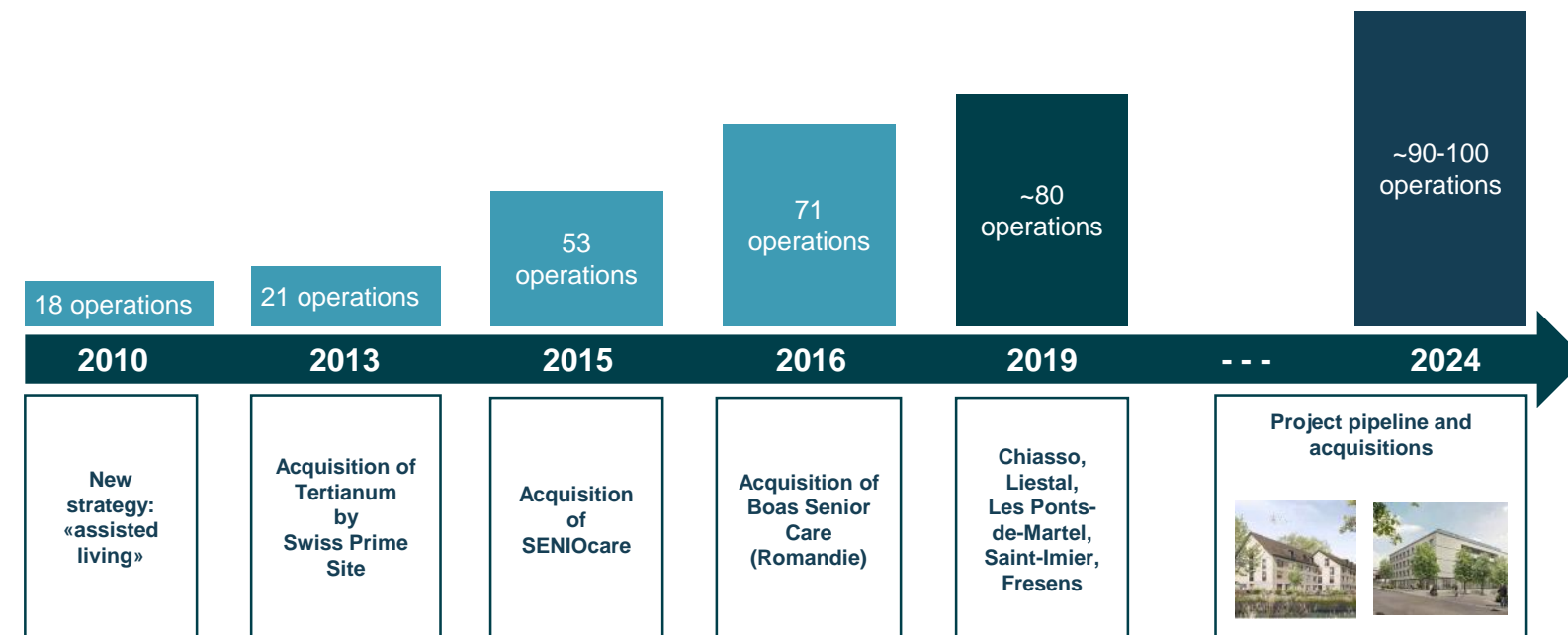


● Residenz | Résidences | Residenza  
● Wohn- und Pflegezentren (ohne Wohnungen) | Résidences des soins (sans appartements) | Centri abitativi e di cura (senza appartamenti)  
● Wohn- und Pflegezentren (mit Wohnungen) | Résidences des soins (avec appartements) | Centri abitativi e di cura (con appartamenti)

## Other important figures

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

## Growth 2010 – 2019ff





# Jelmoli (1|2): Successful evolvement of premium retail in Zurich



## Highlights

- New «Beauty World» opened in summer 2019
- Mix of premium brands and shop-in-shop concepts offer an attractive customer journey
- Thanks to the flexible floor spaces, new brands and shops can be launched rapidly (e.g. 2019: Breitling shop & bar, Hublot store)
- Expansion (2 500 m<sup>2</sup>) at the Zurich airport on the way (opening in May/September 2020)



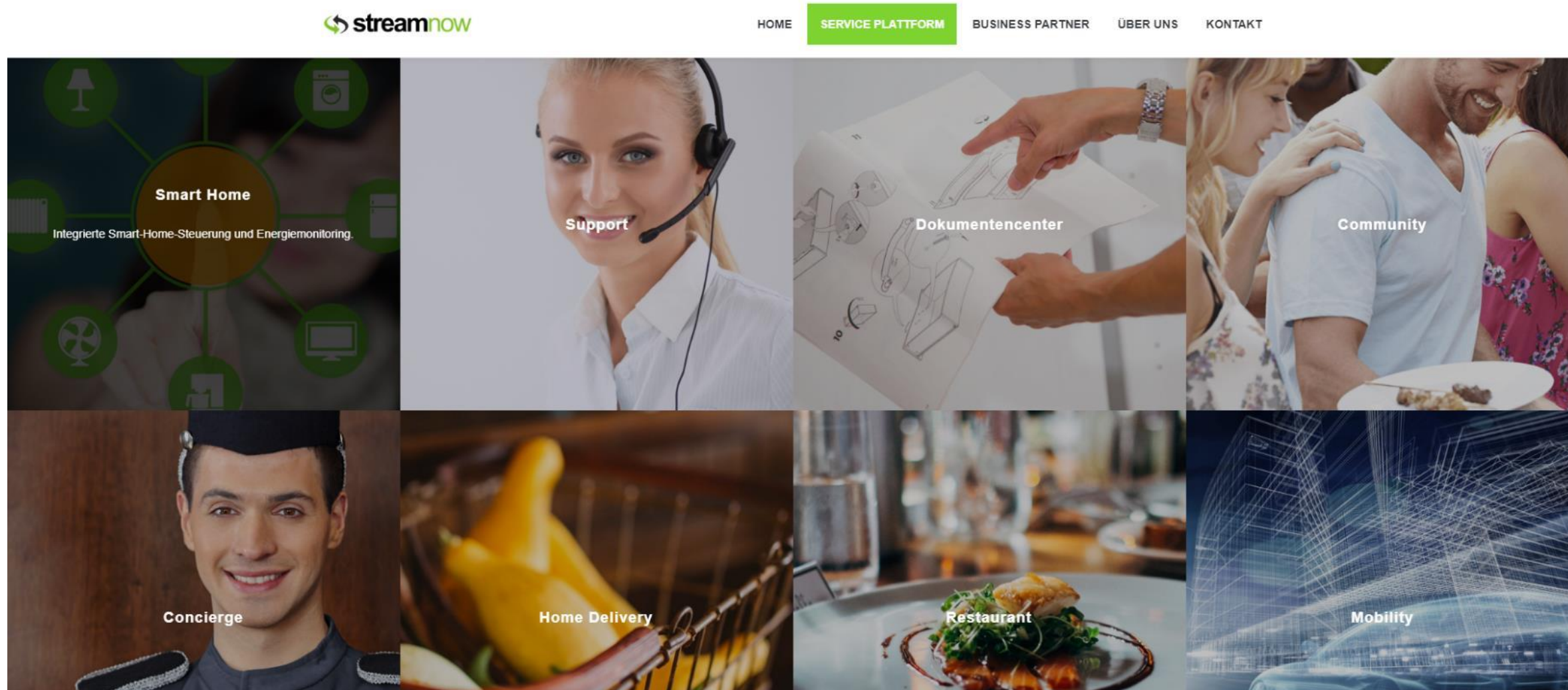
## Jelmoli (2|2): Pallas aesthetics clinic



