

SWISS PRIME SITE

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



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

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

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Business update

René Zahnd

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Project pipeline overview

Peter Lehmann

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Projects on the site visit

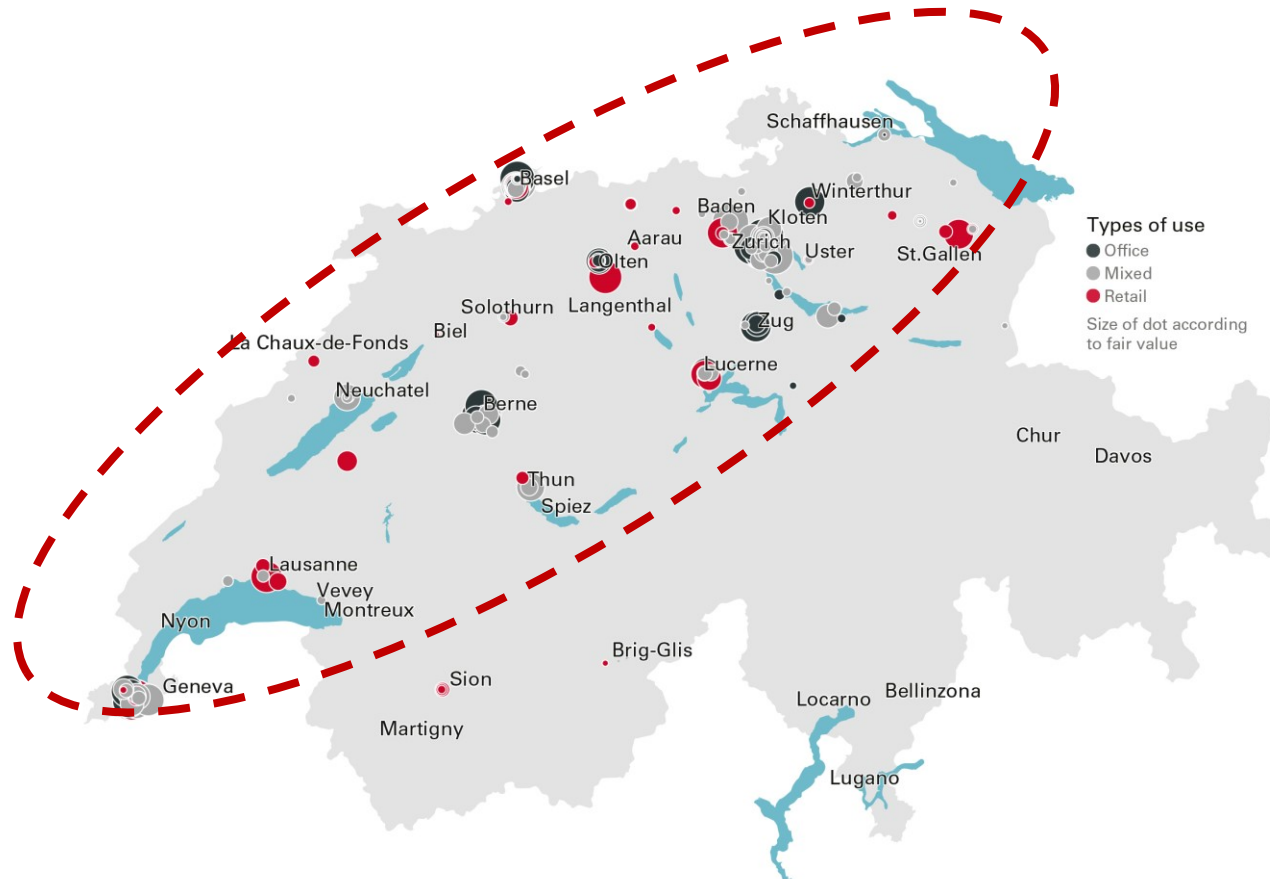
Peter Lehmann

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Guidance and summary

