

SWISS PRIME SITE

**2018 ANNUAL
RESULTS**

ZURICH, 28 FEBRUARY 2019

SWISS PRIME SITE

1

Welcome

2

Highlights financial year 2018

3

Key figures financial year 2018

4

Project pipeline

5

Outlook

Welcome

Successful financial year 2018

Operating income

Up 5.1% to CHF 1 214.1 million

Profit

Up CHF 310.9 million

Property portfolio

Up 5.4% to CHF 11.2 billion

Vacancy rate

Down from 5.2% to 4.8%

Revaluations

Revaluations of CHF 67.6 million within the previous year

Annual General Meeting

Proposed dividend of CHF 3.80 per share
Nomination of Gabrielle Nater-Bass to the Board of Directors
The members of the Board of Directors are standing for re-election, except for Klaus R. Wecken,

SWISS PRIME SITE

1 Welcome

2 Highlights financial year 2018

3 Key figures financial year 2018

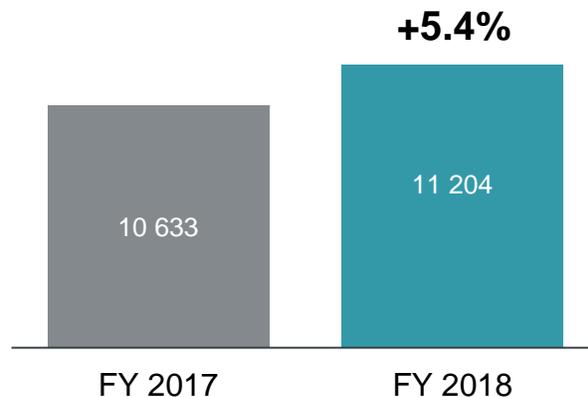
4 Project pipeline

5 Outlook

Successful financial year 2018

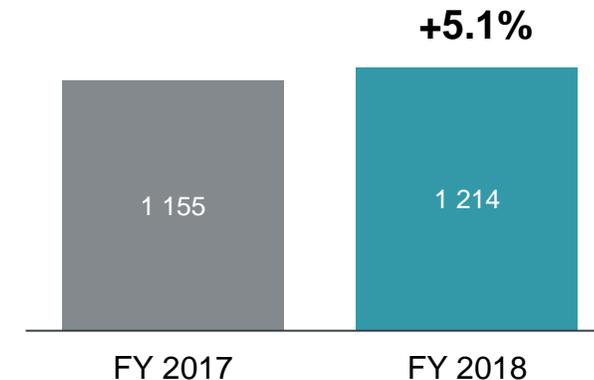
PROPERTY PORTFOLIO in CHF m

11 204



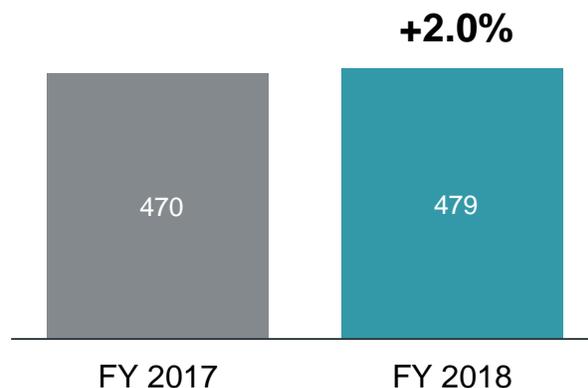
OPERATING INCOME in CHF m

1 214



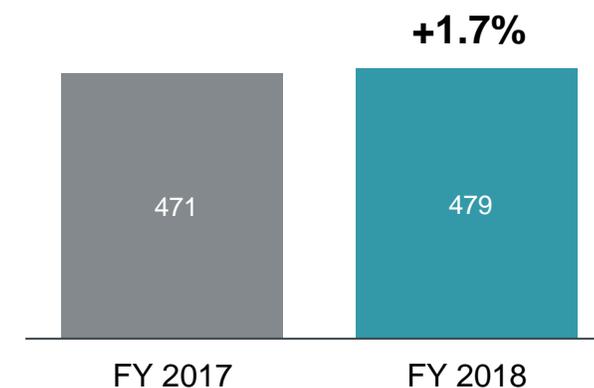
RENTAL INCOME in CHF m

479



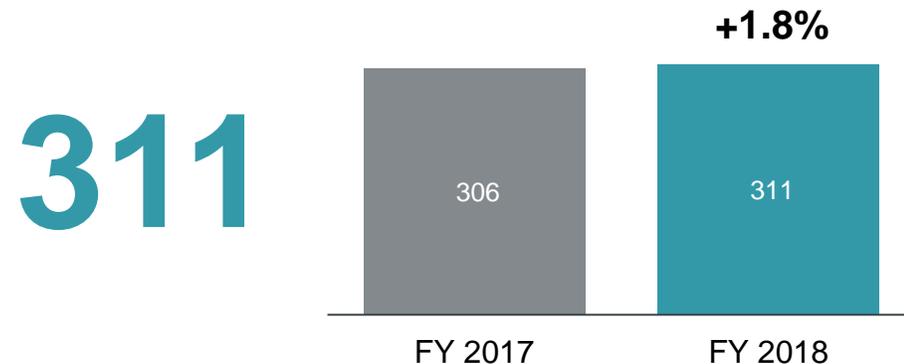
EBIT in CHF m

479

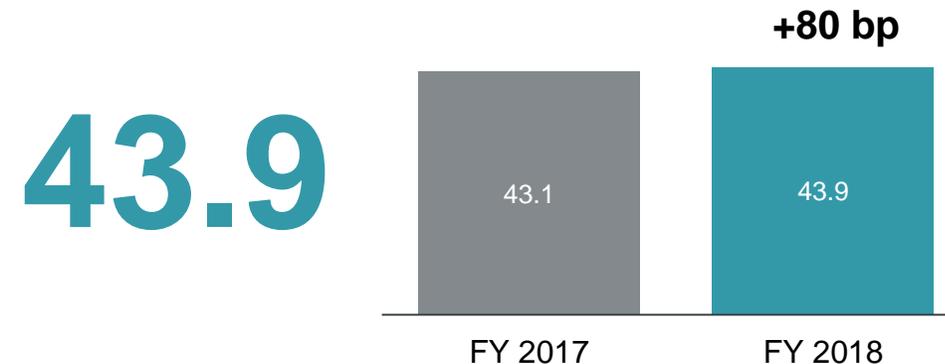


EPS at same level as previous year after capital increase

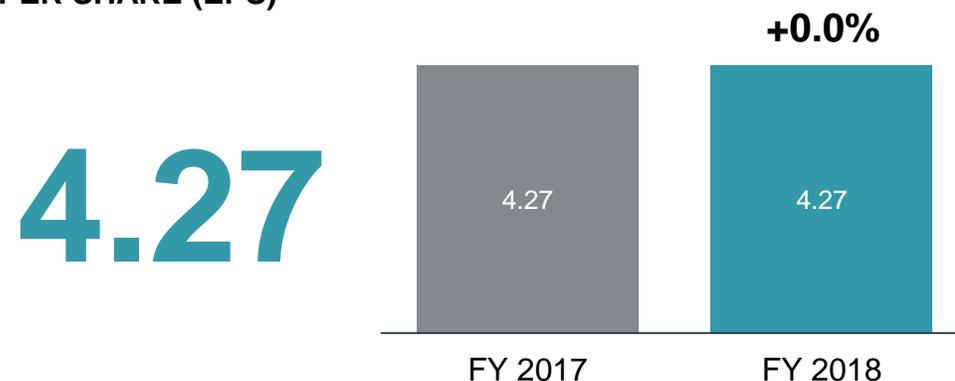
PROFIT
in CHF m



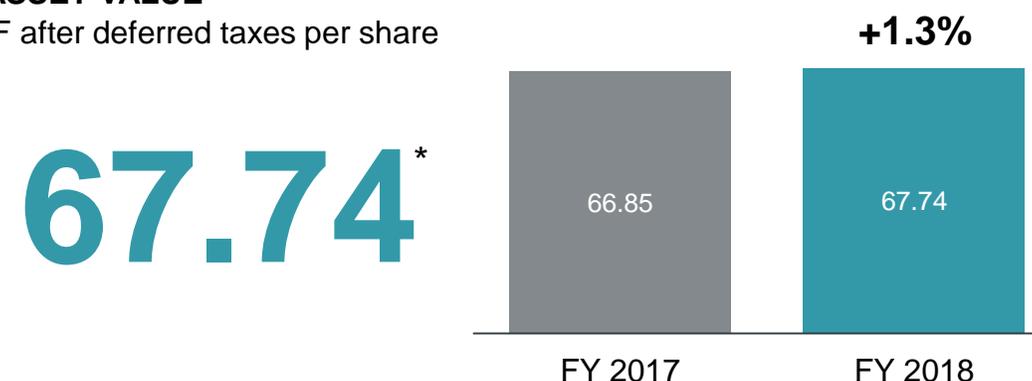
EQUITY RATIO
in %



EARNINGS PER SHARE (EPS)
in CHF



NET ASSET VALUE
in CHF after deferred taxes per share



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

Successful capital increases 2018

SWISS PRIME SITE



Transaction

Rights issue (16:1) with an offer price of CHF 74

Capital increase completed for the Swiss Prime Investment Foundation

Proceeds and use

CHF 323 million to implement the growth strategy by realising the attractive development project pipeline

