

SWISS PRIME SITE

PRESS RELEASE

Ad hoc announcement pursuant to Art. 53 LR

Olten, 17 February 2022

Swiss Prime Site 2021: targets clearly exceeded

- **Increase in real estate Assets under Management to CHF 18.7 billion**
- **Growth in rental income by 3.1%, decrease in vacancies to 4.6%**
- **Unencumbered assets increase to 84%, LTV down to 40.2%**
- **Net asset value (EPRA NTA) increased to CHF 100.84 per share (+4.8%)**
- **FFO up to CHF 3.96 per share, distribution of CHF 3.35 (payout ratio: 85%)**
- **A3/stable issuer rating from Moody's, positive outlook for 2022+**

Swiss Prime Site surpassed its own targets in the 2021 financial year clearly. Both segments contributed to this pleasing result. The fact that these results were achieved in spite of a lockdown lasting several months makes them all the more impressive. On a strategic and financial level, Swiss Prime Site has taken important steps to become even better equipped, more agile and more flexible in dealing with future challenges.

The sale of the Tertianum Group on 28 February 2020 has reduced the comparability of the 2021 key figures with the previous year. On the one hand, the 2020 figures include Tertianum's results for two months. On the other, the profit from the sale (CHF 204.2 million) was allocated to the prior year period. In order to present Swiss Prime Site's results and performance in a more transparent and comparable manner, we are publishing a supplementary pro-forma calculation of the figures for the 2020 financial year, which excludes the aforementioned effects from the sale of Tertianum.

Strong growth

As a comprehensive investment platform, Swiss Prime Site was able to increase its real estate assets under management to CHF 18.7 billion (including Akara). Operating income increased by a pleasing 5.1% to CHF 744.9 million in 2021. Both segments contributed to this very good result. This once again highlights the stability and resilience of our Company. The significant improvement in our results was mainly attributable to four key driving factors: the manageable impact of the COVID-19 pandemic, strong operating performance in the area of rental income from existing properties and development projects, the quality of our portfolio and the associated revaluation outcome, and exceptional growth in the Services segment.

Manageable impact of the pandemic

The ongoing pandemic affected Swiss Prime Site's business in certain areas, particularly in the first six months of 2021. The Real Estate segment reported an income impact of CHF 7.9 million (CHF 12.7 million). This is significantly less than the previous year's figure and shows that our tenants are better at dealing with the pandemic. We are therefore expecting another reduction regarding the impact of the pandemic in 2022. The amount is due firstly to rent waivers granted to tenants of CHF 4.8 and secondly to a CHF 3.1 million drop in turnover-linked and parking rental income. All tenant requests received were completely processed. Amicable agreements were reached with almost all tenants. As at the end of the year, 99% of all rents due were paid.

Increase in operating rental income

Despite the rent waivers granted, rental income increased by 3.1% (target: +2.5%) to CHF 426.7 million. This result is due to the sharp decline in vacancies from 5.1% to 4.6% (target: 4.6–4.8%), projects that were completed and transferred to the portfolio, and growth in operating rental income (like-for-like: +0.5%). We were also very successful with letting existing properties and projects in the 2021 financial year. We let or re-let around 170 000 m², exceeding the figure for 2019 (before pandemic) by around one third. The rental market proved very attractive, with significant leases in the major centres of Geneva, Basel and Zurich.

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High revaluation gains and attractive net yield on property

The robust state of the market and the high quality of our properties are also reflected in the value of Swiss Prime Site's portfolio. Despite sales of CHF 146.4 million, portfolio value grew by CHF 470.9 million to CHF 12.8 billion. Investments in projects of CHF 280 million and favourable revaluation gains of CHF 318.8 million both contributed to this positive development. Due to higher rents, however, the net yield on property remained unchanged at an attractive 3.2%. This is a strong indication that we generated the revaluation outcome with our operational activities.

Strong performance in Services segment

In the Services segment, Swiss Prime Site Solutions again reported outstanding growth in real estate assets under management, reporting an increase from CHF 3.0 billion to CHF 3.6 billion. The group company's operating income rose by 38.8% to CHF 18.2 million. Contributing factors were the launch of various products domestically and abroad, success in acquiring additional management contracts and the growth of existing products. The positive flow-on effects from this will begin to unfold fully in the coming financial year. Following its approval as a fund manager and acquisition of fund provider Akara, the real estate asset manager's growth will be even more pronounced in 2022 and beyond. Wincasa asserted itself in a highly competitive market and reported improved operating income and 3.7% growth compared to the previous year. Despite an extended lockdown in the first half of the year, Jelvoli also improved significantly and reported an 8.1% increase in operating income.