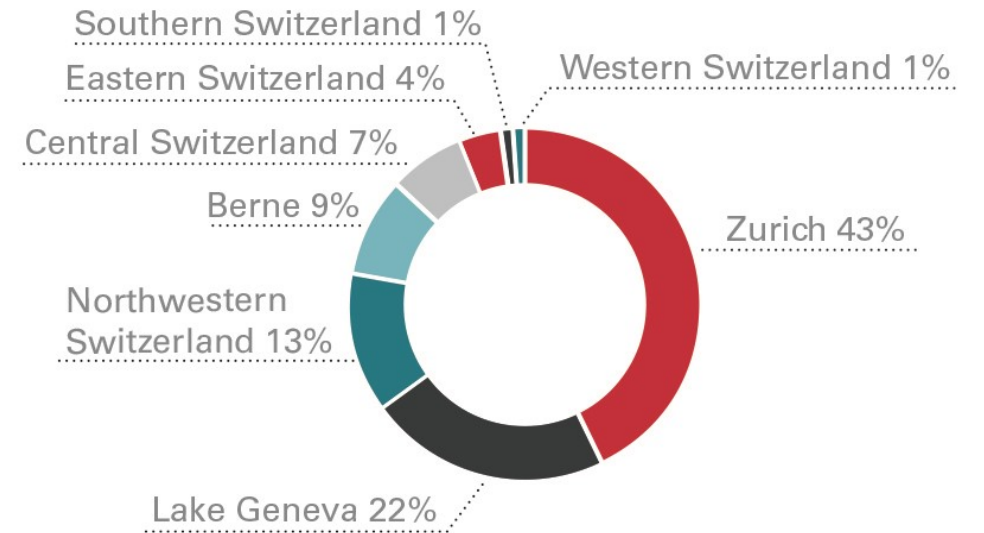
René Zahnd

Balanced portfolio throughout attractive regions of Switzerland



Portfolio split by region

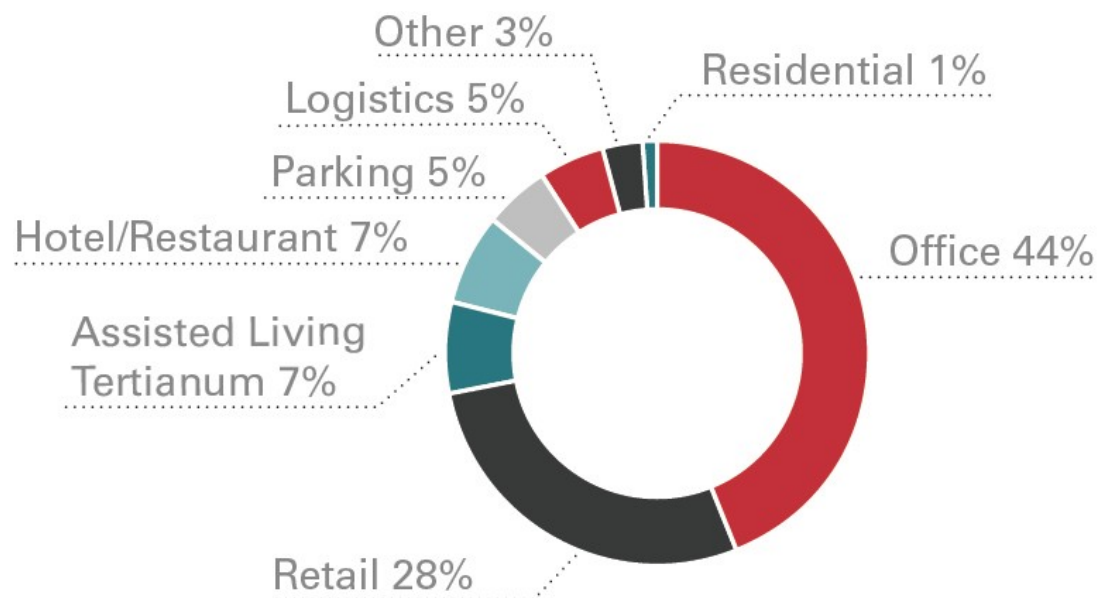
Basis: fair value as at 30 June 2019



Office (>40%) with highest share within portfolio

Portfolio split by type of use

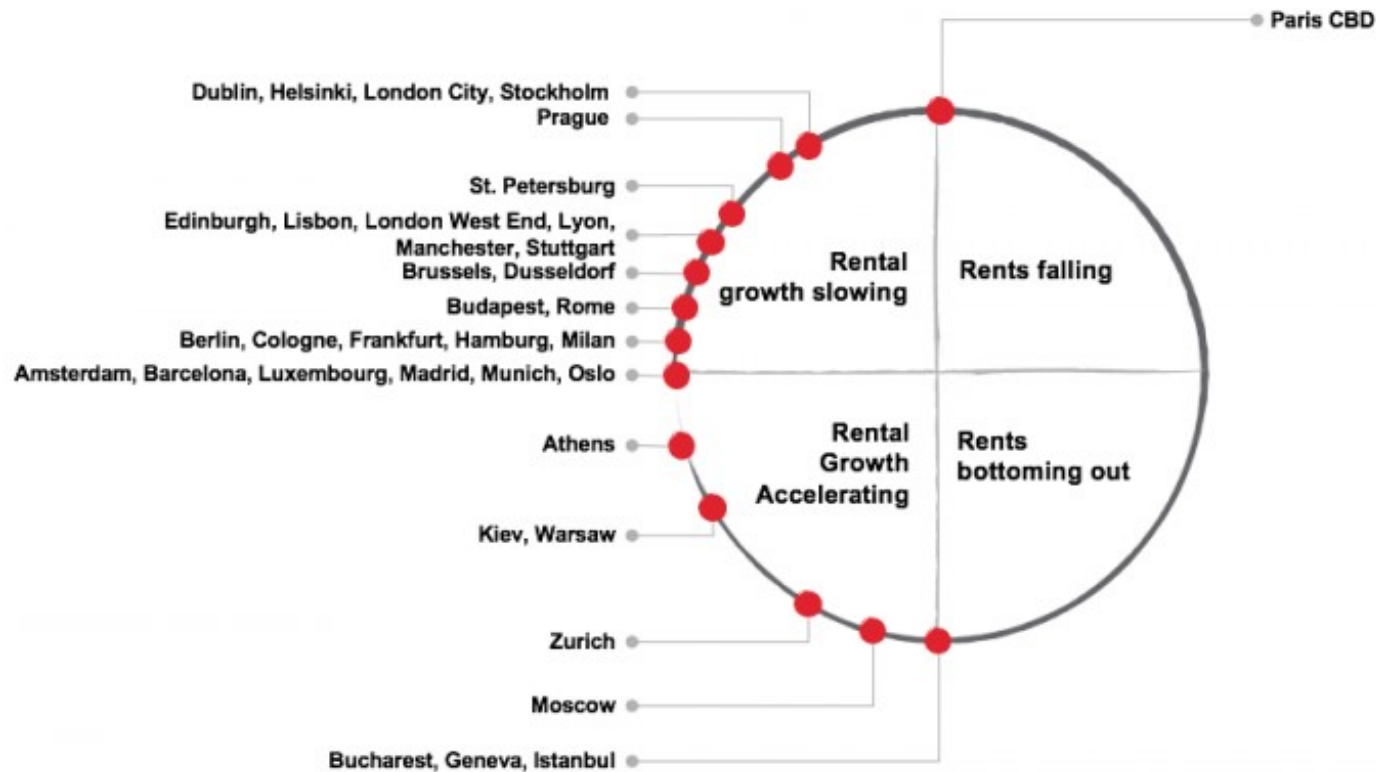
Basis: net rental income as at 30 June 2019



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

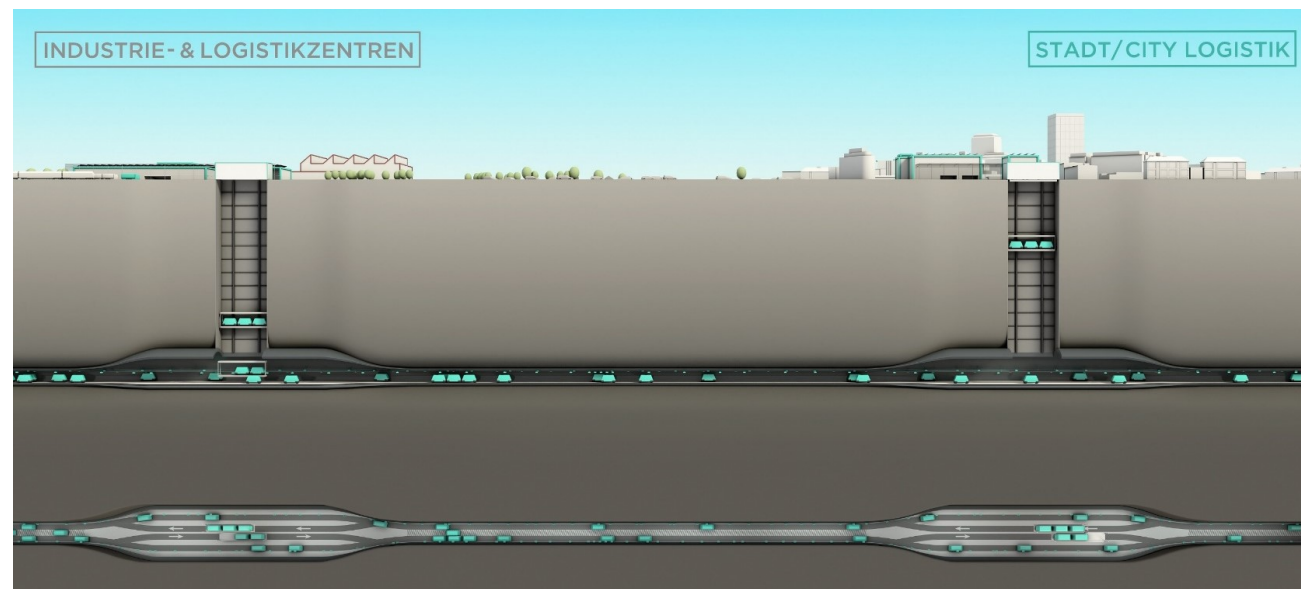
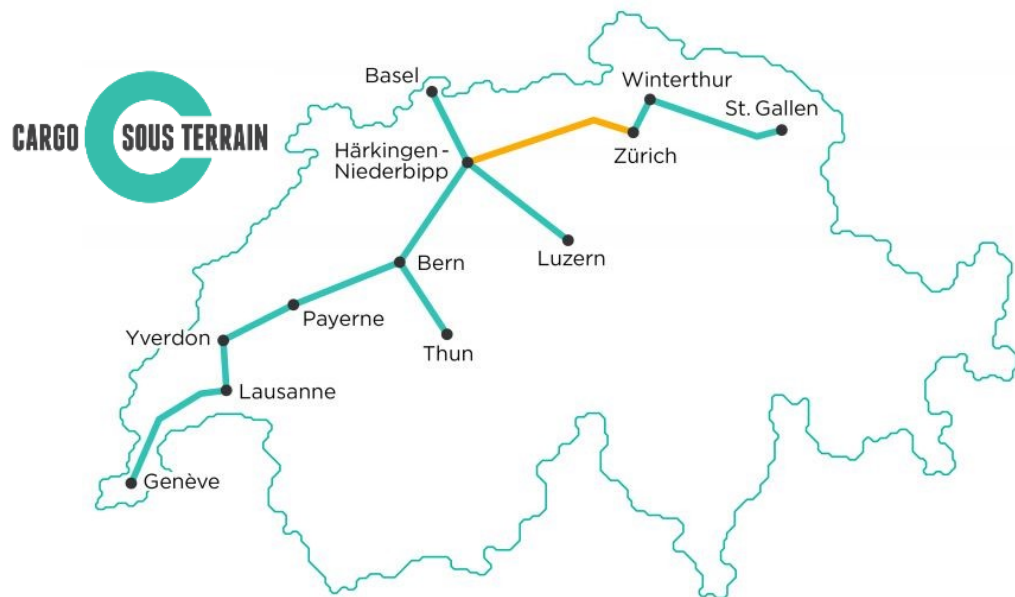