CHF 221 million for the financing of the growth strategy defined by the Swiss Prime Investment Foundation

Settlement

28 September 2018

28 September 2018

Good growth of core real estate business



Image: Maag site project, Zurich

Segment Real Estate highlights

- **New/renewed leases:** Total 190 000 m² or 12% of entire portfolio (including reduction in vacancies)
- **Acquisitions (portfolio):** Iseli site in Regensdorf (January 2018) and office building at Beethovenstrasse 33 in Zurich with rental income of CHF 5.2 million p.a.
- **Acquisitions (project development):** Site in Monthey for Tertianum project (completion 2021) and «West-Log» project in Zurich-Altstetten (completion 2020) with expected annual rental income of CHF 4.6 million
- **Asset swap:** Swapped 24% share in «Sihlcity» for three fully occupied office buildings in Zurich (Giesshübelstrasse, Müllerstrasse) and Worblaufen
- **Divestments:** Disposal of «Weltpost Park» residential project in Berne and other property sales

Attractive acquisitions (1|2 – portfolio)



Attractive acquisitions (2|2 – projects)



Asset swap (1|2)



Cornerstones real estate swap

- **Rationale:** Increase the proportion of sole ownership properties and reduce the proportion of retail properties in the portfolio to less than 30%
- **Divestment:** 24.2% co-ownership in the Sihlcity Urban Entertainment Centre
- **Acquisition:** Three fully occupied properties with exceptional site quality as at 1 October 2018:
 - 1) Zurich Giesshübelstr. 15 (2 800 m²)
 - 2) Zurich Müllerstr. 16/20 (13 700 m²)
 - 3) Worblaufen (37 200 m²), now sole ownership (prior to asset swap 49% co-ownership)

Asset swap (2|2)

Müllerstrasse 16/20
Zurich



Giesshübelstrasse 15
Zurich



Swisscom Head Office
Worblaufen



Attractive divestments of projects and investment properties



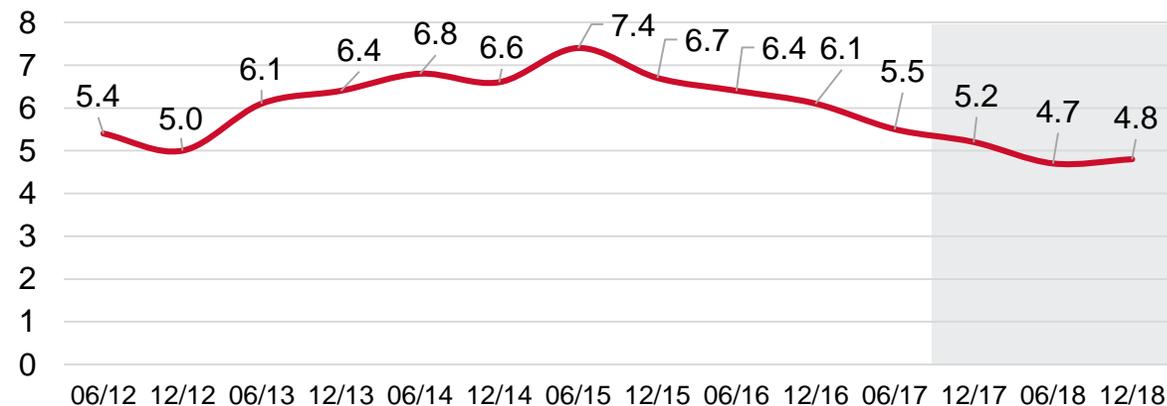
5.4% increase in value of the property portfolio

Property portfolio in CHF m	FY 2017	FY 2018
Total	10 633.1	11 204.4
of which Projects Developments	412.9	576.8
Properties (number)	188	190
Rental income	469.9	479.4
Revaluation gains	65.9	67.6
Net yield on property (in %)	3.7	3.6
Discount rate, real (in %), Ø	3.35	3.22

Comments

- **Increase in value:** Property portfolio grows to CHF 11.2 billion, continued attractive net yield on property of 3.6%
- **Revaluations:** CHF 38.7 million on investment properties and CHF 28.9 million on developments

Vacancy rate in % (group)



Comments

- **Stabilisation** of vacancy rate at low level (4.8%)
- **Trend** in vacancies in 2019 expected to be $\leq 5\%$ including completed projects

Services segment results

Wincasa

- AuM increased to CHF 68 billion and significant contract extensions realised
- Ongoing digital transformation process (including acquisition of «streamnow»)

Jelmoli

- Completed modification of key tenant's floor space in 2018
- Project for second location at Zurich Airport on course to be opened in summer 2020

Tertianum

- Introduction of new ERP system; opening of «Blumenaupark» Unterterzen (77 sites in total)
- Enhancement of customer service with new care documentation system (careCoach)

Swiss Prime Site Solutions

- AuM increased to CHF 1.6 billion (as at end of January 2019: CHF ~1.9 billion)
- Addition of experienced specialists to team

