

SWISS PRIME SITE

**RESULTS
FIRST HALF-YEAR 2018**

ZÜRICH, 9 AUGUST 2018



SWISS PRIME SITE

1

Welcome

2

Highlights first half-year 2018

3

Key figures first half-year 2018

4

Outlook

Successful first half-year 2018

Operating income

Growth by 10.3% to CHF 585.3 million

Profit

Up by 7.8% to CHF 152.0 million

Property portfolio

Increase of 5.4% to CHF 10.8 billion

Vacancy rate

Reduction from 5.5% to 4.7%

Revaluations

Revaluation gains of CHF 35.0 million in line with last year

An aerial, top-down view of a city street at night. The street is illuminated with a cool blue light. In the upper left, a person is walking. In the center, another person is walking. In the lower left, a person is riding a skateboard. On the right side of the street, a white car is parked. The image is divided into vertical panels by dark lines.

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**WE OFFER
PERSPECTIVES**

SWISS PRIME SITE

1

Welcome

2

Highlights first half-year 2018

3

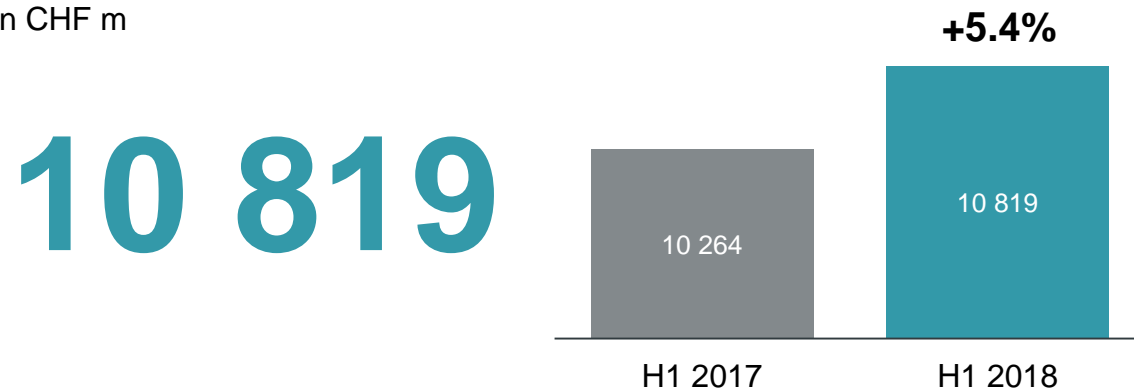
Key figures first half-year 2018

4

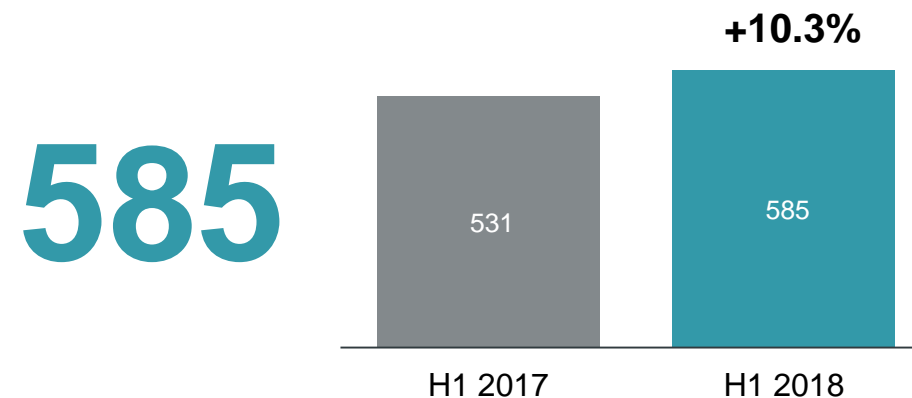
Outlook

Successful start to the 2018 financial year

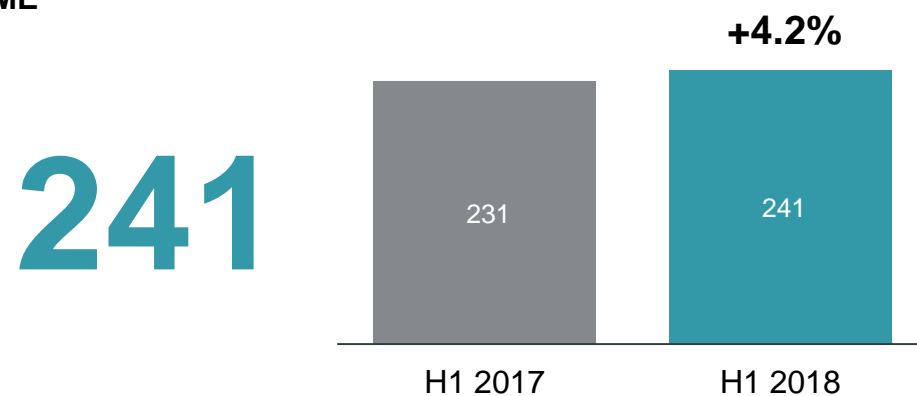
PROPERTY PORTFOLIO
in CHF m



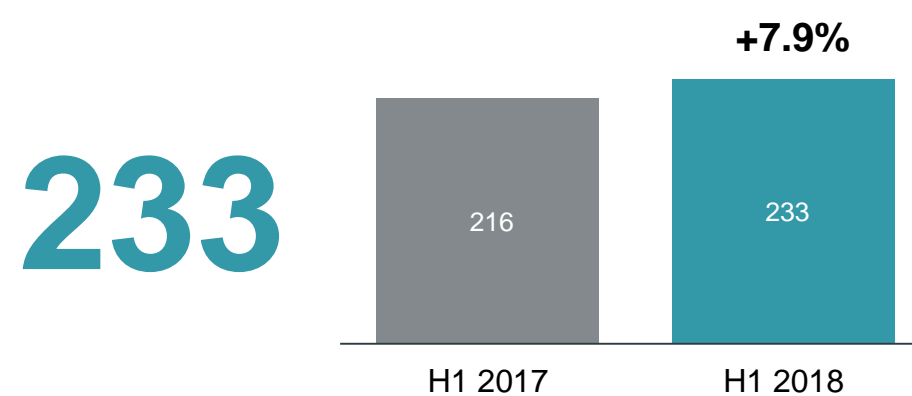
OPERATING INCOME
in CHF m



RENTAL INCOME
in CHF m



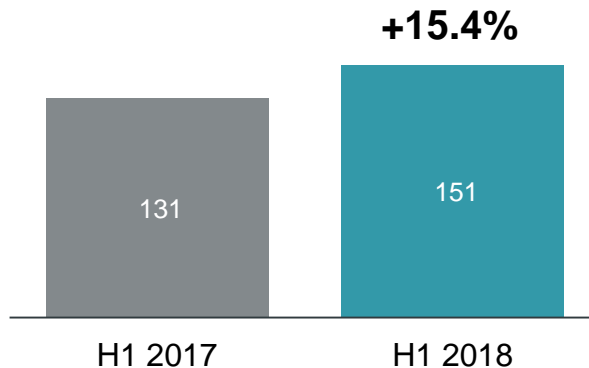
EBIT
in CHF m



Earnings per share forms a solid basis for an attractive dividend 2018

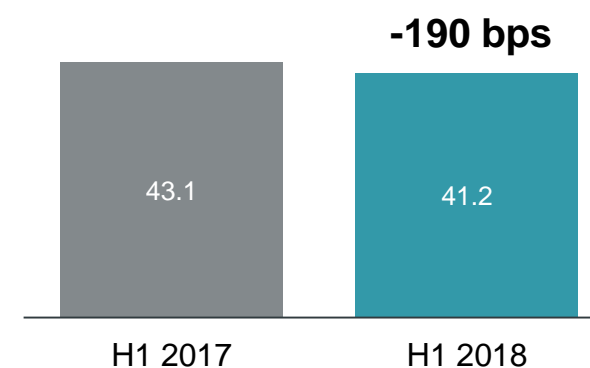
PROFIT
in CHF million excluding revaluations
and deferred taxes

151



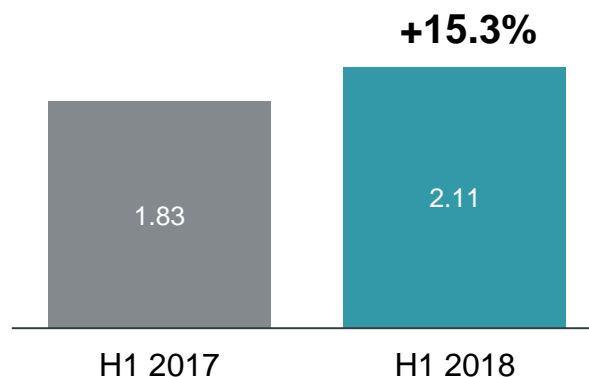
EQUITY RATIO
in %

41.2



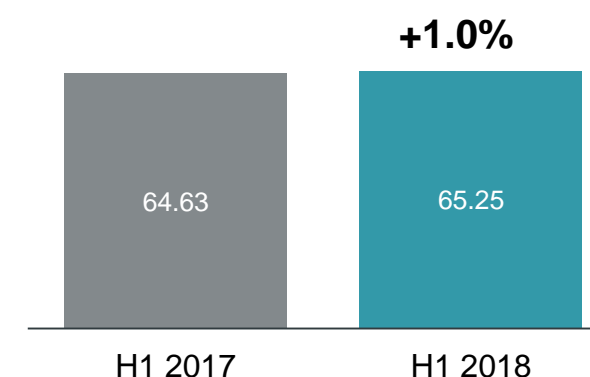
EARNINGS PER SHARE (EPS)
in CHF excluding revaluations and
deferred taxes

2.11



NET ASSET VALUE
in CHF per share after deferred taxes

65.25*



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

Core Real Estate business with good growth



Image: YOND, Zurich

Real estate

- **New/renewed leases:** Total 96 400 m² or 6.1% of the entire portfolio (including reductions of vacancies)