### Highlights

- Project created the largest aesthetics flagship clinic for Pallas Kliniken in the 4<sup>th</sup> floor of Jelmoli
- Pallas Kliniken (founded 1994) is the leading private beauty and lifestyle clinic operator with 17 branches and approx. 400 employees in Switzerland
- Perfect match of targeted customers with attractive synergies
- Floorspace: 900 m<sup>2</sup> (former back office for Jelmoli)

# Wincasa: Expansion of platform «streamnow» within the portfolio



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**René Zahnd**



# Convincing reasons for project development



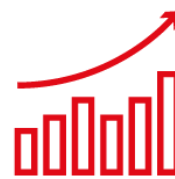
## INDEPENDENCE

Independence from the transaction market



## RENTAL INCOME

Leverage of additional potential for rental income



## REVALUATION GAINS

Projects with above-average yields



## INNOVATION

Use of the latest technology (e.g. BIM)



## CAPITAL GAINS

Additional profits from disposals



## SYNERGIES

Leveraging of synergies within the Group

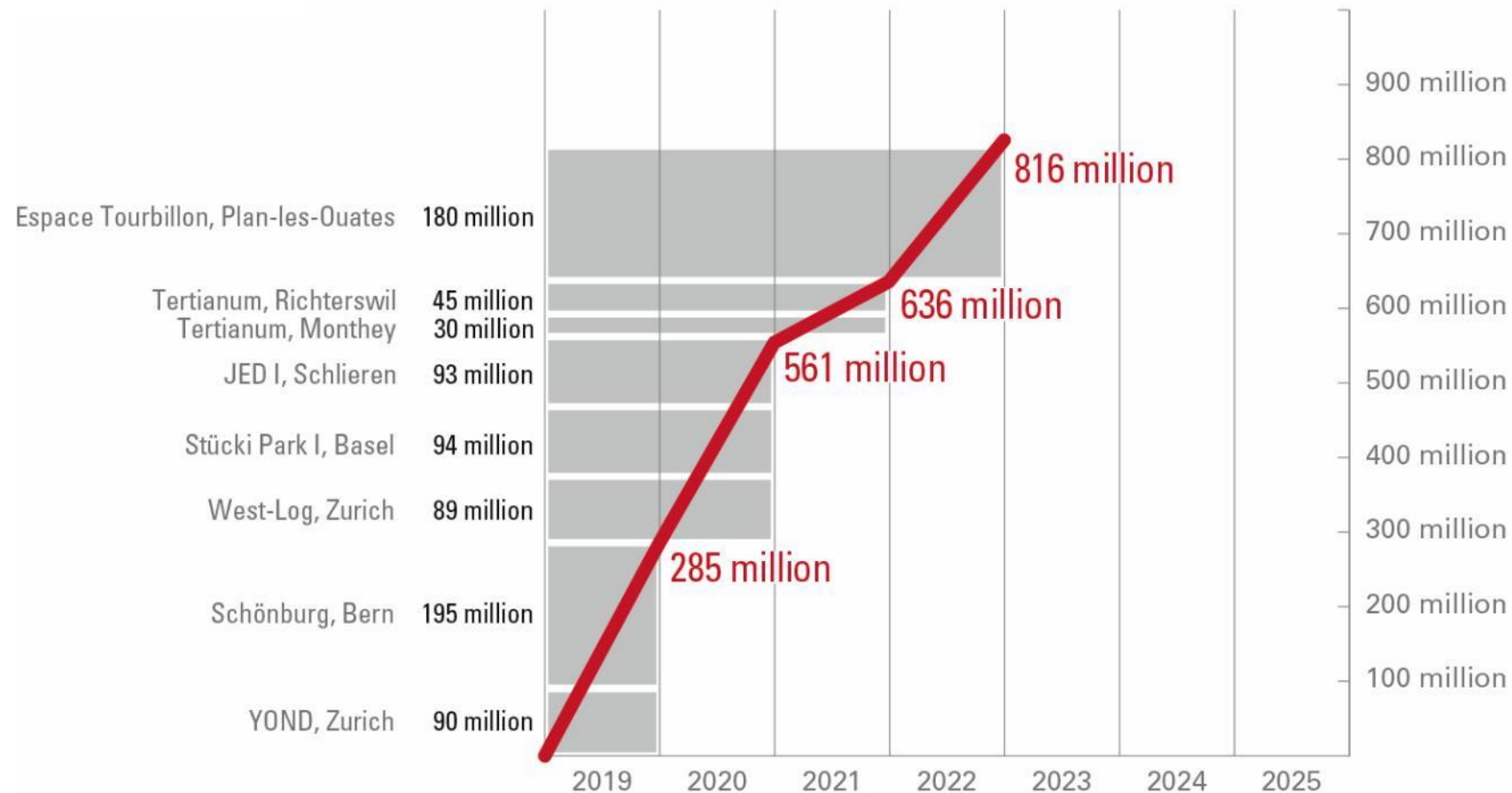


## SUSTAINABILITY

Active influence on sustainability issues

# CHF ~800 million and eight building sites

Values in CHF



Pipeline: CHF 2 billion

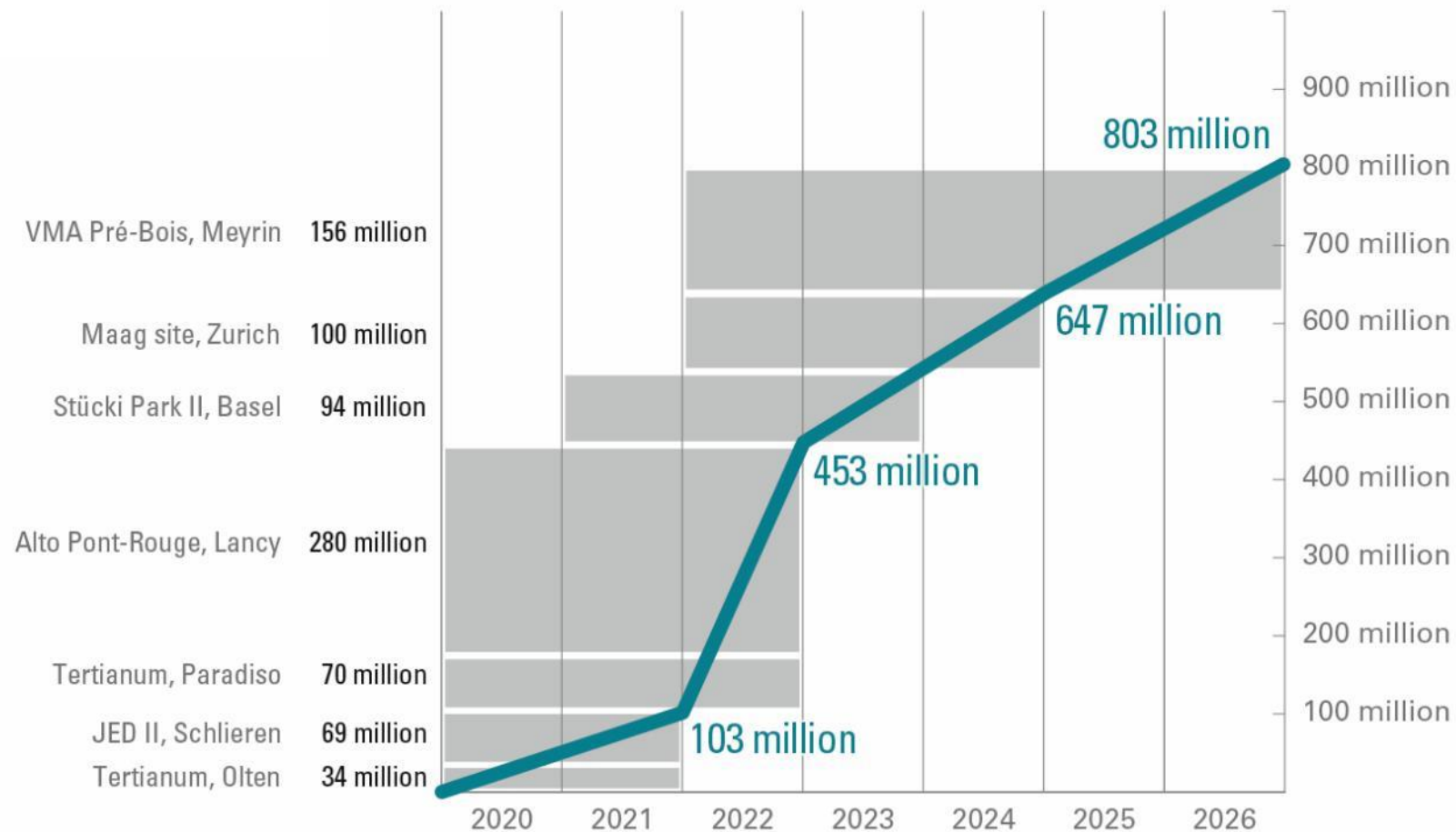
**Under construction:**  
CHF ~800 million

In development:  
CHF ~800 million

Reserves: CHF ~400 million

# CHF ~800 million in development and CHF ~400 million reserves

Values in CHF



**Pipeline: CHF 2 billion**








Under construction:  
CHF ~800 million

**In development:  
CHF ~800 million**

Reserves: CHF ~400 million



# Projects in planning – building application submitted for JED II

Projects							
Design plan		published				architectural comp. started	district plan procedure
Building application	submitted		submitted	submitted			
Building permit					granted		
Pre-letting status	100%	100%	in negotiation	in negotiation			

