Annual Report 2015 | Part 03

FINANCIAL REPORT

SWISS PRIME SITE

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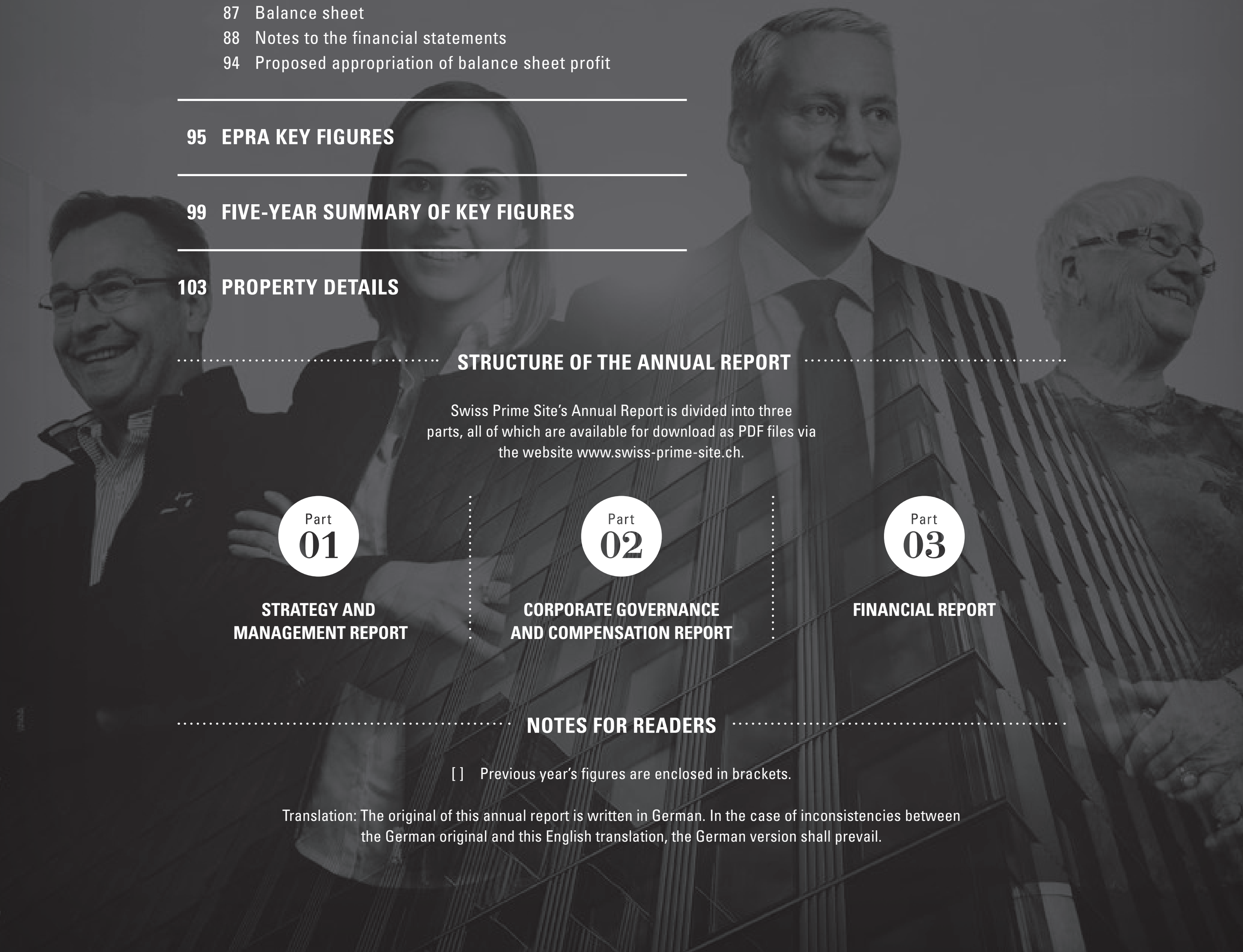

STRUCTURE OF THE ANNUAL REPORT

Swiss Prime Site's Annual Report is divided into three parts, all of which are available for download as PDF files via the website www.swiss-prime-site.ch.

Part 01	Part 02	Part 03
STRATEGY AND MANAGEMENT REPORT	CORPORATE GOVERNANCE AND COMPENSATION REPORT	FINANCIAL REPORT

NOTES FOR READERS

[ ] Previous year's figures are enclosed in brackets.

Translation: The original of this annual report is written in German. In the case of inconsistencies between the German original and this English translation, the German version shall prevail.

SUMMARY OF KEY FIGURES

SUMMARY OF KEY FIGURES

	in	31.12.2014	31.12.2015	Change in %
Investment properties at fair value	CHF m	9 785.0	9 686.6	– 1.0
Rental income from properties	CHF m	443.1	445.9	0.6
Vacancy rate	%	6.6	6.7	1.5
Income from sale of trading properties	CHF m	–	105.1	n/a
Income from real estate services	CHF m	100.1	109.0	8.9
Income from retail[1]	CHF m	151.9	136.8	– 9.9
Income from assisted living[2]	CHF m	153.3	184.2	20.2
Total operating income	CHF m	852.7	995.2	16.7
Revaluation of investment properties, properties under construction and development sites	CHF m	113.2	124.6	10.1
Result from investments in associates	CHF m	12.9	12.1	– 6.2
Result from investment property sales, net	CHF m	2.1	30.9	1 371.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	CHF m	497.9	582.6	17.0
Earnings before interest and taxes (EBIT)	CHF m	462.8	553.4	19.6
Profit	CHF m	286.7	355.1	23.9
of which attributable to non-controlling interests	CHF m	0.9	– 0.8	n/a
Comprehensive income	CHF m	288.2	377.1	30.8
of which attributable to non-controlling interests	CHF m	0.9	– 0.8	n/a
Shareholders' equity	CHF m	4 201.8	4 956.0	17.9
of which non-controlling interests	CHF m	1.6	0.2	– 87.5
Equity ratio	%	39.6	46.4	17.1
Borrowed capital	CHF m	6 400.3	5 734.6	– 10.4
Total capital	CHF m	10 602.1	10 690.6	0.8
Return on equity (ROE)	%	7.0	7.6	8.6
Return on invested capital (ROIC)	%	3.7	4.3	16.2
Earnings per share (EPS)	CHF	4.72	5.30	12.3
NAV before deferred taxes per share	CHF	84.77	85.83	1.3
NAV after deferred taxes per share	CHF	69.06	71.15	3.0
Figures excluding revaluation effects[3]				
Earnings before interest and taxes (EBIT)	CHF m	349.6	428.9	22.7
Profit	CHF m	236.0	280.8	19.0
of which attributable to non-controlling interests	CHF m	–	– 0.2	n/a
Comprehensive income	CHF m	207.6	273.6	31.8
Earnings per share (EPS)	CHF	3.90	4.20	7.7
Return on equity (ROE)	%	5.9	6.1	3.4

[1] transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015

[2] 2015: acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon AG as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015
2014: sale of Permed AG as at 17.03.2014

[3] revaluations and deferred taxes

VALUATION EXPERT'S REPORT

VALUATION EXPERT'S REPORT, WÜEST & PARTNER AG, ZURICH

The properties of Swiss Prime Site are valued by Wüest & Partner AG on a half-yearly basis (properties under construction on a quarterly basis) at their current fair values. The present valuation is valid as at 31 December 2015.

VALUATION STANDARDS AND PRINCIPLES

The fair value derived as at the balance sheet date 31 December 2015 coincides with the fair value described in the International Financial Reporting Standards (IFRS) according to IAS 40 «Investment Property» and IFRS 13 «Fair Value Measurement». In this context, fair value corresponds to the particular price that an independent market participant would receive for the sale of an asset under normal market conditions at the relevant valuation date (i.e. exit price).

DEFINITION OF FAIR VALUE

The exit price is the sales price stated in the purchase agreement to which the parties have mutually agreed. Transaction costs, usually consisting of brokerage commissions and transaction taxes as well as land register and notary costs, are not taken into account in determining fair value. Hence, the fair value is not adjusted for transaction costs incurred by the buyer at the time of sale, according to paragraph 25 of IFRS 13 (gross fair value), which corresponds to the valuation practice in Switzerland.

The valuation at fair value implies that the hypothetical transaction for the asset subject to valuation would take place on the market with the largest volumes and highest level of business activity (principal market) – as well as the market where transactions are executed with sufficient frequency and volume – so enough price information is available for that relevant market (active market). In the case that such a market cannot be identified, the principal market for the asset is assumed that maximises the sales price for the divestment of the particular asset.