SWISS PRIME SITE



**WE OFFER
PERSPECTIVES**

SWISS PRIME SITE

1 Welcome

2 Highlights financial year 2018

3 Key figures financial year 2018

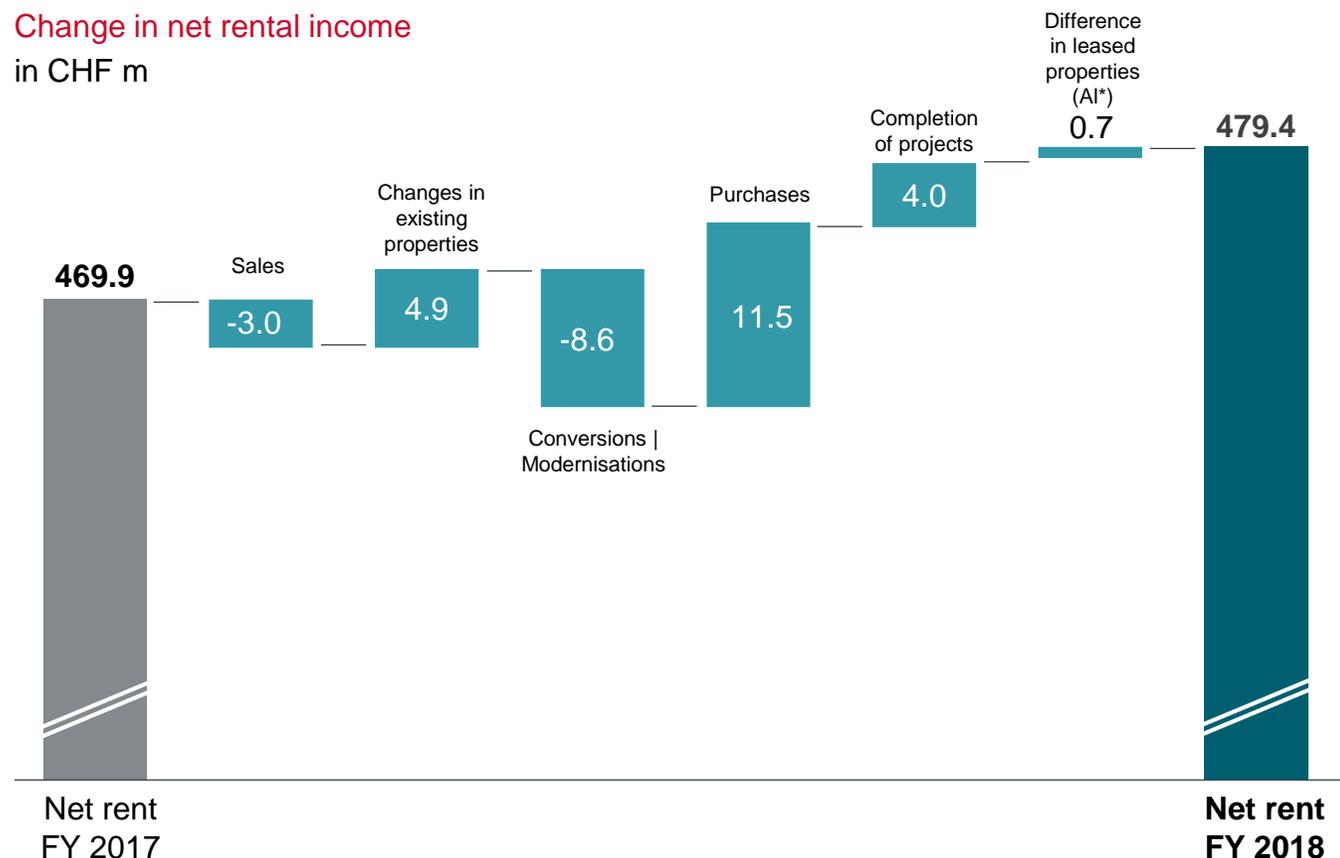
4 Project pipeline

5 Outlook

2.0% rise in rental income

Change in net rental income

in CHF m



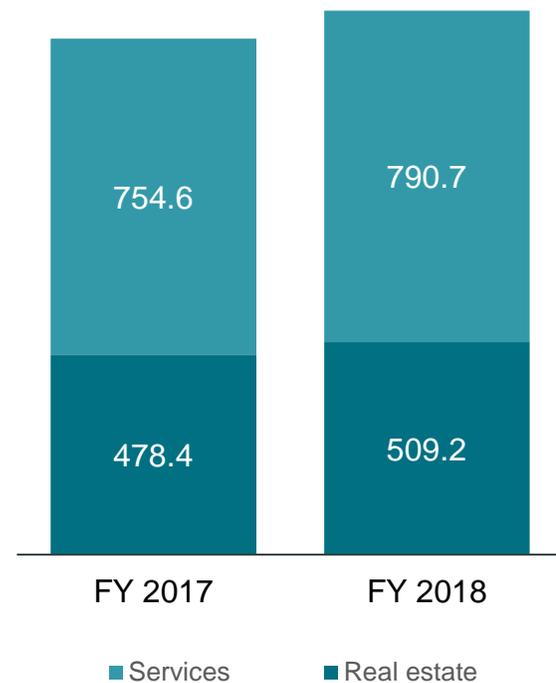
Facts

- Increase in rental income due to purchases in 2017/18 (including neighbouring building «Roter Turm», Winterthur; Iseli site, Regensdorf; Beethovenstrasse, Zurich)
- Growth from opening of completed projects: Motel One (Zurich) and Riantbosson Centre (Meyrin)
- Loss of rental income due to modification of buildings (Stückli, Basel; A1, Oftringen) and sales (Sihlcity, Zurich)
- Rental income from leased Tertianum properties totalling CHF 62.1 million included

* Assisted living

5.1% increase in operating income

Operating income by segment
in CHF m



EBIT by segment
in CHF m

	FY 2017	FY 2018
Real Estate	422.0	431.1
Services	48.6	47.6
EBIT	470.6	478.6

Services segment EBIT per group company

	FY 2017	FY 2018
Tertianum	25.2	27.5
Wincasa	19.8	18.5
Jelmoli	-1.8	-2.6
Swiss Prime Site Solutions	5.4	4.2
EBIT	48.6	47.6

Facts

- Increase in EBIT in core real estate business compared to previous year due to successful sales and rentals
- Increase in EBIT of Tertianum as a result of growth strategy
- Wincasa contribution stable despite large investments in digitalising the business model
- Jelmoli – challenging environment and investments in e-commerce
- Swiss Prime Site Solutions – slightly lower results following investments in the organisation

Increase in profits compared to previous year

Swiss Prime Site Group income statement
in CHF m

	FY 2017	FY 2018
Operating income	1 154.8	1 214.1
Revaluation of investment properties	65.9	67.6
Result from investments in associates	2.0	1.1
Result from investment property sales	0.3	18.4
<i>Profit on real estate development (net)*</i>	27.5	15.5
Operating expenses	-752.0	-822.6
EBIT	470.6	478.6
Financial expenses	-77.8	-75.8
Financial income	2.0	1.2
Income taxes	-89.3	-93.1
Profit	305.5	310.9
Profit before revaluations/deferred taxes	307.4	287.8

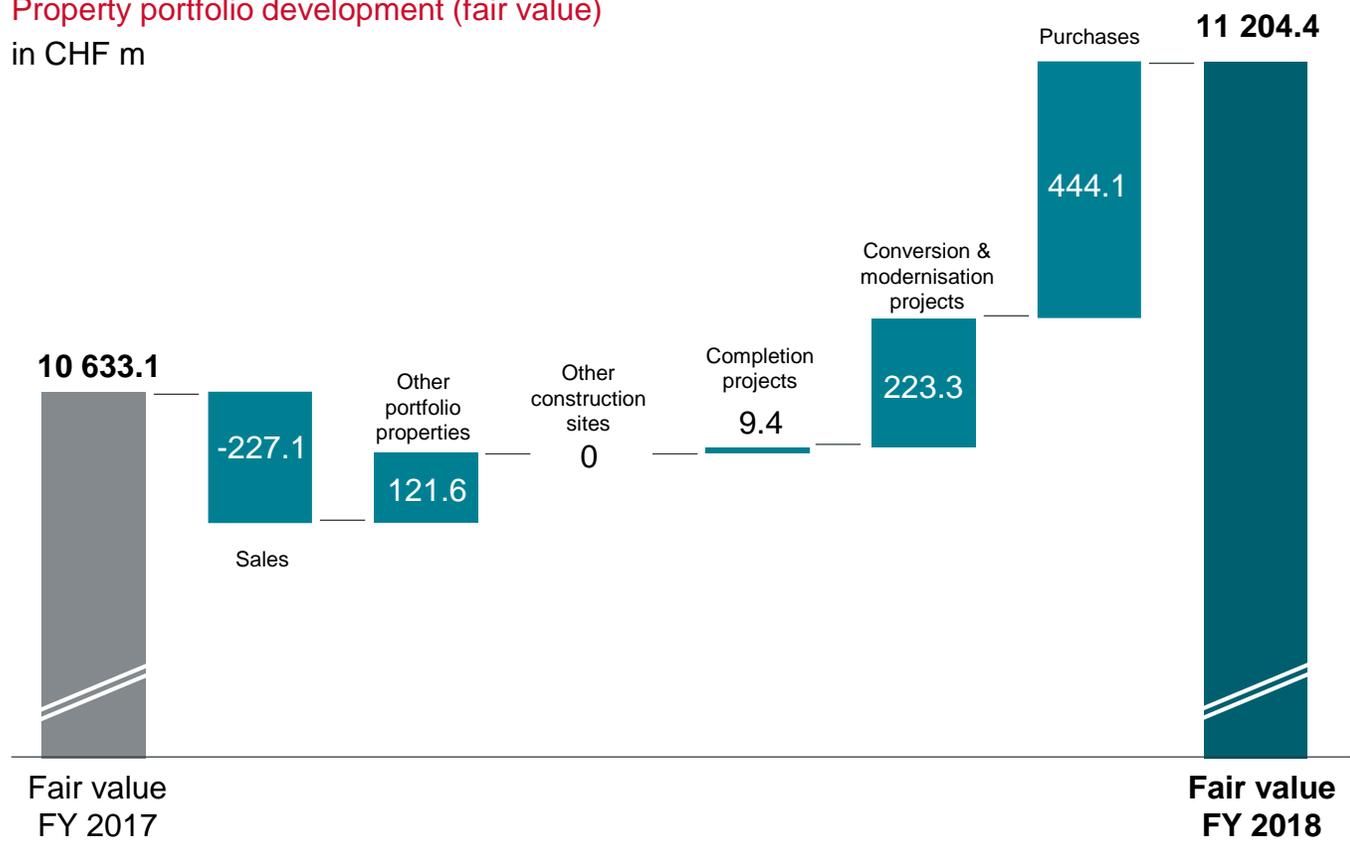
* pro-rata profit from partial sale of Espace Tourbillon and Weltpost Park based on PoC method

