

PRESS RELEASE

Ad hoc announcement pursuant to Art. 53 LR

Zug, 22 August 2024

Swiss Prime Site: strategic and operational progress with increased earnings in first half of 2024

- **Increase in rental income to new high of CHF 232 million (+6.0% absolute; +3.7% LfL) and reduction in vacancies to record low of 3.6%**
- **Growth in Swiss Prime Site Solutions' assets under management to CHF 12.7 billion (CHF 8.4 billion as at December 2023) – with acquisition of Fundamenta and organic growth**
- **Increase in consolidated operating result before depreciation and amortisation (EBITDA) by 3.5% to CHF 205 million (CHF 198 million as at 30.06.2023)**
- **Increase in funds from operations (FFO I) per share by 4.6% to CHF 2.03**
- **Optimistic outlook – guidance increased for the 2024 financial year**

Swiss Prime Site confirmed its strategic focus in the first half of 2024, making good progress both strategically and operationally.

René Zahnd, CEO of Swiss Prime Site: «Operationally, we improved again in the first half of the year and can see how our focus on the real estate business has positively impacted our financial results. Strategically, we expanded our platform and increased our real estate assets under management to almost CHF 26 billion with the acquisition of Fundamenta, becoming one of the strongest players in the Swiss real estate market in both the commercial and residential segments. We are now ideally positioned to take advantage of the positive momentum in the market.»

Rental growth and efficiency gains in the Real Estate business area

In the first half of the year, rental income grew by 6.0% to CHF 232.0 million [218.9 in the prior-year period]. This was largely attributable to three factors: the new build projects on Müllerstrasse (Zurich), in Stückli Park (Basel) and at Pont-Rouge (Geneva); a further decrease in the vacancy rate to a record low of 3.6% [4.0% as at December]; better rents for new and renewed leases. Growth amounted to 3.7% on a like-for-like basis (EPRA LfL) [3.4% in the prior-year period]. The average term to maturity of the rental contracts (WAULT) was near constant at 4.9 years as at the end of June 2024. Through ongoing portfolio optimisation with the capital recycling activities and a strict focus on costs, the Company achieved this income growth with slightly lower expenses in the Real Estate segment, significantly reducing the EPRA cost ratio by one percentage point to 18.4% [19.4% in the prior-year period]. The operational result (EBITDA) in the Real Estate segment grew accordingly to CHF 199.8 million (+7.3% without taking gains from sales into account).

Attractive portfolio with further potential

At the halfway point of 2024, Swiss Prime Site recorded CHF +30 million in positive revaluations of the portfolio [-99 in the prior-year period]. As the applied discount rate remained unchanged, this change is exclusively due to operational improvements: higher rates for new rental contracts, lower vacancies and lower property costs. Overall, the property value increased by CHF +73

million to CHF 13.15 billion compared to year-end 2023, due to a combination of revaluations, sales and investments in developments.

Swiss Prime Site continued to push ahead with its capital recycling in the first half-year, financing the Company's development investments with sales and continuously optimising and modernising the portfolio. Six properties with a total value of around CHF 50 million were sold on the market – at prices around 5% higher than the most recent appraisal values at the end of 2023. The Company therefore anticipates sales in the order of CHF 250–300 million for this year again. Swiss Prime Site is sharpening its focus on new, centrally located properties, which are efficiently managed for the tenants at a high standard and with sustainability in mind.

Asset Management: acquisition of Fundamenta and several new issues

The first half-year in the Asset Management segment was marked by the acquisition of specialist asset manager Fundamenta. Completed in April, this transaction saw the transfer of CHF 4.2 billion in fund assets. Swiss Prime Site Solutions has advanced to become the largest independent real estate asset manager in Switzerland: assets under management (AuM) have increased to CHF 12.7 billion.

The turnaround in the interest rate environment and the continued positive economic data in Switzerland have also increased the attractiveness of real estate investments once again. This is exemplified by the capital increases carried out in the first half-year. In total, Swiss Prime Site raised around CHF 270 million in new money and contributions in kind for its products, specifically the *Akara Swiss Diversity Property Fund PK*, the *Swiss Prime Investment Foundation* and the *Fundamenta Group Investment Foundation*.

Revenue from Asset Management grew by 22% to CHF 27.0 million [22.2 in the prior-year period]. The expanded asset base allowed Swiss Prime Site to earn significantly higher management fees, which further raised the proportion of recurring income to 80% [78%] and underlines the stability and consistency of this business segment.

EBITDA grew by 22% to CHF 14.6 million [11.9], in line with revenue growth. Fundamenta's contribution was only included on a pro-rata basis for the period following the completion of the acquisition in April; synergy effects are expected to start taking hold in the second half of the year. Swiss Prime Site is on course with its plans and continues to expect an FFO I contribution of CHF 0.20 per share from the acquisition on a run rate basis.

Higher operating profit and FFO I

The consolidated operating result before depreciation and amortisation (EBITDA) rose by 3.5% to CHF 204.7 million [197.8 in the prior-year period]; this was based on IFRS 5 («Discontinued Operations», i.e. without taking into account the pro rata result of Wincasa, which was sold in the previous year). The consolidated operating result includes a loss of CHF -3.8 million [-3.6] by the Jelmoli retail business, which was driven by a further drop in income to CHF 55.9 million [59.8] due to declining footfall in the Jelmoli building and lower average revenue per purchase.

