

SWISS PRIME SITE

CAPITAL MARKETS DAY 2021

ZURICH, 26 OCTOBER 2021



SWISS PRIME SITE

AGENDA

1	INTRODUCTION	RENÉ ZAHND
2	SUSTAINABILITY	RENÉ ZAHND
3	REAL ESTATE	MARTIN KALEJA
4	ASSET MANAGEMENT	ANASTASIUS TSCHOPP
5	FINANCIALS	MARCEL KUCHER
6	WRAP-UP AND OUTLOOK	RENÉ ZAHND
7	Q & A	

Agenda Capital Markets Day 2021

9:30 – 10:30

Property tour JED Schlieren



10:30 – 12:15

Management presentation

12:15 – 13:30

Lunch

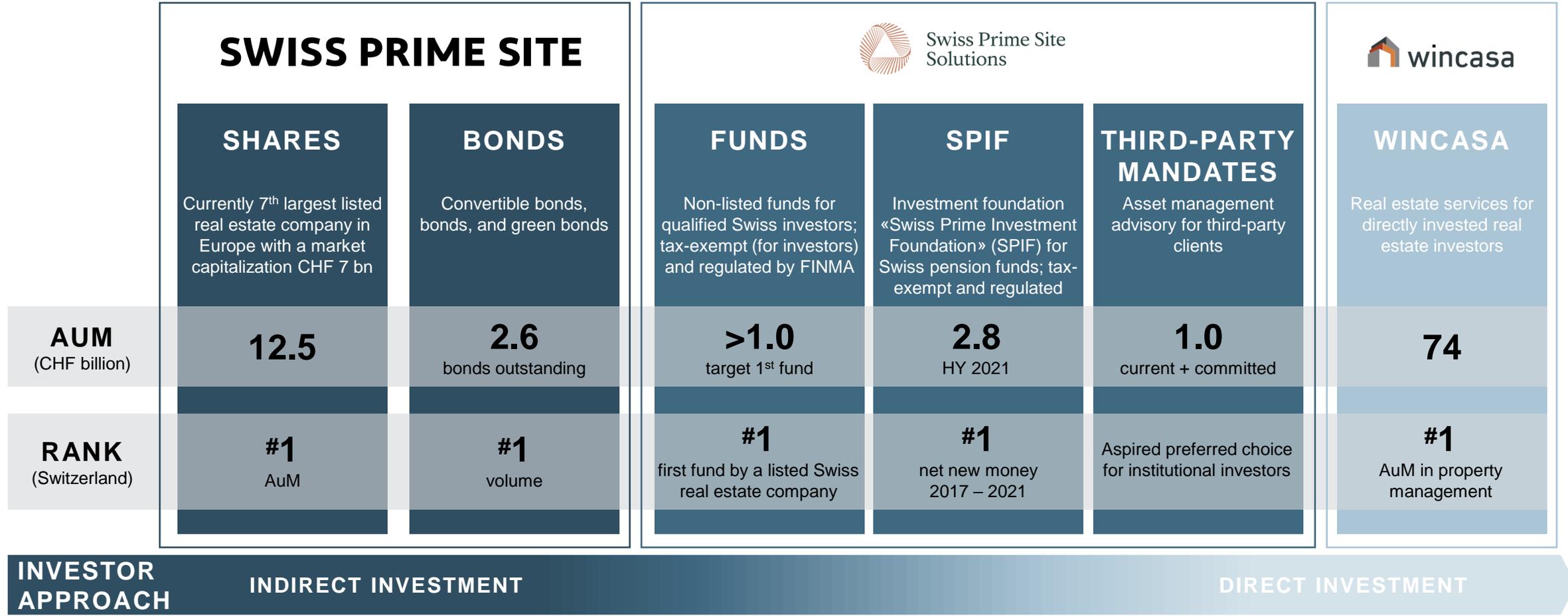
13:30 – 16:30

Property tour Zurich CBD | Müllerstrasse, Leuenhof and Fraumünster

16:30 – 17:30

Drinks reception

Towards a comprehensive real estate investment platform



Key takeaways Capital Markets Day 2021



STRONG MARKET POSITIONING

- **Locations:** Pandemic has not yet had an impact on the demand for prime locations
- **Flexibilisation:** Demand for space has changed, but not decreased overall; customers want variable space with as many (retrievable) services as possible
- **Sustainability and health:** Significant increase in health and sustainability awareness in society due to pandemic



GROWTH ASSET MANAGEMENT

- **Expansion of business model:** Extension of services and clients (fund management, investment foundation and real estate services via pension fund mandates)
- **Growth:** Strong growth in AuM from all three business areas; high proportion of recurring asset management fees
- **Asset light business:** Attractive expansion of the business model due to low capital requirements



CAPITAL MANAGEMENT STRATEGY

- **Capital recycling:** Taking advantage of the current market environment and enabling further growth without raising additional capital
- **Capital management principles:** Ensure a sustainable balance sheet and optimal access to the capital market
- **Financing strategy:** Adaptation of financing strategy by moving away from secured (mortgages) to unsecured credit lines

SWISS PRIME SITE

AGENDA

1	INTRODUCTION	RENÉ ZAHND
2	SUSTAINABILITY	RENÉ ZAHND
3	REAL ESTATE	MARTIN KALEJA
4	ASSET MANAGEMENT	ANASTASIUS TSCHOPP
5	FINANCIALS	MARCEL KUCHER
6	WRAP-UP AND OUTLOOK	RENÉ ZAHND
7	Q & A	

Sustainability: Yesterday, today and tomorrow...

YESTERDAY



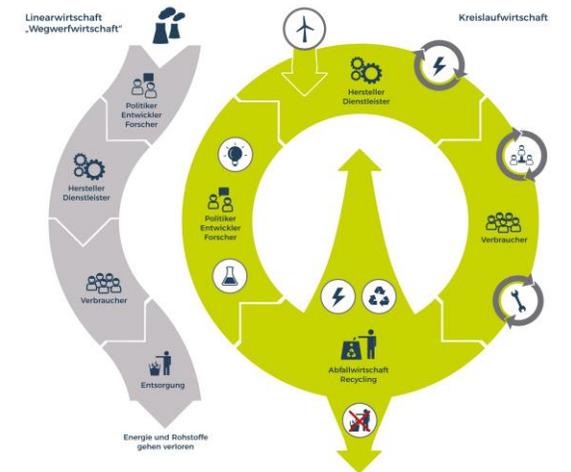
- **Objectives:** Creating awareness of sustainability and establishing it in society
- **Measures:** Recycling, resource preservation, etc.