Facts

- Growth in operating income in core Real Estate business (+6.4%) and in the Services segment (+4.8%)
- Rental success and construction progress in development projects result in revaluation profits
- Income from property developments (incl. «Espace Tourbillon») and sale of investment properties (incl. Bahnhofplatz 9, Berne)
- Increase in operating expenses due to sale of property developments
- Decline in financial expenses due to refinancing under better terms

Growth in property portfolio to CHF 11.2 billion

Property portfolio development (fair value)
in CHF m



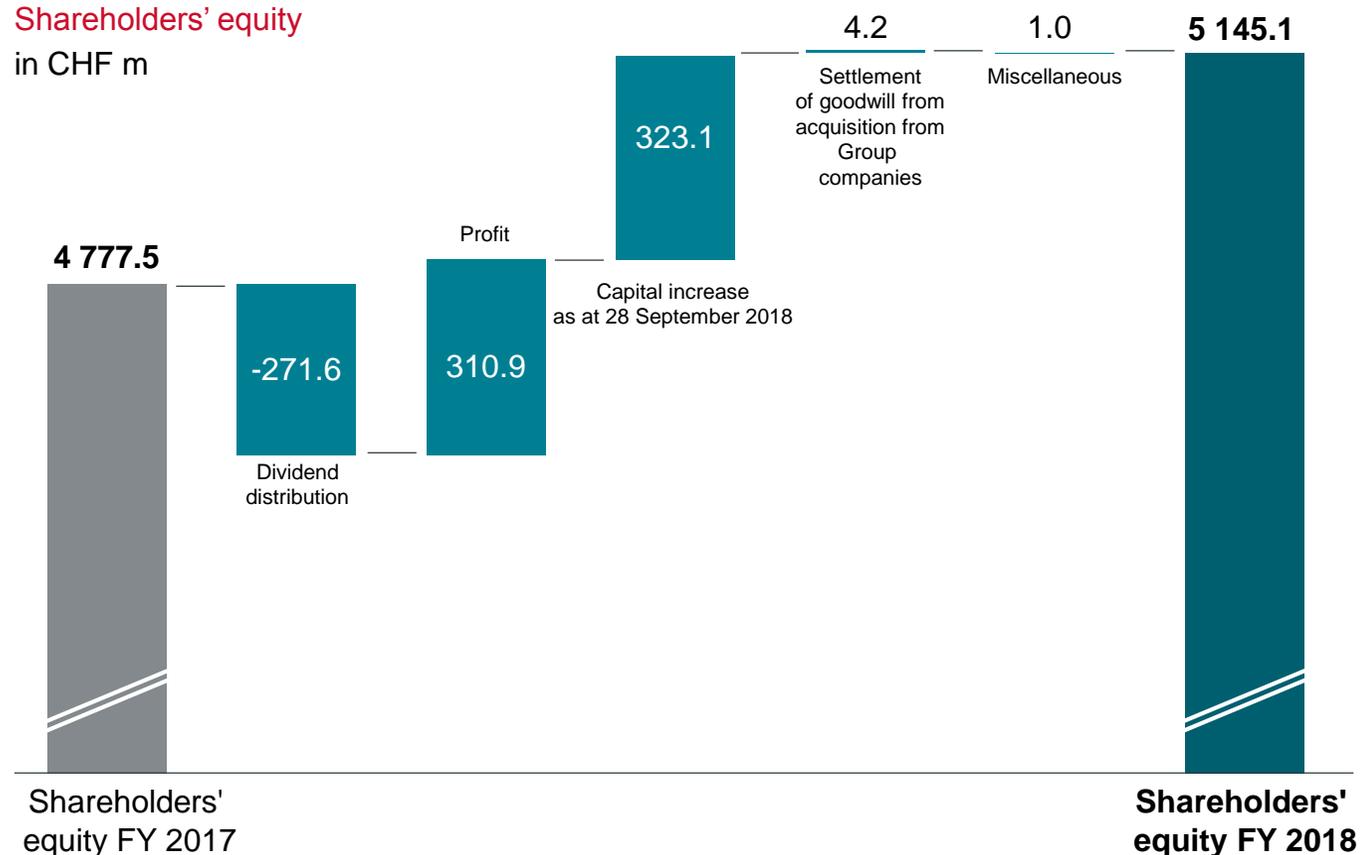
Facts

- Expansion of property portfolio to 190 investment properties (+2)
- Portfolio and development properties with positive change in value
- Improvements to operating income due to successful portfolio management resulting in further revaluations and a net yield of 3.6% (-10 bp)
- Vacancy rate reduced from 5.2% to 4.8%

Shareholders' equity

Shareholders' equity

in CHF m



Facts

- Dividend of CHF 3.80 per share paid out on 5 April 2018
- Capital increase with net issue proceeds of CHF 323 million completed in Q3 2018
- RoE of 6.4% within long-term target range of 6 – 8%
- Target equity ratio of ~45%

Financing structure

Financing structure

in CHF m



Financial liabilities

	31.12.2017	31.12.2018
Ø interest rate (in %)	1.5	1.4
Ø maturity (in years)	4.7	4.3
Loan-to-value (in %)	45.6	45.3

in CHF m	31.12.2017	31.12.2018
Short-term	621.6	963.4
Long-term	4 228.9	4 113.0
Total	4 850.5	5 076.4

Facts

- Reduction of interest rate on liabilities of ~10 basis points
- Stable high interest rate spread of 2.2% (net yield ./ interest rate)
- Issue of 7-year convertible bond of CHF 300 million at 0.325% (January 2018) and 6-year straight bond of CHF 190 million at 1.0% (July 2018)
- Total 9 bonds outstanding of CHF ~2.1 billion with maturity dates between 2019 and 2026
- Target loan-to-value of ~45%

SWISS PRIME SITE

**WE CREATE
LIVING SPACES**



SWISS PRIME SITE

1

Welcome

2

Highlights financial year 2018

3

Key figures financial year 2018

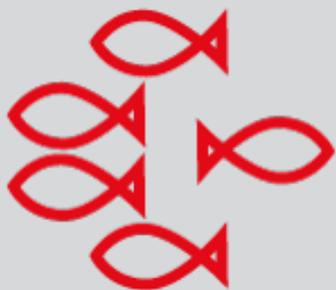
4

Project pipeline

5

Outlook

Positive results of project developments



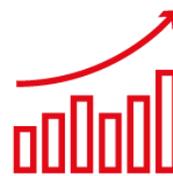
INDEPENDENCE

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

Total 15 projects | Investment volume of CHF ~1.7 billion (incl. land)

