SWISS PRIME SITE

PRESS RELEASE

Ad hoc announcement pursuant to Art. 53 LR

Zug, 06 February 2025

Swiss Prime Site: strong rental growth brings significant increase in earnings in 2024 financial year

- **Growth of 5.7% in rental income (EPRA LfL 3.3%) to record high of CHF 464 million with income from newly let developments**
- **Growth of total real estate assets to CHF 26.4 billion, including CHF 13.1 billion in Swiss Prime Site's own portfolio [CHF 13.1 billion in the previous year] and CHF 13.3 billion in Asset Management [CHF 8.4 billion previous year] following Fundamenta acquisition**
- **Capital raises of CHF 612 million in Asset Management with strong investor interest, especially after SNB's interest rate cuts in the second half of the year**
- **Further portfolio consolidation with profitable sales of CHF 345 million to finance development projects**
- **Conservative capital structure with LTV of property portfolio at 38.3%**
- **Increase of the cash-effective result per share (FFO I) per share by 4.2% to CHF 4.22**
- **Higher dividend proposal of CHF 3.45 per share and optimistic outlook**

Swiss Prime Site has brought the 2024 financial year to a successful close and, due to higher rents, a strong increase in income from Asset Management and operational improvements, achieves a significant growth in earnings despite higher financing costs.

René Zahnd, CEO of Swiss Prime Site, summarised the year: «Over the past financial year, our key priority was implementing our strategy of consistent focus on our core competency in real estate. We achieved a significant increase in the operating result with the previous year – measured in funds from operations (FFO I) – of over 4% to CHF 4.22 per share. This was primarily driven by a significant increase in rental income in our own property portfolio and the marked increase in income in the Asset Management segment. The acquisition of the Fundamenta Group makes us the largest independent real estate asset manager in Switzerland by a considerable margin, with investment vehicles that cover targeted strategies in both the commercial and residential segments.»

Continuously high rental growth in the Real Estate segment

Rental income rose in the reporting year by 5.7% to CHF 463.5 million [438.3 in the prior-year period], which equates to like-for-like growth (EPRA LfL) of 3.3% [4.3%]. In addition to the inflation-adjusted stronger internal growth, the completion of project developments and an acquisition also contributed to the increase: in Zurich, the newly let office building on Müllerstrasse and «Fifty-One», the office building acquired in 2023; in Geneva the new Alto office building in Lancy; and in Basel the life sciences-oriented Stücki Campus with its four extensions. Furthermore, an increase in turnover rent was achieved in the hotel, retail and parking areas. The vacancy rate at the end of 2024 was 3.8%, 0.2% below the previous year (4.0%). The average term of the rental contracts (WAULT) was largely stable at a comfortable 4.8 years [5.0] at the end of 2024. Overall, the operational EBITDA of the Real Estate segment (excluding revaluation and sales) increased markedly in 2024 to CHF 389.2 million [370.6].

Swiss Prime Site AG
Poststrasse 4a | CH-6300 Zug | Phone +41 58 317 17 17 | info@sps.swiss
www.sps.swiss

Attractive portfolio with revaluation through higher net revenues

On a fair-value basis, the Swiss Prime Site portfolio boasted a value of CHF 13.1 billion as at the end of 2024 [13.1 in the previous year]. The share of development properties amounted to CHF 0.2 billion [0.9]. Building stock numbered 139 properties at the end of the financial year [159], with a highly diverse tenant profile (around 2 000 tenants). At the end of the reporting year, the portfolio recorded positive revaluations of CHF +113.7 million [-250.5], of which CHF +15.9 million was attributable to the development properties. This positive trend reflects the optimised portfolio quality coupled with a turnaround in the Swiss real estate market, which once again saw significantly more transactions and stronger interest in real estate investments in 2024. As the average discount rate used by independent property valuer Wüest Partner remained unchanged, this change is purely due to operational improvements: higher rates for new rental contracts, lower vacancies and reductions in property costs.

Swiss Prime Site will continue to streamline its portfolio at least until 2025, consistently focusing on new, centrally situated, sustainable properties in prime locations. In the past year, the Company once again closed a number of sales to finance its development projects (capital recycling). Over the year, and particularly in the second half, Swiss Prime Site sold 23 properties with a fair value of CHF 345 million, making a profit of 3% above the latest appraisal values.

Asset Management: growth through capital raises and Fundamenta acquisition

The 2024 financial year proved positive for Asset Management on two counts. First, Swiss Prime Site was able to significantly expand its assets under management (AuM) due to the acquisition of the specialised asset manager Fundamenta, and second, the Company achieved strong organic growth with various new capital raises. With an asset base of CHF 4.2 billion transferred from the Fundamenta acquisition, Swiss Prime Site Solutions has advanced to become the largest independent real estate asset manager in Switzerland in April 2024: assets under management (AuM) increased significantly to CHF 13.3 billion as at the end of 2024 [8.4 as at the end of 2023]. Asset Management achieved organic growth in the reporting year with around CHF 1 billion through acquisitions. The return to a positive market environment for capital raises, with higher investor appetite after a number of interest rate cuts by the Swiss National Bank, was a decisive turning point in the development of new money.