TODAY



- **Objectives:** Sustainability within the context of global initiatives (UN SDGs, Paris Agreement)
- **Measures:** Decarbonisation of the economy with CO₂ reduction pathways

TOMORROW

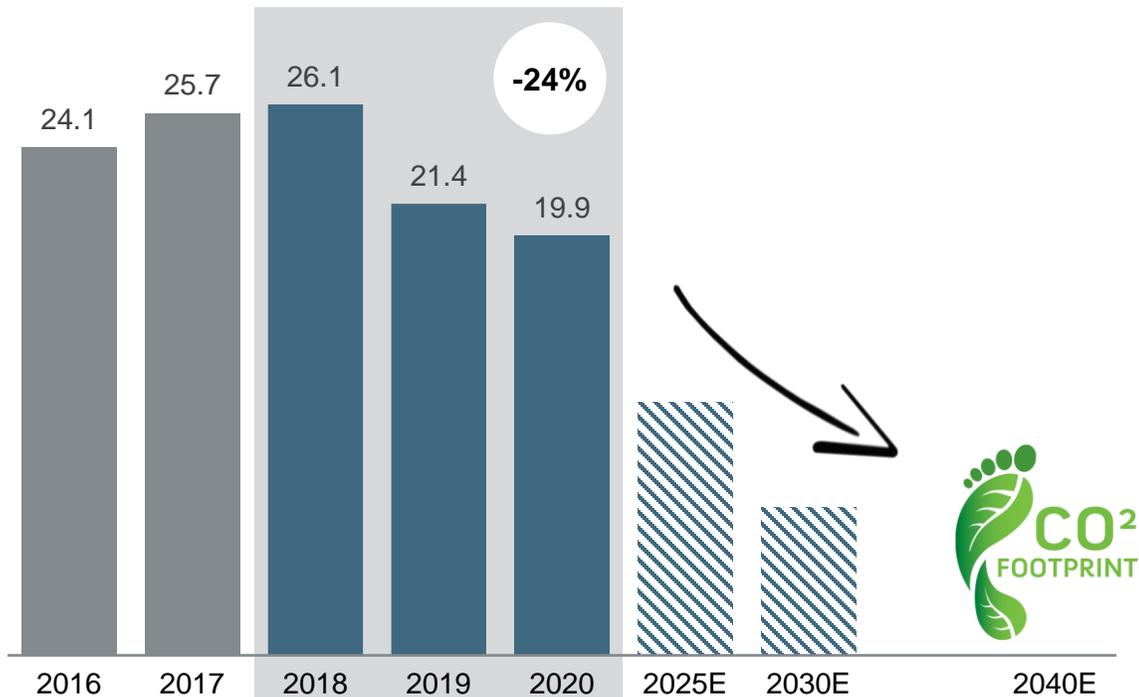


- **Objectives:** Development of the resource-intensive «linear throw-away economy»
- **Measures:** Introduction of the circular economy with focus on resource and material cycles

Today: CO₂ reduction pathway to reach climate neutrality by 2040

CO₂ INTENSITY OF PORTFOLIO

kg CO₂ e/m²



Source: Swiss Prime Site

- **CO₂ emissions:** From 2018, measures introduced led to a significant decrease of 24%
- **Portfolio of existing properties:** In the case of necessary run time-related and periodic maintenance work, attention is consistently paid to contributing directly to the reduction of CO₂ emissions; use of renewable energy wherever possible is a priority across all company operations; CAPEX is taken into account accordingly in the DCF model of the external appraiser
- **Project pipeline:** Development projects are planned with the aim of minimising CO₂ emissions in operation and maximising renewable energy production (property as a «power plant»)
- **Measures applied:** Use of electricity from hydropower; installation of photovoltaic systems; replacement of fossil fuel-based heating systems and focus on renewable systems (e.g. heat pump); efficient building façade; installation of electric charging stations

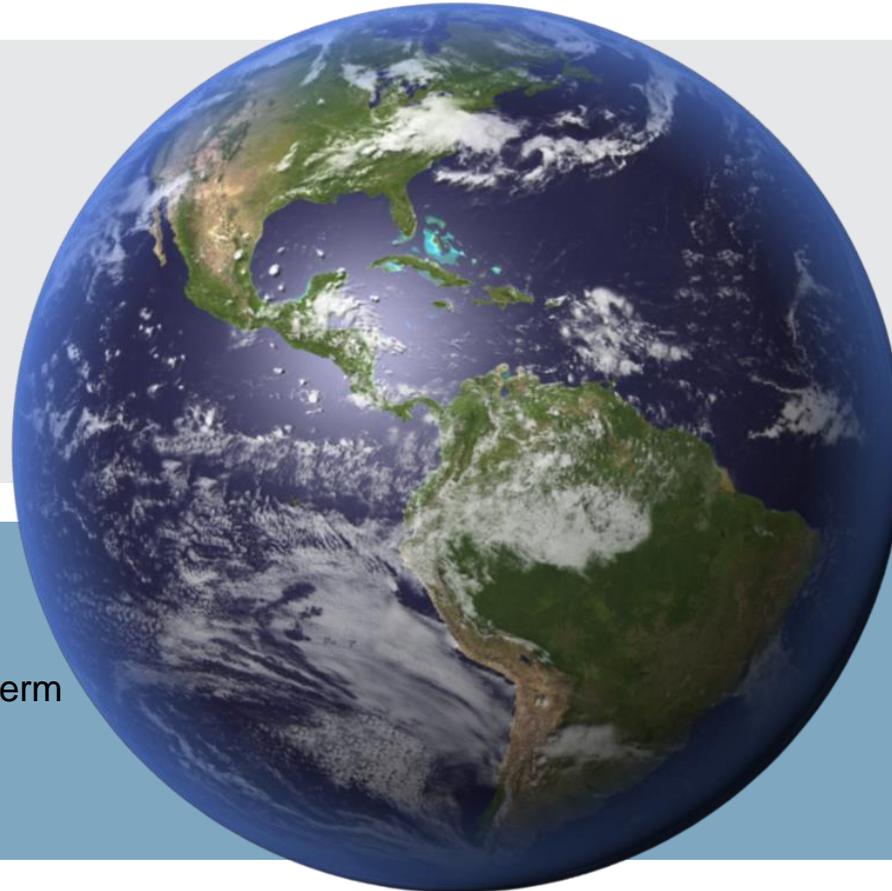
From linear to circular! Sustainability...

...is NOT about

- ...becoming certified
- ...coming up with isolated solutions

...is about

- ...having the right attitude
- ...thinking holistically and in the long term



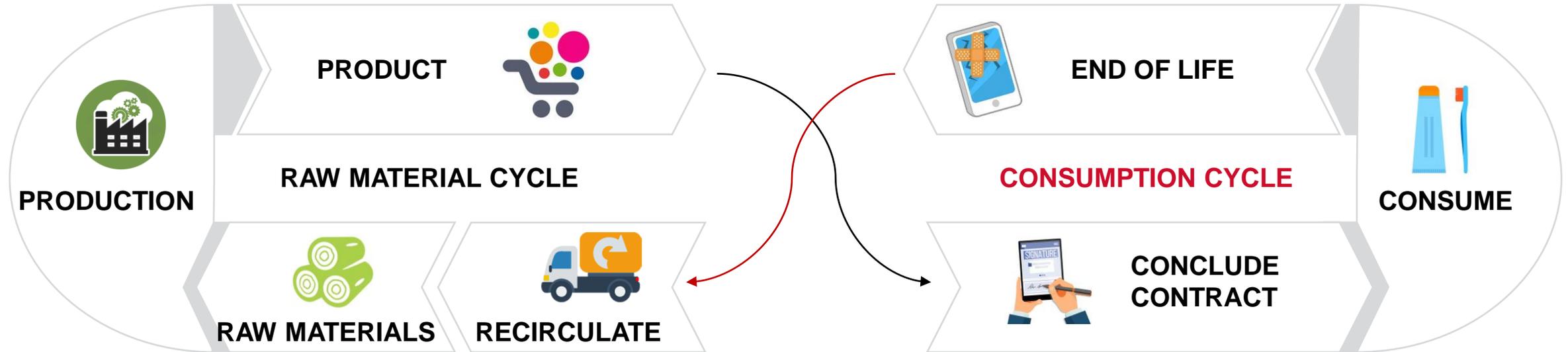
LINEAR ECONOMY

- Global economy (raw materials, production, consumption, disposal) causes large amounts of waste
- Focus on fast-moving cycles and performance rather than on durability and reuse of product materials (example: smartphone)

