

SWISS PRIME SITE

RESULTS FIRST HALF-YEAR 2021

ZÜRICH, 26 AUGUST 2021



SWISS PRIME SITE

AGENDA

- 1 HIGHLIGHTS FIRST HALF-YEAR 2021**
- 2 RECONCILIATION RESULTS FIRST HALF-YEAR 2021**
- 3 KEY FINDINGS AND PROJECT PIPELINE**
- 4 FINANCIAL FIGURES FIRST HALF-YEAR 2021**
- 5 EXPECTATIONS 2021 AND SUMMARY**

Key results at a glance



ASSETS UNDER MANAGEMENT GROWTH

- Increase in property portfolio by +1.1% to CHF 12.5 billion
- Real Estate AuMs of Swiss Prime Site Solutions up by +6.7% to CHF 3.2 billion



FALL IN VACANCIES

- Decrease of 0.4 percentage points to 4.7% [FY 2020 5.1%]
- Vacancies reduced by around 10 000 m²



OPTIMISATION OF FINANCING

- Strong equity ratio of 47.3% [FY 2020 47.8%]
- LTV of 42.0% [FY 2020 41.9%]



STRONG RESULTS*

- Increase in EBIT by +36.6% to CHF 211.0 million
- Profit up by +42.3% to CHF 163.5 million



MODERATE COVID-19 IMPACT

- Rent waivers of CHF -3.1 million
- Rent collection January to July 2021 at 98%



POSITIVE OUTLOOK

- Increase in rental income subject to unforeseeable circumstances connected with the COVID-19 pandemic
- Vacancies in portfolio will remain at the current level

* on a like-for-like basis (e. g. excl. proceeds from sale of Tertianum and revaluation effects)

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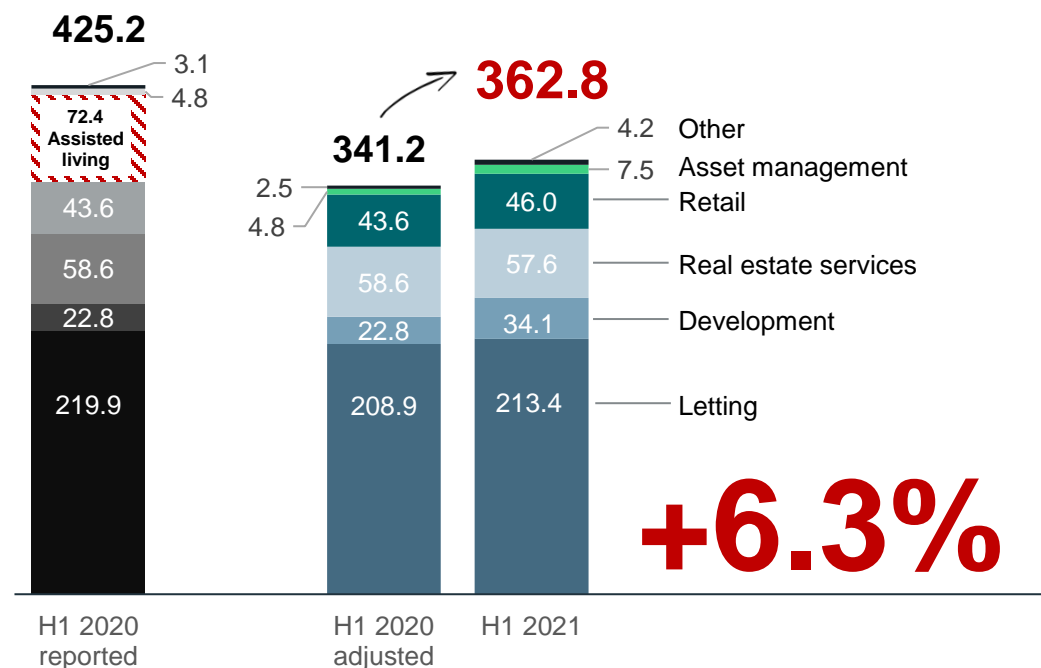
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Strong business performance on a like-for-like basis (1/2)

OPERATING INCOME

in CHF million

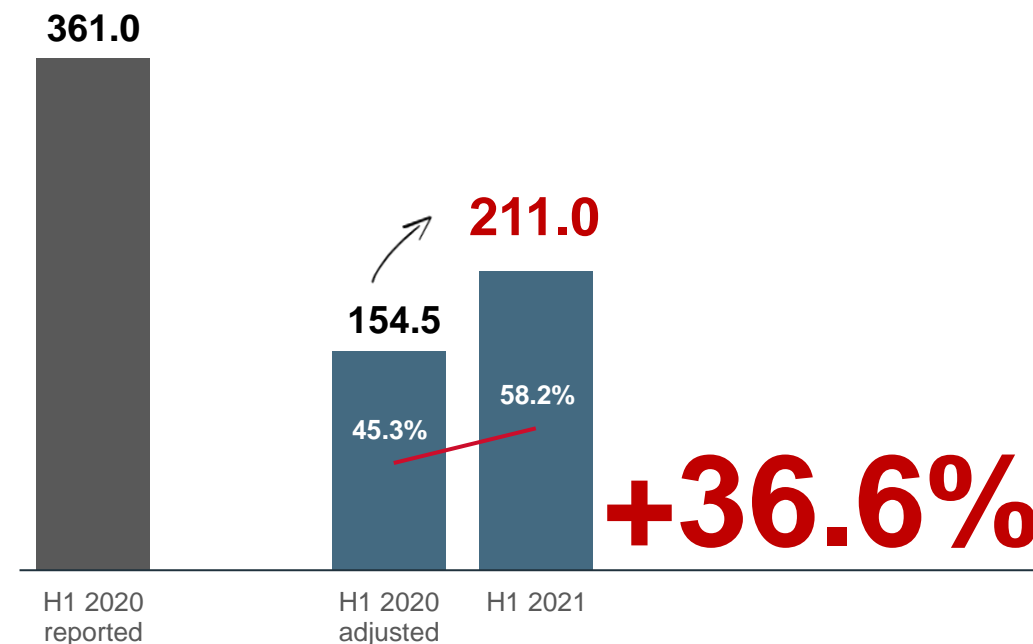


+6.3%

Adjustment: Includes income from assisted living and letting (Tertianum) for two months in the financial year 2020

EBIT AND EBIT MARGIN (EXCLUDING REVALUATIONS)

in CHF million and %



+36.6%

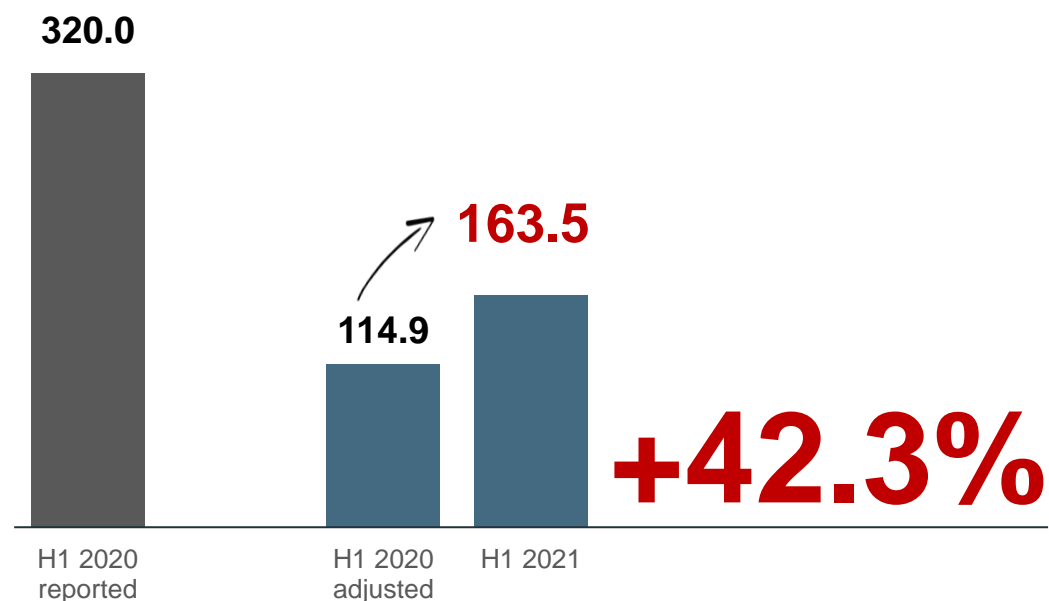
Adjustments: Proceeds from sale of Tertianum of CHF 204.2 million in H1 2020 and results from Tertianum for January and February 2020