IMPLEMENTATION OF FAIR VALUE

Fair value was determined for the first time as at 30 June 2013 on the basis of applying the «highest-and-best-use» standard for a property. Highest-and-best-use is the utilisation of a property that maximises its value. This assumption implies use that is technically/physically feasible, legally permissible and financially realisable. Since the measurement of fair value implies maximised utilisation, the highest and best use can deviate from the actual or planned use of a property. Future investment spending for a property's improvement or value growth is accordingly taken into account in the fair value.

Application of the highest-and-best-use approach is based on the principle of materiality of possible difference in value relative to the value of the particular property and total real estate assets, as well as relative to possible absolute difference in value. A property's potential added value, which fluctuates within the normal assessment tolerance of an individual valuation, is viewed as insignificant here and consequently disregarded.

Fair value is measured depending on the quality and reliability of the valuation parameters, with declining quality or reliability: level 1 market price, level 2 modified market price and level 3 model-based valuation. At the same time, different parameters at different hierarchies can be applied in measuring a property's fair value. Here, the overall valuation is categorised according to the lowest level of the fair value hierarchy, in which the valuation parameters are assigned the highest priority.

Determining the value of Swiss Prime Site's real estate portfolio is carried out with a model-based valuation technique according to level 3, based on input parameters that are not directly observable on the market, whereby adapted level 2 input parameters may be applied here as well (e.g. market rents, operating/maintenance costs, discount/capitalisation rates, proceeds from the sale of owner-occupied residential property). Unobservable input factors are applied only when relevant observable input factors are unavailable.

Valuation techniques are used that are appropriate for the given circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The relevant valuation technique used here is an income-based approach, modelled on the basis of the discounted cash flow valuation method widely applied in Switzerland.

Properties under construction and development sites designed for future use as investment properties are valued at project fair values, taking into account current market conditions, still-outstanding investment costs and a risk premium according to the progress of the project (IAS 40/IFRS 13).

Properties under construction that are designated for future divestment (e.g. apartments in freehold property) are valued at cost (IAS 40.9): i.e. current activities and costs are recognised and subsequent valuation carried out at the lower of cost and realisable value, according to IAS 2.

The valuation guarantees a high degree of transparency, uniformity, relevance and completeness. The relevant legal provisions, as well as the specific national and international standards, are complied with (i.e. regulations for real estate companies listed on SIX, IFRS and others). In order to ensure an independent valuation and thus the highest possible degree of objectivity, the business activity of Wüest & Partner AG excludes both trading and related transactions on a commission basis, as well as the management of properties. The valuation principles are always based on the most recent information regarding the properties and the real estate market. The data and documents pertaining to the properties are provided by the owner and assumed to be accurate. All real estate market data are derived from continuously updated databases held by Wüest & Partner AG (Immo-Monitoring 2016).

VALUATION METHOD

Investment properties are generally valued by Wüest & Partner AG according to the discounted cash flow (DCF) method, which corresponds to international standards and is also used in company valuations. The method is recognised – within the scope of general freedom of choice real estate valuations – in the context of best practice. According to the DCF method, the current fair value of a property is determined through deriving the sum of all future estimated net earnings (before interest, taxes, depreciation and amortisation = EBITDA) and discounting to the present, taking into consideration investments or future repair costs. The net earnings (EBITDA) per property are individually discounted independent of any relevant opportunities and threats, adjusting for the current market situation and risks. A detailed report for each property discloses all expected cash flows, therefore providing the greatest degree of transparency possible. In the report, attention is drawn to substantial changes compared with the previous valuation.

DEVELOPMENT OF THE REAL ESTATE PORTFOLIO

In the reporting period from 1 January to 31 December 2015, 12 properties were divested, while 2 properties and 1 finance lease were acquired and 1 partial acquisition of a plot of building land was carried out. One property was sub-divided.

Swiss Prime Site Group's real estate portfolio therefore changed on a net basis by minus eight properties and now comprises a total of 182 properties. In detail, 12 properties of various dimensions (Obere Bahnhofstrasse 14 in Affoltern am Albis; Via San Gottardo 99–99b in Bellinzona; Place Cornavin 10 and Quai du Seujet 30 both in Geneva; Schaffhauserstrasse 59 in Glattbrugg; Weinberglistrasse 4/Tribschenstrasse 62 in Lucerne; Bohl 1/Goliathgasse 6 in St. Gallen; Allmendweg 8/Riverside Business Park in Zuchwil; Hardstrasse 219/Maaghof North and East, Hönggerstrasse 40/Röschibachstrasse 22, Naphtastrasse 10/Maaghof North and East, and Turbinenstrasse 21/Maaghof North and East, all in Zurich) with total respective fair values of CHF 422.8 million as at 31 December 2014 were divested during the reporting period.

In the same period, the following 4 properties were acquired (1 project development property: Zürcherstrasse 39 in Schlieren; 1 existing property: comprising 3 condominiums at Ebnaterstrasse 45 in Wattwil; 1 finance lease: Buechenstrasse 8 in Stadel; 1 partial acquisition of a plot of building land: Route de Pré-Bois in Meyrin) with total respective fair values of CHF 57.1 million as at 31 December 2015.

The former development property at Müllackerstrasse 2,4/Bubenholz in Opfikon was added to the portfolio of existing properties for the first time as at 31 December 2015 (first valuation following completion).

The consolidated portfolio comprises 165 existing investment properties, 13 plots of building land including the above-mentioned partial acquisition, and 4 development sites (Viktoriastrasse 21, 21a, 21b in Berne; Zürcherstrasse 39 in Schlieren and Brandschenkestrasse 25 as well as Flurstrasse 55/Flurpark both in Zurich).

The total realised sales price for the divested properties amounted to CHF 452.9 million. The divestments took place on the open market at the prevailing market conditions.

Three development properties are currently in the construction phase:

> The property at Viktoriastrasse 21, 21a, 21b in Berne comprises a conversion project with total renovations as well as a new building project with townhouses. Part of this future residential and commercial property should consist of condominiums, and construction will likely be concluded by 2021.
> Zurich, Brandschenkestrasse 25 is an urban office property that is currently being transformed into a hotel.
> In addition, the property at Flurstrasse 55/Flurpark in Zurich has undergone total renovation. Leasing of the property has been underway since 01.07.2015.

The development project for the Assisted Living segment at Müllackerstrasse 2, 4/Bubenholz in Opfikon commenced as at 1 April 2015, and the property is now included in the portfolio as a Vitadomo senior centre with geriatric care facility.

New building projects have been assessed at fair value on a quarterly basis since 1 January 2009, taking into account the specific risks associated with planning, production and leasing. The semi-annual valuations are only subject to review on a quarterly basis. New building projects that are designated for future divestment (e.g. apartments in freehold property) are valued at cost or the lower of cost and net realisable value.

A package transaction was executed with the Swiss Prime Investment Foundation during the reporting period.

VALUATION RESULTS AS AT 31 DECEMBER 2015

As at 31 December 2015, the fair value of Swiss Prime Site Group's overall real estate portfolio (total 182 properties) amounted to CHF 9 686.6 million. The fair value of the portfolio therefore decreased by CHF –98.4 million or –1.0% compared with the level at 31 December 2014. The details regarding the decrease in value are depicted in the table below.

CHANGES IN THE REAL ESTATE PORTFOLIO

in CHF m

Fair value as at 31.12.2014		**9 785.0**
+ changes in value of existing properties		221.6
+ purchase finance lease		16.2
Stadel, Buechenstrasse 8	16.2	
+ acquisition of project		34.9
Schlieren, Zürcherstrasse 39	34.9	
+ acquisition of existing properties		1.1
Wattwil, Ebnaterstrasse 45	1.1	
+ acquisition of building land		4.9
Meyrin, Route de Pré-Bois	4.9	
+ first-time valuation after completion		9.5
Opfikon, Müllackerstrasse/Bubenholz	9.5	
– minus divestments		–422.8
Affoltern am Albis, Obere Bahnhofstrasse 14	–8.8	
Bellinzona, Via San Gottardo 99–99b	–19.3	
Geneva, Place Cornavin 10	–25.8	
Geneva, Quai du Seujet 30	–15.1	
Glattbrugg, Schaffhauserstrasse 59	–5.6	
Lucerne, Weinberglistrasse 4/Triebschenstrasse 62	–59.4	
St. Gallen, Bohn 1/Goliathgasse 6	–26.9	
Zuchwil, Allmendweg 8/Riverside Business Park	–90.4	
Zurich, Hardstrasse 219/Maaghof North and East	–96.4	
Zurich, Hönggerstrasse 40/Röschibachstrasse 22	–29.4	
Zurich, Naphtastrasse 10/Maaghof North and East	–24.0	
Zurich, Turbinenstrasse 21/Maaghof North and East	–21.7	
+ changes in value of building land		8.3
+ changes in value of projects		27.9
Berne, Viktoriastrasse 21, 21a, 21b	0.6	
Zurich, Brandschenkestrasse 25	18.6	
Zurich, Flurstrasse 55/Flurpark	8.7	
Fair value as at 31.12.2015		**9 686.6**

The change in value in existing properties amounted to +2.6% compared with 1 January 2015. Of the 163 existing properties – excluding acquisitions (1), acquired finance lease (1), acquired project (1), plots of building land (13) and properties under construction (3) totalling 19 properties – 121 properties were valued higher, 0 property was valued the same and 42 properties were valued lower than at 1 January 2015.