- **Acquisitions (investment property):** Iseli site, Regensdorf (Jan. 2018); office building at Beethovenstrasse 33, Zurich (closing: July 2018) with revenues of CHF 5.2 million p.a.
- **Acquisitions (project development):** Plot in Monthey for Tertianum project (completion 2021), «West-Log» project in Zurich Altstetten (completion 2020) with expected annual rental income of CHF 4.6 million
- **Divestments:** Sale of residential project «Weltpost Park» in Bern to Allianz Suisse
- **Construction progress:** Construction start at «Stücki Park» in Basel, foundation stone laid for «Espace Tourbillon» in Plan-les-Ouates, topping-out ceremony at «YOND» in Zurich

Attractive property acquisitions



Office building Beethovenstrasse 33, Zurich City

- **Office property in CBD:** Fully leased, extremely flexible building in Zurich's city centre, walking distance from the Paradeplatz and lake. Suited to either multiple-tenant structure or a single tenant.



Iseli site, Regensdorf

- **Commercial site:** Industrial/commercial site in Regensdorf (Greater Zurich area) as attractive, high-yielding land reserve (40 000 m² additional usable space possible). Significant further development of the location is anticipated.

Attractive project acquisitions



West-Log, Zurich Altstetten

- **City logistics:** Superbly developed location. Designed as 85% logistics building for local distribution in urban areas, 15% offices and services. Leased: 85%. Completion: 2020.



Tertianum residential and care centre, Monthey

- **Assisted living:** Residential and care centre situated in Monthey city centre (canton Valais). Around 50 care beds and 30 to 40 apartments. Leased: 100%. Completion: 2021.

Attractive project sales



Weltpost Park, Bern (sold H1 2018)

- **Residential complex:** Sale of «Weltpost Park» as a development project in an attractive residential district in Bern. Turnkey handover to Allianz Suisse in the first quarter of 2020.



Espace Tourbillon, Geneva (sold H1 2017)

- **Commercial property:** Sale of two buildings from development project «Espace Tourbillon» in the «Zone Industrielle» (industrial zone) of Plan-les-Ouates. Turnkey handover to the Hans Wilsdorf Foundation in 2020/2021.