Strong business performance on a like-for-like basis (2/2)

PROFIT

(EXCLUDING REVALUATIONS AND ALL DEFERRED TAXES)

in CHF m

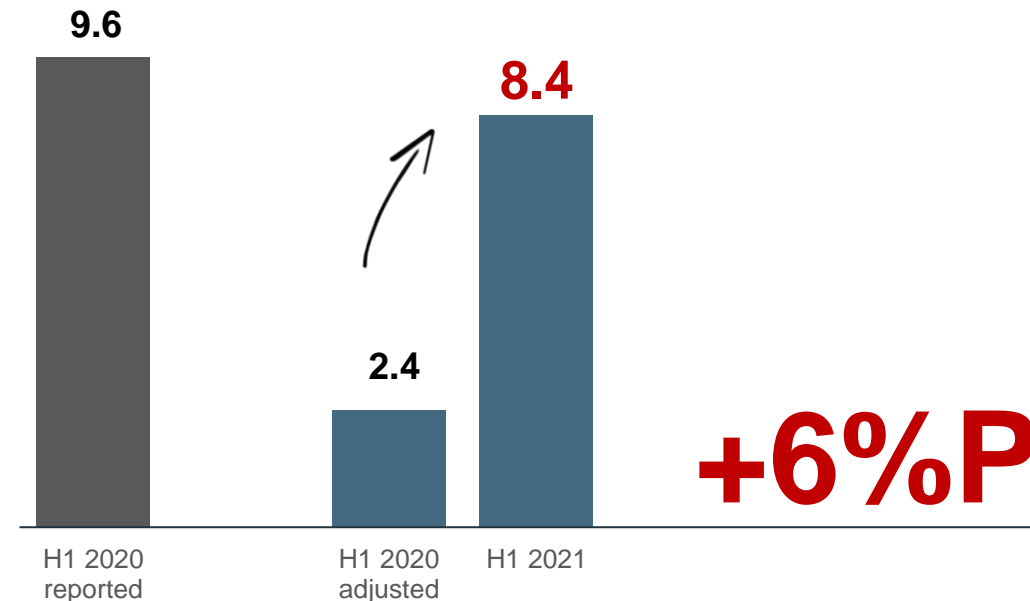


Adjustments: Proceeds from sale of Tertianum of CHF 204.2 million in H1 2020 and results from Tertianum for January and February 2020

RETURN ON EQUITY

(ANNUALISED)

in %



Adjustments: Proceeds from sale of Tertianum of CHF 204.2 million in H1 2020 and results from Tertianum for January and February 2020

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Letting success and attractive transactions in the core business



Illustration of Müllerstrasse project in Zurich

- Around 47 000 m² [H1 2020: 41 000 m²] of office and retail space let or re-let, in some cases on better terms
- Google is the new anchor tenant of the redevelopment project at Müllerstrasse in Zurich
- CMS and Westhive will be anchor tenants in the development project at Alto Pont-Rouge, Lancy
- Purchase of an attractive plot in Zurich-Altstetten with high development potential (close to West-Log property)
- Sale of an investment property in Zurich (Stadelhofen) and another building (E) in the Espace Tourbillon project in Plan-les-Ouates to the Hans Wilsdorf Foundation; 85% of building A is already sold in condominium ownership or reserved

ESPACE TOURBILLON

PÉPINIÈRE INDUSTRIELLE SUR UNE GARE LOGISTIQUE



Sale in condominium ownership

A

To let

B

C

Sold 2017

E

D

Sold 2021

Attractive portfolio: High revaluations and low vacancies

PROPERTY PORTFOLIO

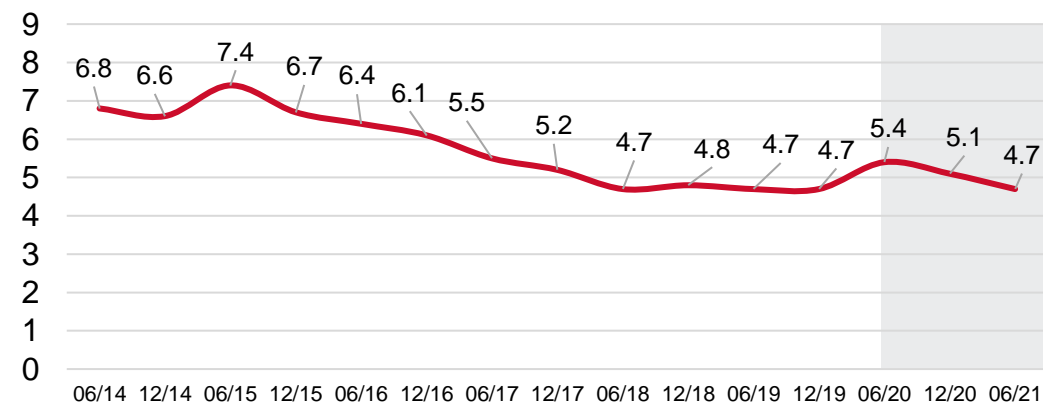
in CHF million

	FY / H1 2020	H1 2021
Total	12 322.6	12 457.6
of which projects developments	829.5	1 031.4
Properties (number)	185	184
Rental income (Real Estate segment)	217.0*	222.4
Revaluations	-47.3*	+144.5
Net yield on property (in %)	3.2	3.2
Discount rate, real (in %), avg.	2.91	2.83

- **Revaluation gain:** CHF 144.5 million net; this includes revaluations of CHF 131.5 million for existing properties and CHF 13.0 million for development projects
- **Net property yield:** Stable and attractive 3.2% compared to the market

VACANCY RATE

in % (Group)



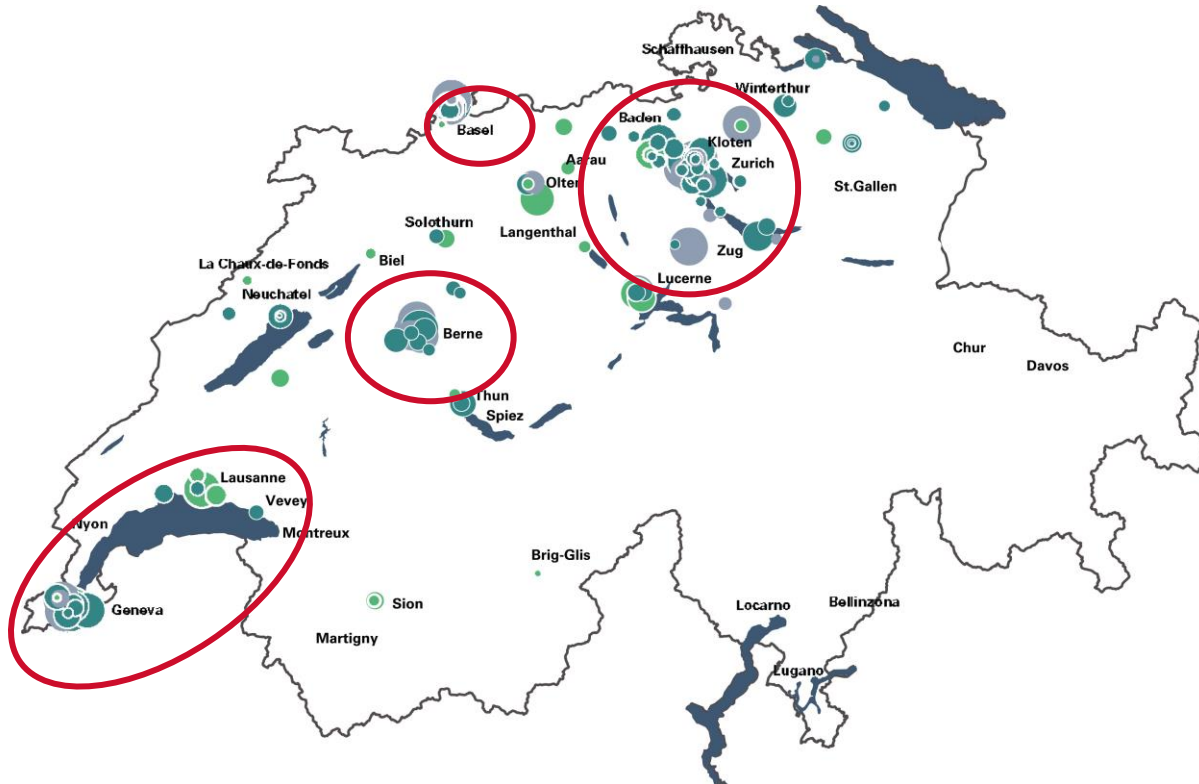
- **Vacancy rate:** Significant drop since mid-2020 from 5.4% [5.1% as at end of 2020] to 4.7% in HY 2021
- **Expected vacancies FY 2021:** Remaining at the current level