2 projects

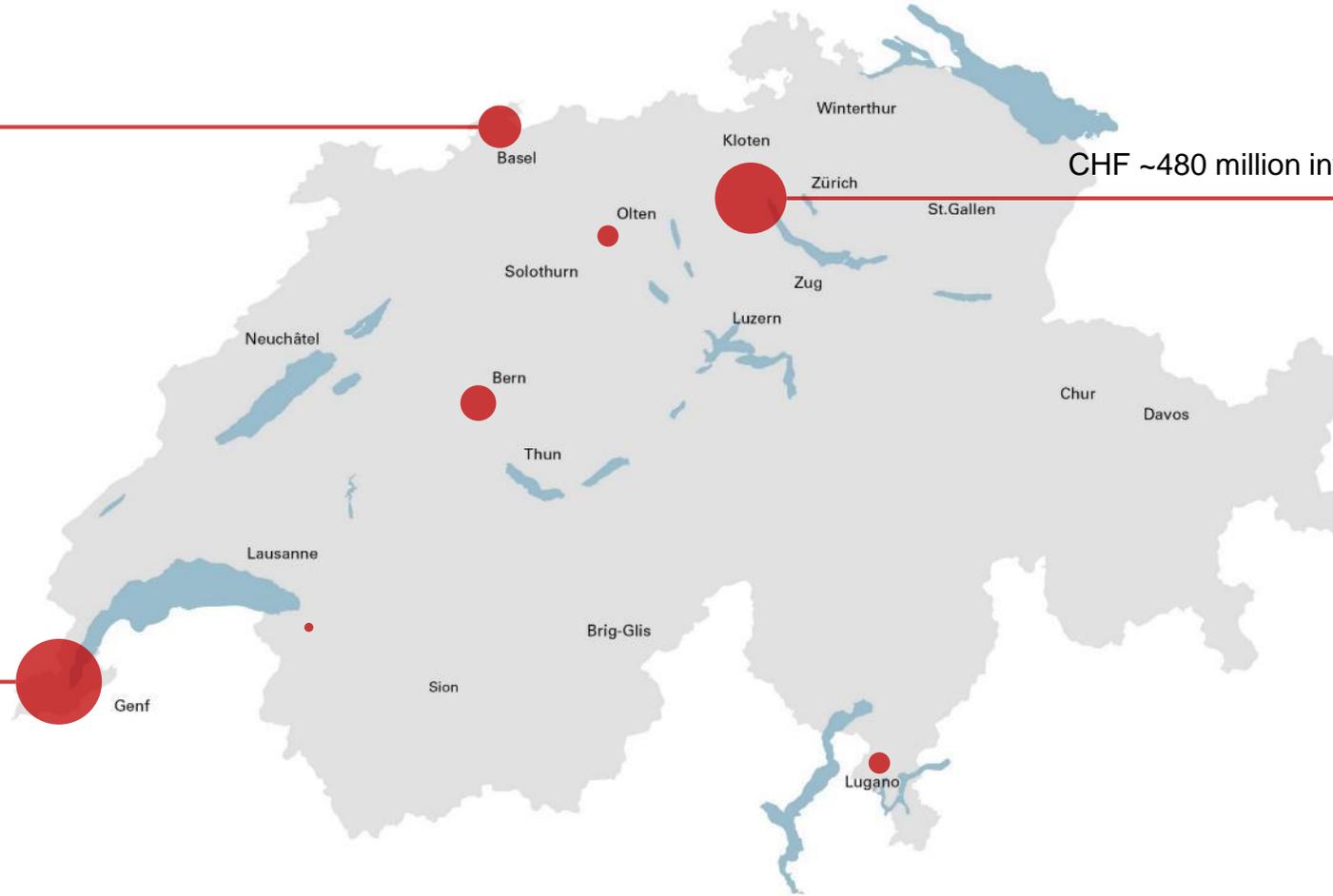
CHF ~200 million investment volume

3 projects

CHF ~670 million investment volume

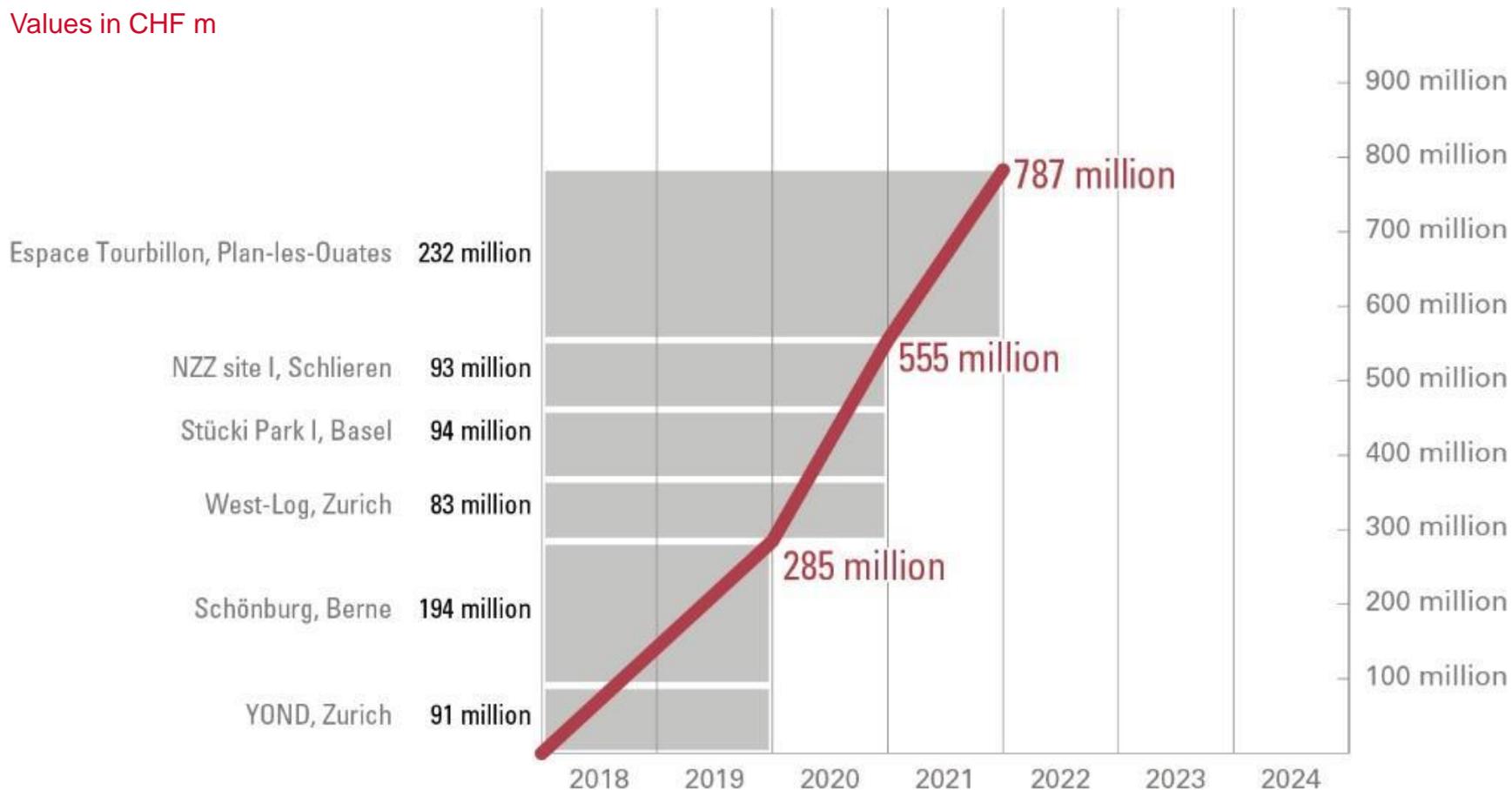
6 projects

CHF ~480 million investment volume



Properties under construction (1|3)