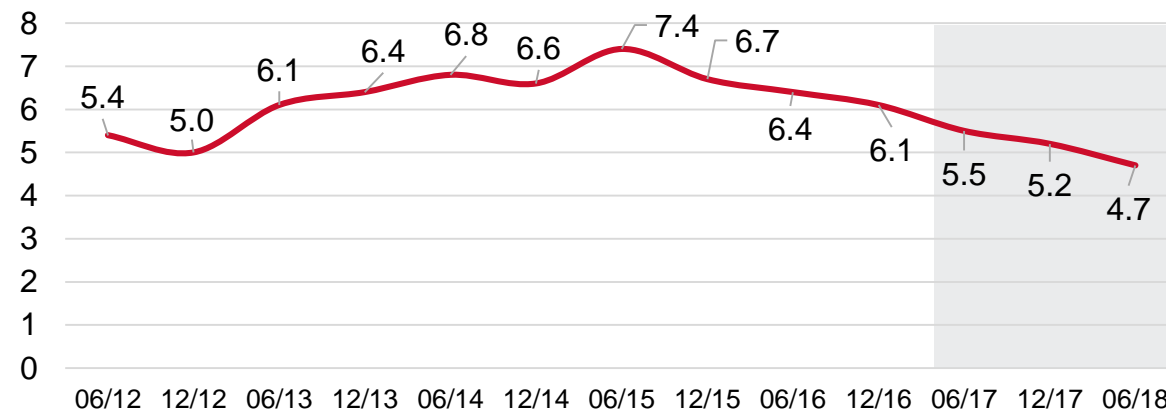
Vacancy rate reduced further to 4.7%

Property portfolio in CHF m	H1 2017	H1 2018
Total	10 263.7	10 819.1
of which projects developments	422.3	483.8
Properties (number)	187	189
Rental income	231.1	240.9
Revaluation gains	37.4	35.0
Net property yield (in %)	3.7	3.7
Real discount rate (in %), Ø	3.42	3.30

Comments

- **Increase in value:** Real estate portfolio grows to CHF 10.8 billion, attractive net yield of 3.7%
- **Revaluations:** CHF 7 million on investment property, CHF 28 million on developments

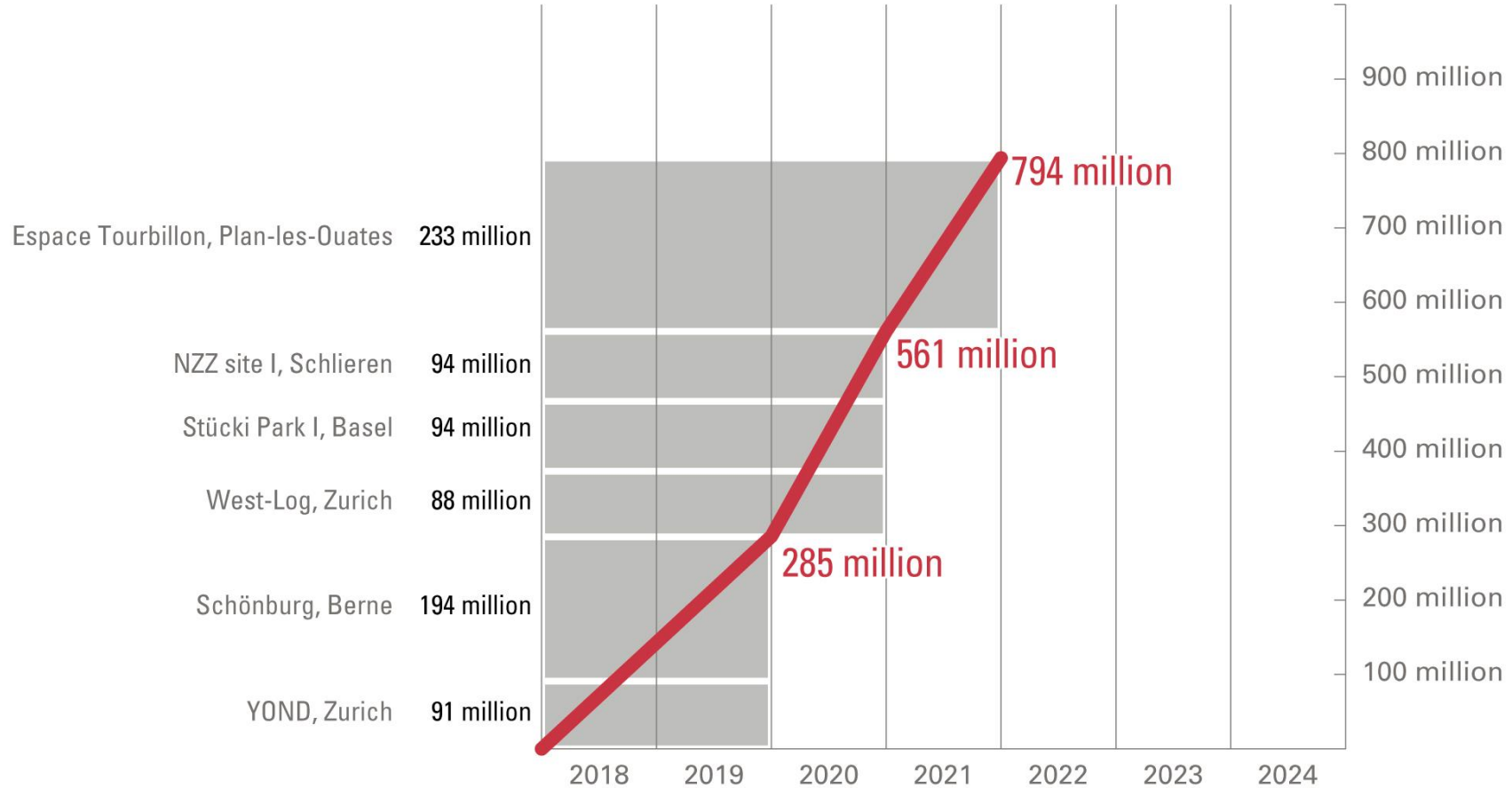
Vacancy rate in % (Group)