* HY 2020 values

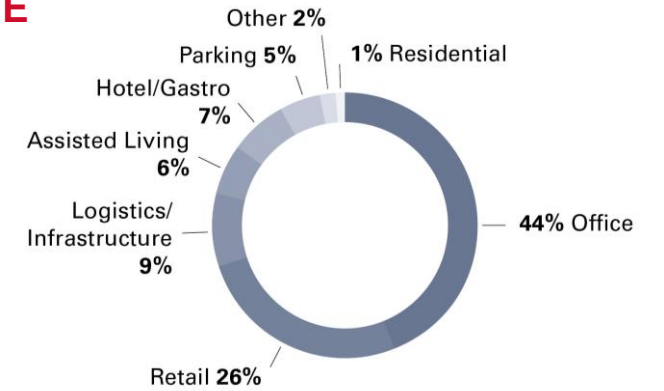
KEY FINDINGS

Portfolio focused on centres, office and commercial use

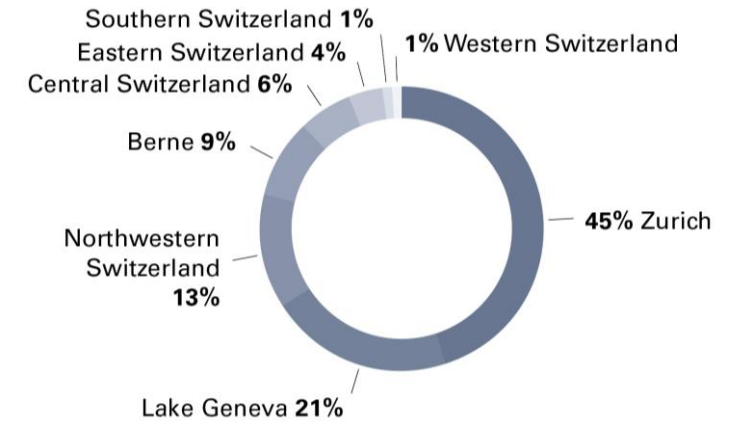
PROPERTY PORTFOLIO



TYPES OF USE



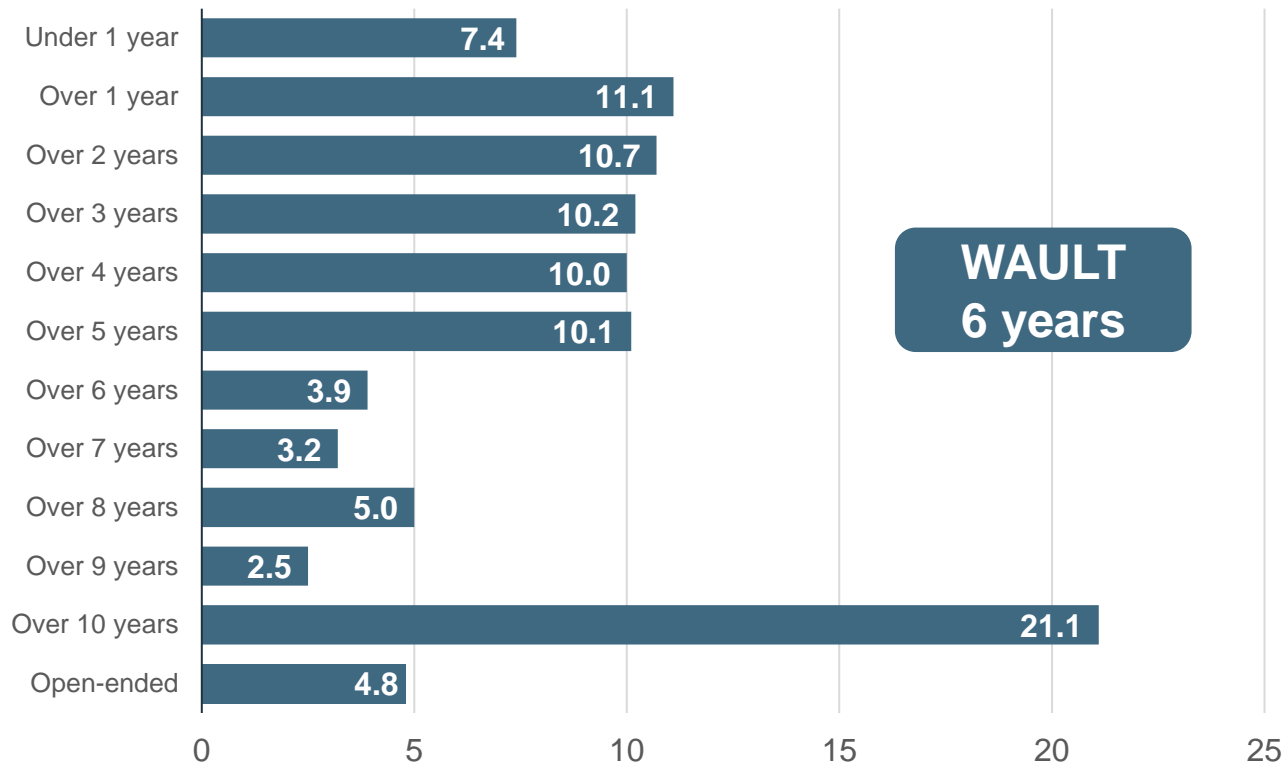
REGIONS



Balanced expiry profile of rental contracts

EXPIRY PROFILE OF RENTAL CONTRACTS*

in % as at 30 June 2021



- **Structure:** Balanced expiry profile of existing rental contracts
- **Due to expire:** Of the rental contracts due to expire, 82% (2021) and 39% (2022) have already been extended; no cluster risks
- **WAULT:** 6 years (previous year: 6 years)
- **Top tenants in the portfolio (total 21.5%):**