SOLUTION: CIRCULAR ECONOMY

- Cycle-oriented product design (e.g. cradle to cradle) and business models as well as effective use of resources
- Reuse of product material (back to the producer)

Circular economy: Properties become raw material assets



- **Ownership vs performance:** Less desire to own; greater focus on performance → from consumption to utilisation
- **Raw materials:** Producers remain the owners of the raw material; the consumer no longer pays for the raw material but, instead, for the additional value (service) created
- **Madaster:** The raw material can be extracted and thus remains constantly available; to this end, the raw material needs a «passport» (the Madaster material passport); every product thereby becomes a «raw material asset»; this is especially the case with real estate

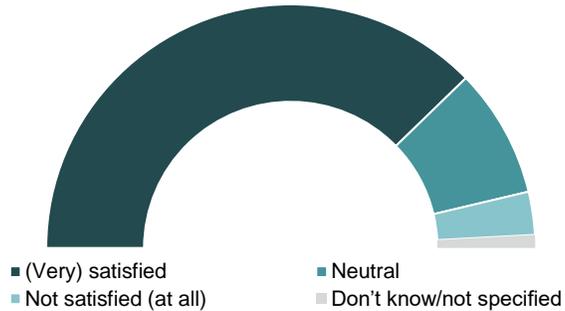
SWISS PRIME SITE

AGENDA

1	INTRODUCTION	RENÉ ZAHND
2	SUSTAINABILITY	RENÉ ZAHND
3	REAL ESTATE	MARTIN KALEJA
4	ASSET MANAGEMENT	ANASTASIUS TSCHOPP
5	FINANCIALS	MARCEL KUCHER
6	WRAP-UP AND OUTLOOK	RENÉ ZAHND
7	Q & A	

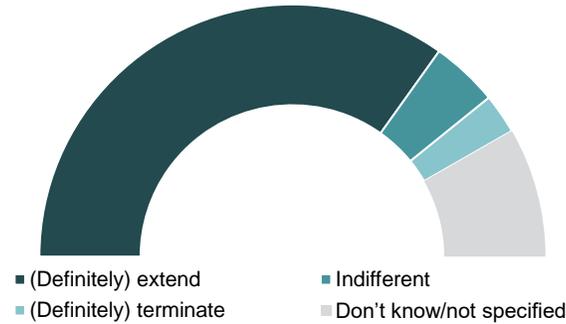
Tenant survey: 95% want to maintain or expand space size

OVERALL SATISFACTION



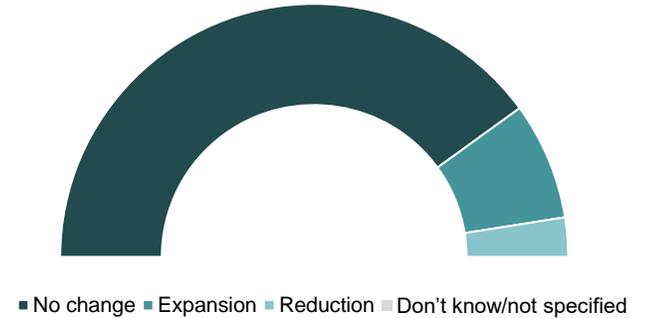
- With 75% high overall satisfaction of tenants in Swiss Prime Site properties
- Positive value is strongly correlated to the property (modern, fit-out standard, etc.), the location and the general accessibility of the property

LOYALTY



- Tenant loyalty is high
- 70% would (definitely) extend the rental agreement if it were to expire in the next few months

SPACES



- More than 80% of the tenants want to keep their current space and about 15% want to increase it
- Only 5% want to reduce space
- The desire for more flexible rental space has increased

Top market trends: Location, flexibility, health and sustainability



- **Location, location, location:** Demand for prime locations has increased further due to the pandemic
- **Types of use:** Office, retail and infrastructure respectively logistics



- **Space:** Demand for space has changed, but has not decreased
- **Greater flexibility:** Customers want variable spaces with as many (on-demand) services as possible



- **Sensitisation:** Pandemic clearly increased health awareness in society
- **Data:** Interest in data on air quality, indoor climate and occupancy (preferably in real time)



- **Participation:** All aspects of sustainability are becoming more important for customers
- **CO₂ reduction pathway:** Swiss Prime Site's target is perfectly aligned with the clients' needs

First-class locations remain in demand



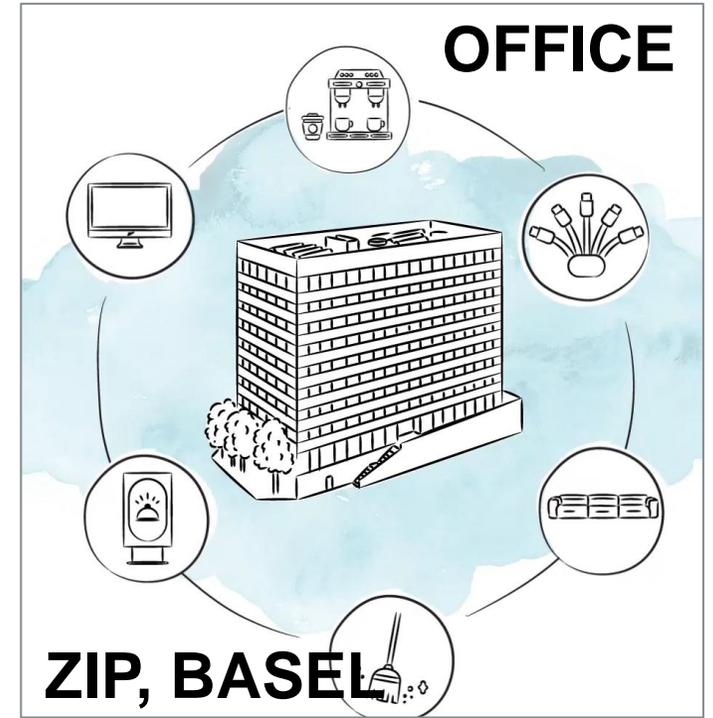
Example: Stücki Park Basel as a perfect location for laboratory space



INFRASTRUCTURE

Source: Video by Lonza DPS

Intact demand for modern space and available services



Strong demand for healthy environment and security



Increased importance of sustainability as a result of the pandemic



Example: Project development for tenant Google



- **Goal:** transformation of the building according to the principles of circular economy
- **Process:** complete deconstruction of the property down to the supporting structure
- **Framework conditions:** cataloguing and maximum reuse of all dismantled materials in terms of Madaster
- **Tenant:** Google from mid-2023 as single-tenant (*Google Environmental Report 2020: «We want future buildings to store more carbon in their materials than what is spent producing them, to be powered by 24/7 carbon-free energy, and to positively impact their surrounding ecology and community»*)