Comments

- **Reduction** in vacancy rate to 4.7%
- Expected **stabilisation** of the vacancy rate at less than 5% by end of 2018

Six properties under construction



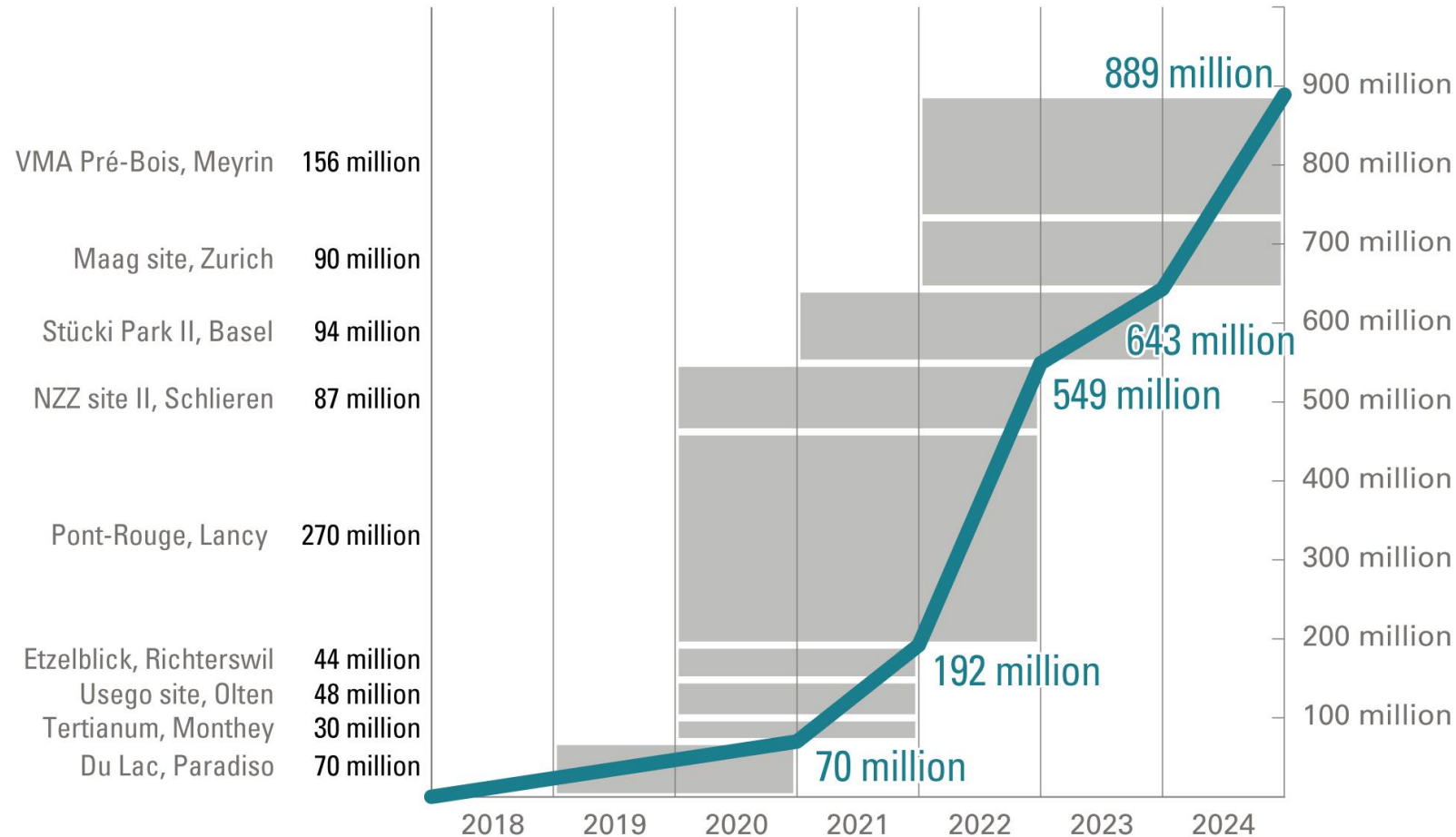
Pipeline: CHF 2.0 billion

**Under construction:
CHF ~800 million**

**In development:
CHF ~900 million**

Reserves: CHF >300 million

Nine projects in planning



Pipeline: CHF 2.0 billion

Under construction:
CHF ~800 million

In development:
CHF ~900 million

Reserves: CHF >300 million

Expected growth in rental income of CHF 92 m

Projects	Realisation Investment volume*	Rental space Rental income**	Gross yield (on cost) Net yield (on cost)
Under construction (Capex 2018 – 2021: CHF ~500 m)	<ul style="list-style-type: none"> 2017 – 2021 CHF ~800 million 	<ul style="list-style-type: none"> 157 000 m² CHF ~45 million 	<ul style="list-style-type: none"> 5.7% 5.0%
In development (Capex 2018 – 2024: CHF ~700 m)	<ul style="list-style-type: none"> 2018 – 2024 CHF ~900 million 	<ul style="list-style-type: none"> 134 000 m² CHF ~47 million 	<ul style="list-style-type: none"> 5.3% 4.7%
Reserves (e.g. Iseli site, Schönbühl)	<ul style="list-style-type: none"> >2022 CHF >300 million 		
Total projects for own investment portfolio	Investments: CHF ~2.0 billion	<ul style="list-style-type: none"> 291 000 m² rental space CHF ~92 million income 	Net yield (Ø): 4.8% (current portfolio: 3.7%)
Projects sold (Weltpost Park, part of E. Tourbillon)	Cash inflow: CHF ~300 million Pre-tax profit 2017 – 2021: CHF ~100 million		