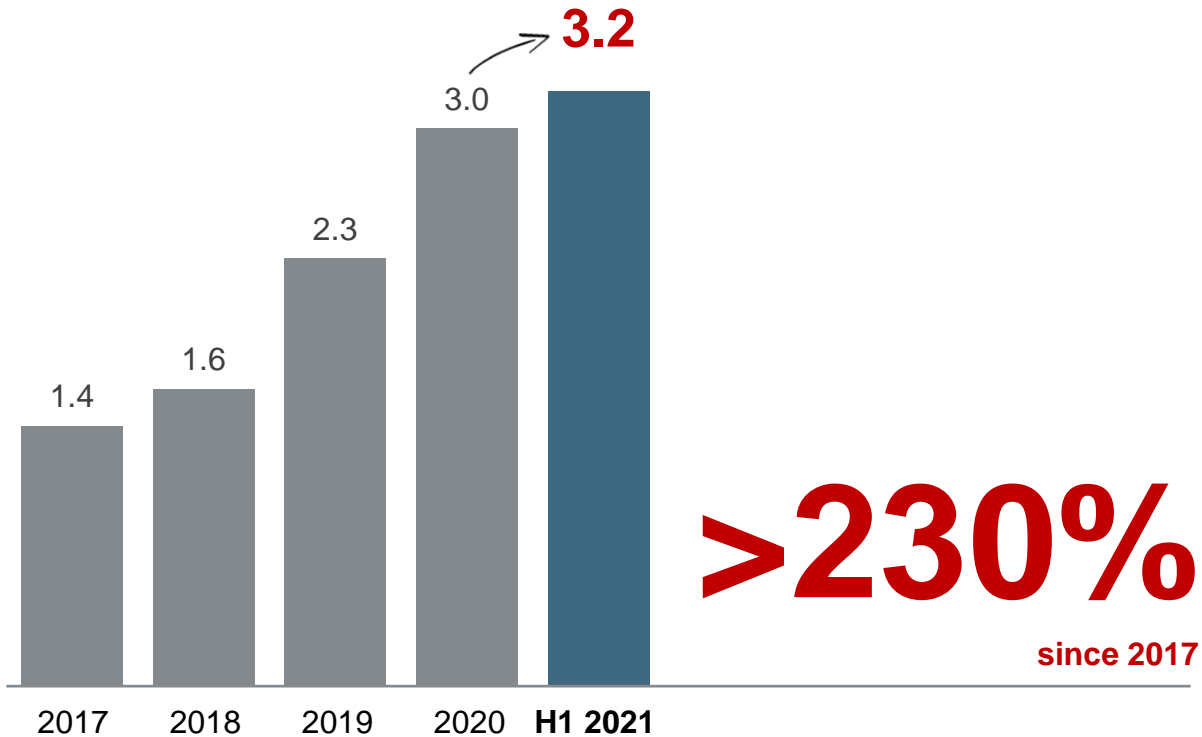
Tertianum	5.7%
Coop	5.3%
Globus	4.6%
Swisscom	3.4%
Zurich Insurance	2.5%

* based on future rental income

Asset management success story continues

ASSETS UNDER MANAGEMENT

in CHF billion



- Increase in assets under management from CHF 3.0 billion at the end of 2020 to CHF 3.2 billion, of which Swiss Prime Investment Foundation (SPIF) is CHF 2.8 billion
- Additional development pipeline for SPIF of CHF 400 million
- SPIF Real Estate Switzerland
 - 8th issue with new funds of around CHF 91 million
 - Purchase of real estate valued at CHF 118 million
 - Reduction in vacancy rate to 3.34% [4.17%]
 - 9th issue from 1 September to 15 October 2021
- SPIF Living+ Europe
 - Purchase of first assets for the new investment group SPIF Living+ Europe (EUR 43.6 million)
- Application for fund management and fund products submitted to FINMA at end of March 2021
- New client mandates with growth opportunities

Progress in ESG along the sustainability capitals



STAKEHOLDER

- Rent waivers of CHF -3.1 million granted in H1 2021
- Third stakeholder dialogue in September 2021
- Environmental policy and Supplier Code of conduct in force



EMPLOYEES

- Employee survey with high participation (80%)
- Improvement of the already very good results across all areas



FINANCE

- Issue of another green bond with a volume of CHF 300 million
- Green bonds issued with a total volume of CHF 600 million



ECOLOGY

- Confirmed target of carbon neutrality by 2040
- Doubling the network of photovoltaic systems to around 30-40 sites in the portfolio by 2023



INFRASTRUCTURE

- Received building permit for the Müllerstrasse transformation project in Zurich for the tenant Google
- Cataloguing and re-use of materials in keeping with circular economy

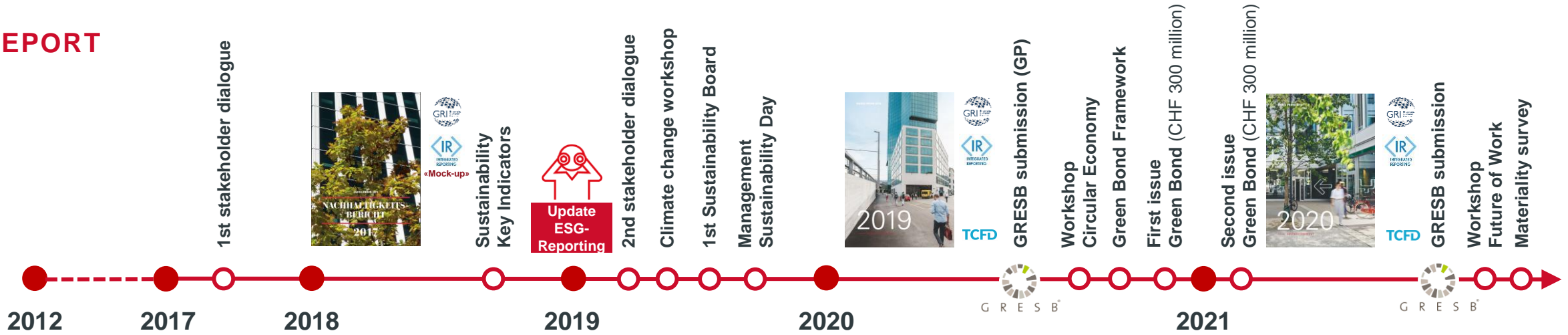


INNOVATION

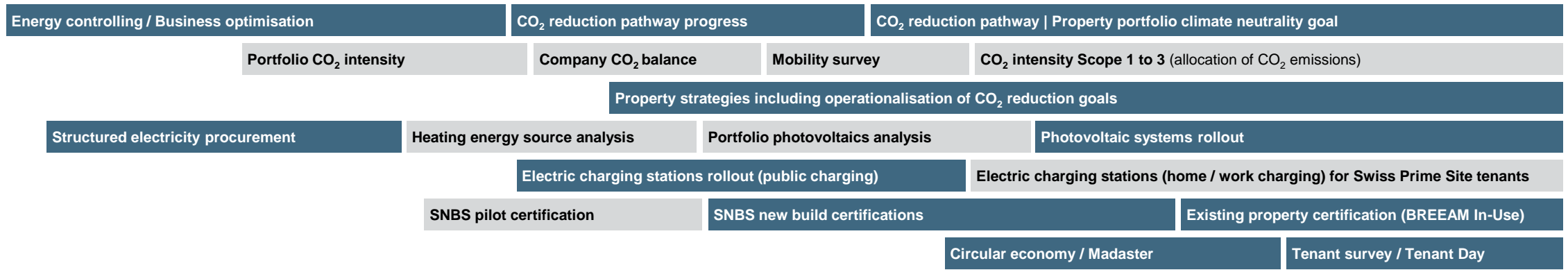
- Implementation of accelerator programs on the topics of «New Work» und «Healthy Building»
- Further accelerator programs for H2 in planning («Servitization» and «Enterprise Tech»)

Sustainable progress since 2012 across different levels

REPORT



PROPERTY PORTFOLIO








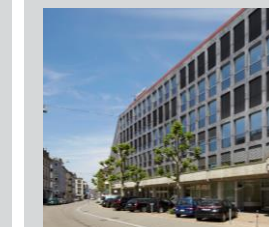
SWISS PRIME SITE

FÜR
EINE
INTEGRIERTE
IMMOBILIEN
WELT

**WE CREATE
LIVING SPACES**



Scheduled projects under construction with high levels of pre-letting

						
	Tertianum Monthey	Tertianum Richterswil	Stücki Park I+II Basel	Alto Pont-Rouge Lancy	Tertianum Paradiso	Müllerstrasse Zurich
Construction status	scheduled	scheduled	scheduled	scheduled	scheduled	scheduled
Occupancy rate	100%	100%	60%	21% reserved: 50%	100%	100%
Investments*	CHF 30 million	CHF 47 million	CHF 226 million	CHF 306 million	CHF 71 million	CHF 222 million
Target rental income p.a.	CHF 1.3 million	CHF 2.1 million	CHF 14.3 million	CHF 15.6 million	CHF 3.2 million	CHF 10.7 million**
Project execution	2020 – 2021	2020 – 2022	2020 – 2023	2020 – 2023	2021 – 2023	2021 – 2023

* including land | ** of which CHF 4 million additional rent p.a.