Image: Project Müllerstrasse, Zurich

SWISS PRIME SITE

AGENDA

1	INTRODUCTION	RENÉ ZAHND
2	SUSTAINABILITY	RENÉ ZAHND
3	REAL ESTATE	MARTIN KALEJA
4	ASSET MANAGEMENT	ANASTASIUS TSCHOPP
5	FINANCIALS	MARCEL KUCHER
6	WRAP-UP AND OUTLOOK	RENÉ ZAHND
7	Q & A	

Swiss Prime Site Solutions: Successful financial year 2021



Image: Riverside, Zuchwil

- **Fund management company:** Approved as a fund manager by FINMA
- **Assets under management:** Increased from CHF 3.0 billion at the end of 2020 to total CHF 3.4 billion (October 2021)
- **Project pipeline:** Additional development pipeline of CHF 600 million for SPIF
- **SPIF Real Estate Switzerland:** Successful capital increases completed in spring (CHF 91 million) and autumn (CHF 253 million)
- **SPIF Living+ Europe:** Purchase of first assets for the new investment group (EUR 43.6 million)
- **New client mandates:** Growth opportunities of around CHF 1 billion over the next few years

Attractive Swiss Prime Site Solutions business fields



INVESTMENT FOUNDATION

- **Position:** Executive management and investment advice on collective investment products for Swiss pension funds
- **Services:** Comprehensive portfolio & asset management, transaction & construction management, project development, asset accounting, capital increases and investor relations
- **Examples:** Investment groups SPIF Real Estate Switzerland & Living+ Europe



FUND MANAGEMENT

- **Position:** Executive management and investment advice on fund products (FINMA authorisation to launch funds)
- **Services:** Comprehensive portfolio & asset management, transaction & construction management, project development, asset accounting, capital increases and investor relations
- **Examples:** Swiss Prime Site Solutions Investment Fund Commercial



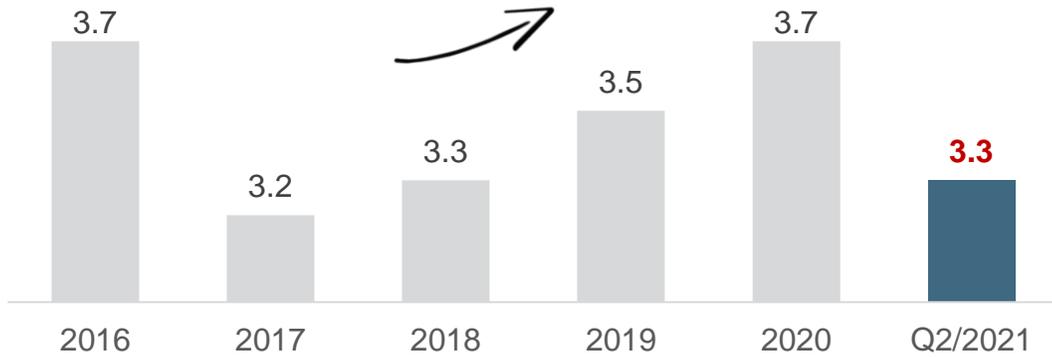
SERVICES

- **Position:** Investment advice for third-party clients (with or without management function)
- **Services:** Comprehensive portfolio & asset management, transaction & construction management, project development, asset accounting (optional)
- **Examples:** Mandates for BASF, Edifondo and Asga pension fund

Success story (1/2): SPIF Real Estate Switzerland 2016 to HY 2021

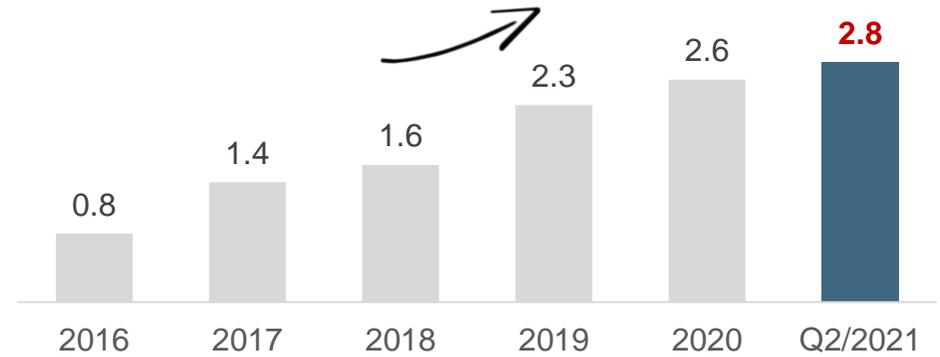
INVESTMENT RETURN

in %



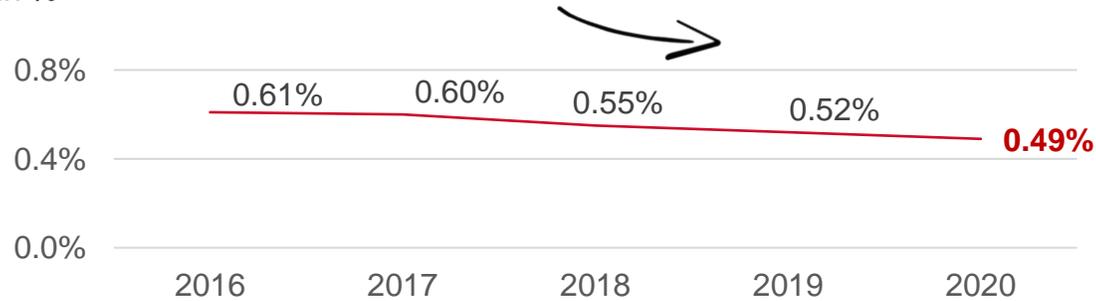
PORTFOLIO DEVELOPMENT

in CHF billion



TER_{ISA} (GAV)

in %



VACANCY RATE

in %



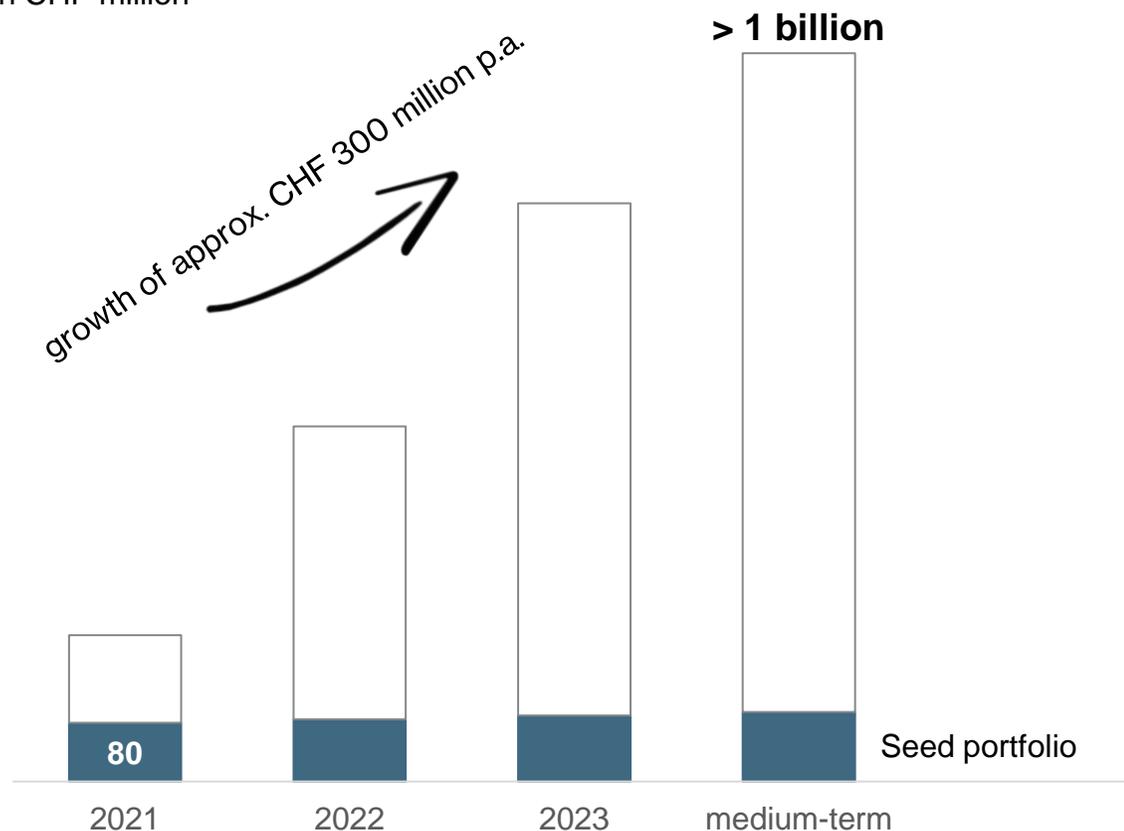
Success story (2/2): Development projects with added value