The positive performance turned in by the Swiss Prime Site portfolio is attributable primarily to the continuing low interest rate environment and, in turn, to the resulting diminishing expectations for returns on the part of investors. Additional factors boosting the value of the portfolio include newly concluded contracts at much higher revenue levels, consummation of investments and generally high quality of the properties situated in prime locations.

Value losses can be attributed primarily to changed rental potential, newly concluded contracts at a lower level, adjusted revenue forecasts and vacancies, or adjusted vacancy risks, as well as in some cases higher cost estimates for future repair work.

Proceeds from the condominium units sold as at 31 December 2015 are reported in the income statement.

OUTLOOK FOR THE COMMERCIAL PROPERTY MARKETS

More than one year has passed since the Swiss National Bank (SNB) lifted the euro minimum exchange rate and reduced the target range for three-month LIBOR to between –1.25% and –0.25%. The SNB's decision abruptly changed the status quo for the Swiss economy and, in turn, for the local construction and real estate markets too. The consequences are still noticeable until today and should continue to affect the trend in the real economy and investment markets to some extent even in 2016.

In the wake of the measure taken by the SNB, Switzerland was spared from facing any shock-like economic crisis. Nevertheless, the strong Swiss franc posed problems particularity for exports of goods and services. For 2016, Wüest & Partner forecasts that gross domestic product (GDP) in Switzerland will edge up by roughly 1%, which is a below-average rate compared with the figure of the past five years (this assessment is also in line with the forecasts of relevant Swiss economic institutions). As in past years, this trend will be underpinned especially by private and public consumption.

The overall employment level in Switzerland grew by around 40 000 full-time equivalents between the second quarter of 2014 and second quarter of 2015. As a consequence of the anticipated cooldown in economic growth, however, expectations indicate that the pace of new job creation will slow down. The Swiss State Secretariat for Economic Affairs (SECO) predicts that the unemployment rate will edge up slightly to 3.6% by the end of 2016.

Structural change intensified in the past year, driven by strengthening of the Swiss franc, stepped-up global competition and technological innovations. This situation has painted an especially challenging picture for the commercial property sector. Particularly businesses in the hotel and restaurant industry as well as the retail sector have come under pressure, while the education, social services and healthcare sectors are growing. At the same time, the individual sectors have stepped-up their focus on activities for which highly skilled workers are required. Furthermore, new technological opportunities have revolutionised the services sector as well as distribution channels for goods and services.

Parallel to the structural change, signs are apparent that companies have taken a somewhat cautious stance regarding expansion endeavours and investment activities, resulting from the uncertainties surrounding the legal and economic climate. The economic change should therefore continue to persist in the medium to long term.

Expectations indicate that the number of new building projects and building modification projects will decrease by 3.1% and 5.4%, respectively, in the current year. Although the trend in building permits even points to a more pronounced decline in new building activity, the reduction in effective construction activity is decelerating due to the fact that construction periods for major projects extend over several years. Building modification activities have diminished as well, because many owners have renovated their commercial properties in the interim in order to make them marketable again.

With the introduction of negative interest rates at the outset of last year, indirect real estate investments experienced a strong boost. In fact, stock exchange-listed Swiss real estate companies and real estate funds exhibited robust share price gains already in January and February 2015. Consequently, premiums also surged and soon noticeably surpassed their historical averages. The strong share price gains subsequently underwent corrections again, with prices on the WUPIX-A (real estate companies) and WUPIX-F (real estate funds) at the end of June hovering back at the same levels as those prior to 15 January 2015. The brisk demand for real estate investments triggered two more share price rallies in the second half-year 2015, while the traditional stock market exhibited significant fluctuations. For the full-year 2015, the average total returns for listed real estate companies and real estate funds amounted to 9.2% and 4.2%, respectively. Real estate companies and real estate funds have also kicked off the year 2016 with a positive performance compared with the overall Swiss stock market. Hence, the situation for indirect real estate investments paints a favourable picture as at the beginning of this year too.

In view of the effective absence of returns on risk-free assets (for example, ten-year government bonds), direct real estate investments also remain very attractive. Investment appetite on the part of institutional as well as private investors increased anew last year, leading to further rising transaction prices. Net initial returns declined as a result. The lowest returns on commercial properties (2.3%) are currently being realised on transactions in prime locations in Zurich City. Returns here had hovered at 2.7%

prior to the introduction of negative interest rates. Expectations indicate that net initial returns will continue to waver at the present levels during the current year. Interested buyers should remain more selective and critical for properties situated in unfavourable locations with high vacancy rates or structural defects.

Office property market

The fact that the supply-side figures for the office property market have stabilised since the first quarter of 2015 is attributable primarily to diminishing construction activity in this sector since 2013. On the demand side, any additional impetus through new and expanding companies leaves something to be desired. However, the existing sources of demand continue to remain relatively mobile. Factors taken into account regarding relocation often include rent prices and operating expenses as well as location considerations in particular. The more closely office properties are adapted to the changing needs of tenants, the more promising are the prospects for finding new tenants.

Rent prices for market office floor space edged up by 2.9% last year. The increase can be attributed to the level of construction activity of recent years, among other things. On the one hand, many new properties were constructed in well-developed locations. On the other hand, the condition and in some cases also the construction standards of older buildings were improved, in order to ensure the prospects for higher, or at least stable, rents. Market rents are currently coming under further pressure, so Wüest & Partner forecasts a dip in prices of 2.4% in 2016.

Declines in prices are already visible in closing rents. The quality-adjusted price index for newly concluded rental agreements reveals decreasing prices in many locations. Prices in Switzerland declined by an average of 1.2% between mid-2014 and mid-2015, meaning that rents for equally valued floor space are sinking, and landlords are increasingly being compelled to make rent price concessions.

Retail property market

Market retail floor space had increased at the end of last year to more than 500 000 square metres per quarter, thus reaching levels that were last registered in 2006. Retail rent prices have come under heavier pressure due to the significantly greater supply. Accordingly, market rents in Switzerland dropped by an average of 3.3% during 2015. No change in this trend is expected in the current year either. Wüest & Partner forecasts a decline in retail rent prices of 3.2% in 2016.

The fact that rents are expected to decrease is attributable to various factors. First, shopping abroad remains attractive for the Swiss people due to the strong Swiss franc. Second, online shopping activity has continued to surge strongly, which further squeezes retail sales. And third, the trend in retail sales has been heading downward in the meantime. In fact, seasonally adjusted real retail sales dipped by 2.2% at end-November 2015 versus the comparable previous year's month.

Wüest & Partner AG
Zurich, 20 January 2016

Andreas Ammann
Partner

Gino Fiorentin
Partner

ANNEX: VALUATION ASSUMPTIONS

VALUATION ASSUMPTIONS AS AT 31 DECEMBER 2015

In addition to the previous comments on the valuation standards and methods, the most significant general valuation assumptions for the present valuations are presented in the following section.

INVESTMENT PROPERTIES INCLUDING BUILDING LAND

Property valuations are fundamentally determined on a going-concern basis applying the «highest and best use» standards. At the same time, the valuation is based on the current rental situation and present condition of the property. Beyond the expiry of the existing rental agreements, earnings forecasts are based on the current market level.

On the cost side, the repair and maintenance costs as well as recurring property management costs are taken into account that are required to ensure realisation of sustainable income.

The valuation assumption is based on an average and expedient property management strategy. The specific scenarios of the owner are disregarded, or taken into account only to the extent that specific rental agreements had been made, or as far as they also seem plausible and practical to a third party. Possible optimisation measures consistent with the market – such as an improved rental situation in the future – are taken into account.

The valuation or calculation period (DCF method) extends for 100 years from the valuation date. A more detailed cash flow forecast is prepared for the first ten years, while approximate annualised assumptions are made for the remainder of the term.

The valuation implicitly assumes an annual inflation rate of 1.0%. However, cash flows and discount rates are generally reported on a real basis in the valuation reports.