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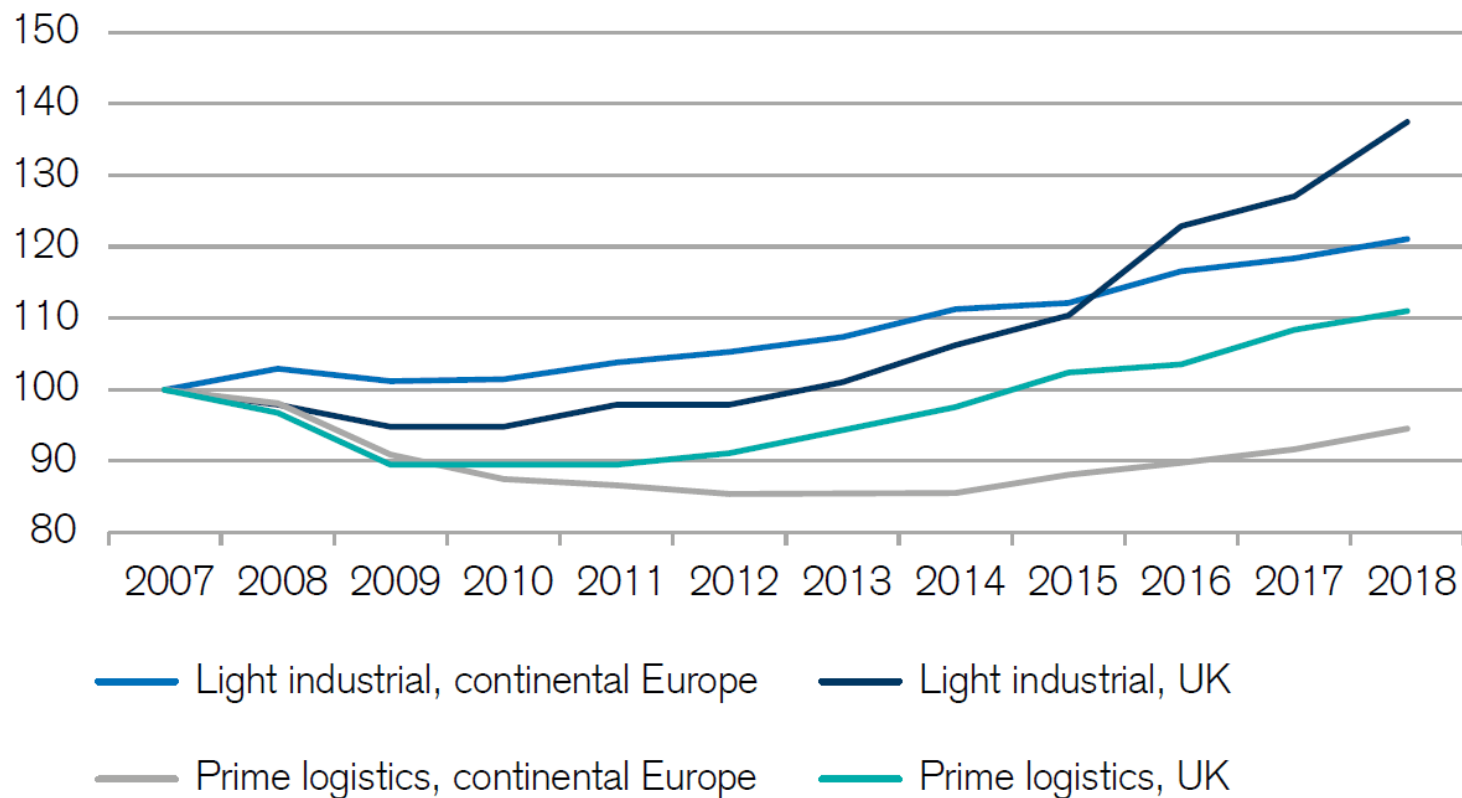
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# Potential for real estate companies in urban logistics market

## Trend in rental prices for logistics properties

Index December 2007 = 100



## Facts and comments

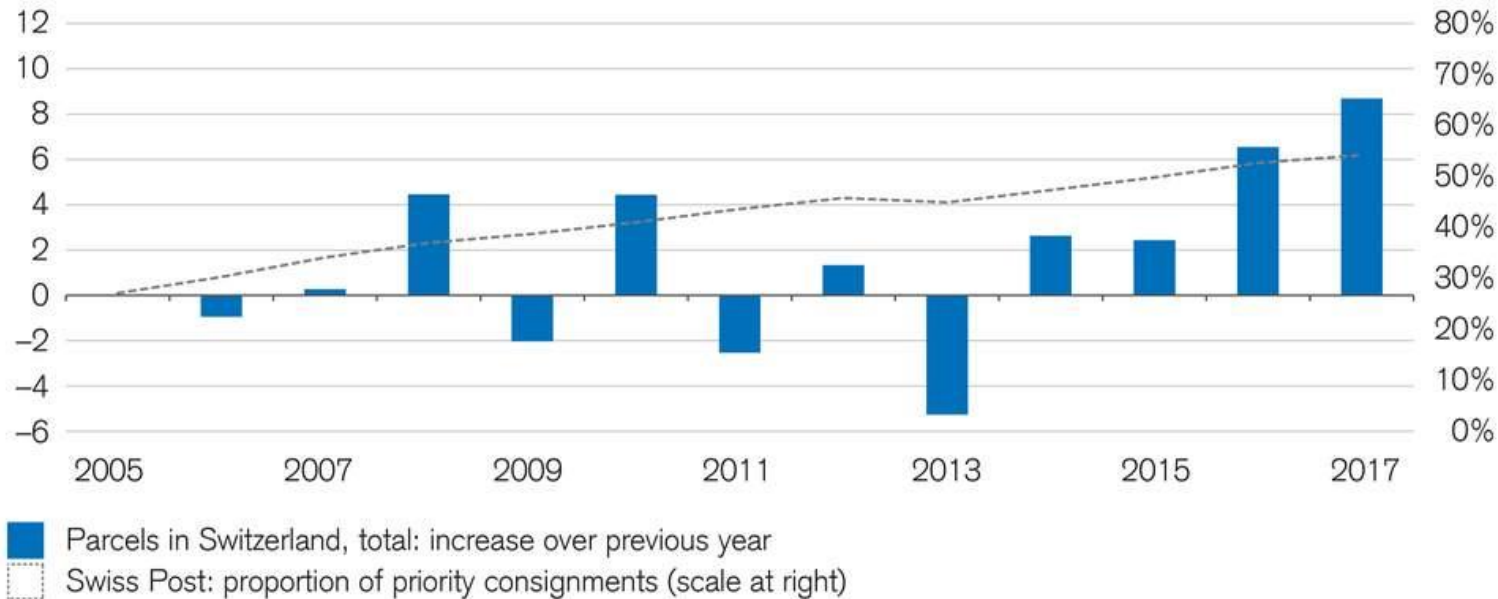
- Multi-channel distribution in retail is driving the need for logistics assets
- Both traditional and online retailer need warehouses close to customers
- Rise in logistics rents is expected to continue for both sub-segments
- Swiss Prime Site invests in logistic projects (Espace Tourbillon, West-Log) and sites (Oberbüren, Otelfingen, Niederwangen, Regensdorf)

Source: Credit Suisse, PMA



# E-Commerce forces changes in transportation

Change in number of parcels in millions compared with the previous year (estimate)