* Estimates inc. land ** Assuming fully leased after completion

Developments (1/4): «Stücki Park» new build – Construction begun

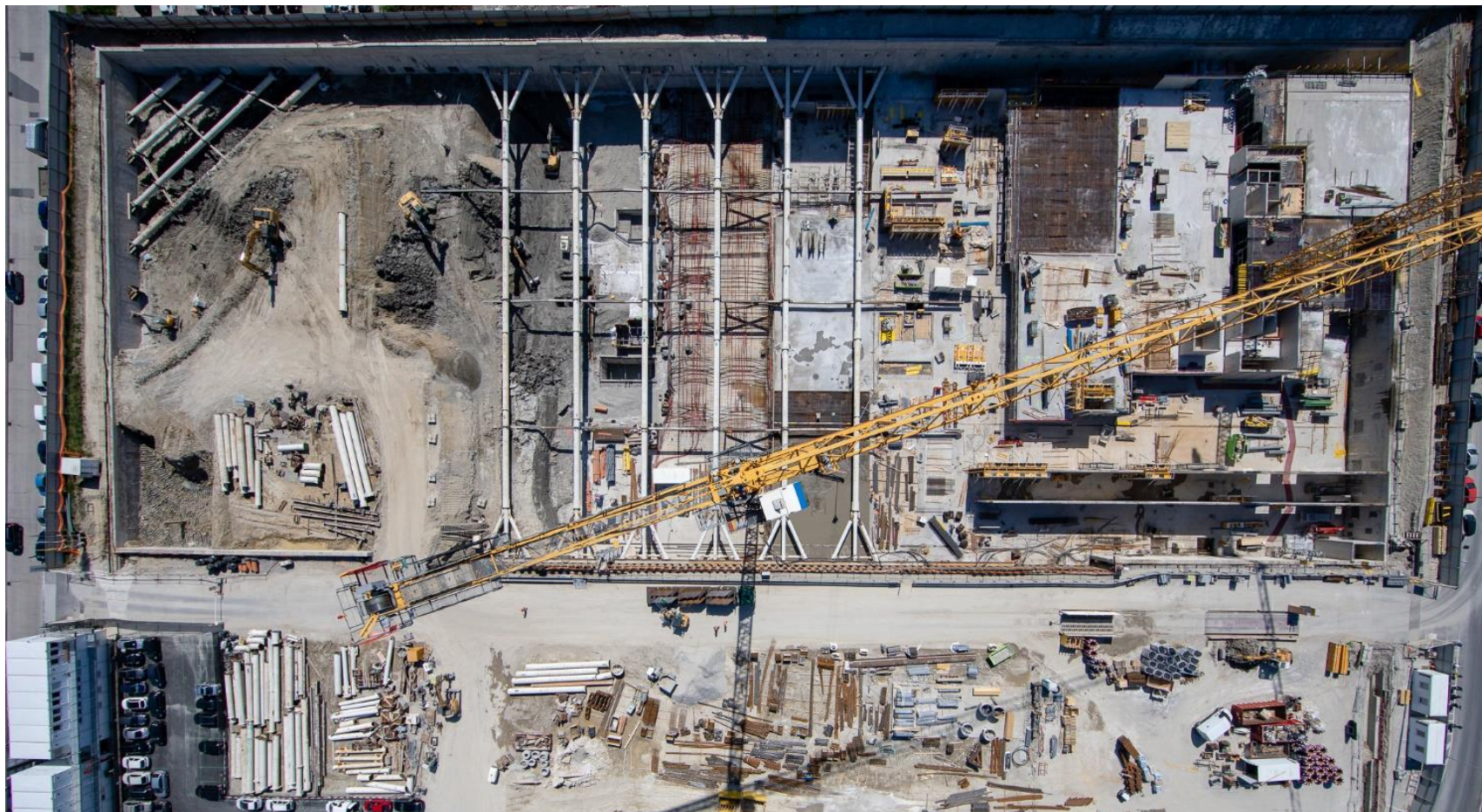


Highlights

- **Project:** Creates a new centre for 1 700 workplaces
- **Success factors:** Meets need for laboratory and office spaces, positive inspirations and synergies from other uses (innovation, health, wellness, shopping)
- **Investment volume:** CHF 188 million*, completion 2020/2023
- **Yield:** 5.9% (on cost)

* incl. land

Developments (2/4): «Espace Tourbillon» – Foundation stone laid



* incl. land

Highlights

- **Project:** Multifunctional industrial and commercial park with efficient logistics, approx. 95 000 m² usable space
- **Success factors:** Tailor-made areas for 4 000 new workplaces
- **Partial sale:** Two buildings to the Hans Wilsdorf foundation
- **Investment volume:** CHF 233 million*, completion 2021
- **Yield:** 6.4% (on cost)

Developments (3/4): «YOND» Zurich – Topping-out achieved



Highlights

- **Project:** Rapidly available, flexible spaces for small, medium and large service providers and traders
- **Success factors:** Innovative real estate project, planned and developed based on lean principles with a focus on flexibility and simplicity
- **Investment volume:** CHF 91 million*, completion 2019
- **Yield:** 5.6% (on cost)

* incl. land

Developments (4/4): «Pont Rouge» Lancy – Planning start



Highlights

- **Project:** Fantastic position, excellent reinvestment opportunity
- **Success factors:** Location comparable to Zurich's Hardbrücke (mixed use: services, trade and residential)
- **Investment volume:** CHF 270 million*, completion 2022
- **Yield:** 4.3% (on cost)

* incl. land

Services segment achieving good results

Wincasa	<ul style="list-style-type: none">▪ Expansion of services with a focus on digitalisation (CVC, My Wincasa, etc.)▪ New record high for assets under management: CHF 67 billion
Jelmoli	<ul style="list-style-type: none">▪ Increase in sales per customer (+5.7%) and articles per receipt (+0.5%)▪ Opening of sports (spring 2018) and ladies department (autumn 2018)
Tertianum	<ul style="list-style-type: none">▪ Introduction of a new resource planning system (SAP) for process optimisation▪ Opening of Tertianum's «Blumenaupark» in Unterterzen (total sites: 77)
Swiss Prime Site Solutions	<ul style="list-style-type: none">▪ Assets under management increased to CHF 1.5 billion▪ Team strengthened with experienced specialists
Services segment	<ul style="list-style-type: none">▪ Operating income: CHF 382.5 million (+7.2%), EBIT: CHF 15.9 million (+15.5%)▪ Results prove the success of operative and strategic measures