Zurich office market highlights

- Healthy absorption especially in Zurich CBD with expectation of rising prime rents
- Office supply in the Zurich region has fallen below 300 000 m² 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



5th 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

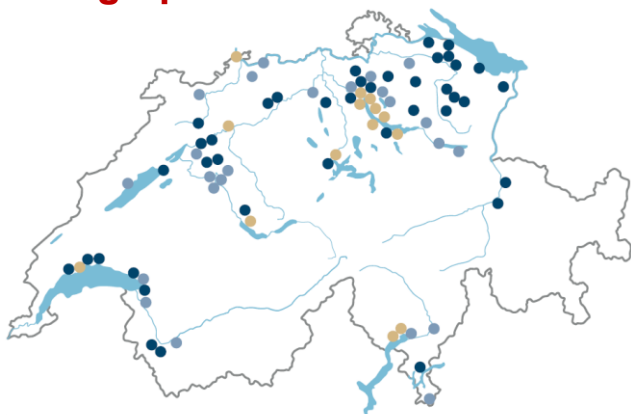
- Purchased in October 2018 from a Credit Suisse property fund as part of the Sihlcity swap deal
- Prime CBD location close to main station Zurich (outstanding public transport connections incl. tram and suburban trains) with a floor space of 13 692 m²
- Building currently fully let until 2021 (no extension 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

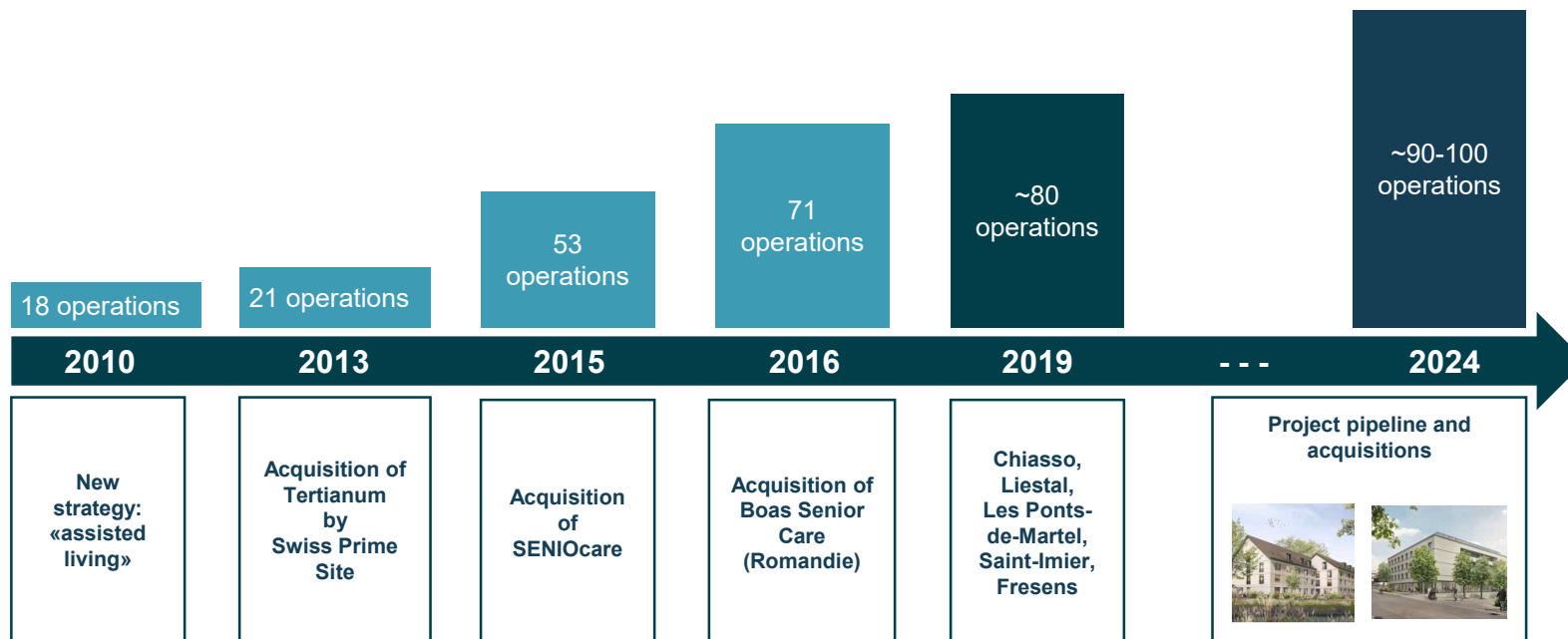


● Residenz | Résidences | Residenza
● Wohn- und Pflegezentren (ohne Wohnungen) | Résidences des soins (sans appartements) | Centri abitativi e di cura (senza appartamenti)
● Wohn- und Pflegezentren (mit Wohnungen) | Résidences des soins (avec des appartements) | Centri abitativi e di cura (con appartamenti)

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 m²) at the Zurich airport on the way (opening in May/September 2020)

