

SWISS PRIME SITE

PRESS RELEASE

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Capital Markets Day: Attractive targets

- **Real Estate: development of the pipeline, optimised portfolio and reduced vacancies**
- **Services: increase in assets under management and profitability**
- **Payout ratio remains attractive with adjusted dividend**
- **Renewal process in the Board of Directors will continue**

The Real Estate and Services segments performed well in the third quarter of 2020 despite the continued adverse impact of the coronavirus pandemic on the Swiss economy. The real estate portfolio grew by some CHF 100 million to CHF 12.0 billion. The «rent collection» indicator, which is important in the current environment, rose from 92% in the second quarter to 97% in the third quarter. By mid-October, 85% of the 520 tenant requests had been resolved by mutual agreement. With these positive signals, management assumes that the expected impact of the coronavirus pandemic on rental income will now amount to a maximum of CHF 15 million, down from the previous assumption of CHF 20 million. Results in the Services segment are likewise encouraging. The group company Swiss Prime Site Solutions in particular, began the second half of 2020 with an increase in assets under management and the launch of a new and promising product.

Real Estate: development of the pipeline, optimised portfolio and reduced vacancies

In the Real Estate segment, Swiss Prime Site is pursuing the medium-term goal of keeping the portfolio of prime, value-retaining and attractive properties stable at around CHF 12 billion over the next few years. The pipeline, which comprises a dozen projects and property developments in total of CHF ~1.4 billion, will therefore be further developed. In addition, new projects that can be implemented on land reserves or through densification are also being added to the development process. Opportunistic divestments of existing properties and projects are also part of the strategy. Revenues from such divestments will be used to strengthen the balance sheet and self-finance the project pipeline. This strategic orientation will lead to a significant change in the portfolio in terms of types of use and in particular to a decrease in the share of retail space. Through active vacancy management, the company expects to be able to reduce the vacancy rate back down to the 4 – 5% range over the next 12 months.

Services: increase in assets under management and profitability

Significant growth is forecast in the Services segment. The medium-term goal for 2025 is to achieve considerable growth in the low-capital-intensive asset management business for third-party customers of Swiss Prime Site Solutions. The announcement of the «Living+ Europe» investment group for the client Swiss Prime Investment Foundation is the first step towards an expanded product range, with the target of CHF ~7 billion in assets under management and a strong increase in the EBIT contribution of CHF ~30 million. Together with a stable EBIT of above CHF ~20 million from Wincasa and the targeted break-even operating result at Jelmoli, the segment will contribute a significant operating result (EBIT) of CHF ~50 million to the group in 2025.

Sustainability a key component of the corporate strategy

Sustainability is an integral component of Swiss Prime Site's corporate strategy and business operations. The «Sustainability Board», including members of the Board of Directors, was thus established in 2019. The targets set forth by the United Nations, the Paris Agreement and the Federal Government's Energy Strategy 2050 form the basis for defining and reviewing the company's long-term strategic orientation. Overall, the company will monitor scientific, social and

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environmental developments across all business fields, conduct in-depth analysis of trends, define topics for focussed action and apply standards and benchmarks. This knowledge will be applied to existing properties and in various development projects to reduce CO₂ emissions and ultimately achieve climate neutrality latest by 2050. In addition, a «Green Bond Framework» was developed together with Credit Suisse and confirmed by ISS ESG in a second party opinion. This enables Swiss Prime Site to issue «Green Bonds» on the market in future.

Prospects and political framework

In 2020 and beyond, the office and retail market specifically, as well as the demand for personal services such as hotels and events, will play a significant role for Swiss Prime Site. Swiss Prime Site expects stable development in the office space market. The basis for this is the ongoing transition from an industrial to a service economy and the recent rejection of the limitation initiative. The impact of work from home scenarios is likely to be partially or fully compensated by the increased space requirements per employee. Despite various measures and a partial mask mandate, retail trade in Switzerland is developing better than expected. As entry requirements and other regulations are likely to remain in place or could even be tightened due to the pandemic, the hotel industry and the event market will probably remain under pressure in the short to medium term.

Payout ratio remains attractive with adjusted dividend

Swiss Prime Site expects a positive development in operating income and results (adjusted for Tertium) for the coming years to 2025. The Real Estate segment plans to make a significant contribution to those results through the development of the project pipeline (CHF 83 million rental income), reducing vacancies to <5% and optimising the portfolio. In the Services segment, Swiss Prime Site Solutions aims to compensate for the loss of Tertium's operating income over the medium term and to generate an EBIT contribution of CHF 30 million. Wincasa's objective is to return to an EBIT margin of 15% and an EBIT contribution of more than CHF 20 million following the successful transformation of its business model. Jelmoli's goal is to achieve a neutral operating result by 2023. Against the background of the COVID-19-related uncertainties (especially in the hospitality sector, i.e. hotels, gastronomy, cinema and events) and a lower earnings base following the sale of Tertium, the dividend for the 2020 financial year will be lower, while the payout ratio remains attractive. The dividend amount and the future dividend strategy of Swiss Prime Site will be communicated at the annual media conference on 25 February 2021.

Renewal process in the Board of Directors will continue

The Board of Directors continues the renewal process within the Board. Rudolf Huber, Board member since 2002, has decided not to stand for re-election at the Annual General Meeting 2021. The entire Board of Directors thanks Rudolf Huber for his long and valuable contribution.

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Swiss Prime Site

Swiss Prime Site AG is the leading listed real estate company in Switzerland. Its high-quality real estate is worth approximately CHF 12 billion and consists of properties with good value retention in prime locations, which predominantly comprise office and retail floor space. Swiss Prime Site Immobilien AG invests in high-quality buildings and land, which together with conversion and development of entire areas form the company's core business. Among the property-related group companies, Switzerland's leading premium department store Jelmoli in central Zurich and at Zurich airport has a retail floor space of around 24 000 m². This includes third-party shop-in-shop concepts and its own formats. Wincasa is the biggest and most important integral real estate service provider in Switzerland and an ideal complement to Swiss Prime Site's core business. The company's innovative services portfolio encompasses the entire property life cycle. Assets under management amount to CHF 71.2 billion. Swiss Prime Site Solutions is an asset manager focused on the property sector. The business develops tailor-made services and investment products for third-party clients and has assets under management of CHF 2.3 billion.

Swiss Prime Site is distinguished by its experienced management team, high earnings continuity and outstanding risk-return profile. The company has been listed on the SIX Swiss Exchange since 2000 and has a market capitalisation of over CHF 6 billion.

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