## Facts and comments

- Digitalisation brings fundamental changes to the transport industry
- Drones, fully automatic goods transports, robots etc. with great potential
- Digital commerce has currently the greatest influence on logistics requirements
- Increase in parcels transported by +20% in Switzerland since 2013
- Increase of share in priority consignments from 27% (2005) to 53% (2017) in Switzerland

# Project «West-Log» | Urban logistic hub for Zurich



## Highlights

- **Project:** Urban logistic property at the city border
- **Success factors:** The site is ideally connected for logistic and private traffic thanks to the nearby motorway. Elektro-Material AG (Rexel Group) as anchor tenant (85% of rental space)
- **Investment volume:** CHF 89 million\*, completion 2020
- **Net Yield:** ~4% (on cost)

\* incl. land



# JED (1|3) | A place for innovative collaboration close to Zurich



## Highlights

- **Project:** Transformation and densification of the former NZZ printing site (acquired in 2015)
- **Success factors:** The site is located next to the railway station Schlieren and the new tram line of the Limmattalbahn
- Zühlke and Halter as anchor tenants (current letting status: 75%)
- **Investment volume:** CHF 93 million\* (phase 1), completion 2020/21
- **Net yield:** ~5% (on cost)

\* incl. land



# JED (2|3) | «2226» or «the future of building»



## Highlights

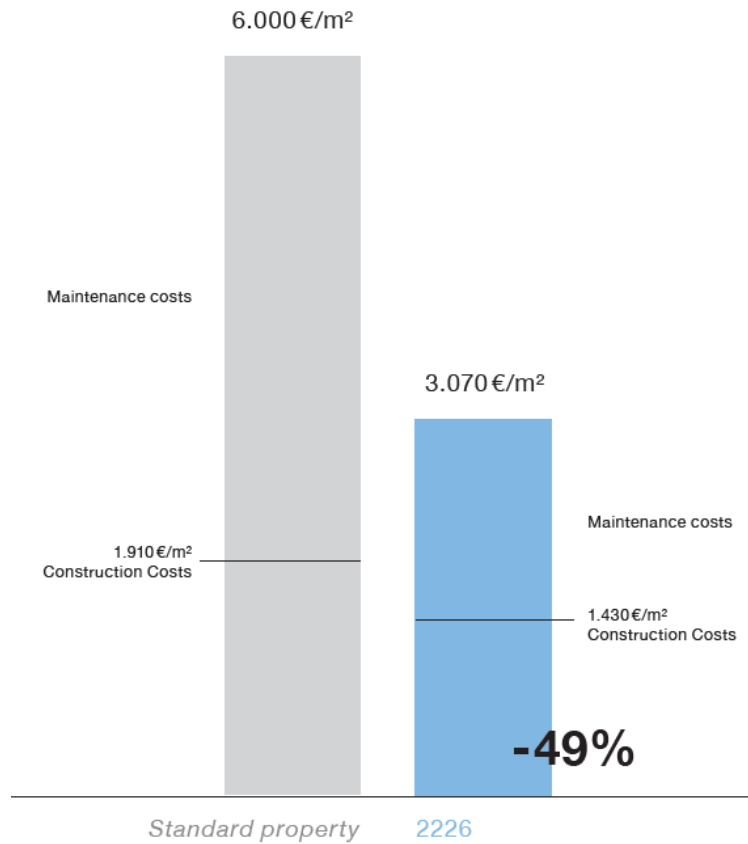
- **Project «2226»:** Densification of the existing site through a building with high comfort for users (without heating, cooling and ventilation, however, with stable temperature of 22-26° and optimal humidity)
- **Success factors:** Urban location next to the railway and new tram station
- **Investment volume:** CHF 69 million\* (phase 2), completion 2021
- **Net yield:** ~6% (on cost)

\* incl. land

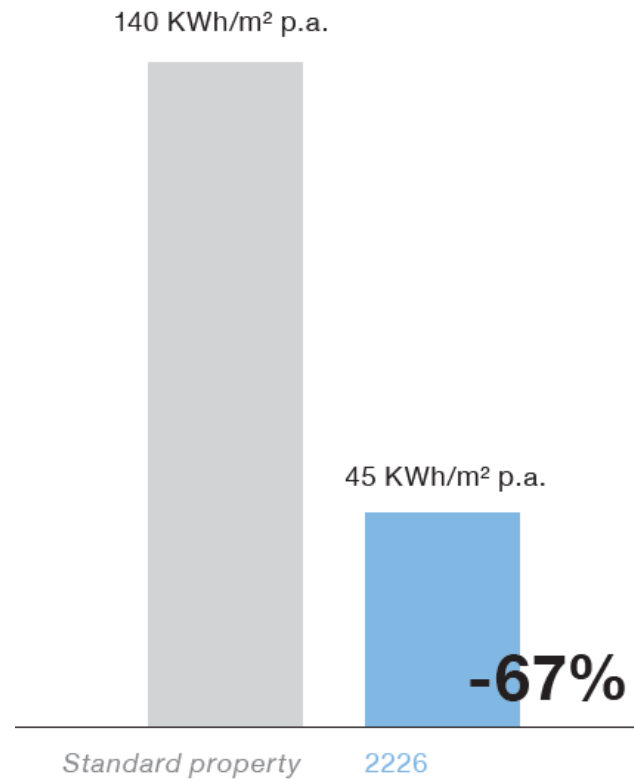


# JED (3|3) | «2226» with highly efficient cost structure

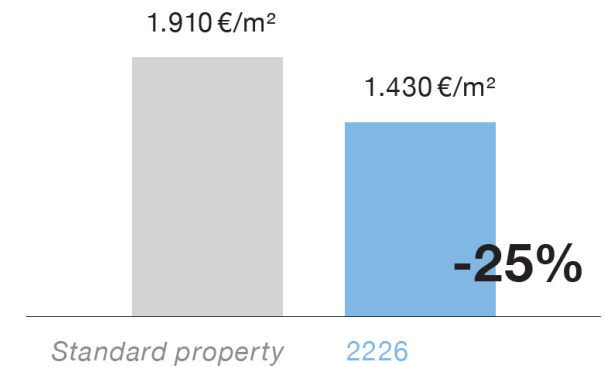
## Life Cycle Costs (LCC)