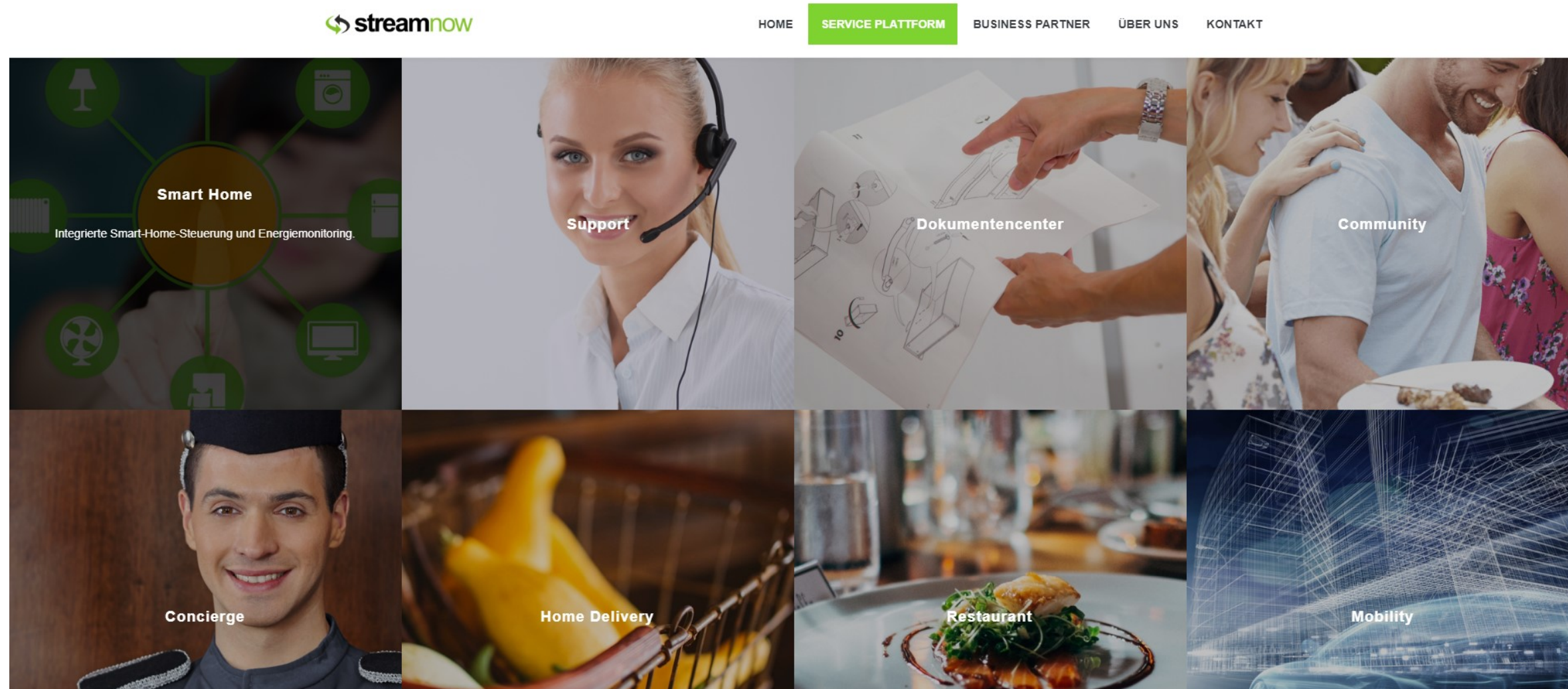
Jelmoli (2|2): Pallas aesthetics clinic



Highlights

- Project created the largest aesthetics flagship clinic for Pallas Kliniken in the 4th 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 m² (former back office for Jelmoli)

Wincasa: Expansion of platform «streamnow» within the portfolio



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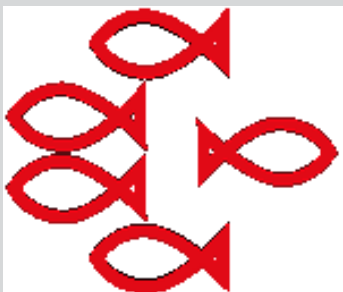
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Guidance and summary