Planned projects with attractive uses

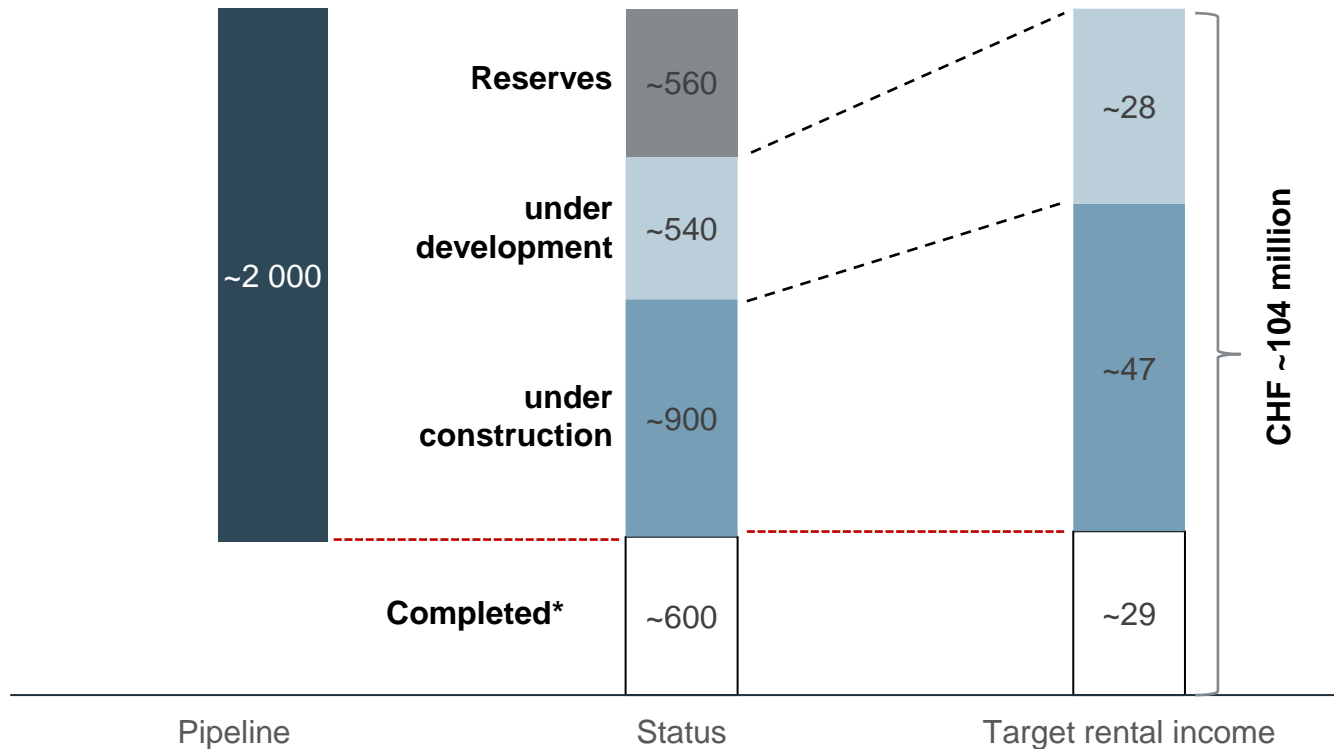
	 <p>JED II (new build) Schlieren</p>	 <p>Tertianum Olten</p>	 <p>maaglive Zurich</p>	 <p>Saarstahl Altstetten</p>	 <p>Rheinstrasse Augst</p>	 <p>Dreispitz Mitte Münchenstein</p>
Design plan / building and zoning regulations (BZO)	Building and zoning regulations	Design plan final	Design plan final	Building and zoning regulations	Zone plan authorised	District plan process
Competitive process & Building application/-permit	Building permit received	Building application submitted	Competition completed		Two-stage study commission in progress	Urban planning competition in progress
Pre-letting status	Currently being marketed	100%	Interim letting	Interim letting	Interim letting	Interim letting
Investments*	CHF 73 million	CHF 35 million	CHF 116 million	CHF 57 million	CHF 58 million	CHF 200 million
Target rental income p.a.	CHF 4.0 million	CHF 1.3 million	CHF 7.0 million	CHF 2.4 million	CHF 2.3 million	CHF 11.5 million
Project execution	2022 – 2024	2022 – 2024	2023 – 2025	2024 – 2026	2025 – 2027	2026 – 2028

* incl. land

Significant potential through densification, utilisation and landbank

PROJECT PIPELINE

in CHF million



- Completed projects:** Projects completed totalling around CHF ~600 million; target rental income per annum of around CHF ~29 million
- Projects under construction:** Projects totalling around CHF ~900 million and target rental income totalling around CHF ~47 million; net yield (on cost) of around ~4.5%
- Projects in development:** Attractive development projects totalling around CHF ~540 million; target rental income of around CHF ~28 million with net yield of around ~4.1% (on cost)
- Pipeline:** High densification potential and utilisation reserves within the existing portfolio and ongoing «refreshing» of landbank (Saarstahl, Dreispitz etc.) through acquisitions

* completed projects from 2019 to 2021: JED modification, YOND, Schönburg, West-Log and Espace Tourbillon (Building B)

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**WE CREATE
LIVING SPACES**

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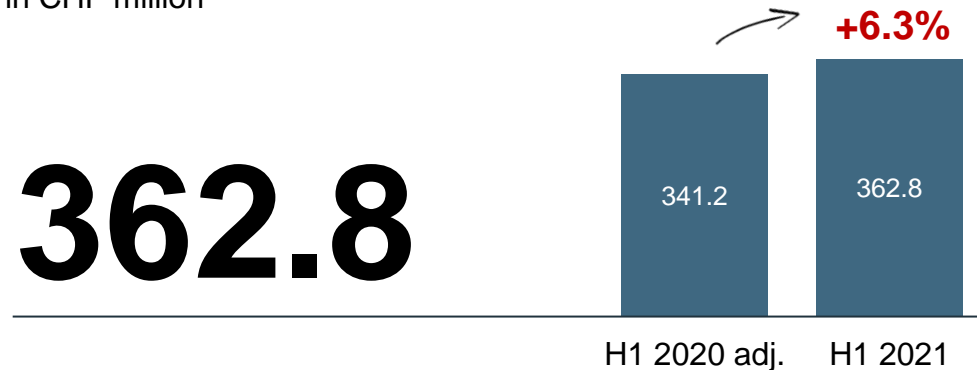
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Key figures first half-year 2021 on comparable basis

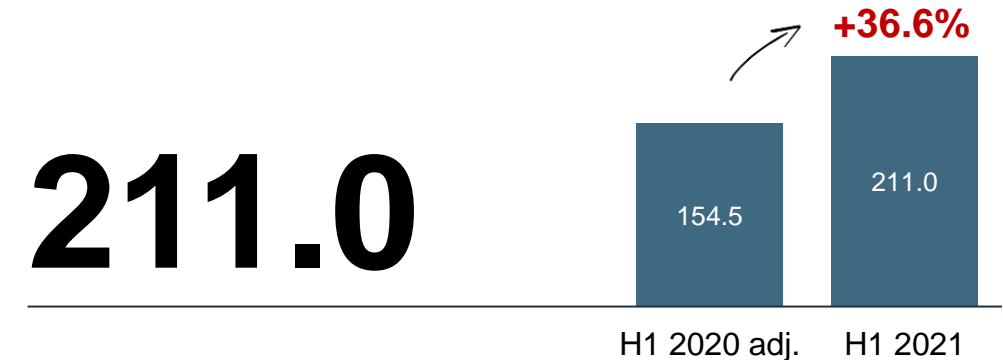
OPERATING INCOME

in CHF million



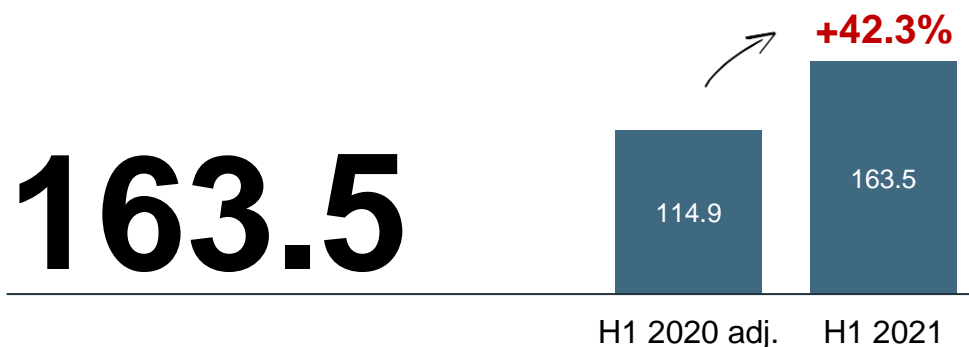
EBIT (EXCLUDING REVALUATIONS)