In total, capital increases amounted to CHF 612 million [196] in 2024, which also resulted in a significant growth in revenues: as at the end of 2024, revenues were CHF 70.8 million [49.7]. The proportion of recurring income, at 75% [77%], was somewhat lower than in the previous year, as there was more transaction-related income in 2024.

Significant economies of scale saw an overproportionate rise in EBITDA for the Asset Management segment of 47% to CHF 42.0 million [28.6], which yielded an EBITDA margin of 59%. This also reflects the first synergies from the Fundamenta acquisition, which came into effect in the second half of the year.

Operating profit and FFO I increase significantly

The consolidated operating result before depreciation and amortisation (EBITDA) was CHF 415.1 million [389.7 in the prior-year period]; this was excluding revaluations and sales and based on IFRS 5 (i.e. without taking into account the pro rata result of Wincasa, which was sold in the previous year). This operating result includes a loss of CHF -6.9 million [+1.5] by the retail business of Jelmoli. In its final year of operation, Jelmoli worked with successively higher discount

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promotions and achieved a lower contribution margin. With the above-mentioned efficiency gains in the Real Estate segment and the lower operating costs at Jelmoli, consolidated operating expenses amounted to CHF 257.0 million [269.4] which – despite the integration of Fundamenta – was lower than at the 2023 year-end.

Total net financial expenses increased to CHF 86.6 million [76.3] due to higher refinancing costs compared to expiring financings. Due to a significantly higher year-end share price, this figure includes non-cash fair value adjustments of the convertible bonds of CHF 13.2 million, which increased expenses in the reporting period. Cash-effective interest expenses were correspondingly lower.

The cash-effective result per share (FFO I, funds from operations) rose by 4.2% to CHF 4.22 [4.05] – in a combination of significantly improved operating profit contribution and higher financing costs. The intrinsic value (EPRA NTA) per share was CHF 99.27 [99.68]. Based on this positive result, the Board of Directors will propose an increased dividend of CHF 3.45 per share to the Annual General Meeting on 13 March 2025; this equates to 82% of FFO I. This would make the associated resulting dividend yield 3.5% as at year end.

Sustainable refinancing with broad market access
In 2024, Swiss Prime Site once again maintained its conservative financing strategy with a strong equity base. Interest-bearing financial liabilities excluding leasing amounted to CHF 5.3 billion as at the balance sheet date [5.4 as at the end of 2023], once again drawn from a variety of sources in the banking and capital market. The average term to maturity decreased slightly to 4.3 years [4.6]. The average interest rate as at the balance sheet date reduced to 1.1% [1.2%]. Of the financing volume, 87% was based on fixed interest rates [87%]. As at the end of 2024, the Company had unused, contractually secured credit facilities available in the amount of CHF 1.1 billion, which together with the unencumbered assets assures a very high level of operational and financial flexibility.

Over the past year, Swiss Prime Site profited from a highly receptive capital market and successfully placed a total of CHF 435 million in bonds with a sustainability link as part of its Green Finance Framework. By year-end, a marked reduction in the loan-to-value ratio (LTV) of the property portfolio was achieved, down to 38.3% [39.8%], due in particular to profitable property sales.

Further progress on sustainability roadmap
There was further progress with regard to the sustainability of Swiss Prime Site's property portfolio in the reporting year. As at the end of 2024, 97% of the relevant spaces were furnished with environmental certification from external evaluators. The emissions intensity of the portfolio (weather-adjusted) fell by 13% compared with the previous year to 7.7 kg CO_2 equivalents/m^2, once again outpacing the linear pathway to net zero in the year 2040. In addition, once again numerous tenants opted for green leases in the past year, and these sustainability-linked rental contracts now cover 76% of the entire rented space. The goal is to reach 100% by the end of 2025. As a major developer, Swiss Prime Site can once again report further progress in the circular economy field in 2024. For the «JED Campus» new build in Zurich-Schlieren, which is targeted at the life sciences sector, Swiss Prime Site reduced the use of primary raw materials by 75% and employed an innovative architectural concept that dispenses with heating and cooling systems.

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Outlook remains optimistic
Swiss Prime Site is optimistic about 2025. Although the result in the Real Estate segment will be temporarily impacted by the loss of around CHF 20 million net in rent from Jelmoli (EBITDA basis) – taking into account internal group rent offsetting and operating losses – sustained rent increases and newly let properties will cushion this effect considerably. In addition, Swiss Prime Site is increasingly seeing opportunities for acquisitions due to the positive overall momentum in the real estate market, which the company is examining to optimise the portfolio and compensate for the temporary reduction. The Company anticipates a further reduction of the vacancy rate to under 3.8% in 2025.

In the Asset Management area, Swiss Prime Site will further expand its leading position as an independent real estate specialist. The Company's palette of funds and services comprehensively covers almost all investor and property types. In 2025 Swiss Prime Site expects a continuation of the increased investor interest observed since late 2024, which should bring further significant growth with new capital raises and transactions. The Company expects to have CHF 14 billion in assets under management at year-end.