René Zahnd

Convincing reasons for project development



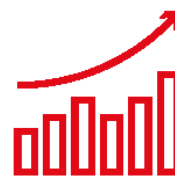
INDEPENDENCE

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

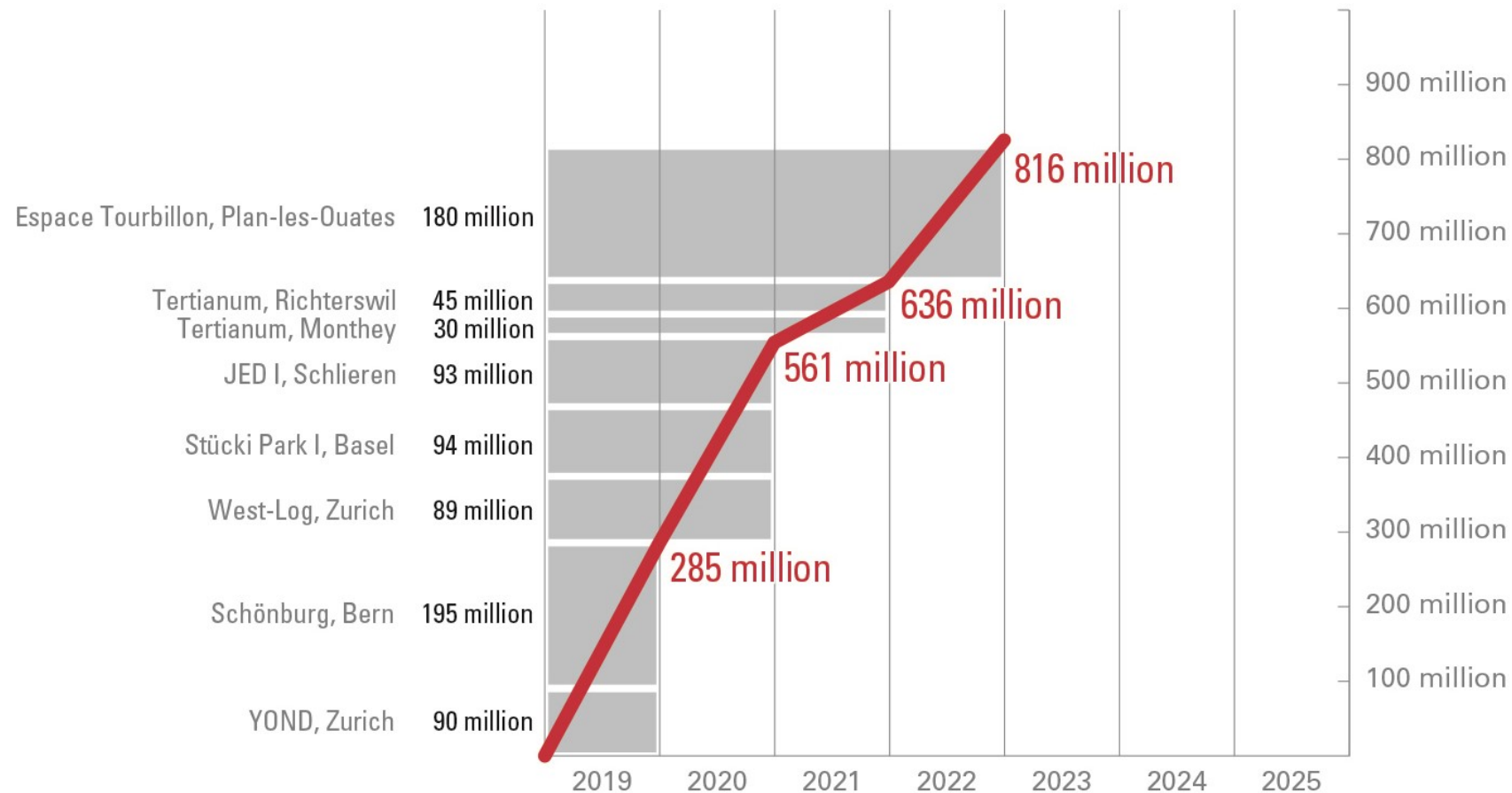


SUSTAINABILITY

Active influence on sustainability issues

CHF ~800 million and eight building sites

Values in CHF



Pipeline: CHF 2 billion

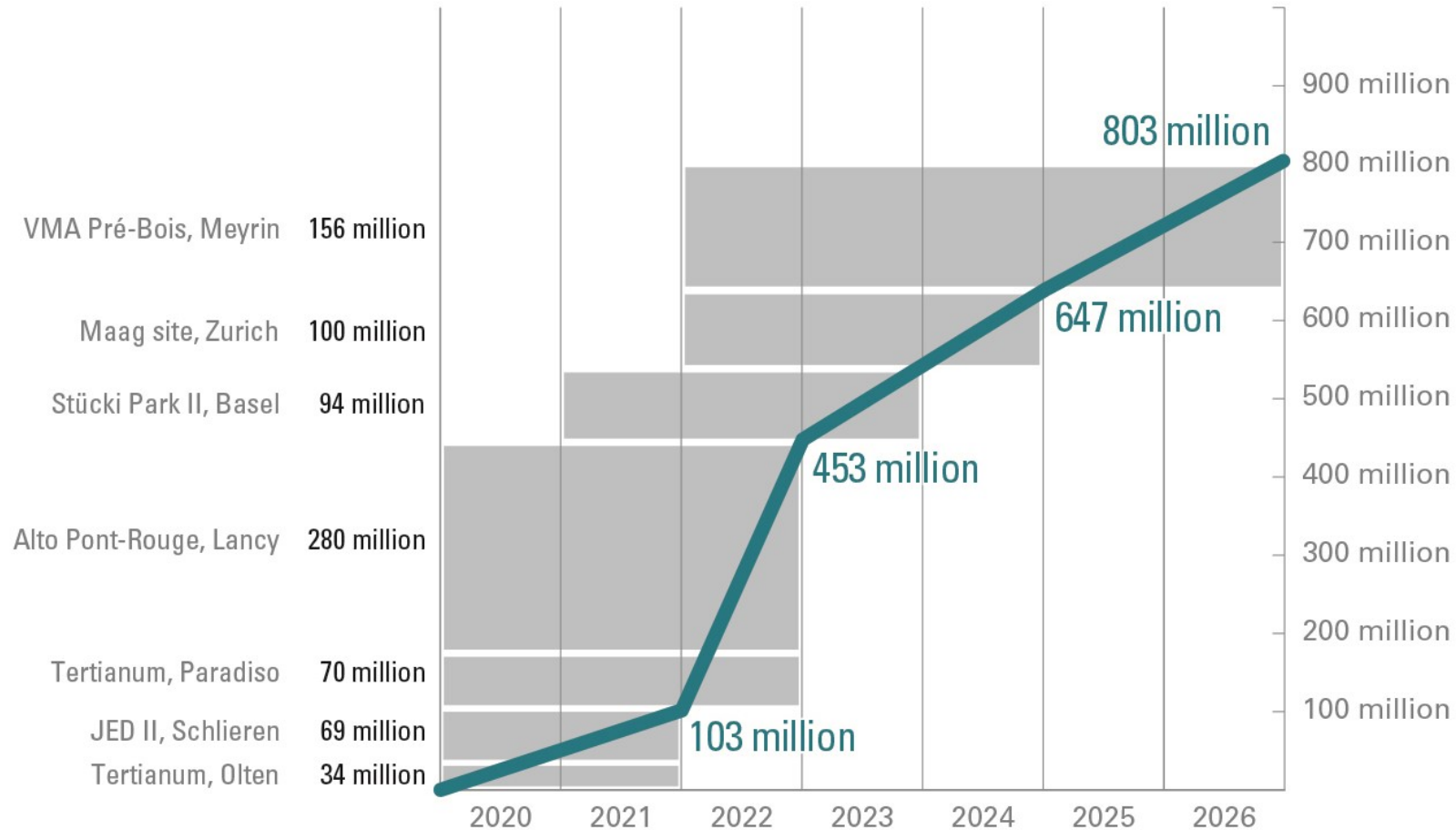
Under construction:
CHF ~800 million

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	 <p data-bbox="563 586 690 644">Tertianum Paradiso</p>	 <p data-bbox="843 586 970 644">Tertianum Olten</p>	 <p data-bbox="1123 586 1327 644">Alto Pont-Rouge Lancy</p>	 <p data-bbox="1403 586 1505 644">JED II Schlieren</p>	 <p data-bbox="1684 586 1837 644">Stücki Park II Basel</p>	 <p data-bbox="1964 586 2066 644">Maag site Zurich</p>	 <p data-bbox="2244 586 2397 644">VMA Pré-Bois Meyrin</p>
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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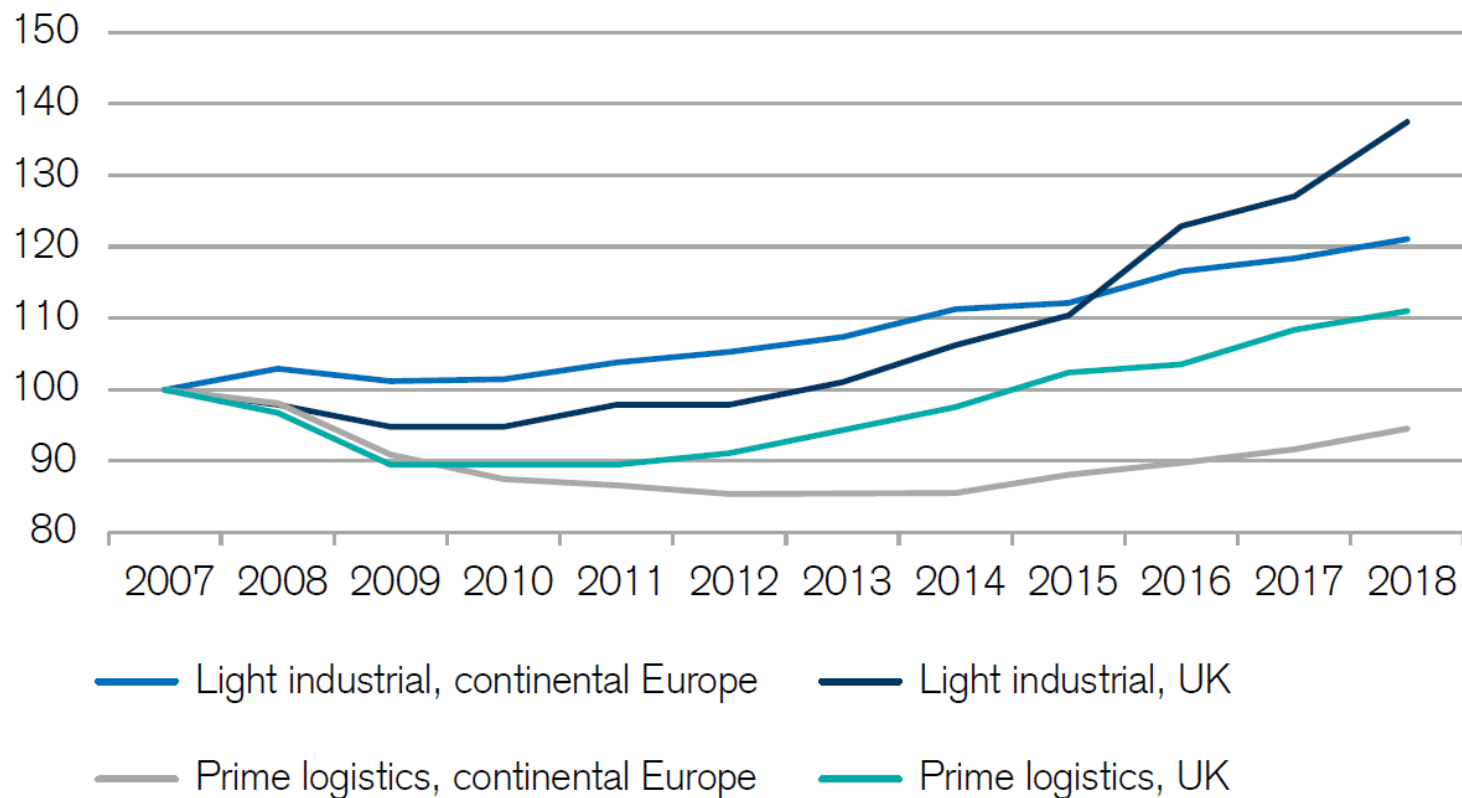
Guidance and summary