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**WE SHAPE THE
FUTURE**



SWISS PRIME SITE

1

Welcome

2

Highlights first half-year 2018

3

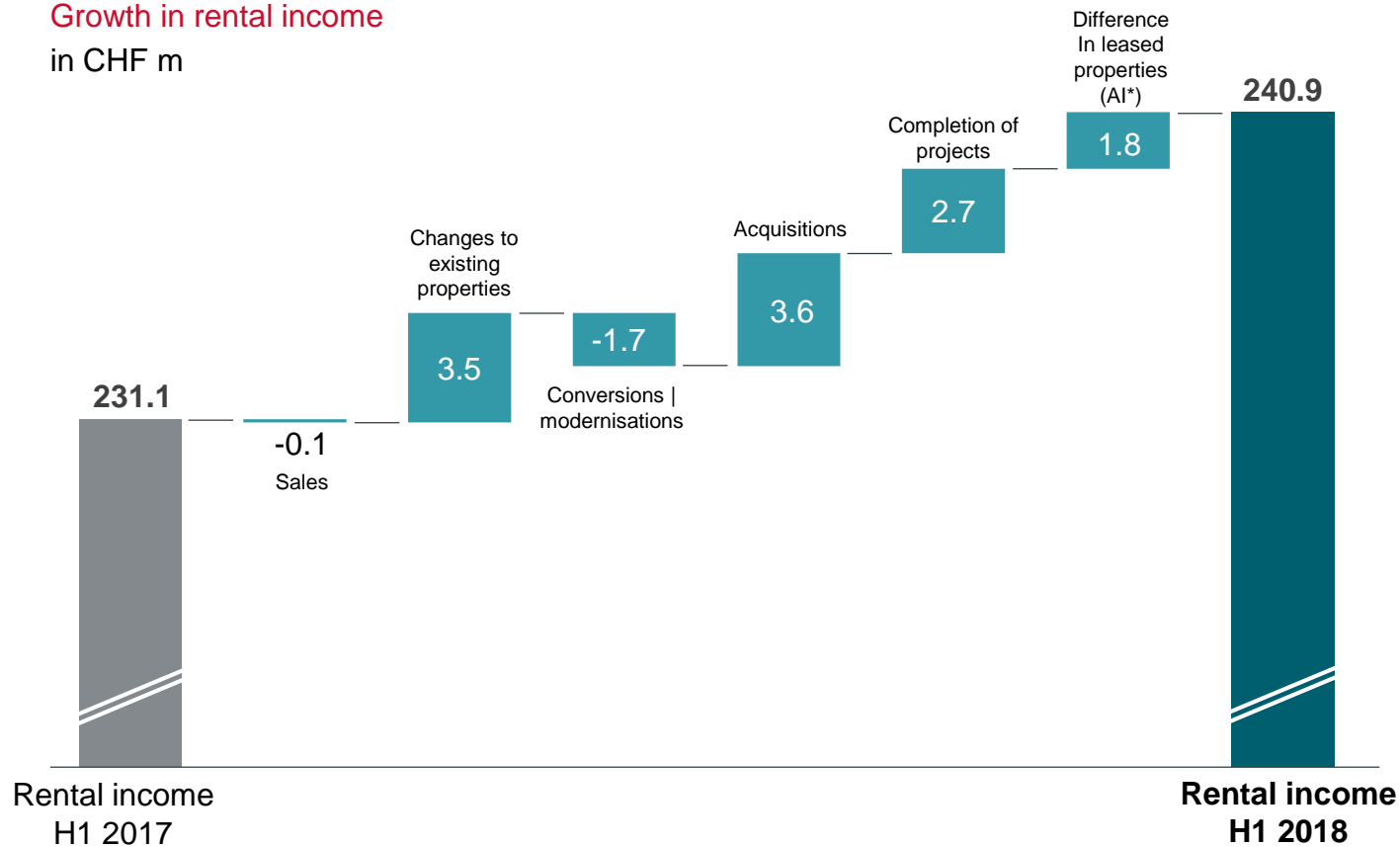
Key figures first half-year 2018

4

Outlook

Rental income rises by 4.2%

Growth in rental income
in CHF m



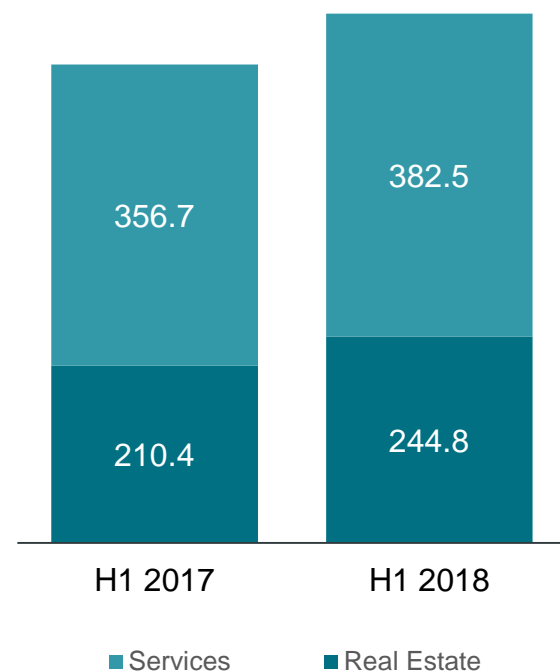
* Assisted Living

Facts

- Increase in rental income thanks to purchases during 2017/18 (e.g. building adjacent to «Roter Turm», Winterthur; Résidence La Gottaz, Morges; Iseli site, Regensdorf)
- Growth from completed projects Motel One (Zurich) and Riantbosson Centre (Meyrin)
- New Assisted Living centres opened
- Rental revenue totalling CHF 31.2 million from leased Tertianum properties

Rise in operating income by 10.3%

Operating income by segment
in CHF m



EBIT by segment
in CHF m

	H1 2017	H1 2018
Real estate	202.1	217.0
Services	13.7	15.9
EBIT	215.8	232.9

Services segment EBIT by Group company

	H1 2017	H1 2018
Tertianum	10.3	11.1
Wincasa	7.5	9.4
Jelmoli	-4.0	-6.2
Swiss Prime Site Solutions	-0.1	1.6
EBIT	13.7	15.9

