SWISS PRIME SITE

PRESS RELEASE

Ad hoc announcement pursuant to Art. 53 LR

Zug, 8. February 2024

Swiss Prime Site: Increase in operating results in the 2023 financial year

- **Increase in rental income, up by 4.3% (EPRA LfL) to CHF 438 million and reduction in vacancies to record low of 4.0%**
- **Increase in operating results (FFO I) per share by +1.3% to CHF 4.05**
- **Increase in real estate assets under management to CHF 21.5 billion – CHF 13.1 billion own assets (comparable to previous year) and CHF 8.4 billion in asset management (+9%)**
- **Growth financed with capital recycling and refinancings under Green Finance Framework, leading to solid LTV of under 40%**
- **Stable dividend proposal of CHF 3.40 and optimistic outlook**

Amidst challenging market conditions, Swiss Prime Site brought the 2023 financial year to a successful close and can look back on a strong operating performance. René Zahnd, CEO of Swiss Prime Site, says: «In a challenging market environment, we've achieved good operational results in our core business, real estate, which once again demonstrates the resilience of our business model. We were able to press ahead with the implementation of our strategic goals – in particular, continuing to focus on our core competency of pureplay real estate. »

Increase in rental income by 4.3% (EPRA LfL) and reduction in vacancies to record low of 4.0%

There was significant like-for-like (EPRA LfL) growth in income from property rentals of 4.3% in the reporting year, driven by indexation, successful re-lettings and a further reduction in vacancies. On an absolute basis, too, rental income increased to a record high of CHF 438 million in 2023 despite sales under the capital recycling policy representing rents of almost CHF 10 million. Strong demand for modern, centrally located office buildings ensured a good uptake of new leases at sites such as the Prime Tower, the Medienpark in Zurich and the Messeturm in Basel. And numerous first-class tenants from the private and public sector were acquired in the process. The vacancy rate fell further to a record low of 4.0% [4.3% in the previous year], while the weighted average unexpired lease term (WAULT) remained largely stable at 5.0 years as at the end of 2023.

Resilient portfolio despite devaluations

On a fair-value basis, the Swiss Prime Site portfolio boasted a stable value of CHF 13.1 billion as at the end of 2023 [13.1 in the previous year] and comprised a total of 159 [176] properties. The share of development properties amounted to CHF 0.9 billion [1.1]. In 2023, negative revaluations of CHF -250 million [+170] were recorded, which corresponds to 1.9% of the starting basis for the year. The negative revaluations were strongly driven by the higher discount rates, cushioned by high rents for new lettings, and could be observed across the whole portfolio. Development projects generated growth in value of CHF 19 million, despite similarly higher discount rates. Over the year, 16 properties and sites were divested that were no longer appropriate to the portfolio. The properties were sold for a total of CHF 280 million, resulting in an average profit of 7% above the last appraisal value. After a long period without acquisitions, Swiss Prime Site selectively purchased two properties at the end of the year: a smaller building in Basel as a consolidation adjacent to an existing property, and «Fifty-One» in Zurich-West, which makes an optimal match for the Prime Tower site with a modern, sustainable property. This overall highly active portfolio management is further improving the real estate holdings, with an increased focus on new, centrally located, sustainable and larger properties that allow for optimal management.

Asset growth in Asset Management of 9% to CHF 8.4 billion AuM

In the first half of the year in particular, investors in the Asset Management area of Swiss Prime Site Solutions showed marked restraint. With the downturn in the stock and bond markets last year, coupled with relatively stable property prices, many institutional investors had an increased weighting in real estate ratio and made very few new investments. Despite these challenges, assets under management (AuM) increased by 9% to CHF 8.4 billion [7.7 in the previous year]. This was achieved primarily through organic growth and reinvestments, and also through contributions in kind from pension funds and other investors. Despite the challenging markets, revenue from Asset Management fell by just 4.4% to CHF 49.7 million [52.0] in the reporting year. This decline was mainly due to new issues not proceeding and fewer transactions than the previous year. The great resilience of Asset Management is demonstrated – amongst other indicators – by the even greater stability achieved with the increase in size; in 2023, 77% of earnings were recurring income [63%].