René Zahnd

Potential for real estate companies in urban logistics market

Trend in rental prices for logistics properties

Index December 2007 = 100



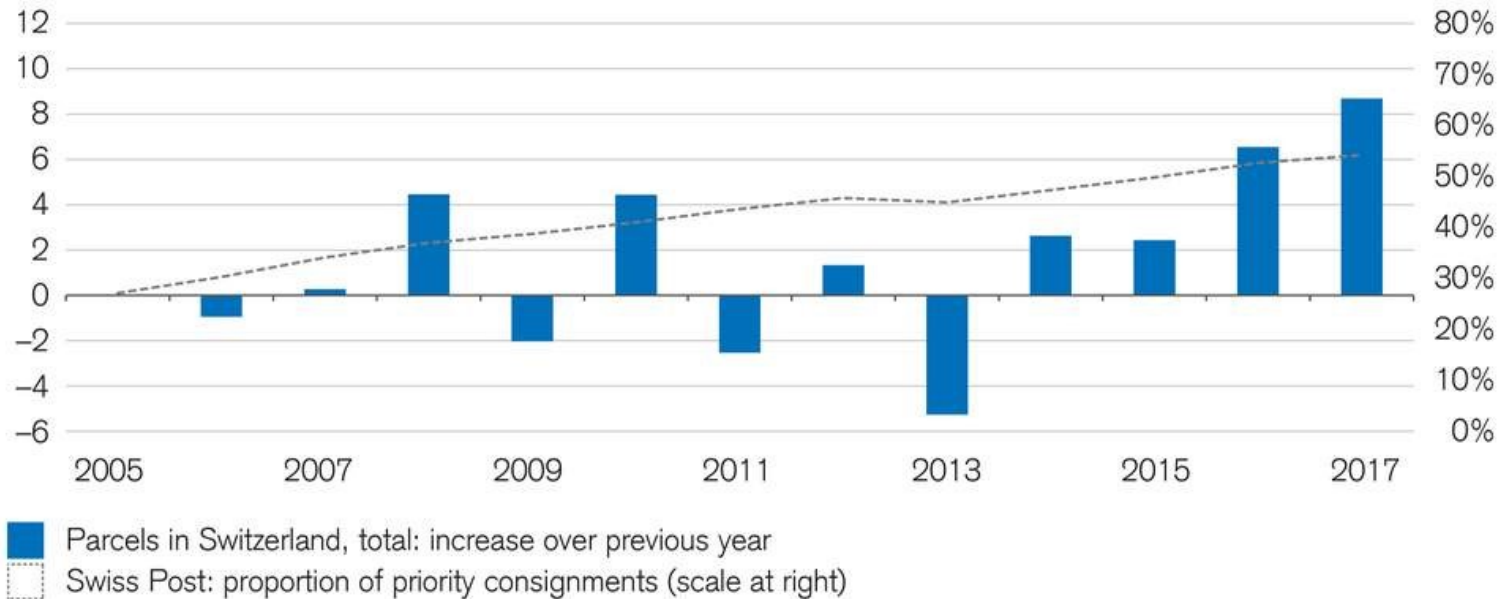
Facts and comments

- 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

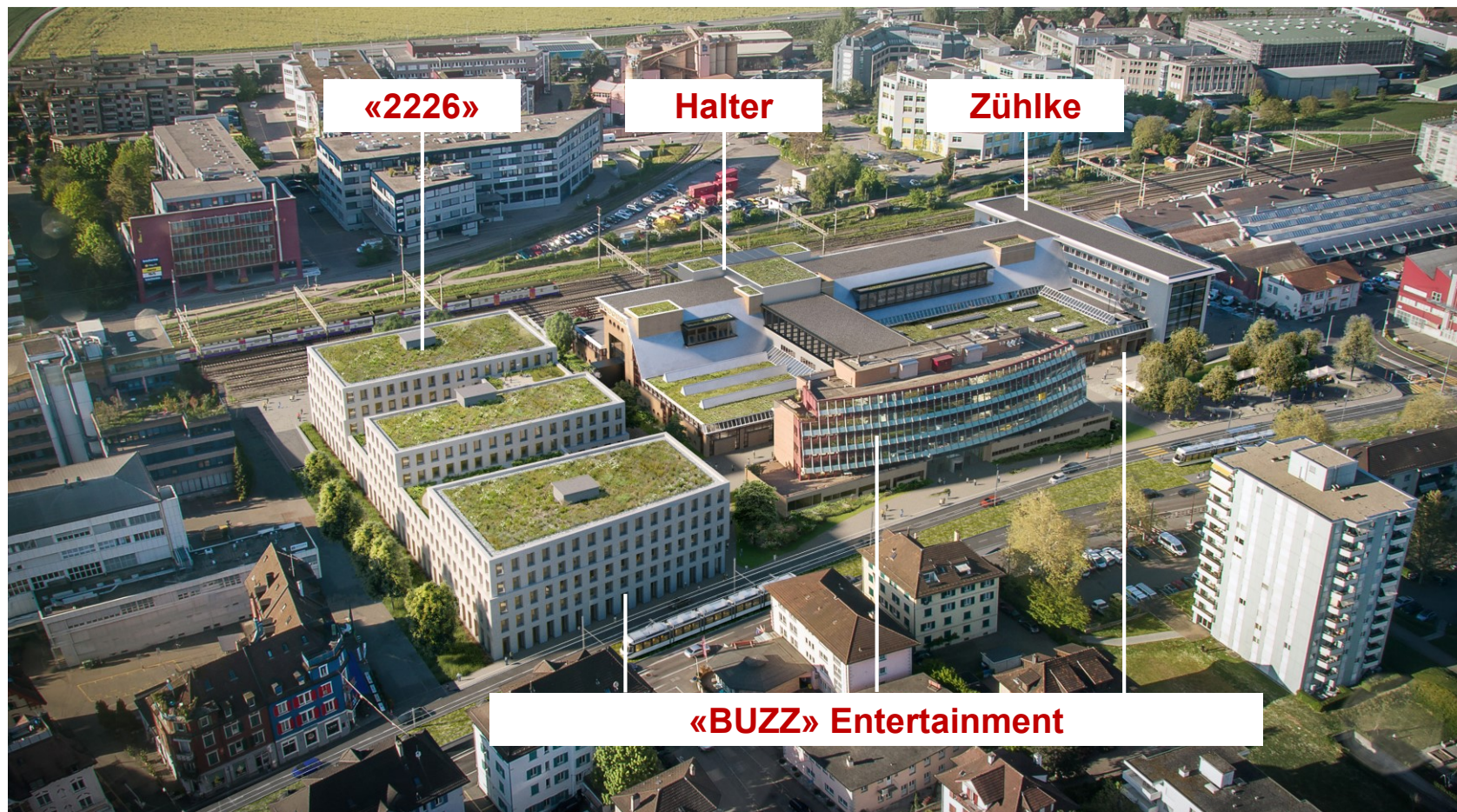


Highlights

- **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»



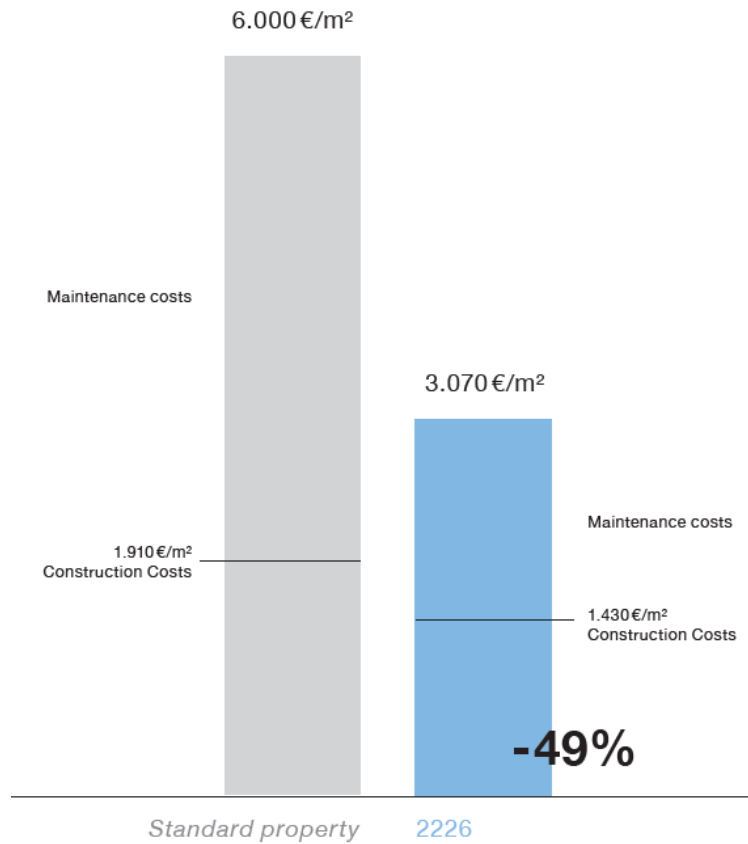
Highlights

- **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)