in CHF million



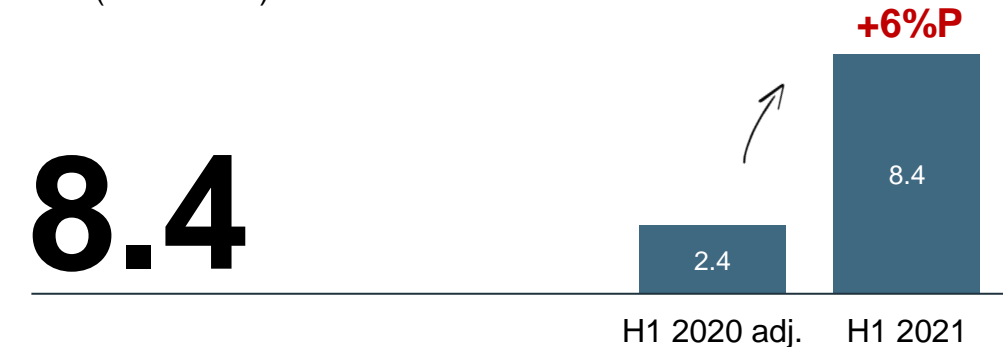
PROFIT (EXCLUDING REVALUATIONS AND ALL DEFERRED TAXES)

in CHF million



ROE

in % (annualised)



Four main influencing factors



COVID-19

Pandemic impacted operational business activities at Jelmoli and expenses in the other group companies

Tenant enquiries ~250
Rent waivers CHF -3.1 million
Turnover rents CHF -2.4 million



RENTAL INCOME

Increase in rental income (excluding Tertianum Jan/Feb 2020); positive contribution due to active vacancy reduction of 0.4 percentage points

Excluding Tertianum +2.2%
Like-for-like (excl. Covid) +0.5%



ASSET MANAGEMENT

Strong performance in asset management for third parties by Swiss Prime Site Solutions

Income +56%
EBIT +85%



RETAIL

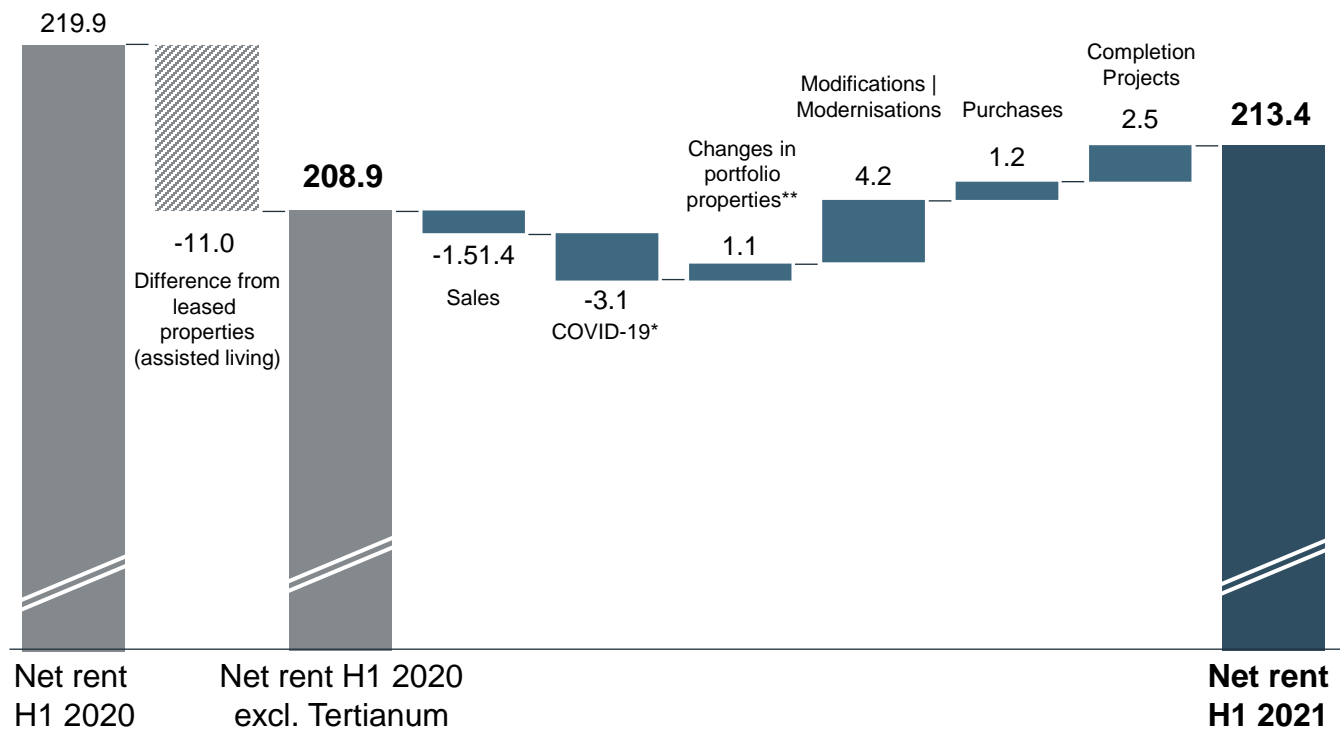
Increase in income at Jelmoli despite second lockdown; positive trends in the new locations at the airport and online

Income +5.3%
Further improvements expected by the end of 2021

Like-for-like increase in rental income of 0.5%

CHANGE IN GROUP NET RENTAL INCOME

in CHF million



- Adjusted for Tertianum (January / February 2020) increase in rental income of 2.2% or CHF 4.5 million
- Driven by completion of significant projects and reduction in vacancies of 0.4 percentage points compared to end of 2020
- COVID-19 impact of CHF -3.1 million from rent waivers
- Like-for-like rental increase excl. COVID-19 impact of +0.5%

* previous year 0.7 Mio. rent waivers already agreed | ** basis is the Real Estate segment

Jump in profit on a like-for-like basis of around 42%

INCOME STATEMENT SWISS PRIME SITE GROUP

in CHF million

	H1 2020	H1 2020 (excl. Tertianum)	H1 2021
Operating income	425.2	341.2	362.8
Revaluation of investment properties	-47.3	-47.3	144.5
Result from investments in associates	0.5	0.5	0.5
Profit from sale of investment properties (net)	5.7	5.7	36.0
<i>Income from property developments (net)*</i>	8.1	8.1	9.3
Profit from sale of participations	204.2	0.0	0.0
Operating expenses	-274.5	-192.8	-188.3
EBIT	313.6	107.2	355.6
Financial expenses (net)	-30.5	-29.7	-23.6
Income taxes	-13.5	-13.0	-74.9
Profit	269.7	64.4	257.1
Profit excluding revaluations / deferred taxes	320.0	114.9	163.5