Funds: Launch of Swiss Prime Site Solutions IF Commercial

PROPORTIONATE STRUCTURE OF ASSETS UNDER MANAGEMENT

in CHF million

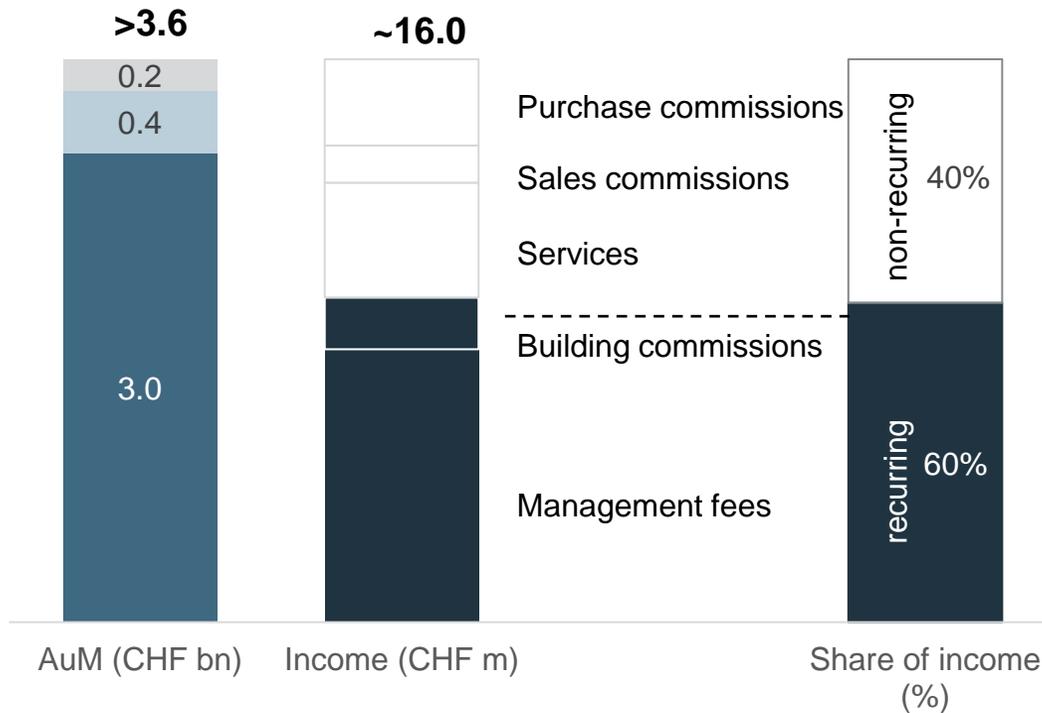


- Attractive seed portfolio of CHF ~260 million:** Exclusive and one-off purchase of suitable properties from Swiss Prime Site (seed portfolio CHF 80 million) and transaction opportunities amounting to CHF 180 million
- Launch:** Subscription period from 1 November to 10 December 2021 for qualified investors
- Dynamic portfolio growth:** Due to excellent market access to on- and off-market transactions
- Planned listing:** Long-term and sustainable value creation with plans to list on the SIX Swiss Exchange in 3 to 5 years
- Fee model:** Dynamic fee model as an attractive feature (TER of approx. 0.7%)

Sustainable and stable income base of Swiss Prime Site Solutions

PROPORTIONATE INCOME STRUCTURE

Basis financial year 2021E

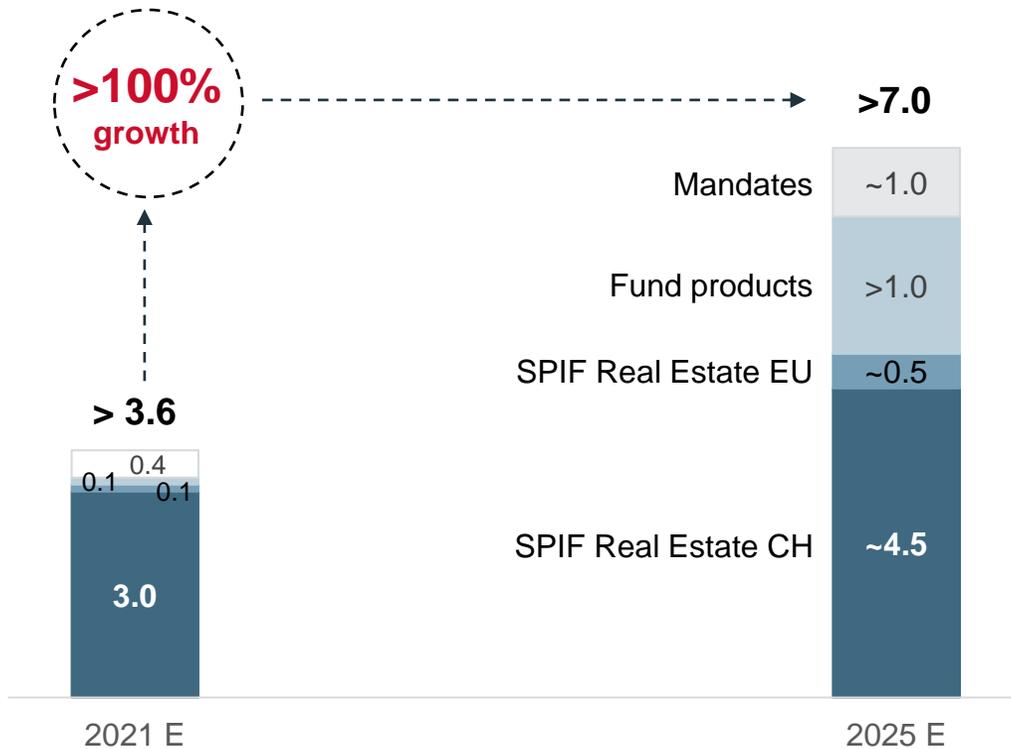


- Assets under management:** Historically high and growing share of current AuM in Swiss Prime Investment Foundation incl. a project pipeline of CHF 600 million
- Income:** Diversified income structure across different commissions and clients
- Share of income:** Around 60% of income is recurring; share will continue to increase