Facts

- Year-on-year rise in EBIT for the core Real Estate business, thanks to sales gains and reductions of the vacancy rate
- Operative increase from Tertianum as a result of growth strategy
- Better results for Wincasa despite high investments for digitalisation
- E-commerce investments pull down Jelmoli result for first semester 2018
- Swiss Prime Site Solutions shows good results (including increase in assets under management)

Profits rise by 7.8%/15.4% (excluding revaluations and deferred taxes)

Swiss Prime Site Group Income Statement in CHF m

	H1 2017	H1 2018
Operating income	530.5	585.3
Revaluation of investment properties	37.4	35.0
Result from investments in associates	1.1	0.6
Result from investment property sales	0.3	6.3
<i>Profit on real estate development (net)*</i>	<i>0.0</i>	<i>6.8</i>
Operating expenses	-353.5	-394.3
EBIT	215.8	232.9
Financial expenses	-39.2	-38.3
Financial income	1.5	0.6
Income taxes	-37.1	-43.2
Profit	141.0	152.0
Profit before revaluations/deferred taxes	131.0	151.1

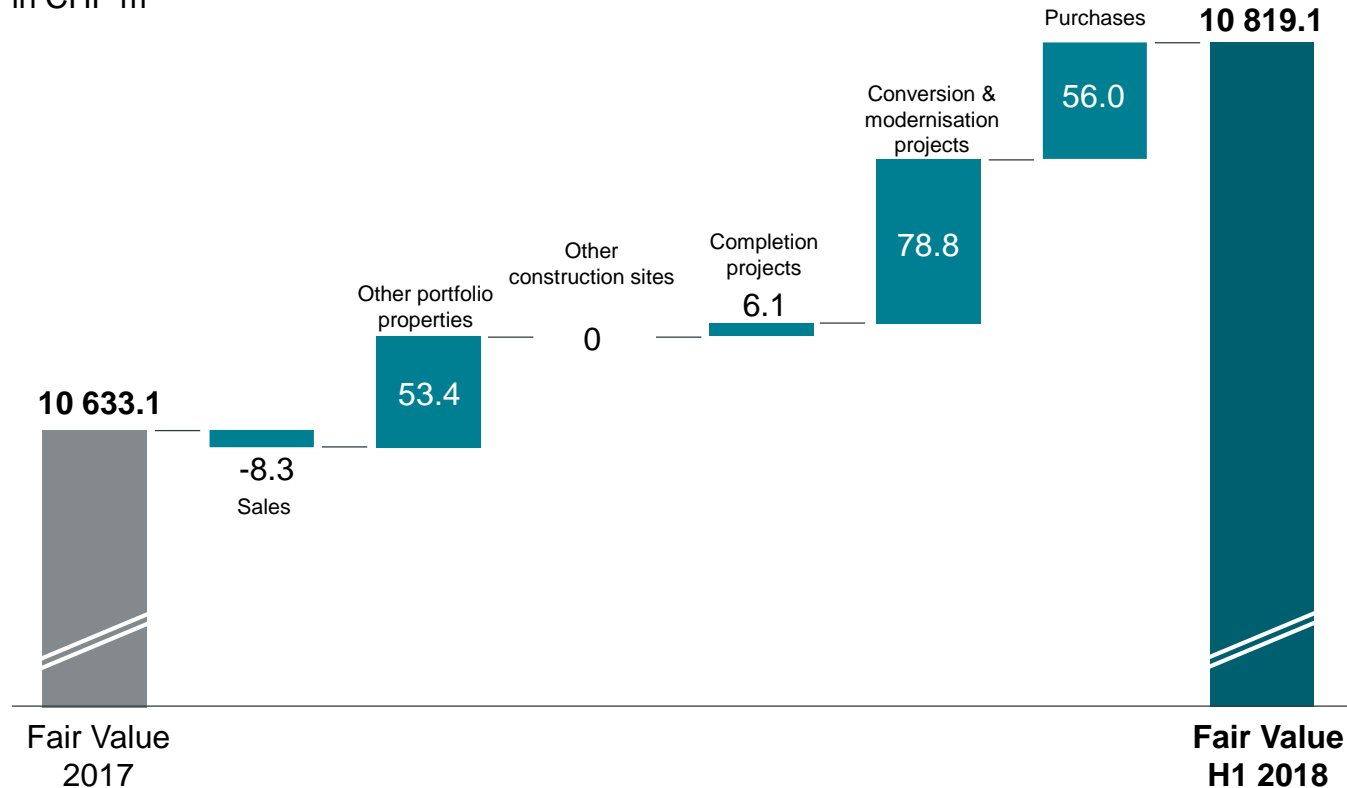
* pro-rata profit from partial sale of Espace Tourbillon based on POC method

Facts

- Growth in operating income for core Real Estate business (+16.3%) and services segment (+7.2%)
- Gains from revaluation thanks to rental success and construction progress in development projects
- Gains from real estate development («Espace Tourbillon») and sale of investment properties («Weltpost Park»)
- Reduction in financial costs following refinancing with more attractive conditions