The specific indexing of the existing rental agreements is taken into account. Following expiry of the agreements, an average indexing rate of 80% is used for the calculation, and rents are adjusted to the market level once every five years. Payments are generally assumed to be made monthly in advance after expiry of the rental agreements.

At the operating cost (owner's cost) level, it is generally assumed that completely separate ancillary cost accounts are maintained, and that ancillary and operating costs are outsourced, insofar as this is permitted by law. Maintenance costs (repair and maintenance costs) are determined on the basis of benchmarks and model calculations. The residual lifetime of the individual parts of the buildings is determined on the basis of a rough estimate of their condition, the regular renewal is modelled and the resulting annuities are calculated. The calculated values are subjected to a plausibility check based on benchmarks set by Wüest & Partner AG and figures for comparable properties. Repair costs are included in the calculation at 100% for the first ten years, while the earnings forecast takes into account, where appropriate, possible increases in rent. From the 11th year, repair costs of up to 50% to 70% are allowed (value-preserving components only) without including possible rent increases. Costs for cleaning up contaminated sites are not quantified in the individual valuations and are to be considered separately by the Company.

The relevant discounting method is based on constant monitoring of the real estate market and is derived from models with plausibility checks, on the basis of a real interest rate that consists of the risk-free interest rate (long-term government bonds) plus general real estate-related risks in addition to property-specific premiums. The risk is then adjusted for each property individually. The average real discount rate, weighted by fair value, applied to investment properties (existing properties including initial valuation following completion) is 3.66% in the current valuation. Assuming an inflation rate of 1.0%, this rate corresponds to a nominal discount rate of 4.69%. The lowest real discount rate applied to a particular property is 2.7%, while the highest is 5.3%.

The valuations are based on the rental tables of the property managers as at 1 January 2016, as well as on floor space details provided by the Company/property managers

Risks relating to credit ratings of individual tenants are not explicitly taken into account in the valuation since it is assumed that appropriate contractual safeguards were concluded.

PROPERTIES UNDER CONSTRUCTION AND DEVELOPMENT SITES

Properties under construction and development sites designed for future use as investment properties are valued at project fair values, taking into account current market conditions, still-outstanding investment costs and a risk premium according to the progress of the project (IAS 40/IFRS 13).

Properties under construction that are designated for future divestment (e.g. apartments in freehold property) are valued at cost: i.e. current activities and costs are recognised and subsequent valuation carried out at the lower of cost and realisable value, according to IAS 2. Planned or possible construction development as at the balance sheet date is therefore valued on the basis of the same assumptions and methods used for investment properties. To determine the current fair value as at the balance sheet date, the still-outstanding investment costs are taken into account in the cash flows, and the additional risks are reported as a return premium on the discount rate. Information regarding projected construction work, schedules, building costs and future rentals is obtained from Swiss Prime Site AG insofar as it is specifically available (building permits, plans, cost calculations/investment applications, etc.) or appears to be plausible.

DISCLAIMER

The valuations carried out by Wüest & Partner AG represent an economic assessment based on available information, most of which was provided by Swiss Prime Site AG. Wüest & Partner AG did not conduct or commission any legal, structural engineering or other specific clarifications. Wüest & Partner AG assumes that the information and documents received are accurate. However, no guarantee can be provided in this respect. Value and price may deviate from each other. Specific circumstances that influence the price cannot be taken into account when making a valuation. The valuation performed as at the reporting date is only valid at that specific point in time and may be affected by subsequent or yet unknown events, in which case a revaluation would be necessary.

Since the accuracy of valuation results cannot be guaranteed objectively, no liability can be derived from it for Wüest & Partner AG and/or the author.

Zurich, 20 January 2016

CONSOLI DATED FINANCIAL STATE MENTS

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF SWISS PRIME SITE AG, OLTEN

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying consolidated financial statements of Swiss Prime Site AG, which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in shareholders' equity and notes (pages 18 to 82, 104 to 111) for the year ended 31 December 2015.

Board of Directors' Responsibility
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange as well as the Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Claudius Rüegsegger
Licensed Audit Expert

Zurich, 7 March 2016

CONSOLIDATED INCOME STATEMENT

in CHF 1 000	Notes	01.01.–31.12.2014	01.01.–31.12.2015
Rental income from properties	4/5	443 113	445 871
Income from sale of trading properties	4/5	–	105 081
Income from real estate services	4/5	100 084	109 004
Income from retail	4/5	151 855	136 808
Income from assisted living	3/4/5	153 259	184 152
Other operating income	4/5	4 361	14 294
Operating income		**852 672**	**995 210**
Revaluation of investment properties, properties under construction and development sites, net	**4/18**	**113 234**	**124 571**
Result from investments in associates	**6**	**12 912**	**12 118**
Result from investment property sales, net	**4/7**	**2 062**	**30 910**
Result from sale of participations, net	**3/4**	**810**	**–**
Real estate costs	4/8	–96 324	–103 312
Cost of trading properties sold	4	–	–62 917
Cost of goods sold	4	–87 881	–84 724
Personnel costs	4/9	–247 963	–269 244
Other operating expenses	4/10	–51 629	–60 023
Depreciation, amortisation and impairment	4	–35 092	–29 159
Operating expenses		**–518 889**	**–609 379**
Operating profit (EBIT)		**462 801**	**553 430**
Financial expenses	11	–99 968	–100 753
Financial income	11	2 782	4 615
Profit before income taxes		**365 615**	**457 292**
Income tax expenses	12	–78 957	–102 231
Profit		**286 658**	**355 061**
Profit attributable to shareholders of Swiss Prime Site AG		285 763	355 905
Profit/loss attributable to non-controlling interests		895	–844
Earnings per share (EPS), in CHF	**27**	**4.72**	**5.30**
Diluted earnings per share, in CHF	**27**	**4.40**	**5.18**

The Notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF 1 000	Notes	01.01.–31.12.2014	01.01.–31.12.2015
Profit		**286 658**	**355 061**
Revaluation of owner-occupied properties	19	38 972	38 032
Deferred taxes on revaluation of owner-occupied properties	12	–8 966	–8 754
Remeasurement of net defined benefit obligations	9	–36 828	–9 356
Deferred taxes on remeasurement of net defined benefit obligations	12	8 404	2 125
Items that will not be reclassified subsequently to profit or loss		**1 582**	**22 047**
Items that will be reclassified subsequently to profit or loss		**–**	**–**
Other comprehensive income after income taxes		**1 582**	**22 047**
Comprehensive income		**288 240**	**377 108**
Comprehensive income attributable to shareholders of Swiss Prime Site AG		287 345	377 952
Comprehensive income attributable to non-controlling interests		895	–844

The Notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2014	31.12.2015
Assets			
Cash	13	257 196	234 929
Securities		477	482
Accounts receivable	14	126 097	80 432
Other current receivables		10 068	27 138
Current income tax assets		10 707	4 634
Inventories	15	25 532	25 549
Trading properties	16	45 747	–
Accrued income and prepaid expenses		35 715	33 482
Assets held for sale	17/18	254 418	–
Total current assets		**765 957**	**406 646**
Other non-current receivables		425	–
Pension plan assets	25	8 067	8 963
Non-current financial investments		1 261	1 261
Investments in associates		37 599	47 494
Investment properties and building land	18	8 424 867	8 445 335
Properties under construction and development sites	18/28	228 470	346 690
Owner-occupied properties	19	778 656	894 582
Owner-occupied properties under construction	19	52 890	–
Tangible assets	20	51 476	64 590
Goodwill	21	166 311	369 520
Intangible assets	21	78 092	80 524
Deferred tax assets	12/24	8 002	24 960
Total non-current assets		**9 836 116**	**10 283 919**
Total assets	**4**	**10 602 073**	**10 690 565**
Liabilities and shareholders' equity			
Accounts payable	22	16 151	13 307
Current financial liabilities	23	714 300	572 105
Other current liabilities		138 772	127 171
Advance payments	14	104 766	33 046
Current income tax liabilities		17 809	44 412
Accrued expenses and deferred income	22	101 900	96 708
Total current liabilities		**1 093 698**	**886 749**
Non-current financial liabilities	23	4 251 522	3 689 488
Other non-current financial liabilities	23	9 484	6 871
Deferred tax liabilities	12/24	963 412	1 035 945
Pension provision obligations	25	82 156	115 546
Total non-current liabilities		**5 306 574**	**4 847 850**
Total liabilities	**4**	**6 400 272**	**5 734 599**
Share capital	26	930 555	1 065 668
Capital reserves	26	781 123	1 023 578
Revaluation reserves	26	72 792	102 027
Retained earnings	26	2 415 735	2 764 450
Shareholders' equity attributable to shareholders of Swiss Prime Site AG		**4 200 205**	**4 955 723**
Non-controlling interests		**1 596**	**243**
Total shareholders' equity		**4 201 801**	**4 955 966**
Total liabilities and shareholders' equity		**10 602 073**	**10 690 565**

The Notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	adjusted[1] 01.01.–31.12.2014	01.01.–31.12.2015
Profit		**286 658**	**355 061**
Depreciation, amortisation and impairment	4	35 092	29 159
Result from investment property sales, net	4/7/17	– 2 062	– 30 910
Result from sales of participations, net	3/4	– 810	–
Result from investments in associates		– 12 912	– 12 118
Revaluation of investment properties, properties under construction and development sites, net	4	– 113 234	– 124 571
Other non-cash items affecting net income		1 828	2 314
Financial expenses	11	99 968	100 753
Financial income	11	– 2 782	– 4 615
Income tax expenses	12	78 957	102 231
Change in inventories		844	673
Change in trading properties	16	– 17 346	46 381
Net change in other current assets		– 13 203	42 510
Net change in recognised pension plan assets/liabilities	25	1 493	2 270
Net change in other non-current receivables		1 700	425
Change in operating current liabilities		6 069	– 90 207
Income tax payments	12	379 460	– 30 935
Cash flow from operating activities		**729 720**	**388 421**
Investments in investment properties and building land	18	– 177 343	– 113 004
Investments in properties under construction and development sites	18	– 116 188	– 64 855
Investments in owner-occupied properties	19	– 2 230	– 2 560
Investments in owner-occupied properties under construction	19	– 43 246	– 12 690
Divestments of investment properties and building land	17/18	65 433	271 533
Divestments of properties under construction and development sites	18	–	152 031
Divestments of owner-occupied properties	19	–	2 800
Divestments of owner-occupied properties under construction	19	–	28 631
Acquisition of participations and operating businesses, less acquired cash	3	411	– 145 308
Divestments of participations, less divested cash	3	4 136	–
Investments in intangible assets	21	– 3 909	– 5 324
Investments in tangible assets	20	– 10 835	– 14 106
Divestments of securities		5	–
Interest payments received	11	1 036	768
Dividends received		2 380	2 489
Cash flow from investing activities		**– 280 350**	**100 405**
Increase in financial liabilities	23	6 263 300	2 023 000
Redemption of financial liabilities	23	– 6 929 043	– 2 574 919
Redemption of convertible bond	23	–	– 26 085
Issues of bonds	23	600 000	–
Cost of bonds		– 4 336	–
Acquisition of non-controlling interests without change of control		–	– 1 000
Interest payments made	11	– 107 220	– 105 126
Distribution from capital contribution reserves	26	– 217 801	– 235 611
Share capital increase	26	–	91 343
Premium from capital increase		–	332 732
Cost of capital increase		–	– 12 997
Purchase of treasury shares	26	– 736	– 2 430
Cash flow from financing activities		**– 395 836**	**– 511 093**
Change in cash		**53 534**	**– 22 267**
Cash at beginning of period		203 662	257 196
Cash at end of period		**257 196**	**234 929**

[1] see Note 2.2 «amendments relative to IFRS accounting principles»

The Notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in CHF 1 000	Notes	Share capital	Capital reserves	Revaluation reserves	Retained earnings	Shareholders' equity attributable to shareholders of Swiss Prime Site AG	Non-controlling interests	Total shareholders' equity
Total as at 01.01.2014		**925 697**	**980 466**	**42 786**	**2 158 396**	**4 107 345**	**–**	**4 107 345**
Profit		–	–	–	285 763	285 763	895	286 658
Revaluation of owner-occupied properties	19	–	–	38 972	–	38 972	–	38 972
Deferred taxes on revaluation of owner-occupied properties	12	–	–	–8 966	–	–8 966	–	–8 966
Remeasurement of net defined benefit obligations	25	–	–	–	–36 828	–36 828	–	–36 828
Deferred taxes on remeasurement of net defined benefit obligations	12	–	–	–	8 404	8 404	–	8 404
Other comprehensive income after income taxes		–	–	30 006	–28 424	1 582	–	1 582
Comprehensive income		**–**	**–**	**30 006**	**257 339**	**287 345**	**895**	**288 240**
Increase to a majority shareholding with non-controlling interests	3	–	–	–	–	–	701	701
Distribution from capital contribution reserves on 25.04.2014	26	–	–217 801	–	–	–217 801	–	–217 801
Conversion of 4 507 units of the CHF 300 million convertible bond into 317 521 registered shares	26	4 858	17 298	–	–	22 156	–	22 156
Share-based compensation		–	1 896	–	–	1 896	–	1 896
Purchase of treasury shares	26	–	–736	–	–	–736	–	–736
Total as at 31.12.2014		**930 555**	**781 123**	**72 792**	**2 415 735**	**4 200 205**	**1 596**	**4 201 801**
Profit		–	–	–	355 905	355 905	–844	355 061
Revaluation of owner-occupied properties	19	–	–	38 032		38 032	–	38 032
Sale of owner-occupied properties		–	–	–43	43	–	–	–
Deferred taxes on revaluation of owner-occupied properties	12	–	–	–8 754	–	–8 754	–	–8 754
Remeasurement of net defined benefit obligations	25	–	–	–	–9 356	–9 356	–	–9 356
Deferred taxes on remeasurement of net defined benefit obligations	12	–	–	–	2 123	2 123	–	2 123
Other comprehensive income after income taxes		–	–	29 235	–7 190	22 045	–	22 045
Comprehensive income		**–**	**–**	**29 235**	**348 715**	**377 950**	**–844**	**377 106**
Acquisition of shareholding with non-controlling interests	3	–	–	–	–	–	491	491
Acquisition of non-controlling interests without change of control		–	–	–	–	–	–1 000	–1 000
Distribution from capital contribution reserves on 21.04.2015	26	–	–235 611	–	–	–235 611	–	–235 611
Conversion of 40 607 units of the CHF 300 million convertible bond into 2 860 803 registered shares	26	43 770	155 976	–	–	199 746	–	199 746
Capital increase on 29.05.2015	26	91 343	321 991	–	–	413 334	–	413 334
Share-based compensation		–	2 529	–	–	2 529	–	2 529
Purchase of treasury shares		–	–2 430	–	–	–2 430	–	–2 430
Total as at 31.12.2015		**1 065 668**	**1 023 578**	**102 027**	**2 764 450**	**4 955 723**	**243**	**4 955 966**

The Notes form an integral part of the consolidated financial statements.

1 BUSINESS ACTIVITIES

Swiss Prime Site's strategy is based on investments in high-quality properties situated in prime locations, primarily with commercially utilised floor space as well as project developments. The investment focal point is aimed at properties and projects with sustainable, attractive returns and long-term value-boosting potential. The real estate portfolio is actively managed. In addition, Swiss Prime Site operates in real estate-related business fields aimed at strengthening and broadening the earnings base, in addition to diversifying risks.

Further information regarding the individual business fields can be found in Note 4 «Segment reporting».

2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Principles of consolidated reporting
The Company's consolidated financial statements were produced in accordance with International Financial Reporting Standards (IFRS) and correspond to article 17 of the Directive on Financial Reporting of the Swiss stock exchange (SIX Swiss Exchange). The consolidated financial statements comprise the holding company as well as its group companies (hereinafter jointly referred to as «group companies»).

The consolidated financial statements are essentially based on the historical cost principle. Deviations from this principle are referred to in Notes 2.8 to 2.39. These apply to the investment properties, properties and owner-occupied properties under construction, development sites (except those designated for divestment) and owner-occupied properties. In accordance with the fair value model of IAS 40 «Investment property» and due to the revaluation model of IAS 16 «Property, plant and equipment», these properties are valued at fair value. In addition, securities and derivatives are recognised at stock-exchange prices or at fair values as at the balance sheet date. The significant accounting principles are explained in the following section.

These consolidated financial statements were prepared in Swiss francs (CHF). All amounts, except for the figures per share, are rounded to CHF 1000. All group companies maintain their accounts in Swiss francs as well. Transactions denominated in foreign currencies are immaterial.

2.2 Amendments relative to IFRS accounting principles
Apart from the changes described below, the applicable accounting principles remain the same as in the previous year. As at 1 January 2015, Swiss Prime Site introduced the following new or revised standards and interpretations:

Standard/ interpretation	Title
IAS 19 rev.	Defined benefit plans: Employee contributions
Various	Annual improvements to IFRSs 2010–2012 cycle
Various	Annual improvements to IFRSs 2011–2013 cycle

The amendments had no significant impact on these consolidated financial statements.