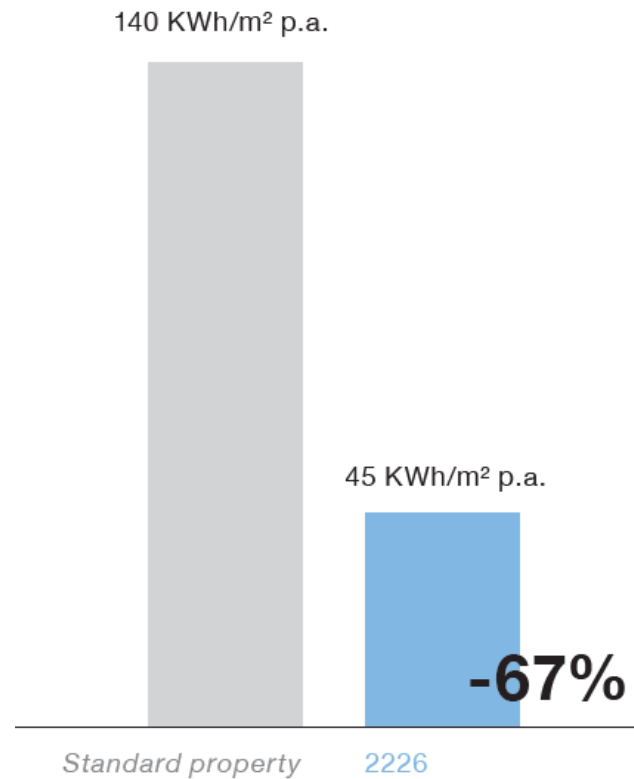
* incl. land

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

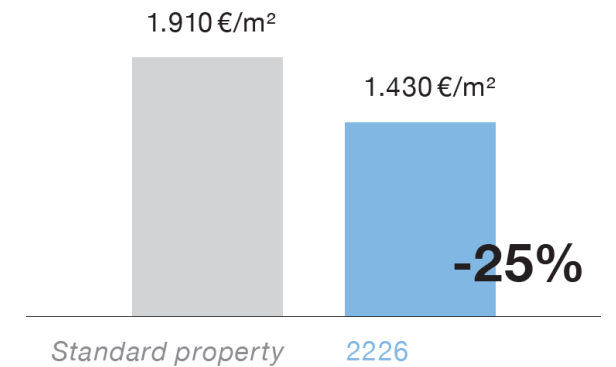
Life Cycle Costs (LCC)



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, Vebege) 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



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



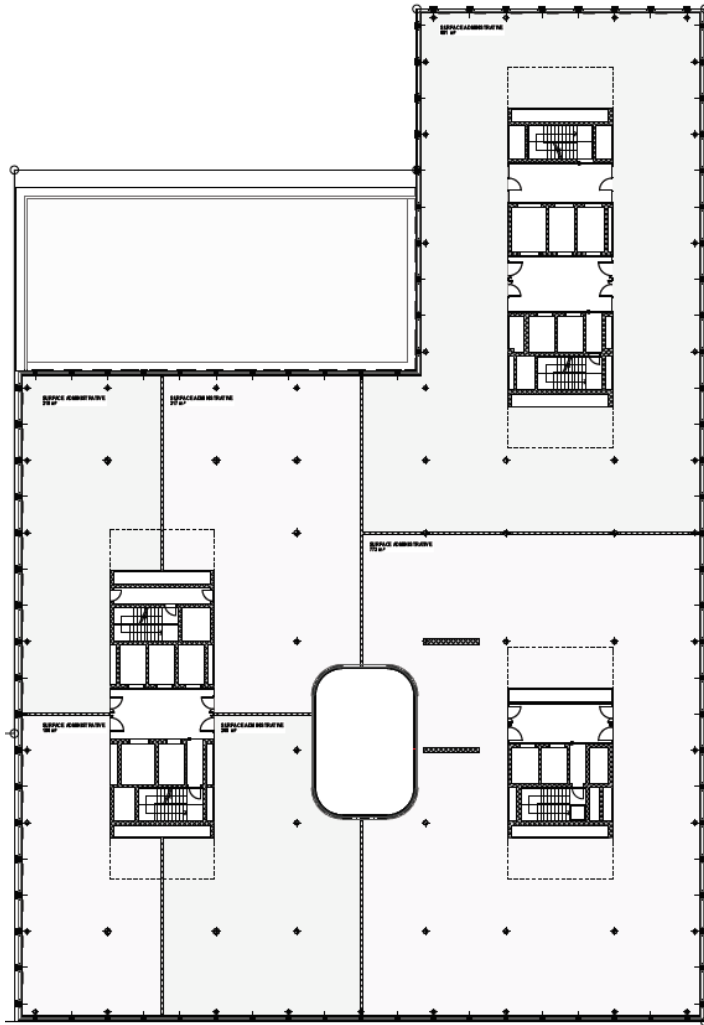
Highlights

- **Project:** Modern office building with ~35 000 m² 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)