Above-average increase in profitability

Thanks to stable personnel costs and only a slight increase in other operating costs, we were able to convert our increased income into significantly higher profitability. This positive development on the cost side clearly demonstrates the potential of Swiss Prime Site's comprehensive real estate platform in terms of synergies, digitalisation and resulting improvements in efficiency. A total of CHF 54.8 million [CHF 36.1 million] in pre-tax profits was realised from sales (including PoC). The group's operating result (EBIT) before revaluations increased by considerable 12.5% (target: +5.0%) to CHF 396.6 million. Even excluding the effect of sales, this resulted in an above-average increase of 8.0%.

Profit growth by 25%

In terms of company profit, Swiss Prime Site generated CHF 507.4 million, an increase of 25.2%. This result is all the more pleasing given that income taxes were higher and a special effect of CHF 24.9 million was recognised as a result of extensive refinancing at the end of 2021. The aforementioned one-off effect relates to early repayment charges and other costs associated with the discharge of bank mortgages amounting to CHF 1.8 billion. As a result of changing our sources of financing, future interest charges (associated with the discharged bank mortgages) will decrease by around 50%, or CHF 10–12 million per annum. The increase in income taxes is attributable to higher revaluation gains and gains from sales. Not including revaluation effects, Swiss Prime Site's profit increased by 6.6% to CHF 289.5 million, or CHF 3.81 per share.

Strong balance sheet and Funds from Operations (FFO)

Our strong results and the increased focus on further improving our balance sheet ratios (keyword: capital recycling) resulted in a marked 0.5 percentage point increase in the equity ratio, bringing it to an attractive 48.3%. At the same time, the loan-to-value ratio (LTV) fell by 1.7 percentage points to 40.2%. In net terms, that is after deducting cash holdings, the LTV amounts to 39.3%. The newly defined target ratio of less than 40% is therefore already reached. As a result of the refinancing, the proportion of properties not secured by mortgages increases from 30% to 84%, and the average term to maturity from 4.8 to 5.8 years. Net asset value (EPRA NTA) increased to CHF 100.84 per share (+4.8%).

Funds from operations (FFO) is a figure used in the European market as a key indicator of the operating performance of real estate companies. This figure is calculated without including the result of revaluations or items not relevant to cash, such as depreciation etc. As is already the practice in many international businesses, we plan to increasingly use these figures in future to measure our performance and use them as the basis for distributions. The FFO I per share

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increased in 2021 from CHF 3.59 to CHF 3.96, and the FFO II from CHF 3.72 to CHF 4.29. In the new terminology, the distribution of CHF 3.35 proposed to the Annual General Meeting results in an attractive payout ratio for our shareholders of 85% in relation to FFO I. The target payout ratio is 80-90% of FFO I.

Sustainability and Swiss Prime Site: a successful pairing

In relation to the long-term target of carbon neutrality by 2040, important measures were defined or implemented. The most significant ones included the strong commitment to the circular economy signalled by the start of the Müllerstrasse project in Zurich and the intention to continuously certify the real estate portfolio. A further milestone was reached with the refinancing of a large part of the group balance sheet at the end of 2021. The criteria are directly linked to Swiss Prime Site's sustainability goals. For example, along with other key financial criteria, the credit margin to be paid is dependent on the company's external ISS ESG rating. This enables Swiss Prime Site to further integrate financial and non-financial performance, building on the green bonds with a value of CHF 600 million already issued.

Annual General Meeting 2022

The Board of Directors proposes to the shareholders at the Annual General Meeting on 23 March 2022 a distribution of CHF 3.35 per share. Half of the distribution will be paid as an ordinary dividend (with 35% withholding tax deduction, payment date: 30 March 2022) and the other half as a nominal value reduction (excluding withholding tax deduction, expected payment date: 13 June 2022). Furthermore, the Board of Directors nominates Ms Brigitte Walter for election to the Board. The current members of the Board of Directors, with the exception of Ms Barbara Frei-Spreiter, are standing for re-election. In order to realise operational synergies, the Board of Directors also proposes the relocation of the registered office from Olten to Zug following the acquisition of the Akara Group. The auditors KPMG will be proposed for re-election at the Annual General Meeting for the last time in 2022 – after a mandate of 22 years.

Transition to IFRS, strong issuer rating and positive outlook

Starting in the 2022 financial year, Swiss Prime Site will publish its annual figures in accordance with the IFRS international accounting standards, which will allow it to provide even more transparent and comprehensive information on the course of business. This transition will make it easier to compare us with other companies in our sector and will provide all stakeholders with a more comprehensive and in-depth source of information. To ensure comparability and predictability, we will also publish indicative financial statements prepared in accordance with IFRS together with the 2021 annual figures (prepared in accordance with Swiss GAAP FER). The changeover has only marginal effect on the main key figures.