Increase in FFO I per share by +1.3% to CHF 4.05 and stable proposed dividend of CHF 3.40

The consolidated EBIT excluding revaluation gains was CHF 403 million [380 in the previous year]. Operating expenses fell significantly to CHF 269 million with lower expenses for real estate, personnel and other. The Asset Management business contributed CHF 27.4 million to the consolidated EBIT, while Jelmoli's retail business incurred a small loss of CHF -1 million due to reduced consumer confidence, particularly in the fourth quarter. Interest expenses on financial liabilities rose to CHF 58.5 million [40.1], driven by higher refinancing rates. The bottom line was a consolidated profit after revaluations of CHF 236.0 million [404.4], of which CHF -250.5 million was due to revaluations and CHF 149.3 million to the one-off profit from the divestment of Wincasa. FFO I («Fund from Operations», i.e. operating results before divestment effects) rose by 1.3% to CHF 4.05 per share [4.00]. The intrinsic value (EPRA NTA) per share fell marginally to CHF 101.52 (-1.1%). The Board of Directors will propose the distribution of a dividend of CHF 3.40 per share to the Ordinary Annual General Meeting on 19 March 2024, which is stable compared with the previous year and represents 82% of the FFO I. At the year-end share price, the resulting dividend yield would be an attractive 3.8%.

Swiss Prime Site AG
Alpenstrasse 15 | CH-6300 Zug | Phone +41 58 317 17 17 | info@sps.swiss
www.sps.swiss

SWISS PRIME SITE

Growth financed with capital recycling and refinancing

Swiss Prime Site rigorously maintained its conservative financing strategy with a strong equity base. The loan-to-value ratio (LTV) of the real estate portfolio was 39.8% at the end of the year [38.8% in the previous year]. The slight increase was primarily attributable to the revaluation of the property portfolio and the two acquisitions at the end of the year. Under the capital recycling strategy, funds freed up by property sales and the sale of Wincasa were used for development projects and the targeted acquisition in Zurich-West. Interest-bearing borrowed capital excluding leasing stood at CHF 5.4 billion as at the balance sheet date and was comprised of a broad range of sources in the banking and capital market. The average term to maturity decreased slightly, to 4.6 years [5.0]. The average interest rate rose to 1.2% [0.9%] as at the reporting date, with 87% [78%] of interest being fixed. As at the balance sheet date, 86% of all assets were unencumbered, which, together with the low loan-to-value ratio, was the basis for the A3 credit rating from rating agency Moody's. Moody's reconfirmed the Swiss Prime Site rating on 5 February 2024.

At the end of the year, Swiss Prime Site had unused, contractually guaranteed financing lines of CHF 819 million, allowing to operate with a very high level of operational and financial flexibility. In 2023, CHF 2.9 billion of borrowed capital was successfully refinanced or extended with a sustainability link. This was achieved through extensions of banking facilities by one year in each case; they are now extended until 2028 and 2029 respectively, with an additional extension option of one year each. Under its «Green Finance Framework», Swiss Prime Site also successfully placed CHF 425 million of bonds on the Swiss and international capital markets, and with record low credit spreads for the company.

Significant progress on the sustainability strategy

There was significant progress on the sustainable property portfolio in the reporting year. As at balance sheet date, 94% of the relevant spaces were issued an environmental certification from external evaluators. In addition, the emissions intensity of the portfolio was reduced by 10% to a level of 15.2 kg CO_2-equivalent/m^2. This is well below the linear pathway to net zero by 2040. Furthermore, in the past year numerous tenants were persuaded by the benefits of green leases, with this format now covering 55% of total space; the goal is to reach 100% by 2025. In relation to the circular economy, Swiss Prime Site is aware of its special responsibility as a major developer and can point to significant advances in this area, too. The Müllerstrasse renovation project in Zurich demonstrated what is possible with circular construction: 90% of the concrete was recycled, and this alone saved 2 600 tonnes of CO_2 emissions.

Further competencies on the Board of Directors

As already communicated in November 2023, the Board of Directors will propose Detlef Trefzger for election to the Board as a proven business leader at the Ordinary Annual General Meeting. Provided he is elected, the Board of Directors plans to appoint him to the Nomination and Remuneration Committee and the Sustainability Committee. This will further strengthen the competencies in the areas of real estate and corporate management for the future. Detlef Trefzger can look back on a long career as CEO and board member of Kühne+Nagel and other European companies. He currently serves on the Board of Directors of several renowned companies, including easyJet in the UK and Accelleron in Switzerland. After many years on the Board, Christopher Chambers has decided not to stand for re-election and will retire from the Board in March 2024.

Optimistic outlook

With its high-quality property portfolio and leading asset management, Swiss Prime Site is optimistic about 2024. For example, the space newly handed over to tenants at Alto Pont-Rouge in Geneva and Müllerstrasse in Zurich, as well as the space that will be handed over in Paradiso Lugano and Stücki-Park in Basel from spring 2024, will contribute significantly to higher rental income in the 2024 reporting year. At the same time, the capital recycling strategy will be continued, and further properties will be sold in order to finance growth investments without additional borrowing and to keep the LTV below 40% for the long term. The portfolio thus continues to focus on prime locations with modern and sustainable spaces. Based on the current yield curve and the expiring financing, only a slight increase in financing costs is expected in 2024.