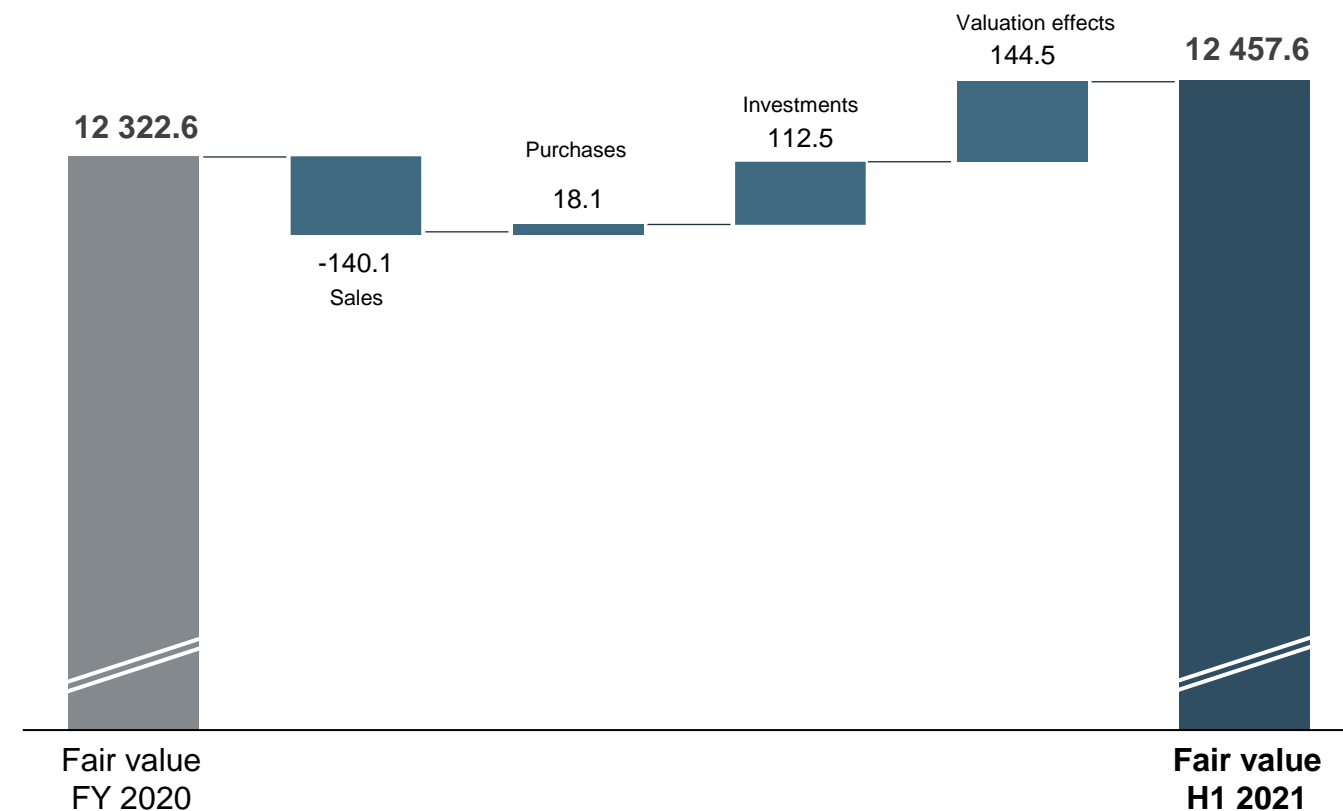
* pro-rata profit from partial sale of Espace Tourbillon and Weltpost Park based on PoC method

- Revaluations of CHF 144.5 million, mostly from office premises in central locations
- Income from property developments and profit from sale of existing properties totalling CHF 45.3 million (pre-tax)
- Proceeds from Tertianum sale of CHF 204.2 million in H1 2020
- Drop in operating expenses due to lower personnel costs after Tertianum sale
- Lower financing costs following attractive refinancing (including Green Bond totalling CHF 300 million)
- Rise in income taxes to CHF -74.9 million due to high revaluations and profit from sales
- Jump in profit on a like-for-like basis (excl. Tertianum effect, revaluations and deferred taxes) of CHF 114.9 million to CHF 163.5 million or around 42%

Growth in property portfolio due to prime locations

PROPERTY PORTFOLIO GROWTH (FAIR VALUE)

in CHF million

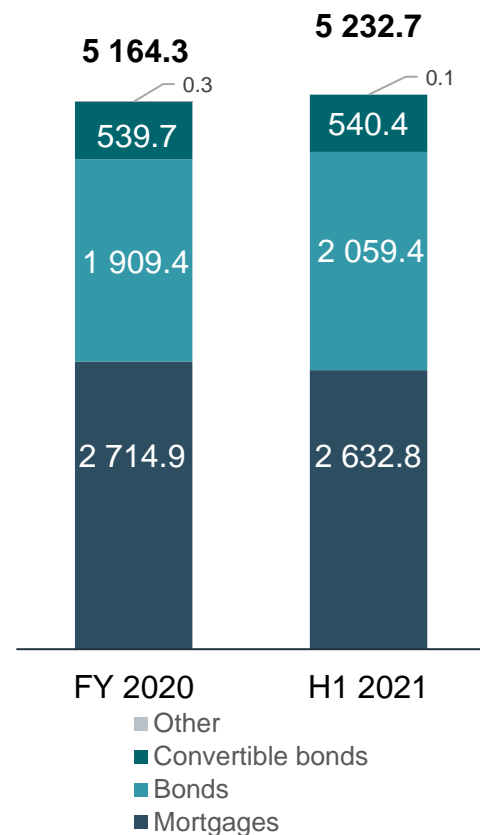


- Total 184 properties (end of 2020: 185) with a total value of CHF 12.5 billion
- Effective capital recycling with a balance of sales and investments / purchases
- Revaluations of CHF 144.5 million or 1.2% of the portfolio value compared to the end of 2020
- Consistent attractive net yield of 3.2% for prime investment properties
- Significant improvement in vacancy rate to 4.7% compared to 5.4% in H1 2020, 5.1% at the end of 2020

Extension of duration with lower interest charges and stable LTV

FINANCING STRUCTURE

in CHF million



FINANCIAL LIABILITIES

	FY 2020	H1 2021
Avg. interest rate (in %)	1.1	0.9
Avg. residual term to maturity (in years)	4.8	5.1
Loan-to-value (in %)	41.9	42.0