Total net financial expenses increased to CHF 29.5 million [28.1] due to higher refinancing costs compared to expiring financing. This included non-cash fair value adjustments of convertible bonds of CHF 7.2 million, which reduced expenses in the reporting period; actual interest expenses were correspondingly higher.

The cash-effective funds from operations per share (FFO I) rose by 4.6% to CHF 2.03 [1.94]. The purchase price for Fundamenta, partially paid in shares, slightly increased the number of average outstanding shares. The fact that Swiss Prime Site was still able to increase the result per share from the outset underscores the attractiveness of the transaction.

Sustainable refinancing

In the first half-year, Swiss Prime Site again maintained its conservative financing strategy with a strong equity basis. Interest-bearing financial liabilities excluding leasing stood at CHF 5.7 billion as at the balance sheet date and were sourced from a variety of channels in the banking and capital market. The average term to maturity decreased slightly to 4.2 years [4.6 as at December]. As at the end of the first half-year, the Company had unused, contractually secured lines of finance available in the amount of CHF 820 million, which further increases its flexibility.

In the first half-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 focus on the Swiss capital market as part of the Green Finance Framework.

The loan-to-value ratio (LTV) of the property portfolio increased temporarily as at the end of June to 40.9% [39.8% as at December], exceeding the target figure of 40%. The increase can be ascribed – all other things being equal – to the dividend payment in particular, which is routinely paid in the first half-year. Swiss Prime Site intentionally scheduled the majority of its property sales for the second half of 2024, with a view on the expected and now materialized interest rate cuts. The Company therefore remains confident of completing the sales that are planned for the whole of 2024, which will bring the LTV ratio back below 40% by year-end.

Outlook remains optimistic

Swiss Prime Site remains optimistic about the second half of the year. The last laboratory new build in Stücker Park, Basel, will be handed over to tenants and operations will commence. In addition, Tertianum will take up occupancy at Paradiso-Lugano. Swiss Prime Site will continue its capital recycling strategy and, as mentioned, will sell further properties to finance the growth investments without new capital. The focus will remain on prime locations with modern, sustainable spaces. The Company also anticipates further growth in earnings for the Asset Management area, with a direct link to the successful new issues in the first half-year.

In conclusion, Swiss Prime Site expects a vacancy rate of around 3.8% for the full financial year and an LTV for the property portfolio that will return to below 40% in the second half of the year. The assets under management of Swiss Prime Site Solutions are expected to amount to approximately CHF 13 billion at the end of 2024. Swiss Prime Site also anticipates an increase in the FFO I to between CHF 4.15 and 4.20 per share.

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

SELECTED KEY FIGURES

Continuing operations	in	01.01.–	01.01.–	01.01.–
		30.06.2023	31.12.2023	30.06.2024
		or 30.06.2023	or 31.12.2023	or 30.06.2024
Rental income from properties	CHF m	218.9	438.3	232.0
EPRA like-for-like change relative	%	3.4	4.3	3.7
Income from asset management	CHF m	22.2	49.7	27.0
Income from retail	CHF m	59.7	126.5	55.9
Total operating income	CHF m	307.6	658.6	317.4
Revaluation of investment properties, net	CHF m	-98.8	-250.5	30.4
Result from investment property sales, net	CHF m	9.8	13.0	2.7
Operating result before depreciation and amortisation (EBITDA)	CHF m	99.0	158.1	235.1
Operating result (EBIT)	CHF m	95.7	152.5	231.5
Profit	CHF m	65.9	86.7	164.7
Return on equity (ROE)	%	2.0	1.3	5.1
Return on invested capital (ROIC)	%	1.4	1.2	2.9
Earnings per share (EPS)	CHF	0.86	1.13	2.14
Funds from operations per share (FFO I)	CHF	1.94	4.05	2.03
Continuing and discontinued operations excluding revaluation effects¹				
Operating result before depreciation and amortisation (EBITDA)	CHF m	351.6	562.2	204.7
Operating result (EBIT)	CHF m	345.1	553.3	201.0
Profit	CHF m	298.9	459.8	151.2
Return on equity (ROE)	%	9.0	6.8	4.6
Return on invested capital (ROIC)	%	4.8	3.9	2.7
Earnings per share (EPS)	CHF	3.90	5.99	1.96
Funds from operations per share (FFO I)	CHF	2.01	4.12	2.03
Key balance sheet figures				
Shareholders' equity	CHF m	6530.3	6537.4	6489.0
Equity ratio	%	47.4	47.4	46.4
Liabilities	CHF m	7240.5	7240.9	7488.8
Loan-to-value ratio of property portfolio (LTV) ²	%	39.7	39.8	40.9
NAV before deferred taxes per share ³	CHF	102.32	102.05	101.00
NAV after deferred taxes per share ³	CHF	85.12	85.21	83.94
EPRA NTA per share	CHF	101.40	101.52	99.95
Real estate portfolio				
Fair value of real estate portfolio	CHF m	13064.5	13074.6	13147.2
of which projects/development properties	CHF m	1093.9	853.3	815.9
Number of properties	number	168	159	154
Rental floor space	m ²	1685947	1678217	1691221
Vacancy rate	%	4.1	4.0	3.6
Average nominal discount rate	%	4.01	4.04	4.04
Net property yield	%	3.1	3.1	3.2
Employees				
Number of employees as at balance sheet date	persons	700	674	665
Full-time equivalents as at balance sheet date	FTE	609	570	576

¹ The previous year's figures include the profit contribution and the gain on the disposal from discontinued operations

² Receivables secured by bank guarantees were deducted from financial liabilities in the financial year 2023

³ 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 7 billion.

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