Based on the latest interest rate trends, Swiss Prime Site Solutions expects a more favourable market environment for the Asset Management business in 2024 than in the previous year. As a result, new issues and, consequently, an acceleration in growth compared to 2023 should be feasible again.

Specifically, Swiss Prime Site expects an increase in consolidated FFO I to CHF 4.10-4.15 per share for the 2024 financial year with an LTV for the property portfolio that remains below 40%. In operational terms, Swiss Prime Site anticipates a vacancy rate of below 4% and a further increase in assets under management at Swiss Prime Site Solutions to over CHF 9 billion.

SWISS PRIME SITE

SELECTED KEY FIGURES

Continuing operations	in	01.01.–31.12.2022 or 31.12.2022	01.01.–31.12.2023 or 31.12.2023	Change in %
Rental income from properties	CHF m	432.8	438.3	1.3
EPRA like-for-like change relative	%	2.0	4.3	115.0
Income from asset management	CHF m	52.0	49.7	– 4.4
Income from retail	CHF m	132.1	126.5	– 4.2
Total operating income	CHF m	646.6	658.6	1.9
Revaluation of investment properties, net	CHF m	169.7	– 250.5	– 247.6
Result from investment property sales, net	CHF m	50.9	13.0	– 74.4
Operating result before depreciation and amortisation (EBITDA)	CHF m	591.3	158.1	– 73.3
Operating result (EBIT)	CHF m	549.7	152.5	– 72.3
Profit	CHF m	397.1	86.7	– 78.2
Return on equity (ROE)	%	6.1	1.3	– 78.7
Return on invested capital (ROIC)	%	3.2	1.2	– 62.5
Earnings per share (EPS)	CHF	5.18	1.13	– 78.2
Funds from operations per share (FFO I)	CHF	4.00	4.05	1.3
Continuing and discontinued operations excluding revaluations effects				
Operating result before depreciation and amortisation (EBITDA)	CHF m	448.6	562.2	25.3
Operating result (EBIT)	CHF m	389.6	553.3	42.0
Profit	CHF m	300.6	459.8	53.0
Return on equity (ROE)	%	4.7	6.8	44.7
Return on invested capital (ROIC)	%	2.6	3.9	50.0
Earnings per share (EPS)	CHF	3.92	5.99	52.8
Funds from operations per share (FFO I)	CHF	4.26	4.12	– 3.3
Key balance sheet figures				
Shareholders´ equity	CHF m	6 569.3	6 537.4	– 0.5
Equity ratio	%	47.7	47.4	– 0.6
Liabilities	CHF m	7 201.9	7 240.9	0.5
Loan-to-value ratio of property portfolio (LTV)[1]	%	38.8	39.8	2.6
NAV before deferred taxes per share[2]	CHF	102.96	102.05	– 0.9
NAV after deferred taxes per share[2]	CHF	85.64	85.21	– 0.5
EPRA NTA per share	CHF	102.69	101.52	– 1.1
Real estate portfolio				
Fair value of real estate portfolio	CHF m	13 087.7	13 074.6	– 0.1
of which projects/development properties	CHF m	1 117.3	853.3	– 23.6
Number of properties	number	176	159	– 9.7
Rental floor space	m^2	1 653 456	1 678 217	1.5
Vacancy rate	%	4.3	4.0	– 7.0
Average nominal discount rate	%	3.72	4.04	8.6
Net property yield	%	3.1	3.1	–
Employees				
Number of employees as at balance sheet date	persons	1 779	674	– 62.1
Full-time equivalents as at balance sheet date	FTE	1 567	570	– 63.6

[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

Swiss Prime Site AG
Alpenstrasse 15 | CH-6300 Zug | Phone +41 58 317 17 17 | info@sps.swiss
www.sps.swiss

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

Swiss Prime Site is the largest real estate company in Switzerland and one of the leading commercial real estate companies in Europe. Our property portfolio is valued at approximately CHF 21 billion and includes own properties as well as those managed on behalf of third parties. Our own buildings, which are valued at CHF 13 billion, are concentrated in the office, retail and infrastructure segments in prime locations. The portfolio covers the densely populated regions of Zurich, Geneva and Basel, where we mainly own properties in prime locations. The Asset Management business unit, Swiss Prime Site Solutions, manages assets totalling around CHF 8 billion. The product range includes open- and closed-end funds, as well as advisory services for third-party investors – all with a diversified investment allocation in residential and commercial properties throughout Switzerland.

In addition to our competent team with a wealth of experience in portfolio management and development, our 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. We have been listed on the SIX Swiss Exchange since 2000. Our current market capitalisation stands at approximately CHF 7 billion.