The following new and revised standards and interpretations have been adopted, but will go into effect at a later time and were not prematurely applied to these consolidated financial statements. The impact thereof on Swiss Prime Site's consolidated financial statements has not yet been systematically analysed, so the estimated effects as disclosed in the following section represent only an initial assessment by the Executive Board.

Standard/ interpretation	Title	Impact	Entering into force	Planned application by Swiss Prime Site
IAS 1	Disclosure initiative	1	01.01.2016	Financial year 2016
IAS 16/IAS 38 rev.	Clarification of acceptable methods of depreciation and amortisation	1	01.01.2016	Financial year 2016
IAS 16/IAS 41 rev.	Bearer plants	1	01.01.2016	Financial year 2016
IAS 27	Equity method in separate financial statements	1	01.01.2016	Financial year 2016
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1	to be determined[1]	to be determined[1]
IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception	1	01.01.2016	Financial year 2016
IFRS 11 rev.	Accounting for acquisitions of interests in joint operations	1	01.01.2016	Financial year 2016
IFRS 14	Regulatory deferral accounts	1	01.01.2016	Financial year 2016
Various	Annual improvements to IFRSs 2012–2014 cycle	1	01.01.2016	Financial year 2016
IFRS 15	Revenue from contracts with customers	2	01.01.2018	Financial year 2018
IFRS 9	Financial instruments	2	01.01.2018	Financial year 2018

1 No or no significant impact on the consolidated financial statements is anticipated.

2 The effects on the consolidated financial statements cannot yet be determined with sufficient certainty.

[1] The effective date for these amendments was due to be 1 January 2016. In December 2015 the IASB has postponed the effective date for an indefinite period of time, as it believes that they could be affected by the outcome of its current research project on equity accounting. Early adoption continues to be permitted.

Presentation of interest paid and interest received in the consolidated cash flow statement was adjusted. Now, interest paid is reported as part of cash flow from financing activities and interest received as part of cash flow from investing activities, rather than as part of cash flow from operating activities. Swiss Prime Site believes that the new presentation more appropriately takes into account the standardised view of borrowing costs and the cost of equity. The effect of this adjustment on the consolidated cash flow statement is as follows:

in CHF 1 000	2014 reported	2014 adjustment	2014 adjusted	2015 before adjustment	2015 adjustment	2015 reported
Cash flow from operating activities	623 536	106 184	729 720	284 063	104 358	388 421
Cash flow from investing activities	–281 386	1 036	–280 350	99 637	768	100 405
Cash flow from financing activities	–288 616	–107 220	–395 836	–405 967	–105 126	–511 093

2.3 Valuations and assumptions

The preparation of semi-annual and annual accounts in accordance with IFRS accounting principles requires the use of appraisal values and assumptions that influence the amounts recognised as assets and liabilities, the disclosure of contingent assets and liabilities as at the balance sheet date and the revenues and expenses recognised during the reporting period. Although these appraisal values have been determined by Swiss Prime Site according to the best knowledge of the Executive Board with respect to current events and possible future measures, the results actually achieved may deviate from these appraisal values.

Fair value measurements

A number of Swiss Prime Site’s accounting principles and disclosures require measurement of certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly business transaction between market participants at the measurement date.

Swiss Prime Site uses, to the extent possible, the data observable in the market for the measurement of fair value of an asset or liability. Based on the input factors used in the valuation techniques, fair value is classified in various levels of the fair value hierarchy, as follows:

Fair value hierarchy

Level 1	Fair value was determined on the basis of quotations in active markets for identical assets and liabilities.
Level 2	Fair value was determined on the basis of input factors other than the quotations of level 1. The input factors for financial assets and liabilities in markets must be directly (for example quotations) or indirectly (for example derived from quotations) observable.
Level 3	Fair value was determined on the basis of input factors which are not based on observable markets.

When the input factors used to measure the fair value of an asset or liability might be classified in various levels of the fair value hierarchy, the fair value is categorised in its entirety in the same level of the fair value hierarchy as the lowest factor that is significant to the entire measurement.

The group holds investment properties, building land, properties under construction and development sites as well as properties held for sale with a book value of CHF 8792.025 million [CHF 8907.755 million], owner-occupied properties and owner-occupied properties under construction with a book value of CHF 894.582 million [CHF 831.546 million]. The properties are measured at fair value according to the principles of IFRS 13 «Fair value measurement». The valuations are based on estimates and assumptions that are described in Note 18 «Investment properties».

Impairment of goodwill and brand names

With respect to goodwill and brand names with indefinite useful life, assumptions as to the calculation of the value in use are applied in the impairment test, which is performed at least annually. The main assumptions with regard to the calculation of value in use are growth rates and discount rates. These assumptions may prove to be incorrect in the future. Moreover, the effective cash flows may differ from the discounted projections.

The book values based on these assumptions and valuations are specified in Note 21 «Goodwill and intangible assets».

Deferred taxes

Deferred tax liabilities are calculated on the valuation difference between the book value of an asset or a liability for consolidation purposes and the value relevant for tax purposes. In principle, deferred taxes are to be apportioned on all temporary differences at the current or future anticipated and full rate (balance sheet liability method).

If the revaluation of properties under IFRS compared with the tax base is due to recaptured, previously claimed depreciation, the tax is reported and treated separately on an individual property basis and taking into account the property gains tax.

Revaluations exceeding the recapture of previously claimed depreciation are taxed using two different systems. In cantons that do not levy any special taxes, the tax on the property gain is calculated at the respective valid maximum income tax rates. The other cantons levy a separate property gains tax, which also contains speculation premiums or discounts relating to and depending on the effective duration of ownership, in addition to the ordinary rate for property gains tax.

Accordingly, property gains taxes are reduced in proportion to the increased duration of ownership of the property. Swiss Prime Site generally assumes ownership for a minimum period of 20 years, meaning that potential speculation premiums are not taken into account. Determination of the minimum holding period is subject to considerable discretion. Devaluations below cost (losses) can also be taken into account due to the practice of the Swiss Federal Court and the circulation letter 27 of the Swiss Tax Conference dated 15 March 2007 regarding intercantonal loss offsetting.

Of the total losses carried forward, deferred tax assets are only recognised if the losses carried forward can probably be offset against future profits.

The tax liabilities resulting from these assumptions and valuations are described in Note 24 «Deferred tax liabilities».

2.4 Scope of consolidation and consolidation methods
The consolidated financial statements of Swiss Prime Site comprise Swiss Prime Site AG and all its group companies, controlled directly or indirectly via majority of votes or under a single management. These subsidiaries are included in the financial statements within the scope of full consolidation.

The scope of consolidation comprises 17 [15] companies (including the Holding Company). An overview of the group companies is provided in Note 31 «Group companies and investments in associates».

The consolidation is based on the audited annual financial statements of the group companies as at 31 December 2015, which have been prepared applying uniform accounting principles. All significant transactions and balances between the individual group companies as well as intercompany profits are eliminated.

Investments in associates in which Swiss Prime Site exercises a decisive influence, but which it does not control, are valued according to the equity method. In this case, the fair value of the pro-rated net assets is determined at the time of acquisition. These investments are recognised for the first time as pro-rated equity including any goodwill as investments in associates. In subsequent reporting periods after the acquisition, this value is adjusted to reflect Swiss Prime Site's share in the additional equity generated or net income earned. All balances/transactions with investments valued according to the equity method are reported separately as items with associates.

Companies in which Swiss Prime Site holds an investment of less than 20% are recognised at fair value (provided that this value can be reliably determined), either as securities or as non-current financial investments.

Investments in subsidiaries and associates are included in the consolidated financial statements from the time when control of the subsidiaries or associates is taken – or when significant influence is gained – and they are no longer included from the time when control is relinquished or significant influence is lost. These two dates are not necessarily identical to the date of acquisition or sale.

2.5 Capital consolidation
Capital consolidation is carried out using the purchase method. The difference between the purchase price of an acquired company and the fair value of the net assets acquired is recognised in the balance sheet as goodwill from acquisitions. Goodwill is subject to an impairment test annually or at shorter intervals, if there is any indication of impairment.

2.6 Segment reporting
Segment reporting complies with IFRS 8 «Operating segments» and is based on the management approach. Swiss Prime Site's primary decision-making authority is the Executive Board. The group's operational activities are divided into three segments that are subject to reporting requirements: Real Estate (comprising purchase and sale, lease and development of properties, as well as real estate services and the central group functions); Retail (consisting of sales activities in the retail trade); and Assisted Living (providing senior residences and geriatric care services). All properties are basically reported under the Real Estate segment, including the owner-occupied properties that are provided for the Retail and Assisted Living segments.

Property investments and real estate services are aggregated in the Real Estate segment. The segment comprises purchase, sale, lease and development of properties. Real estate services are provided especially in the realm of property management. The aggregation in one reportable segment is based on similar economic characteristics with regard to dependencies on market trends for leasing as well as comparable trends in revenue growth.