Values in CHF m



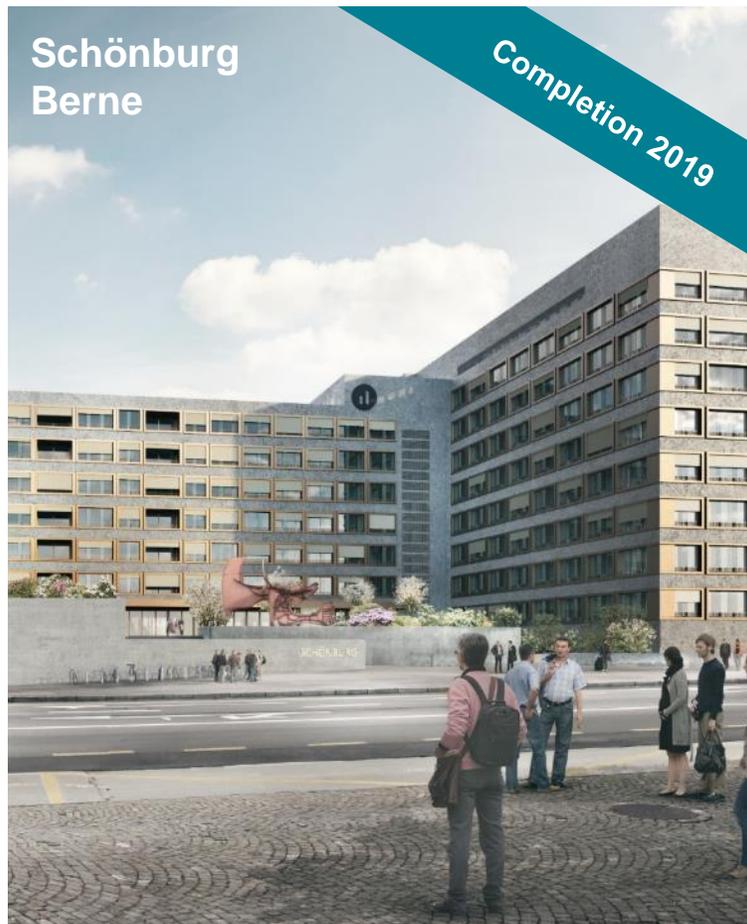
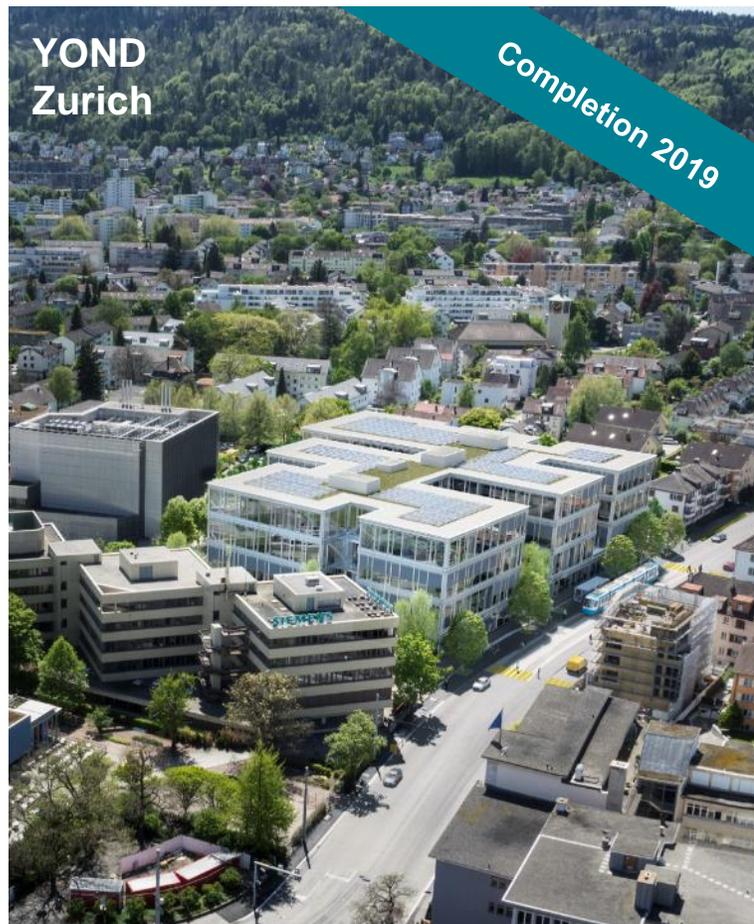
Pipeline: CHF 2.0 billion

**Under construction:
CHF ~800 million**

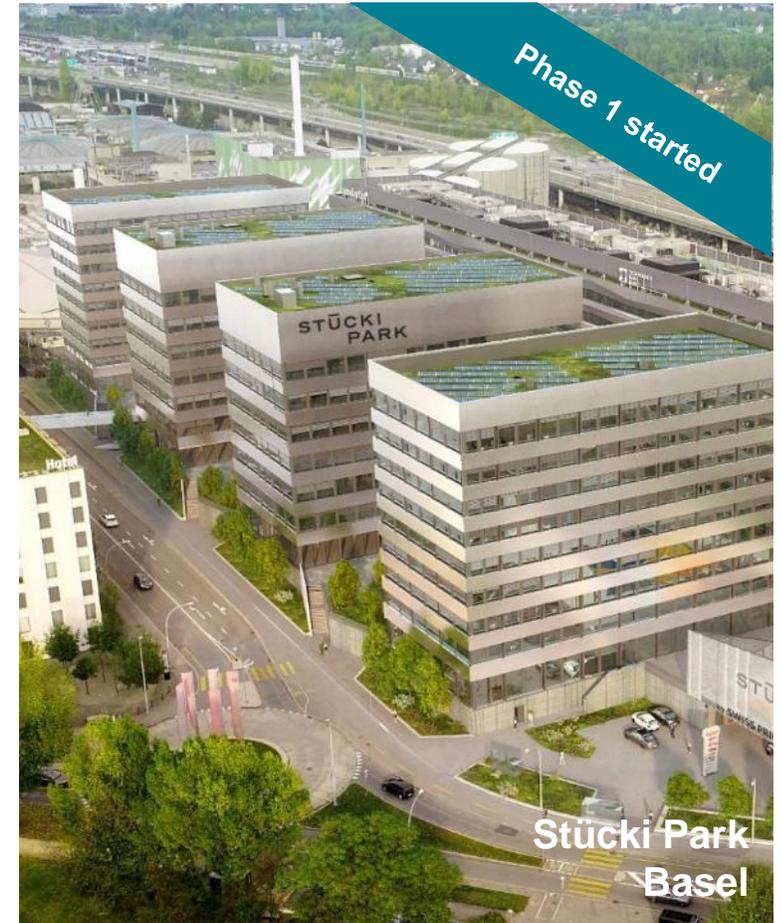
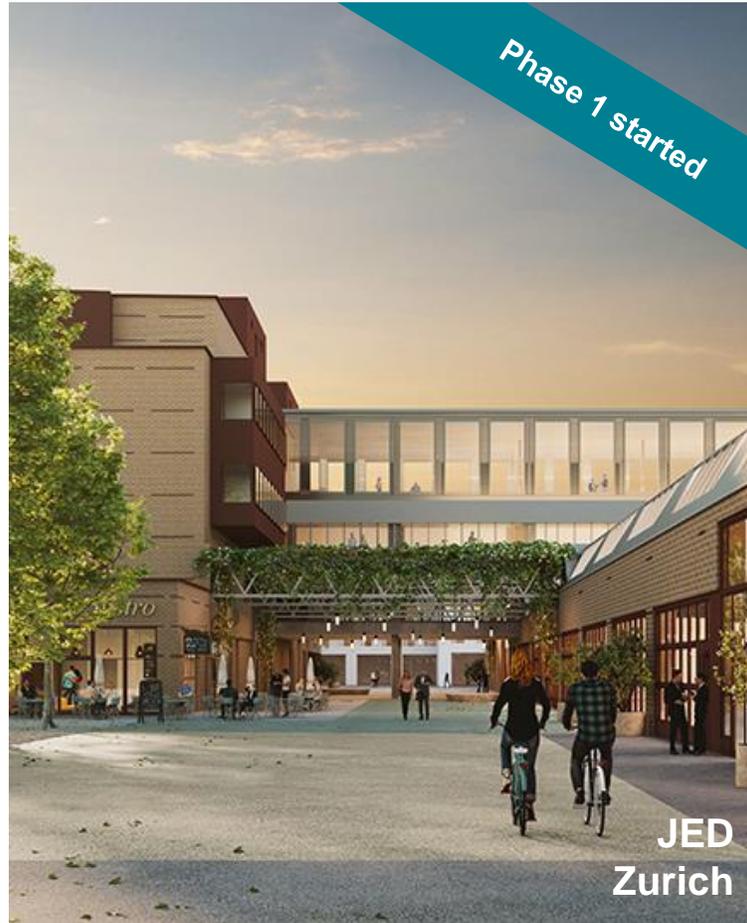
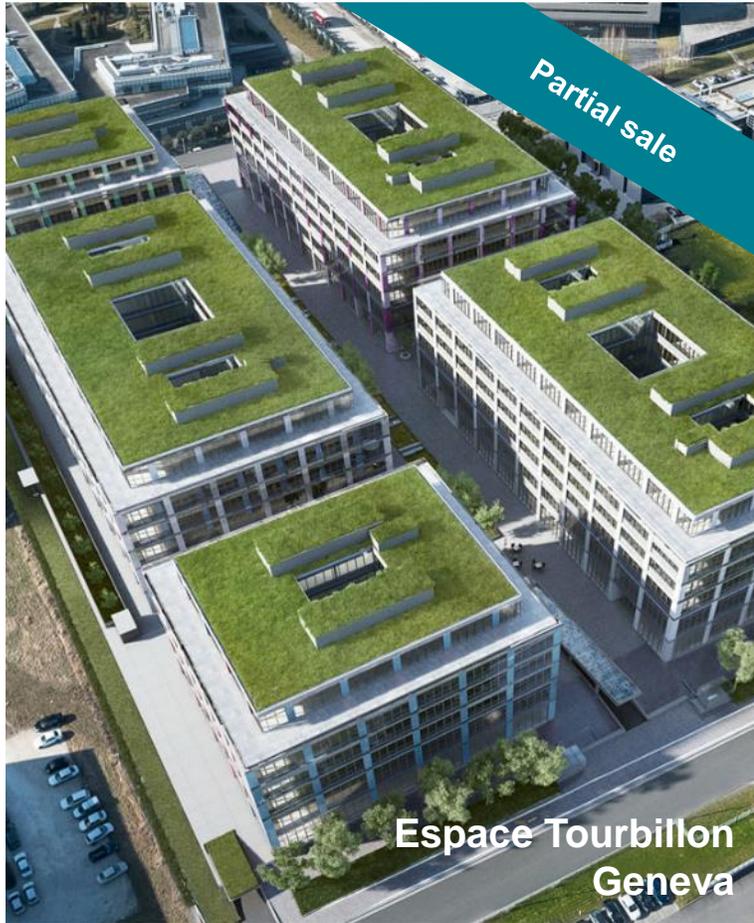
**In development:
CHF ~900 million**