Growth targets and distribution

SWISS PRIME SITE SOLUTIONS ASSETS UNDER MANAGEMENT

in CHF billion



- **Assets under management:** Significant growth expected for all products; target increase to over CHF 7 billion by 2025
- **Profitability:** Total EBIT contribution from Swiss Prime Site Solutions of CHF >30 million from 2025 onwards
- **SPIF Real Estate Switzerland investment group**
 - Development of project pipeline (CHF 0.6 billion)
 - Further issues being prepared
- **Expansion of SPIF investment groups:** «Living+ Europe» issue launched in October 2020; further investment groups to follow from 2022
- **Fund products:** Approved as a fund manager in September 2021
- **Mandates:** Various committed mandates amounting to CHF ~1 billion over the next three years

SWISS PRIME SITE

AGENDA

1	INTRODUCTION	RENÉ ZAHND
2	SUSTAINABILITY	RENÉ ZAHND
3	REAL ESTATE	MARTIN KALEJA
4	ASSET MANAGEMENT	ANASTASIUS TSCHOPP
5	FINANCIALS	MARCEL KUCHER
6	WRAP-UP AND OUTLOOK	RENÉ ZAHND
7	Q & A	

Capital management 2021+



CAPITAL RECYCLING

- **Market environment:** Use of current market opportunities to further focus the portfolio (prime locations and real estate)
- **Optimisation of portfolio:** Sale of non-core assets (small, no further development possible, retail etc. → CHF 200-250 mn p.a.)
- **Development pipeline:** Investment of sales proceeds in current projects and future developments; production at ~4.5% yield on cost allows realisation of significant valuation reserves
- **Portfolio:** Real estate portfolio becomes focused, sustainable and modern → increase in earnings potential

OPTIMISATION
BALANCE SHEET



ENHANCE
STABILITY



CAPITAL MANAGEMENT

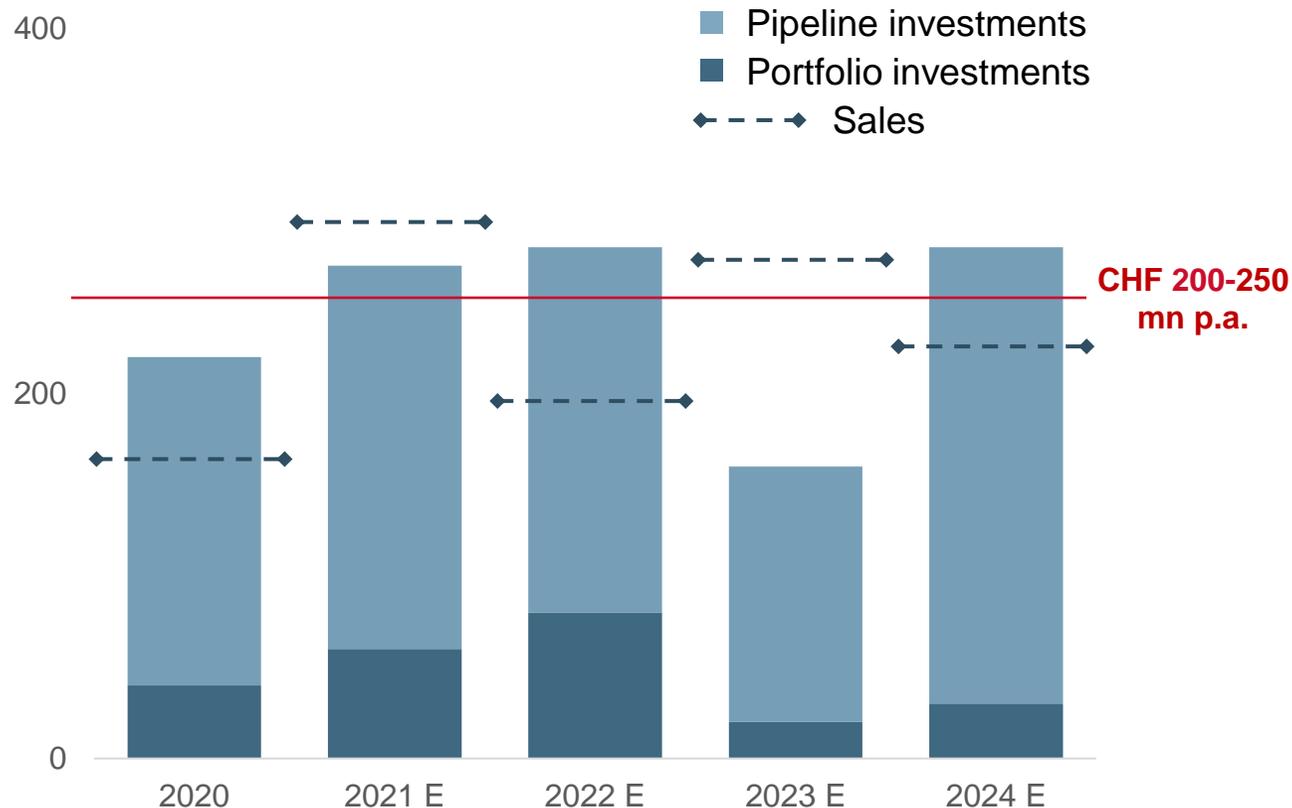


- **Balance sheet structure:** Optimised management of the future capital structure by means of clearly defined capital management principles
- **Core parameters**
 - Reduction of leverage (LTV)
 - Reduction of the share of secured financing
 - Increase of interest coverage ratio (ICR)
- **Growth:** Principles are the basis for financing organic growth and refinancing acquisitions

Financing of development pipeline through capital recycling...

ILLUSTRATIVE DEVELOPMENT OF INVESTMENTS AND SALES

in CHF mn



- Project pipeline:** Secured project pipeline of around CHF 2 bn; of which around 1 bn under construction and additional rental potential of CHF >80 mn until 2024
- Yields:** Development projects yield around 4.5% on cost; prime locations with a current market yield in the region of 3 – 4%; implies high valuation potential
- Market:** Real estate market currently in very good shape; low yields for prime properties also influencing less optimal locations (B)