The disclosure on investments in non-current assets in the segment reporting comprises all investments in non-current assets including goodwill, with the exception of financial instruments and deferred tax assets during the reporting period.

2.7 Comparative figures of the previous period
The presentation of the comparative periods and figures is in accordance with IAS 1 «Presentation of financial statements». The figures for the comparative period are shown in the text in brackets [ ].

2.8 Cash
Cash comprises cash in hand and sight deposits held at financial institutions. Cash also comprises fixed-term deposits with financial institutions and short-term money market investments with a residual term to maturity of maximum three months, which are recognised in the balance sheet at nominal values.

2.9 Securities
Securities (qualified as held for trading, according to IFRS and affecting net income) include tradable equities held on a short-term basis that are valued at fair value as well as term deposits with a residual term to maturity of more than three months that are recognised at nominal value. Unrealised and realised gains from securities are recognised as financial result in the income statement.

2.10 Accounts receivable
Accounts receivable and other receivables are valued at amortised cost, which generally corresponds to the nominal value, less any requisite impairments for uncollectible receivables. Receivables can be short term (as a rule) or long term. The receivables of the Real Estate as well as Assisted Living segments are subject to individual valuation with strict credit-rating guidelines. The value of the receivables of the Retail segment is adjusted using statistical figures regarding default risk.

2.11 Impairments on receivables
To cover debtor risk, outstanding receivables are evaluated at the end of the reporting period by means of maturity lists and legal case reporting with respect to collectability. The necessary impairments are formed, and impairments that are no longer necessary are released. The setup/release of impairments is carried out in other operating expenses.

2.12 Inventories
Inventories are valued at average cost price, but not exceeding the net realisable value. The value of inventories with long storage periods and goods that are hard to sell is impaired.

2.13 Trading properties
Trading properties that are intended for future sale (e.g. condominiums) are valued at the lower of cost or net realisable value, according to IAS 2 «Inventories». The realisation of sales is recorded in operating income as «Income from the sale of trading properties» at the time of transfer to ownership (transfer of benefits and risks). The recognised costs are reported as expense from the sale of trading properties in operating expenses upon realisation of sales.

2.14 Assets held for sale
These are assets or groups of assets held for sale that have not yet been sold, but will be sold with high probability. Classifying such a divestment as highly probable necessitates the fulfilment of various criteria, including that the competent management level has determined a plan for divesting the asset (or group of assets) and actively commenced the process of searching for a buyer and executing the plan. Furthermore, the asset (or group of assets) must be actively offered for acquisition at a price that is appropriately relative to the current fair value. The divestment should also take place within a one-year period according to expectations. These assets are valued at the lower of book value or fair value less sales costs. Investment properties held for sale are subject to IFRS 5 «Non-current assets held for sale and discontinued operations» only with respect to their classification, but not for valuation purposes and are therefore recognised at fair value according to IFRS 13 «Fair value measurement».

2.15 Accrued income and prepaid expenses
Accrued income and prepaid expenses comprise prepaid expenses relating to the next reporting period and income for the current reporting period that will not be received until a later date.

2.16 Non-current financial investments
Non-current financial investments comprise tenants' loans with a residual term to maturity of more than one year and are valued at amortised cost less any requisite impairments. Impairment losses are

recognised in the income statement. Tenants' improvements and other collaterals are used as security for such loans. If necessary, loans secured by real estate can also be granted, provided that the pledged real estate collateral is located in Switzerland. The maximum loan-to-value ratio per property amounts to 70% of the fair value. Under financial investments, free capital can be invested in Swiss francs and euros. Investments in first-class, stock exchange-listed shares, in bonds with a minimum rating by a leading rating agency of «A» and money market paper are permitted. These financial investments are valued similar to securities (see Note 2.9 «Securities»).

2.17 Investment properties and building land

Investment properties and building land are classified according to IAS 40 «Investment property». The valuation at the time of initial classification is carried out at cost, taking into account directly accountable transaction costs. Thereafter, the valuation is carried out at fair value in accordance with IFRS 13 «Fair value measurement».

Replacement and expansion investments are recognised at the book value of the properties when it is probable that Swiss Prime Site will obtain a resulting future economic benefit.

The change in fair value is recognised in the income statement. Related deferred tax liabilities or assets on such sums are debited, or credited, to the consolidated income statement as deferred tax expense or deferred tax income. For further information regarding the calculation of the fair value see Note 18 «Investment properties».

2.18 Properties under construction and development sites

According to IAS 40 «Investment property» properties under construction and development sites with future utilisation as investment properties are recognised at fair value according to IFRS 13 already during construction – the same as other investment properties – provided that the fair value can be reliably determined. The existence of a legally valid building permit is an important indicator for Swiss Prime Site to reliably determine the fair value of a property under construction or a development site. The change in fair value is recognised in the income statement.

If a reliable valuation of the fair value of properties under construction and development sites is not possible, they are recognised at cost less any required impairments.

Direct allocable borrowing costs for properties under construction are recognised as land lease payments.

Insofar as the following criteria are fulfilled on a cumulative basis, existing investment properties are reclassified as properties under construction and development sites at the time of realisation:

> total depletion of the property (elimination of the property's usefulness)
> planned investments of more than 30% of fair value
> duration of renovation longer than 12 months

Following completion of the development or total modification, these properties are classified as either commercial properties without significant residential space or mixed properties.

Existing investment properties are maintained under the category investment properties for the duration of modification or renovation, insofar as the aforementioned criteria are unfulfilled.

2.19 Owner-occupied properties and owner-occupied properties under construction

Owner-occupied properties and owner-occupied properties under construction are recognised on the balance sheet at fair value, according to IFRS 13. Positive revaluation is credited to other comprehensive income unless it is due to reversed, previously claimed impairments. In case of a negative valuation, any previous increases in value are first reversed in group shareholders' equity until the corresponding revaluation reserve is released, and any further devaluation is debited to the consolidated income statement. Owner-occupied properties under construction with future use are treated similarly. As with investment properties, owner-occupied properties are revalued on a semi-annual basis. Given disposal of an owner-occupied property, the attributable cumulated result from revaluation within shareholders' equity is reclassified from the revaluation reserves to retained earnings.

2.20 Tangible assets
Tangible assets are recognised at acquisition or production costs less cumulated depreciation and impairment. Expenses for repairs and maintenance are charged directly to the consolidated income statement. Depreciation is calculated according to the straight-line method based on the economic useful life.

2.21 Intangible assets and goodwill
Intangible assets are recognised at cost less amortisation and impairment and include software for which a licence was obtained from third parties or which was developed by third parties or within the group, as well as customer relationships and brand names. The amortisation period for software is five years and for customer base five to ten years, respectively (straight line). Goodwill is not amortised. An indefinite useful life is assumed for the brand names currently recognised in the balance sheet, with the exception of the SENIOcare brand.

2.22 Depreciation and amortisation
Useful life of assets

Asset categories	Years
Owner-occupied property Jelmoli – The House of Brands, Seidengasse 1, Zurich	100
Other owner-occupied properties	60
Equipment	20
Furniture and tenants' improvements	8
Computer and software	5
Customer base	5–10
SENIOcare brand name	10
Goodwill and other brand names	indefinite

2.23 Impairment of tangible and intangible assets including goodwill
The value of tangible and intangible assets is always reviewed if changed circumstances or events indicate the possibility of an overvaluation in the book values. If the book value exceeds the realisable value (fair value less disposal costs or higher value in use), an impairment is applied to the realisable value.

Goodwill and other intangible assets with indefinite useful life are subject to impairment test annually or at shorter intervals if there is any reason to presume an impairment.

2.24 Leasing
Swiss Prime Site as lessor
Property leases and land lease contracts are basically operating lease contracts, which are generally recognised in the consolidated income statement linearly over the duration of the contract. In some of the rental agreements, target turnovers have been agreed upon with the tenants (i.e. turnover-based rents). If these are exceeded on an annual basis, the resulting rental income is booked or accrued in the reporting year.

Swiss Prime Site as lessee
Contracts relating to the use of land and properties, for which land lease or right of use payments are effected, should be subject to review in terms of whether they are to be classified as operating or finance lease.

Payments within the scope of operating leases are recognised in the income statement linearly over the term of the lease or rental agreement, or duration of the land lease. Land lease payments during construction of new buildings are recognised as cost on the balance sheet.

Given finance lease transactions, the asset and leasing liability are recognised on the balance sheet. As at the balance sheet date, Swiss Prime Site held one owner-occupied property subject to finance lease.