At the group level, Swiss Prime Site will keep the LTV under 39% and thus continue its conservative financing practice. In combination of all effects, the company anticipates an FFO I per share of between CHF 4.10 and 4.15. In the medium term – and in particular following the reopening of the Jelmoli building at the end of 2027 – Swiss Prime Site sees significant potential of over 10% in the FFO.

If you have any questions, please contact:

Investor Relations, Florian Hauber
Tel. +41 58 317 17 64, florian.hauber@sps.swiss

Media Relations, Patrick Djizmedjian
Tel. +41 58 317 17 42, patrick.djizmedjian@sps.swiss

Note: Numbers in square brackets are previous figures for comparison. Numbers in rounded brackets denote growth compared to the previous figures.

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SELECTED KEY FIGURES

Continuing operations	in	01.01.– 31.12.2023 or 31.12.2023	01.01.– 31.12.2024 or 31.12.2024	Change in %
Rental income from properties	CHF m	438.3	463.5	5.7
EPRA like-for-like change relative	%	4.3	3.3	-23.3
Income from asset management	CHF m	49.7	70.8	42.5
Income from retail	CHF m	126.5	124.3	-1.7
Total operating income	CHF m	658.6	663.4	0.7
Revaluation of investment properties, net	CHF m	-250.5	113.7	n.a.
Result from investment property sales, net	CHF m	13.0	10.1	-22.3
Operating result before depreciation and amortisation (EBITDA)	CHF m	158.1	539.6	241.3
Operating result (EBIT)	CHF m	152.5	531.3	248.4
Profit	CHF m	86.7	360.3	315.6
Return on equity (ROE)	%	1.3	5.4	315.4
Return on invested capital (ROIC)	%	1.2	3.2	166.7
Earnings per share (EPS)	CHF	1.13	4.67	313.3
Continuing operations excluding revaluation effects as well as sales and all deferred taxes				
Operating result before depreciation and amortisation (EBITDA)	CHF m	389.7	415.1	6.5
Operating result (EBIT)	CHF m	384.1	406.8	5.9
Profit	CHF m	308.0	313.5	1.8
Return on equity (ROE)	%	4.6	4.8	4.3
Return on invested capital (ROIC)	%	2.8	2.9	3.6
Earnings per share (EPS)	CHF	4.02	4.06	1.0
Funds from operations per share (FFO I)	CHF	4.05	4.22	4.2
Key balance sheet figures				
Shareholders' equity	CHF m	6537.4	6677.9	2.1
Equity ratio	%	47.4	48.2	1.7
Liabilities	CHF m	7240.9	7163.4	-1.1
Loan-to-value ratio of property portfolio (LTV)[1]	%	39.8	38.3	-3.8
NAV before deferred taxes per share[2]	CHF	102.05	103.51	1.4
NAV after deferred taxes per share[2]	CHF	85.21	86.38	1.4
EPRA NTA per share	CHF	99.68	99.27	-0.4
Real estate portfolio				
Fair value of real estate portfolio	CHF m	13074.6	13053.5	-0.2
of which projects/development properties	CHF m	853.3	210.9	-75.3
Number of properties	number	159	139	-12.6
Rental floor space	m^2	1678217	1618602	-3.6
Vacancy rate	%	4.0	3.8	-5.0
Average nominal discount rate	%	4.04	4.04	-
Net property yield	%	3.1	3.2	3.2
Employees				
Number of employees as at balance sheet date	persons	674	497	-26.3
Full-time equivalents as at balance sheet date	FTE	570	436	-23.6

[1] Receivables secured by bank guarantees were deducted from financial liabilities in the financial year 2023.

[2] Asset Management, Retail and Corporate & Shared Services segments are included at book values and not at fair values.

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Swiss Prime Site is the largest real estate company in Switzerland and one of the leading commercial property companies in Europe. The property portfolio is valued at approximately CHF 26 billion and includes own properties as well as those managed on behalf of third parties. The own buildings, which are valued at CHF 13 billion, are concentrated in the office, retail and infrastructure segments. The portfolio covers the densely populated regions of Zurich, Geneva and Basel, where Swiss Prime Site mainly owns properties in prime locations. The Asset Management business unit, Swiss Prime Site Solutions, manages assets totalling around CHF 13 billion. The product range includes open- and closed-end funds, as well as advisory services for third-party investors. Depending on the product, investments are mainly made in residential properties as well as commercial properties in Switzerland and Germany.

In addition to the competent team of Swiss Prime Site with a wealth of experience in portfolio management and development, the company is characterised by a strong growth outlook, consistently high earnings and an outstanding risk-return profile.

Swiss Prime Site was founded in 1999 and is headquartered in Zug. The company has been listed on the SIX Swiss Exchange since 2000. The current market capitalisation stands at approximately CHF 8 billion.

For information on how we process personal data, please consult our privacy policy. For additional information, see our website.

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