Reserves: CHF >300 million

Properties under construction (2|3)

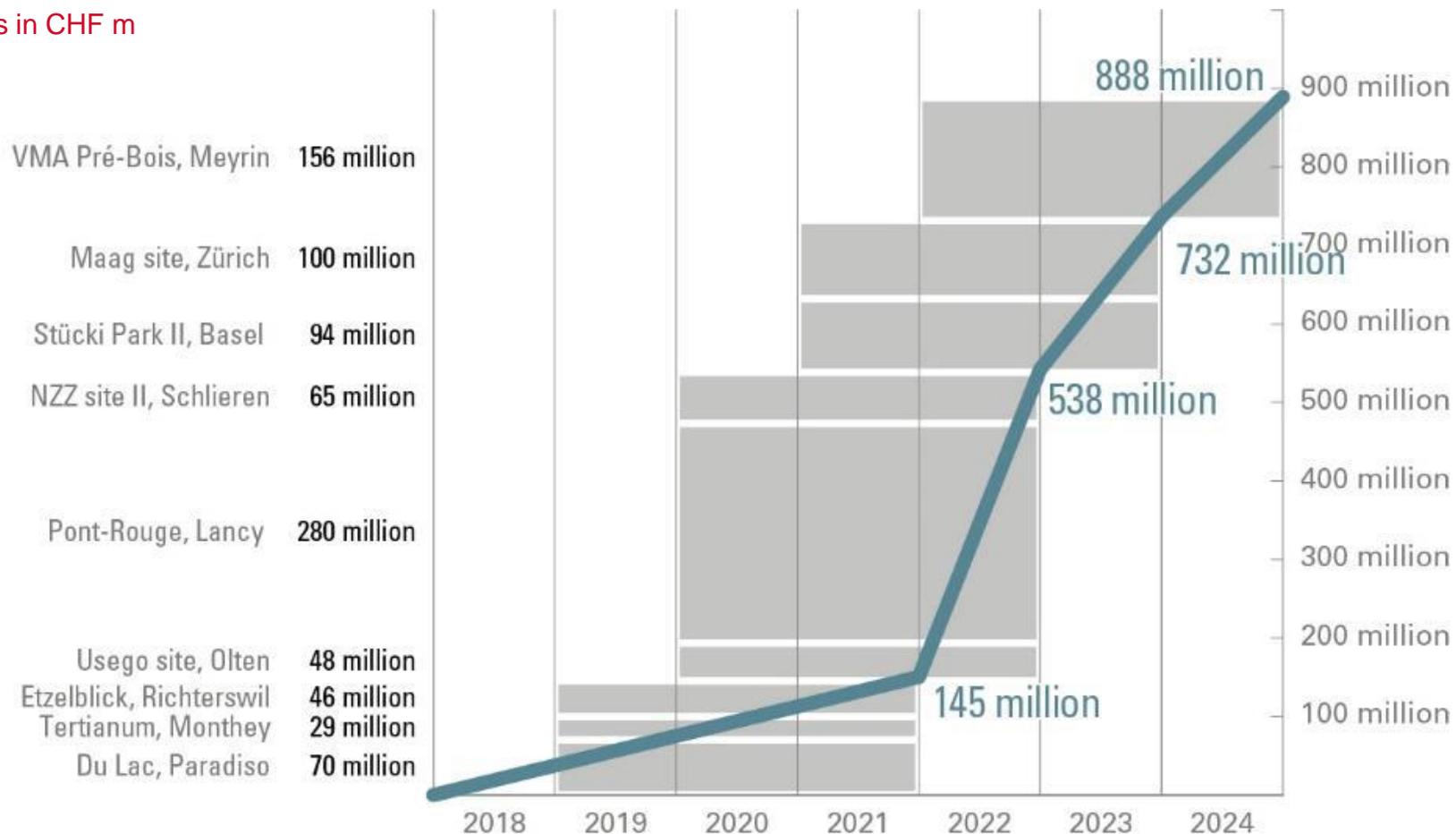


Properties under construction (3|3)



Projects in planning (1|5)

Values in CHF m



Pipeline: CHF 2.0 billion

Under construction:
CHF ~800 million

**In development:
CHF ~900 million**

Reserves: CHF >300 million

Projects in planning (2|5) – Tertianum Olten



* including land

Highlights

- **Project:** Assisted living and modern workspaces for life sciences companies; phase 1: Residential care centre for Tertianum
- **Success factors:** Emergent former industrial site in Olten is growing dynamically (e.g. medtech company Sensile Medical is tenant)
- **Investment volume:** CHF 48 million*, completion 2022
- **Yield:** >4% (on cost)

Projects in planning (3|5) – Tertianum Lugano-Paradiso



* including land

Highlights

- **Project:** Exclusive residence with apartments and nursing beds for the elderly
- **Success factors:** Prime lakeside location near Lugano; expansion of the existing Tertianum network in the canton of Ticino (Italian-speaking Switzerland)
- **Investment volume:** CHF 70 million*, completion 2021
- **Yield:** >4% (on cost)