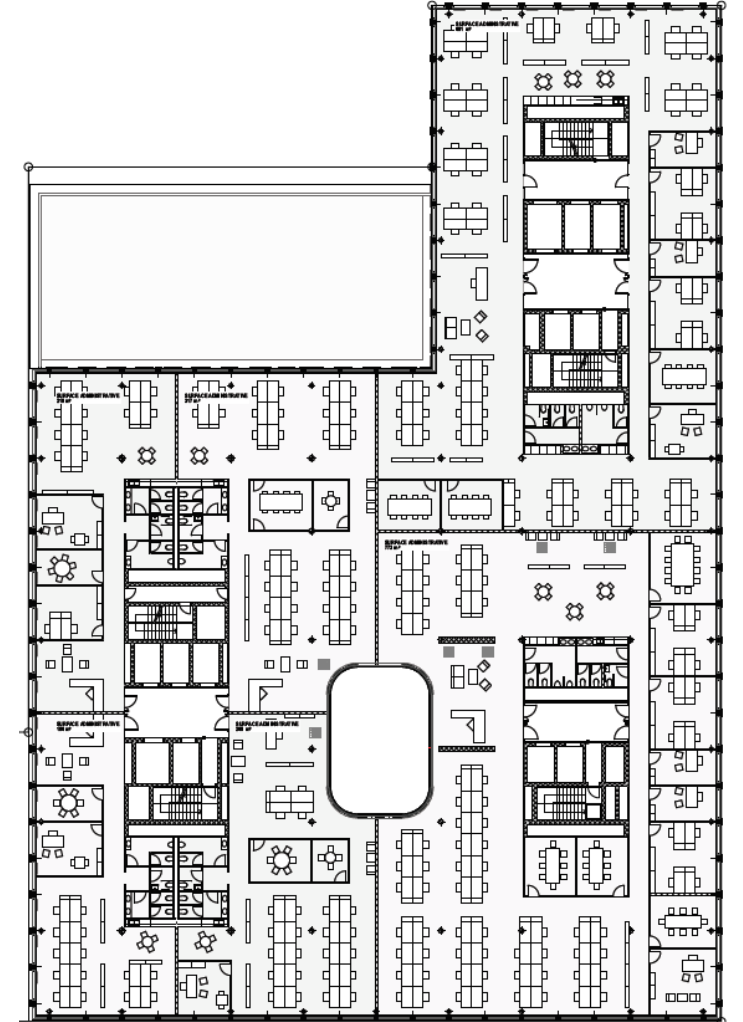
* incl. land

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

Basic pattern



Possible use



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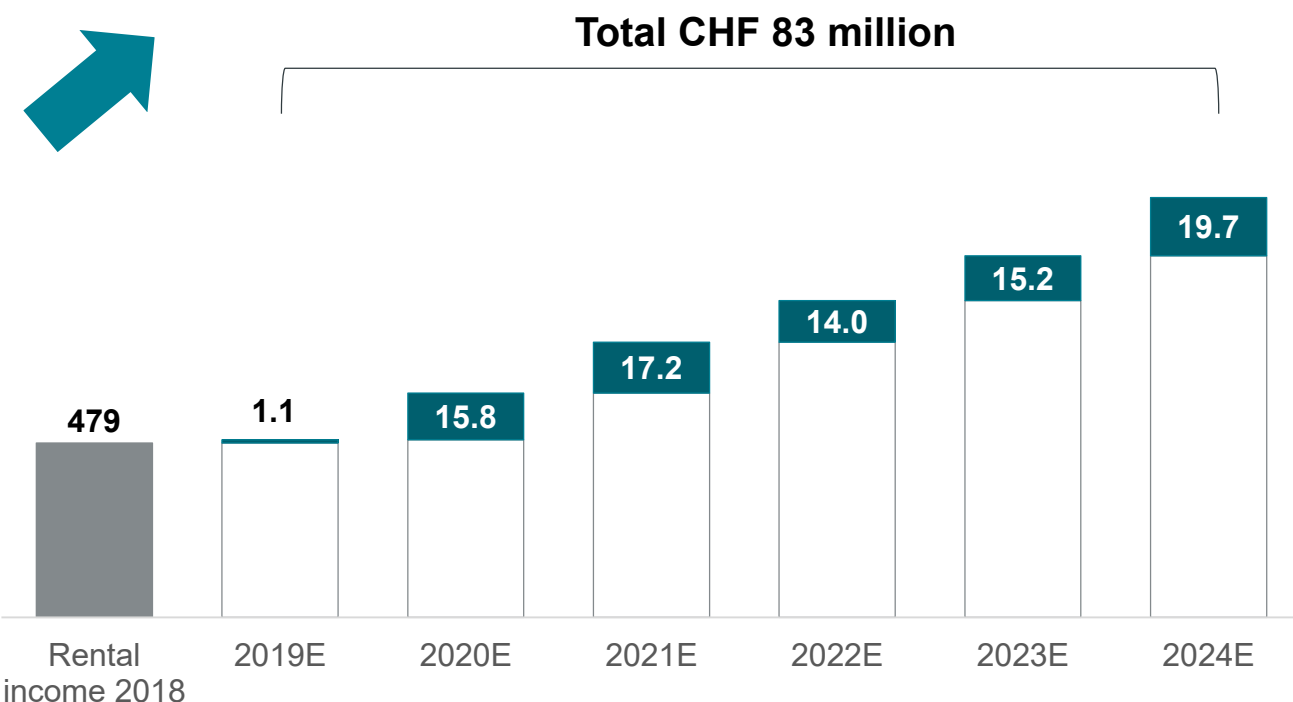
Guidance and summary

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

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Company calendar

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

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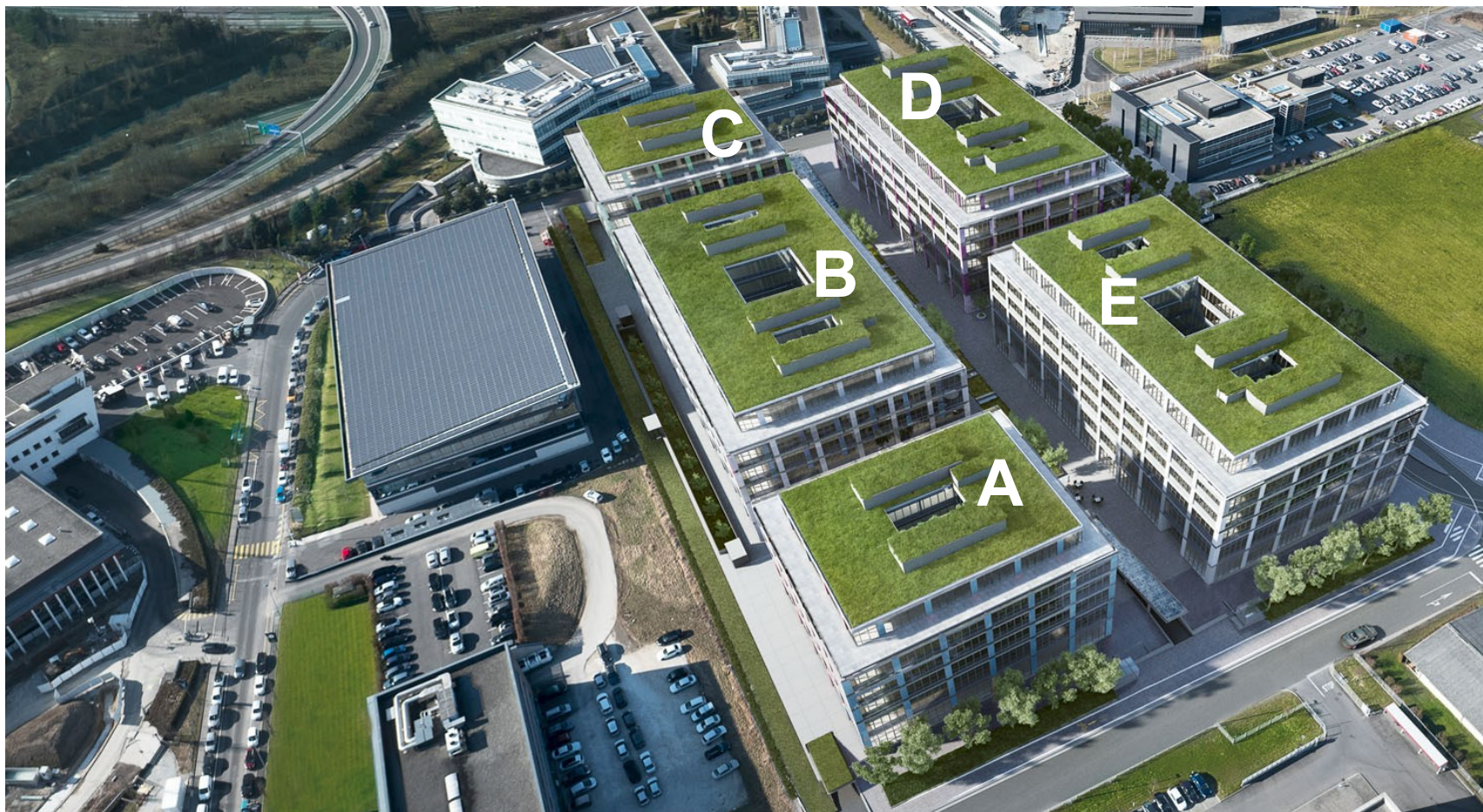
Swiss Prime Site AG
Rue du Rhône 54
CH-1204 Geneva

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APPENDIX

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



Highlights

- **Project:** Multifunctional industrial and commercial park with efficient logistics, total 95 000 m² 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



* incl. land

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)

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



* incl. land

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)

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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