## Energy Consumption



## Construction Costs



Source: Baumschlager Eberle Architekten

# YOND (1|2) | Innovative building and flexible spaces in Zurich



\* incl. land

## Highlights

- **Project:** Flexible spaces for service (e.g. Coople, JobCloud, Vebego) and manufacturing companies (e.g. Better Taste)
- **Success factors:** Innovative real estate project, planned and developed based on lean principles with a focus on flexibility and simplicity (current letting status: 80%)
- **Investment volume:** CHF 90 million\*, completion 2019/20
- **Net yield:** ~5% (on cost)



# YOND (2|2) | New Swiss headquarters of Coople, JobCloud and Vebege

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# Alto Pont-Rouge (1|2) | Demand for large flexible spaces in Geneva



## Highlights

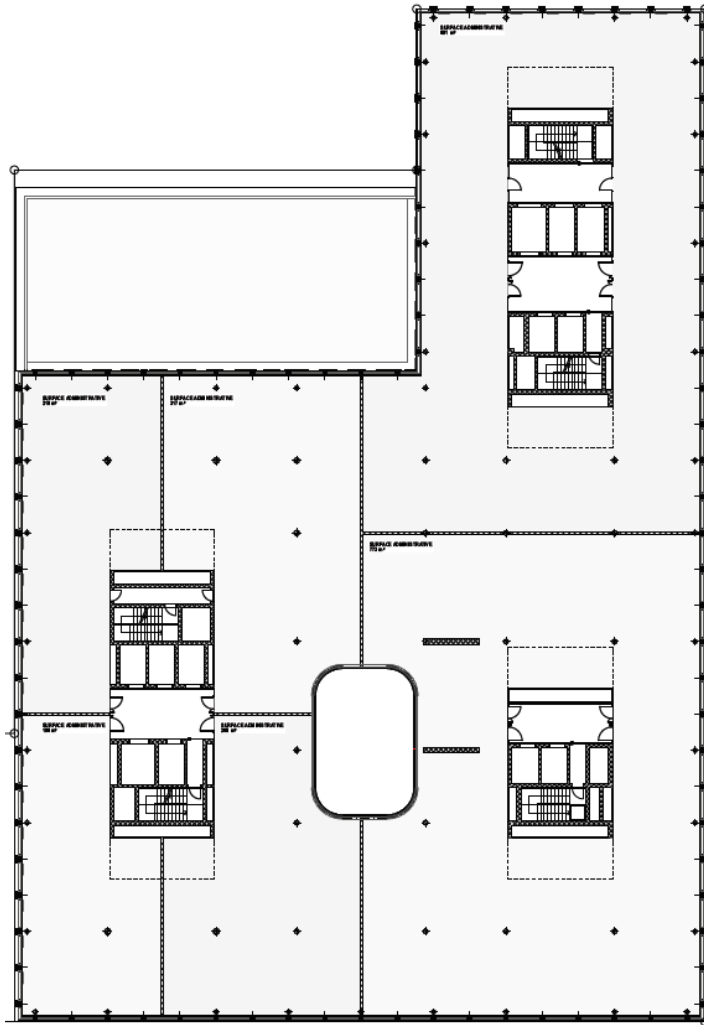
- **Project:** Modern office building with ~35 000 m<sup>2</sup> gross area in Geneva's Praille-Acacias-Vernets (PAV) development zone
- **Success factors:** Attractive price offering («factor 4»), directly connected with the CEVA railway station Lancy-Pont-Rouge
- **Investment volume:** CHF 280 million\*, completion 2022
- **Net yield:** ~5% (on cost)