Property portfolio expands to CHF 10.8 billion

Property portfolio development (fair value)
in CHF m



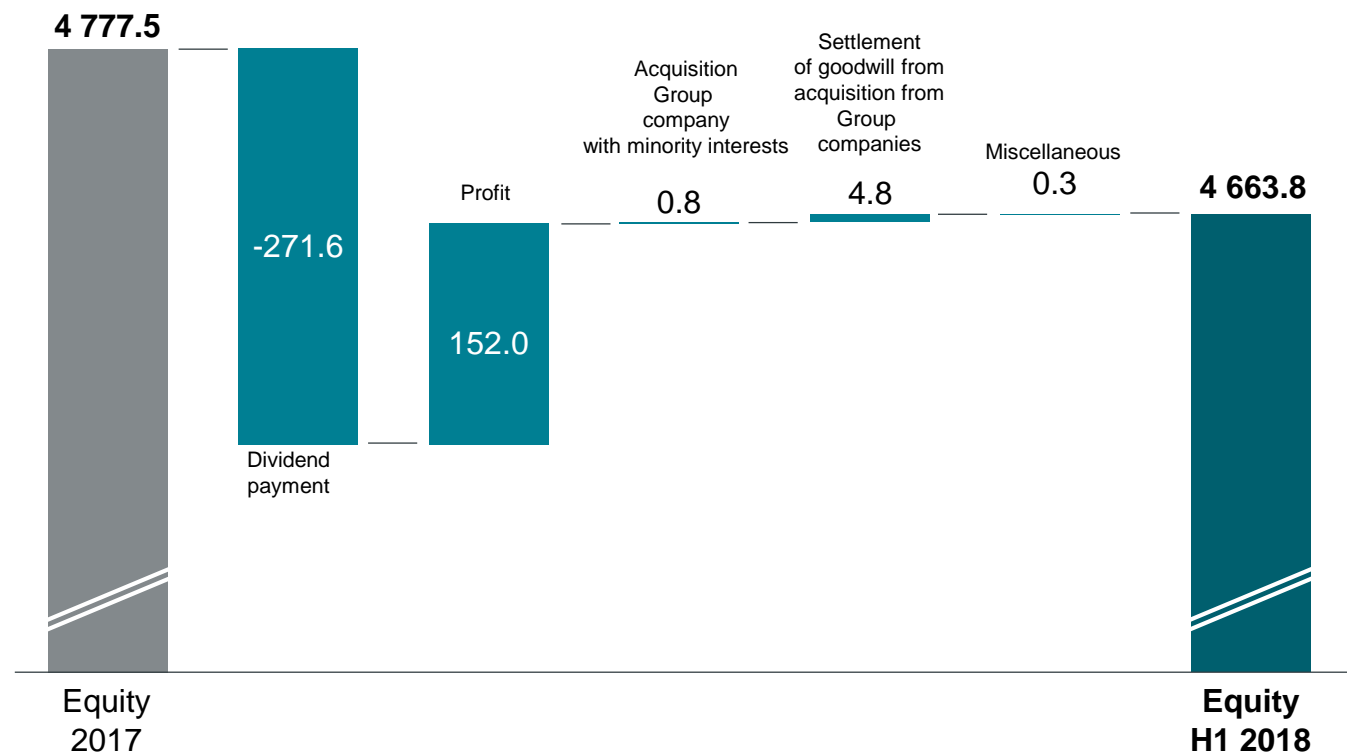
Facts

- Expansion of property portfolio to 189 investment properties
- Investment and development properties show positive value trend
- Improvements to operative income thanks to successful portfolio management, leading to further revaluations while net yield remains stable at 3.7%
- Vacancy rate reduced from 5.5% to 4.7%

Shareholders' equity

Shareholders' equity

in CHF m



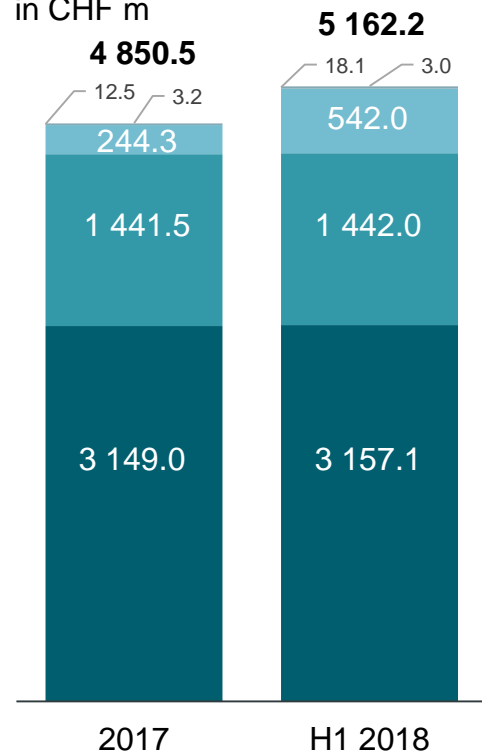
Facts

- Dividend payment of CHF 3.80 per share on 5 April 2018
- Annualised return on equity of 6.4% within the long-term target range
- Target equity ratio of around 45%
- Reminder: one-off reduction of equity by CHF 430.3 million at the end of 2016 due to restatement following adoption of Swiss GAAP FER accounting standards

Financing structure

Financing structure

in CHF m



- Other
- Long-term loans
- Convertible bonds
- Bonds
- Mortgage

Financial liabilities

	30.06.2017	30.06.2018
Ø interest rate (in %)	1.7	1.4
Ø maturity (years)	4.7	4.4
Loan-to-value (in %)	46.0	47.7

in CHF m	31.12.2017	30.06.2018
Short-term	621.6	779.8
Long-term	4 228.9	4 382.4
Total	4 850.5	5 162.2

Facts

- Borrowing costs reduced by 30 basis points
- Higher interest rate spread of 2.3% (= net yield ./. interest rate)
- Issue of 7-year convertible bonds amounting to CHF 300 million at 0.325% (January 2018) and 6-year bonds amounting to CHF 115 million at 1.0% (July 2018)
- Target loan-to-value ~45%

SWISS PRIME SITE

**WE CREATE
LIVING SPACES**

SWISS PRIME SITE

1

Welcome

2

Highlights first half-year 2018

3

Key figures first half-year 2018

4

Outlook

Key indicators for the real estate market 2018+



ECONOMY

Economic growth across the board in Switzerland



POPULATION

Reduction in impact of positive impetus from immigration



CAPITAL MARKET

SNB remains expansionary, moderate evolution expected for CHF interest rate



POLICY

«Lex Koller» decision taken by Federal Council in the interests of the industry

Expectations for 2018 confirmed

Top line

Increase in operating income

Profitability

Growth in EBIT before revaluations (includes income from real estate development)

Vacancy rate management

Vacancy rate expected to stabilise at less than 5% by end of 2018

Portfolio

Growth through project realisations and additional purchases

Dividend policy

Confirmation of the distribution policy to shareholders

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Q & A



SWISS PRIME SITE

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Company calendar

Annual report 2018	28 February 2019
Annual general meeting	26 March 2019

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