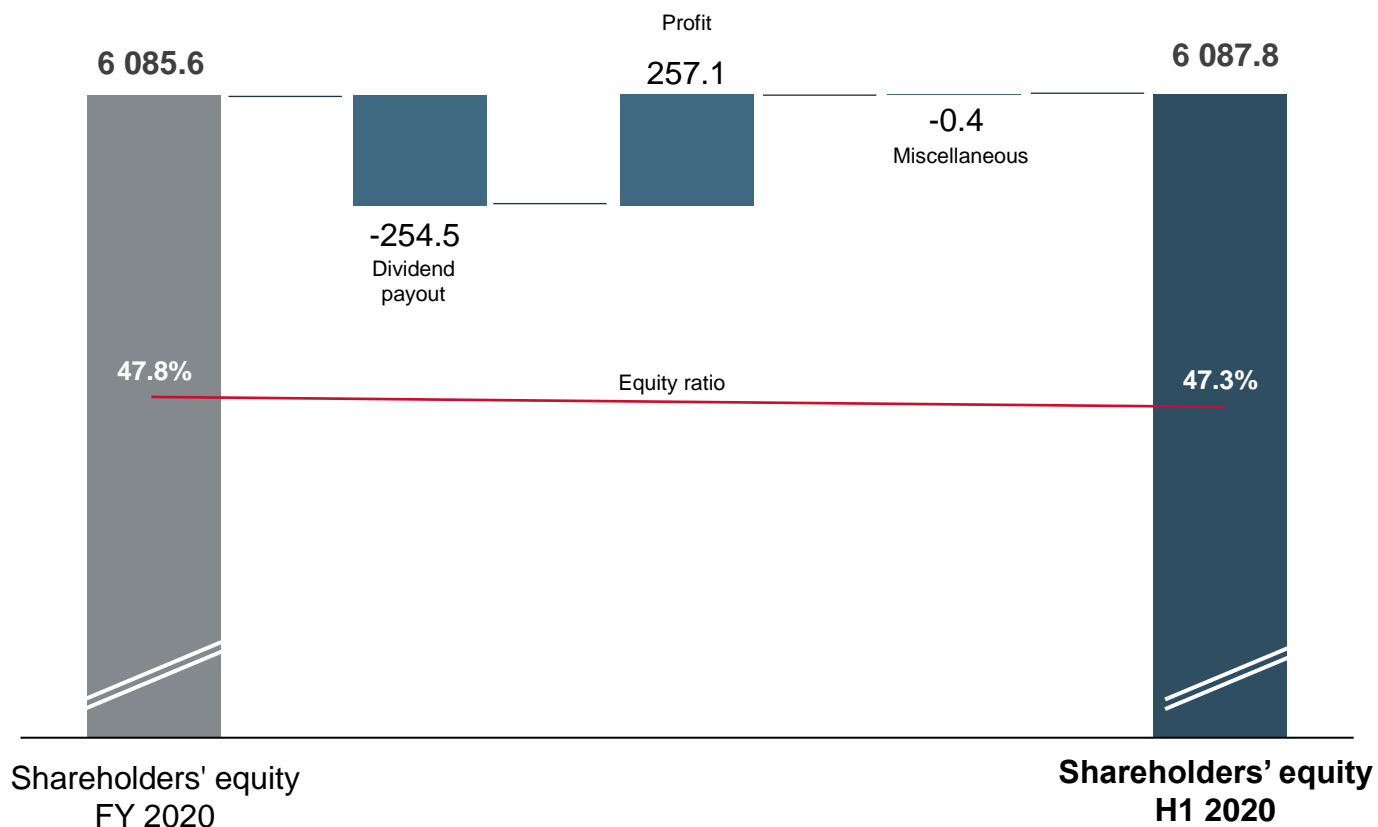
in CHF million	FY 2020	H1 2021
Current	1 333.8	871.8
Non-current	3 830.5	4 360.9
Total	5 164.3	5 232.7

- Bond redemption of CHF 300 million due on 16 April 2021 (coupon: 1.75%)
- Issue of a CHF 300 million Green Bond with a coupon of 0.375%; sustainable bonds totalling CHF 600 million issued
- Two existing bonds increased by a total of CHF 150 million.
- Low interest rate on borrowed capital of 0.9% with a longer residual term to maturity of 5.1 years

Stable equity ratio and strong ROE of 8.4%

CHANGE IN SHAREHOLDERS' EQUITY

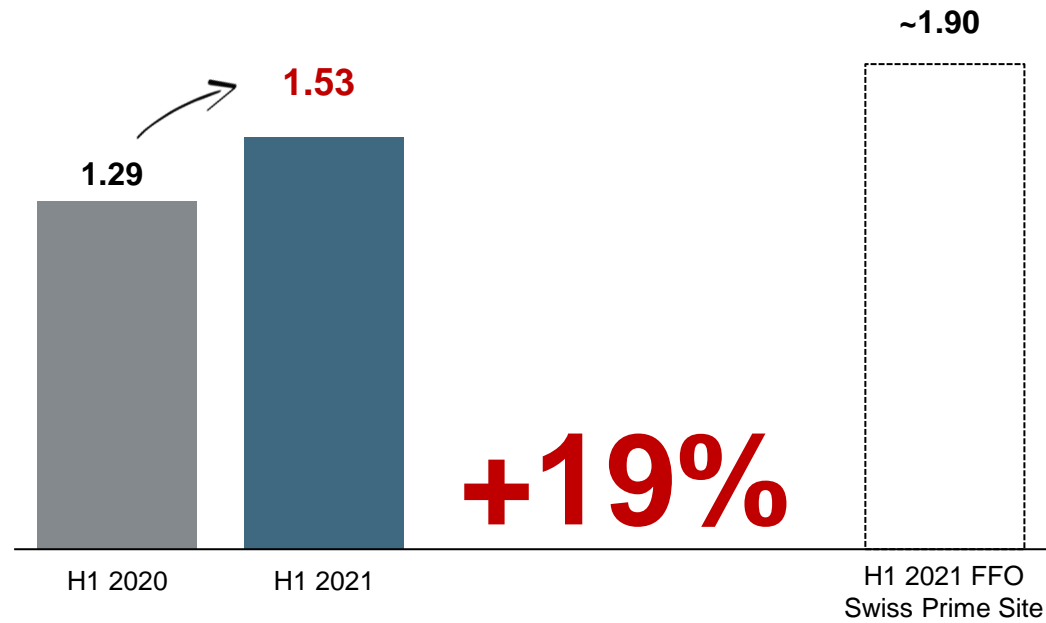
in CHF million



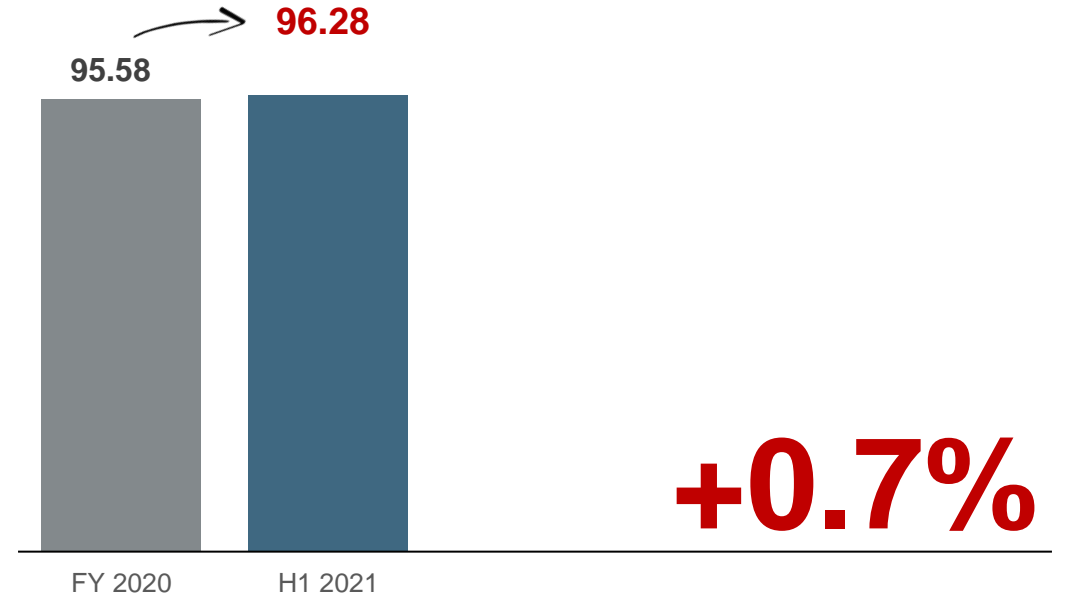
- Slight increase in equity despite dividend payout of CHF 3.35 per share in March 2021 (total CHF 254.5 million)
- Equity ratio of 47.3% (target: $\geq 45\%$) consistent [47.8% as at end of 2020]
- ROE of 8.4% (target: 6 – 8%) above Swiss Prime Site's long-term objectives

Increase in results also on EPRA basis

ADJUSTED EPRA EPS in CHF



EPRA NTA (NET TANGIBLE ASSETS) in CHF per share



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Guidance Swiss Prime Site 2021 confirmed



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 Tertianum 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 at end of August 2021)

Level

Targets



Rental income



Increase of the rental income (on a like-for-like basis)



Vacancy rate



Reduction of the vacancy rate to below 5%



Dividends



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

Wrap up: H1 as excellent basis for full year 2021



**FURTHER GROWTH OF
REAL ESTATE ASSETS
UNDER MANAGEMENT**



**STABLE DEVELOPMENT
OF VACANCIES**



**OPTIMISATION OF
FINANCING**



**FURTHER POSITIVE
REVALUATIONS**



**MODERATE
COVID-19 IMPACT**



POSITIVE OUTLOOK



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**WE CREATE
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SWISS PRIME SITE

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Company calender

Results 2021 17 February 2022

AGM 23 March 2022

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