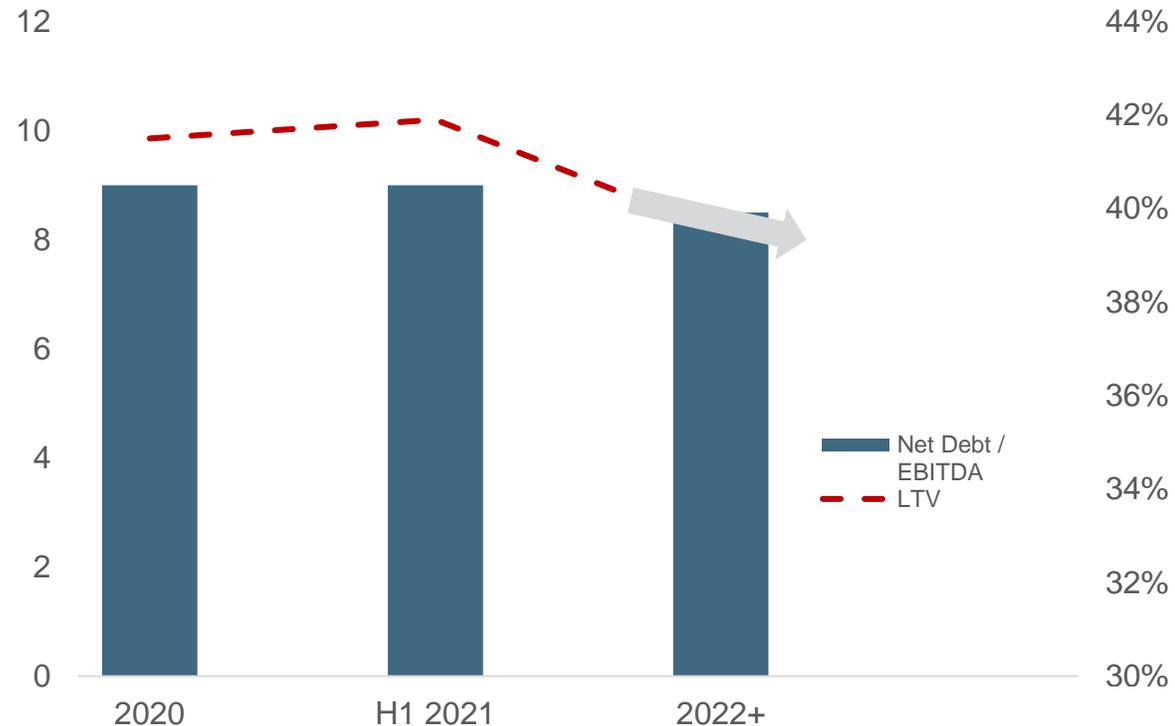
Focus on the future

- Capital recycling:** Sale of non-core assets (size, development potential, location, retail)
- Pipeline investments:** Realisation of current pipeline and project acquisitions
- Volume:** Average CHF 200 – 250 mn p.a.

...allows significant reduction of LTV without capital measures

ILLUSTRATIVE DEVELOPMENT LTV

in net-debt/EBITDA multiples and %

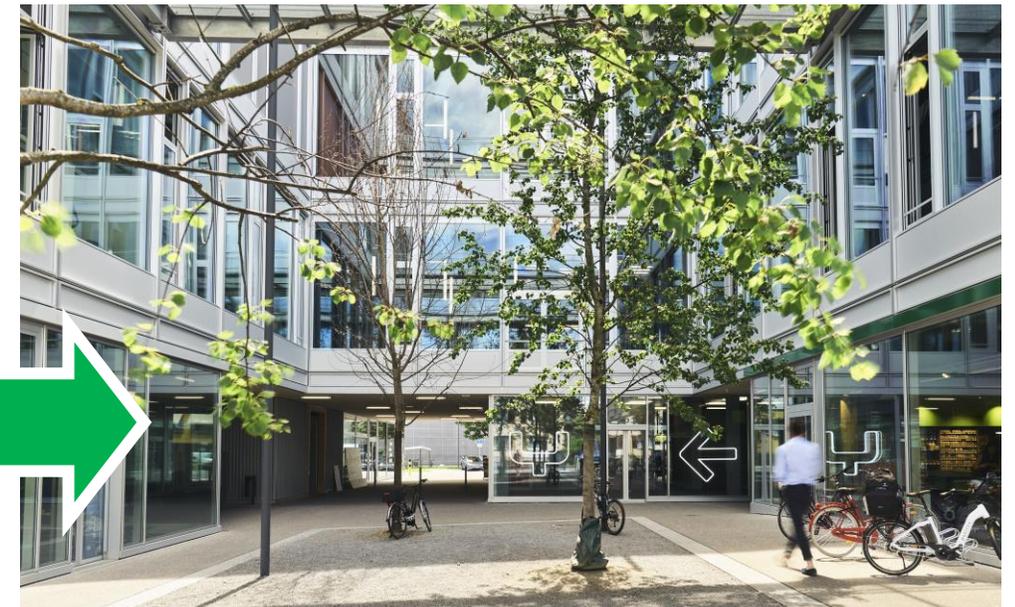


- **Valuation:** lifting of implied valuation reserves over the coming years
- **Capitalisation:** no increase in debt capital and no need to raise equity capital
- **Debt:** significant improvement in leverage expected over the coming years (target LTV below 40% in the medium term)
- **Property portfolio:** will become more prime through developments in Zurich, Geneva and Basel as well as more sustainable and modern; further optimisation of the composition of types of use as already communicated
- **Goal of capital management:** Improvement of the investment grade rating
→ in the medium term, also from external agency

Example for «Capital Recycling»



- **Sale of existing properties, Horgen example (January 2020)**
UBS package; little scope for further development due to high density

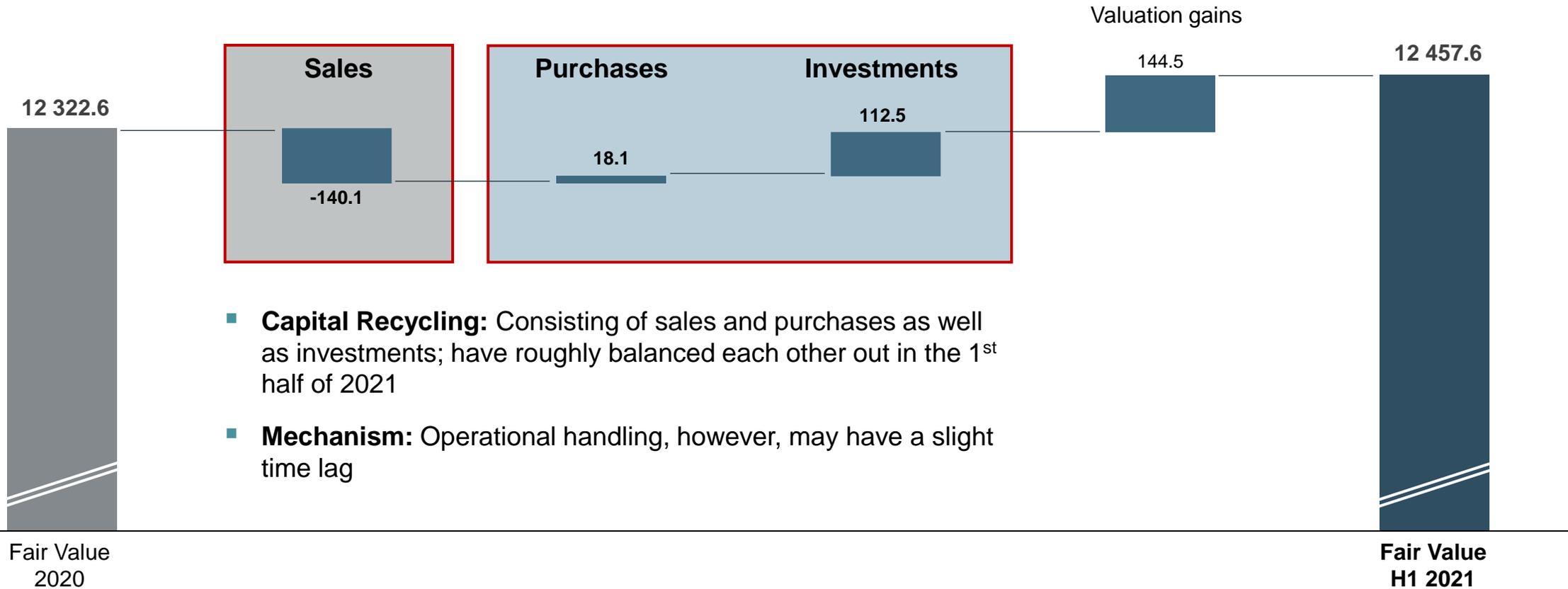


- **YOND project development, Zurich (2017 – 2020):**
New construction of flexible service and commercial space on building land reserve, fully let after completion of the project
- Net yield (on cost): >5%