\* incl. land

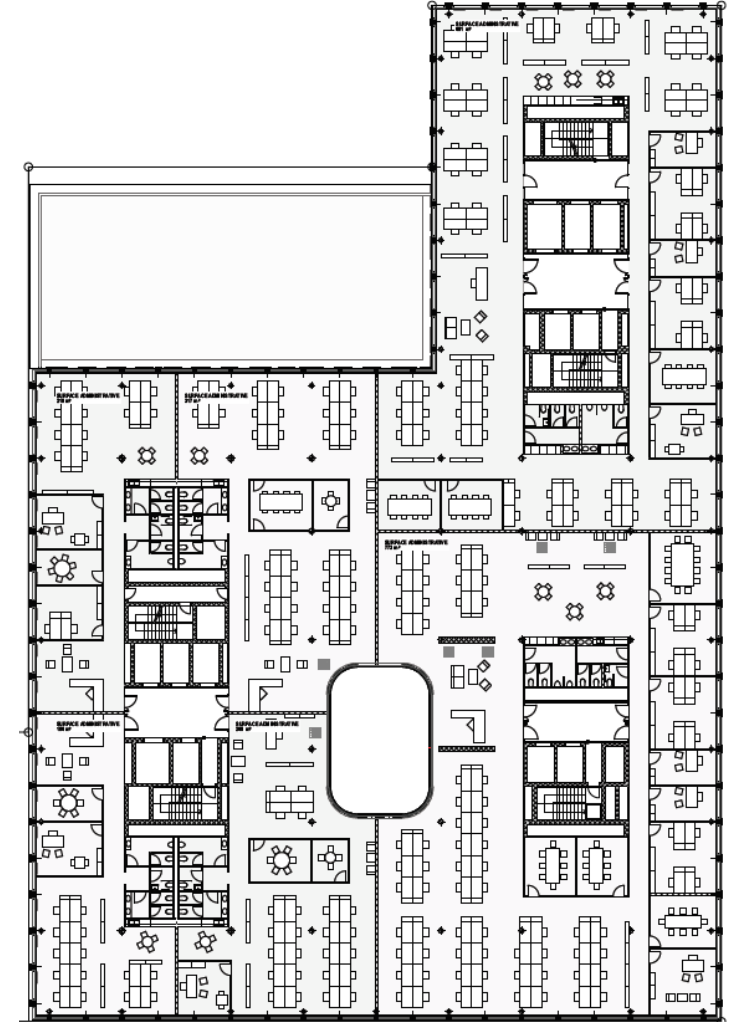


# Alto Pont-Rouge (2|2) | Demand for large flexible spaces in Geneva

Basic pattern



Possible use



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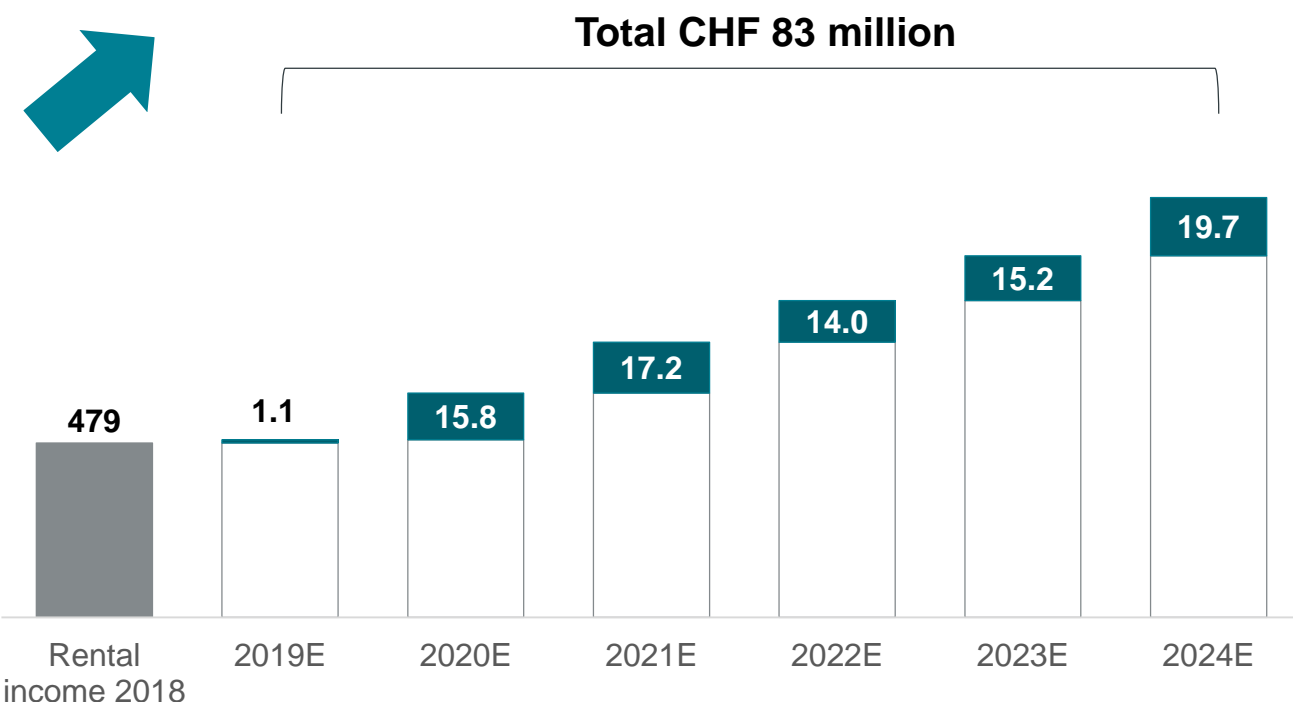
**Guidance and summary**

**René Zahnd**

# Confirmation of our targets

## Expected rental income from developments\*

Values in CHF m



## 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 | Tertium is heading for an EBIT contribution of over CHF 30 million



## Revaluation gains 2019E

Due to active portfolio management revaluation gains in H2 expected to be higher than in H1



## Dividend policy

Swiss Prime Site maintains an attractive dividend policy

\* assuming full letting and including investment properties under construction

# SWISS PRIME SITE

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## Analyst and investor contact

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**Markus Waeber**  
Investor Relations

**Head Investor Relations**  
Business: +41 58 317 17 64  
Mobile: +41 79 566 63 34  
markus.waeber@sps.swiss

## Media contact

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**Mladen Tomic**  
Media Relations

**Head Corporate Communications**  
Business: +41 58 317 17 42  
Mobile: +41 79 571 10 56  
mladen.tomic@sps.swiss

## Company calendar

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<b>Results financial year 2019</b>	27 February 2020
<b>Annual General Meeting</b>	24 March 2020

## Headquarters

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Swiss Prime Site AG  
Frohburgstrasse 1  
CH-4601 Olten  
Phone: +41 58 317 17 17  
www.sps.swiss

## Zurich office

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Swiss Prime Site AG  
Prime Tower, Hardstrasse 201  
CH-8005 Zurich

## Geneva office

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Swiss Prime Site AG  
Rue du Rhône 54  
CH-1204 Geneva



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**APPENDIX**

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# Constructions (1|5): Espace Tourbillon, Plan-les-Ouates



## Highlights

- **Project:** Multifunctional industrial and commercial park with efficient logistics, total 95 000 m<sup>2</sup> usable space
- **Success factors:** Tailor-made for 4 000 workplaces
- **Partial sale and letting:** two sold to Wilsdorf (C & D), one partially sold in condominium ownership (A), two in pre-letting phase (B & E)
- **Investment volume:** CHF 180 million\* (excl. sold buildings), completion 2022
- **Net yield:** ~6% (on cost)

\* incl. land



## Constructions (2|5): Tertianum elderly care home, Richterswil



### Highlights

- **Project:** Assisted living and nursing beds for the community of Richterswil
- **Success factors:** Successful Public Private Partnership («PPP») project with the community of Richterswil, Tertianum and Swiss Prime Site Immobilien
- **Investment volume:** CHF 45 million\*, completion 2021
- **Net yield:** ~4% (on cost)

\* incl. land

## Constructions (3|5): Tertianum elderly care home, Monthey



\* incl. land

### Highlights

- **Project:** Assisted living and nursing beds for community of Monthey
- **Success factors:** New construction in an attractive inner-city location; expansion of the Tertianum network in the Canton of Valais (french-speaking part of Switzerland)
- **Investment volume:** CHF 30 million\*, completion 2021
- **Net yield:** ~4% (on cost)