Projects in planning (4|5) – Alto Pont-Rouge, Lancy

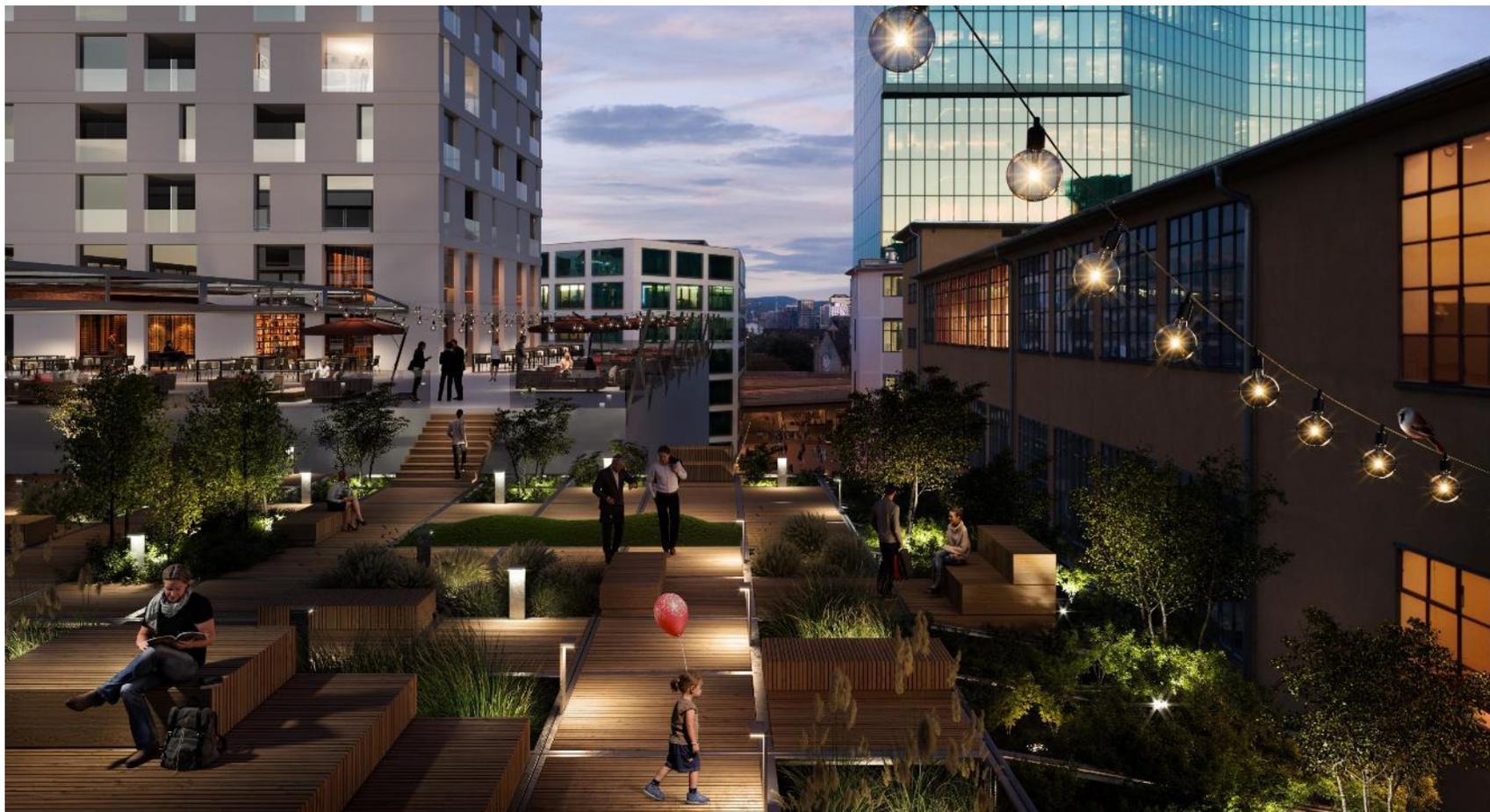


Highlights

- **Project:** Modern office building with approx. 35 000 m² gross space in the Praille-Acacias-Vernets (PAV) development zone in Geneva
- **Success factors:** Attractive pricing; direct link to the CEVA railway station at Lancy-Pont-Rouge
- **Investment volume:** CHF 280 million*, completion 2022
- **Yield:** >4% (on cost)

* including land

Projects in planning (5|5) – Maag site, Zurich



Highlights

- **Project:** Further densification of the Maag site with a new residential project
- **Success factors:** Popular city centre location with excellent links to public and private transport
- **Investment volume:** CHF 100 million*, completion 2023
- **Yield:** >5% (on cost)

* including land

SWISS PRIME SITE

**WE SHAPE THE
FUTURE**

SWISS PRIME SITE

1

Welcome

2

Highlights financial year 2018

3

Key figures financial year 2018

4

Project pipeline

5

Outlook

Key indicators for the real estate market 2019



ECONOMY

Economic outlook slightly dampened but still sound for Switzerland



TECHNOLOGY

Technological change brings opportunities for Switzerland and the real estate industry



CAPITAL MARKET

SNB policy remains expansive, stable CHF interest rate expected



POLITICS

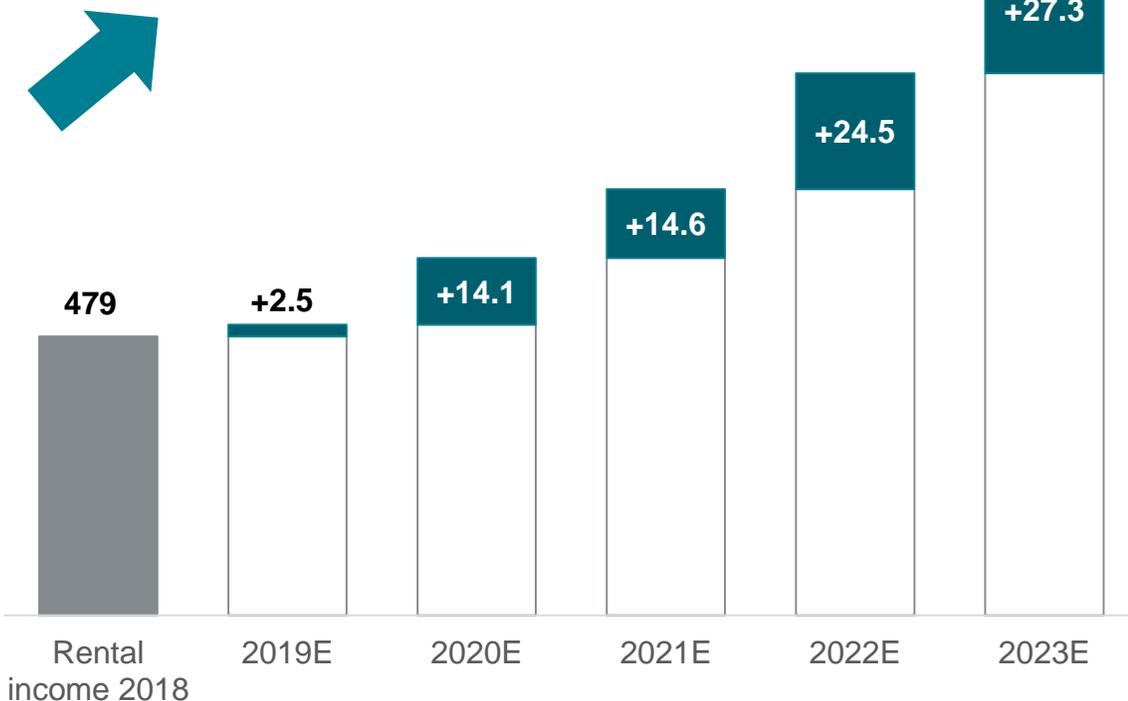
Increasing regulation* with potential implications for the real estate industry

* Clear rejection of «Zersiedlungsinitiative» on 10 February 2019

Guidance 2019

Expected rental income from development pipeline*

Values in CHF m



* without sales of projects

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 | Following optimisation of processes in 2019 across Switzerland, Tertium is heading for an EBIT contribution of over CHF 30 million.



Dividend policy

Swiss Prime Site maintains an attractive dividend policy for its shareholders

SWISS PRIME SITE



SWISS PRIME SITE

Analyst and investor contact



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



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

Annual General Meeting	26 March 2019
First half-year 2019	8 August 2019

Headquarters

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

Zurich office

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

Geneva office

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

Details published in this presentation are for information purposes only and should not form the basis for any investment decisions or recommendations to purchase Swiss Prime Site AG securities. The content of this presentation was diligently researched and compiled. However, Swiss Prime Site AG accepts no liability for the accuracy, completeness or up-to-date nature of the details provided and is in no respect liable for any indirect or direct losses, liability claims, costs, receivables, expenses or damages of any kind that may arise from, or be connected to, the use of any or all of the information contained in this presentation.

This presentation may contain certain forward-looking statements, which can in some cases be identified by the use of words such as «believe», «intend», «estimate», «assume», «expect», «forecast», «plan», «can», «may», «should» or similar expressions. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors which could result in the actual results, financial situation, developments or services of Swiss Prime Site AG deviating significantly from those directly or indirectly referred to in the forward-looking statements.

Due to these uncertainties, investors should not rely on these forward-looking statements. Swiss Prime Site AG cannot guarantee that opinions contained in this presentation and any forward-looking statements will turn out to be accurate. For this reason, Swiss Prime Site AG accepts no responsibility or obligation to release any public updates to these forward-looking statements or to adjust them to future events, developments or expectations of Swiss Prime Site AG on which these forward-looking statements were based.

SWISS PRIME SITE