Active implementation since the 1st half of 2021

DEVELOPMENT REAL ESTATE PORTFOLIO

in CHF mn



- Capital Recycling:** Consisting of sales and purchases as well as investments; have roughly balanced each other out in the 1st half of 2021
- Mechanism:** Operational handling, however, may have a slight time lag

Capital Management: Optimisation of the balance sheet

PRINCIPLES

- 1** **Balanced mix** of equity and debt in the interest of all stakeholders
- 2** **Flexibility** through diversification of financing sources
- 3** **Financing costs** at the lower end of the market
- 4** **Homogeneity** of bank/capital market financing (avoid structural subordination)
- 5** **Minimise refinancing risks** or avoid them where possible
- 6** **Best-in-class IR** for all investor segments

KEY POINTS AND TRENDS

<p>Total Debt/Total Assets (LTV)</p> <ul style="list-style-type: none"> ▪ Optimal use of debt capital limits risks 	<p>Free Assets/Total Assets</p> <ul style="list-style-type: none"> ▪ Avoid structural subordination 	<p>Secured Debt/Total Debt</p> <ul style="list-style-type: none"> ▪ Focus on unsecured loans 	<p>Interest Coverage Ratio (ICR)</p> <ul style="list-style-type: none"> ▪ Optimisation of cash flow and interest costs
<p>TARGET </p>	<p>TARGET </p>	<p>TARGET </p>	<p>TARGET </p>

SWISS PRIME SITE

AGENDA

1	INTRODUCTION	RENÉ ZAHND
2	REAL ESTATE	MARTIN KALEJA
3	ASSET MANAGEMENT	ANASTASIUS TSCHOPP
4	FINANCIALS	MARCEL KUCHER
5	SUSTAINABILITY	RENÉ ZAHND
6	WRAP-UP AND OUTLOOK	RENÉ ZAHND
7	Q & A	

Outlook and objectives

EXPECTATIONS BUSINESS YEAR 2021

Growth rental income: >2.5%*

Vacancy rate: 4.6% – 4.8%

Growth EBIT: >5%*

MIDIUM TERM TARGETS

REAL ESTATE



Portfolio



Stable volume of CHF ~12 – 13 billion

Vacancies 2021+ 4% in the medium term

Types of use 2025

Reduced retail to <20% and increased office and infrastructure/logistics use



Pipeline



Active volume CHF ~1.4 billion

Total rental income CHF ~100 million (2030)

Reserves in the portfolio and project pipeline

Capitalisation of reserves of CHF ~600 million



Capital recycling



Sale of non-core properties to refinance the project pipeline

SERVICES



Swiss Prime Site Solutions



Assets under management CHF >7.0 billion
EBIT contribution to the Group CHF >30 million by 2025



wincasa



Assets under management CHF >70 billion
Ensure EBIT margin of 12 – 15%

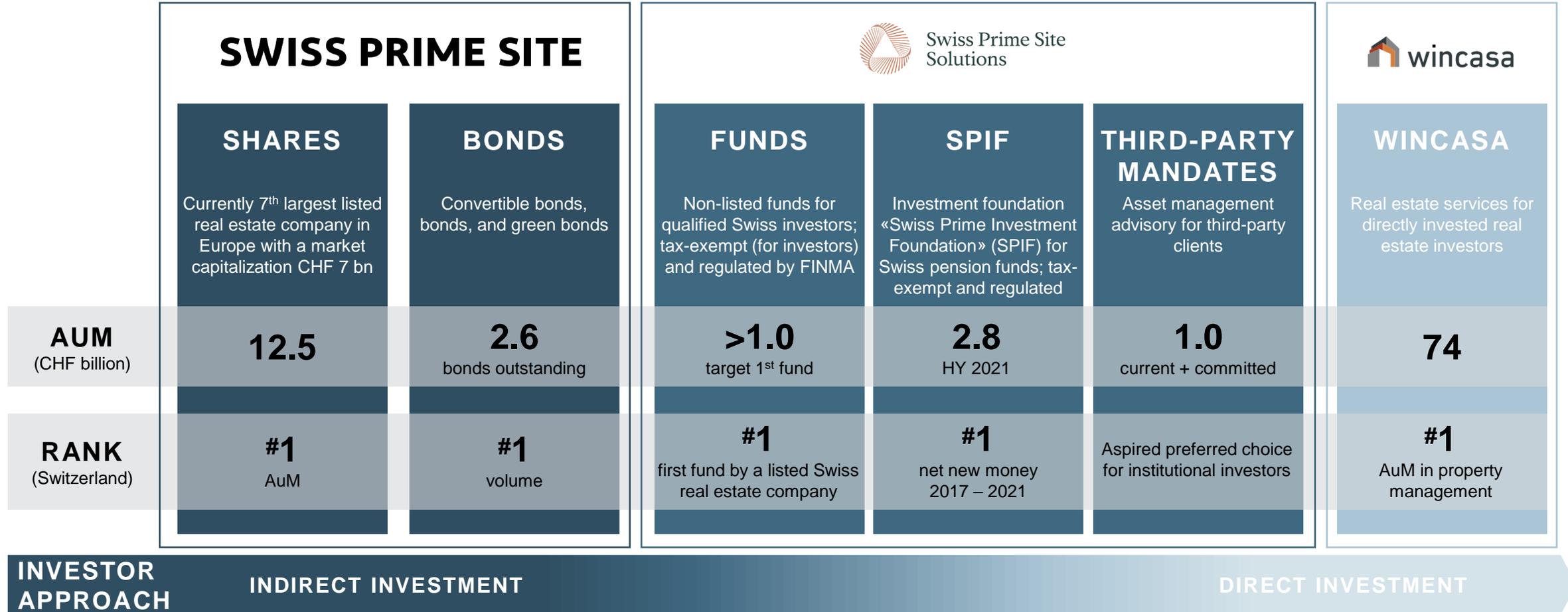
Jelmoli



Operating EBIT «balanced» until 2023

* on a comparable basis versus 2020 and excl. revaluations (EBIT)

Towards a comprehensive real estate investment platform



SWISS PRIME SITE

**WE CREATE
LIVING SPACES**



SWISS PRIME SITE

Investor relations



MARKUS WAEBER

Investor Relations

Head Group Investor Relations

Business: +41 58 317 17 64

Mobile: +41 79 566 63 34

markus.waeber@sps.swiss

Media relations



MLADEN TOMIC

Media Relations

Head Group Communications

Business: +41 58 317 17 42

Mobile: +41 79 571 10 56

mladen.tomic@sps.swiss

Events

FY 2021

17 February 2022

AGM

23 March 2022

Headquarters

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

Zürich 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.