# Constructions (4|5): Stücki Park I, Basel



\* incl. land

## Highlights

- **Project:** Creates a new centre for 1 700 workplaces
- **Success factors:** Meets need for laboratory and office spaces from new and existing tenants such as Lonza, Medartis, Technology Park Basel (current letting status: 50% for the first two properties)
- **Investment volume:** CHF 94 million\* (phase 1), completion 2020
- **Net yield:** >5% (on cost)



## Constructions (5|5): Schönburg, Bern

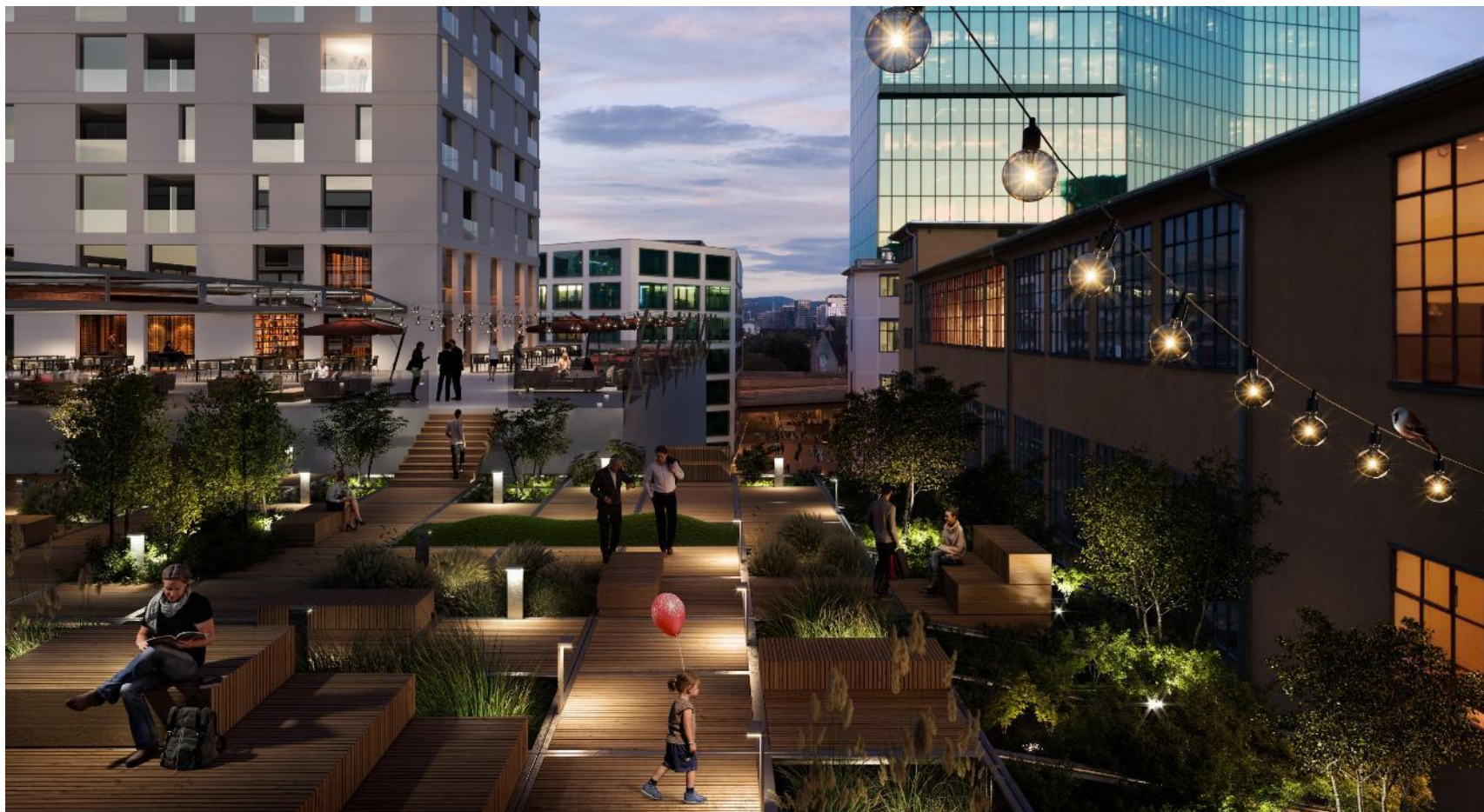


### Highlights

- **Project:** Comprehensive project to generate significant added value for the city of Berne and the residents of Schönburg
- **Success factors:** Budget design hotel Prizeotel and food retailer/fitness operator Coop as anchor tenants. In addition 142 urban city flats (current letting status: 95%).
- **Investment volume:** CHF 195 million\*, completion 2019/20
- **Net yield:** ~3% (on cost)

\* incl. land

## Developments (1|4): Maag site, Zurich



### Highlights

- **Project:** Further densification of the existing Maag site
- **Success factors:** Popular city location with excellent transport connections
- **Investment volume:** CHF 100 million\*, completion 2024
- **Net yield:** >5% (on cost)

\* incl. land



## Developments (2|4): Stücki Park II, Basel



\* incl. land

### Highlights

- **Project:** Creates a new centre for 1 700 workplaces
- **Success factors:** Meets need for laboratory and office spaces from new and existing tenants such as Lonza, Medartis, Technology Park Basel
- **Investment volume:** CHF 94 million\* (phase 2), completion 2023
- **Yield:** >5% (on cost)



## Developments (3|4): Tertianum Residence Du Lac, Lugano-Paradiso



### Highlights

- **Project:** Exclusive Tertianum residence with assisted living and nursing beds
- **Success factors:** Prime location close to Lugano, expansion of the existing Tertianum network in the Canton of Ticino (italian-speaking part of Switzerland)
- **Investment volume:** CHF 70 million\*, completion 2022
- **Net yield:** ~4% (on cost)

\* incl. land



## Developments (4|4): Tertianum elderly care home, Olten



\* incl. land

### Highlights

- **Project:** Modern working spaces for life science companies; elderly care home (phase 1)
- **Success factors:** The up-and-coming former industrial site of the city of Olten is growing very dynamically (e.g. medtech company Sensile Medical as tenant)
- **Investment volume:** CHF 34 million\* (phase 1) completion 2021
- **Net yield:** ~4% (on cost)

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