Following the strategic adjustments of the past years, the reorganisation of the financing and based on the excellent portfolio as well as the stable outlook, we received a long-term issuer rating of A3 with stable outlook from Moody's Investors Service on 14 February 2022. This rating, which is very positive in Switzerland and in international comparison, reflects the excellent «Prime» portfolio of our company as well as the resilient business model as an integrated investment platform.

The strong operating performance over the past financial year, combined with the strategic adjustments made to our financing strategy at the end of 2021, the expansion of our business model to encompass a comprehensive platform for real estate investment, transparent accounting, and the external rating we recently obtained, all provide an optimal foundation for further increases in value in the interests of all of our shareholders.

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Swiss Prime Site – the real estate investment platform

We are the leading partner for investors who wish to invest – or who already invest – both directly and indirectly in the Swiss real estate market. Swiss Prime Site offers investment opportunities for a wide range of investors, from private through to institutional investors. The product range includes funds (open-ended and closed-ended), mandates, investment foundations, straight bonds and Swiss Prime Site shares. With some CHF 19 billion in real estate assets under management, Swiss Prime Site is one of the leading real estate companies in Europe. The Swiss Prime Site Group comprises Swiss Prime Site Immobilien (property portfolio), Swiss Prime Site Solutions (fund management and real estate asset management for third-party customers), Wincasa (property management for Swiss Prime Site Immobilien, Swiss Prime Site Solutions and third-party customers) and Jelmoli (omnichannel premium department store).

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 approximately CHF 7 billion.

SIX Swiss Exchange | Symbol SPSN | Securities number 803 838

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SELECTED KEY FIGURES

		01.01.– 31.12.2020	without Tertianum ¹ 01.01.– 31.12.2020	01.01.– 31.12.2021
Key financial figures		in		
Rental income from properties	CHF m	424.7	413.7	426.7
EPRA like-for-like change relative	%	-3.8	-3.8	1.3
Income from real estate developments	CHF m	50.1	50.1	48.3
Income from real estate services	CHF m	115.2	115.2	119.4
Income from retail	CHF m	110.6	110.6	119.5
Income from assisted living	CHF m	72.4	-	-
Income from asset management	CHF m	13.1	13.1	18.2
Total operating income	CHF m	792.9	708.9	744.9
Revaluation of investment properties, net	CHF m	203.4	203.4	318.8
Result from investment property sales, net	CHF m	22.2	22.2	39.9
Result from sale of participations, net	CHF m	204.2	-	-
Operating result (EBIT)	CHF m	762.3	555.9	715.4
Profit	CHF m	610.4	405.2	507.4
Return on equity (ROE)	%	10.6	7.3	8.2
Return on invested capital (ROIC)	%	5.4	3.7	4.5
Earnings per share (EPS)	CHF	8.04	5.33	6.68
FFO I per share	CHF		3.59	3.96
FFO II per share	CHF		3.72	4.29
Financial figures excluding revaluations and all deferred taxes				
Operating result (EBIT)	CHF m	558.9	352.5	396.6
Profit	CHF m	476.6	271.5	289.5
Return on equity (ROE)	%	8.5	5.0	4.8
Return on invested capital (ROIC)	%	4.3	2.6	2.8
Earnings per share (EPS)	CHF	6.27	3.57	3.81
Key balance sheet figures		31.12.2020		31.12.2021
Shareholders' equity	CHF m	6 085.6		6 338.7
Equity ratio	%	47.8		48.3
Borrowed capital	CHF m	6 640.6		6 791.6
Loan-to-value ratio of property portfolio (LTV)	%	41.9		40.2
NAV before deferred taxes per share ²	CHF	95.41		100.07
NAV after deferred taxes per share ²	CHF	80.11		83.44
EPRA NTA per share	CHF	96.26		100.84
Real estate portfolio				
Fair value of real estate portfolio	CHF m	12 322.6		12 793.5
of which projects/development properties	CHF m	829.5		1 006.9
Number of properties	number	185		184
Rental floor space	m ²	1 669 941		1 677 027
Vacancy rate	%	5.1		4.6
Average discount rate	%	2.91		2.75
Net property yield	%	3.2		3.2
Employees				
Number of employees as at balance sheet date	persons	1 728		1 667
Full-time equivalents as at balance sheet date	FTE	1 505		1 474

¹ Figures without Tertianum Group (figures January and February 2020 as well as result from sale of participations). The sale and deconsolidation of the Tertianum Group took place on 28 February 2020

² Services segment (real estate-related business fields) included at book values only