2.25 Income taxes
Income taxes consist of current income taxes and deferred taxes.

Current income taxes comprise the expected tax liability on the taxable profit calculated at the tax rates applicable on the balance sheet date, property gains taxes on real estate sales and adjustments to tax liabilities or tax assets for previous years.

Deferred taxes are calculated on temporary valuation differences between the book value of an asset or a liability in the consolidated balance sheet and its tax base (i.e. balance sheet liability method). Determination of the deferred taxes takes into account the expected date of settlement of the temporary differences. In this regard, the tax rates used are those applicable or determined at the balance sheet date.

Tax effects from losses carried forward and tax credits are recognised as deferred tax assets if it seems likely that the losses carried forward can be offset against future profits within the stipulated statutory periods.

2.26 Financial liabilities
Financial liabilities include current financial liabilities that fall due for redemption within the year and non-current financial liabilities with residual terms to maturity of more than 12 months. Financial liabilities can consist of loans secured by real estate, borrowed capital components of convertible bonds, bonds and other financial debts. All loans were granted to Swiss Prime Site in Swiss francs. A maximum loan-to-value ratio of 65% of the fair value of the entire real estate portfolio is permitted. Financial liabilities are recognised in the balance sheet at cost.

2.27 Derivative financial instruments
Derivative financial instruments can be utilised within the scope of ordinary business activities (for example, to hedge interest risks). Hedge accounting in the context of IAS 39 «Financial instruments: recognition and measurement» is not used. Derivative financial instruments are reported at fair value and, given positive or negative fair value, recognised in the balance sheet as financial investments or other financial liabilities, respectively. They can be short or long term in nature. Profits and losses are reported in net financial income. Further information is provided in Note 34 «Financial instruments and financial risk management».

2.28 Advance payments
Advance payments comprise in particular payments from tenants for rent claims or payments on account for cumulative ancillary costs, as well as payments for property divestments as long as the benefits and risks have not yet been transferred. Advance payments are recognised in the balance sheet at nominal value.

2.29 Provisions and contingent liabilities
Provisions comprise liabilities that are uncertain because of their due date or amount. A provision is set up if a past event creates a legal or constructive obligation, and if future outflows of resources can be reliably estimated. Given any legal disputes, the amount of the provisions recognised for obligations is based on how the Executive Board judges the outcome of the dispute in good faith, according to the facts known at the balance sheet date.

2.30 Convertible bonds
The full amount of a convertible bond is recognised as a liability. If the convertible bond is issued on conditions that differ from a bond without conversion rights, it is divided into borrowed capital and equity components. The issuing costs are attributed to the borrowed capital and equity component based on their initial book values. Given premature redemption, the purchase price (less paid accrued interest) is compared with the pro rata book value. The loss or income attributable to the borrowed capital component from the redemption is recognised in net financial income. Given a conversion, the number of shares to be issued based on the conversion is determined by using the conversion price. The nominal value of the converted shares is credited to share capital and the residual amount to capital reserves.

A convertible bond can contain embedded derivatives, which should be recognised in the balance sheet separately from the basic contract depending on their form.

2.31 Shareholders' equity
Shareholders' equity is subdivided into share capital, capital reserves, revaluation reserves, retained earnings and non-controlling interests. The nominal share capital of the Company is stated in the share capital. Nominal value changes are recognised in the share capital. Revaluation gains of owner-occupied properties are recognised as revaluation reserves insofar as they exceed previous impairments. Impairments of owner-occupied properties primarily reduce the revaluation reserves. All impairments exceeding these reserves are recognised in the income statement. Profits/losses are credited/debited to retained earnings, respectively. Remeasurement of net defined benefit obligations and the resulting deferred taxes recognised in other comprehensive income are debited/credited to retained earnings. Any dividend payments are debited to retained earnings. All other changes of capital are recorded in the capital reserves.

2.32 Treasury shares
Treasury shares are recognised at acquisition cost in shareholders' equity (capital reserves). Proceeds from the sale of treasury shares are set off directly against shareholders' equity (capital reserves).

2.33 Dividends
In compliance with Swiss statutory provisions and the Company's Articles of Association, dividends are treated as an appropriation of profit in the financial year in which they were approved by the Annual General Meeting and subsequently paid out.

2.34 Employee benefits
All of Swiss Prime Site's pension plans are treated as defined benefit plans according to IAS 19 «Employee benefits».

The amount reported in the balance sheet corresponds to the difference between the fair value of pension plan assets and the present value of pension provision obligations. The present value of pension provision obligations from defined benefit plans is determined by external experts according to the projected unit credit method. The actuarial appraisals are prepared separately for each benefit plan. Actuarially derived overfunding is only recognised as net pension plan assets in the balance sheet to the extent that the group stands to gain a resulting future economic benefit in the form of reduced contributions in the context of IFRIC 14 «IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction».

Any changes in the present value of pension provision obligations and the fair value of pension plan assets are recognised at the time of occurrence.

Pension costs comprise the following three components:

> service costs, recognised in the income statement (personnel costs)
> net interest costs, recognised in the income statement (personnel costs)
> remeasurement of net defined benefit obligations, recognised in other comprehensive income

Service costs comprise the current service costs, past service costs and profit and loss from plan compensation. Profit and loss from plan curtailments are treated equally as past service costs.

Net interest expense corresponds to the amount derived from multiplying net pension provision obligations (or pension plan assets) at the beginning of the financial year by the discount rate, taking into account the changes resulting from contributions and pension payments in the financial year.

Remeasurement gains consist of the following:

> actuarial profits and losses from developments in the present value of defined benefit liabilities that result due to changes in assumptions and deviations from experience
> gains on assets, less contributions, included in net interest expense
> changes in unrecognised assets less effects included in net interest expense

Remeasurement gains are recognised in other comprehensive income and cannot be reclassified to the income statement.

2.35 Share plans and share-based compensation
The fees paid to the Board of Directors as well as the variable compensation paid to the Executive Board members and members of management employed by Swiss Prime Site Group AG are effected at 50% in the form of Swiss Prime Site AG shares. For the other members of the Executive Board, drawing shares of up to 25% of the variable compensation is optional. The fair value of these shares on the date they are granted is recognised as personnel costs according to the principles of IFRS 2 «Share-based payment», with a corresponding increase in shareholders' equity over the vesting period. The entitlements are settled by means of treasury shares.

2.36 Operating income and realisation of income
Operating income includes all rental income from leasing properties, income from the sale of development properties, income from real estate services, income from the Retail segment, income from the Assisted Living segment and other operating income. Vacancy costs are deducted directly from the target rental income. Operating income is recorded upon maturity or upon provision of services.

Gains from the divestment of properties and investments are presented net, taking into account any incidental selling expenses incurred, after operating income. In this context, the gain or loss of sale of investment properties is calculated as the difference between the net sales price and the carrying amount of the investment property according to the consolidated balance sheet of the prior financial year plus any investments.

Realisation of income is generally recognised in all segments when the right of use and risk has passed to the customer. Income from retail trade activities is recognised at the date of delivery of the goods, or in services operations in accordance with the extent of the services provided. For the divestment of properties, this date is designated in the sales contract (generally transfer to owner).

2.37 Interest
Interest on loans as well as land lease interest for qualified properties and owner-occupied properties under construction and development sites, in addition to trading properties, are attributed to cost. With this method, financial expenses and real estate costs, respectively, are relieved but, at the same time, the revaluation gain is lowered correspondingly.

Other interest on borrowed capital is recognised in the income statement using the effective interest rate method. Interest expense and interest income are apportioned as set out in the loan agreements and directly debited or credited to the financial result accordingly.

2.38 Transactions with related parties
Related parties are regarded as the Board of Directors, the Executive Board, the group companies, the pension fund foundations of the group, the associated companies and their subsidiaries as well as the Swiss Prime Investment Foundation.

All transactions with related parties are presented and itemised including the relevant amounts in Note 30 «Transactions with related parties».

2.39 Earnings per share
Basic earnings per share are determined by dividing the consolidated profit attributable to shareholders of Swiss Prime Site AG by the weighted average number of outstanding shares. Diluted earnings per share are determined by deducting expenses in connection with the convertible bonds, such as interest (coupon), amortisation of the proportional costs and tax effects. The potential shares (options and the like) that might lead to a dilution of the number of shares must be taken into account when determining the average number of outstanding shares.

3 ACQUISITIONS/DIVESTMENTS

3.1 Sternmatt Pflegewohngruppen, Lucerne

As at 5 January 2015, the operating business of Sternmatt Pflegewohngruppen, Lucerne, was acquired for CHF 5.100 million in cash. The acquisition price included tangible assets of CHF 0.350 million, pension plan liabilities of CHF 0.083 million and goodwill of CHF 4.833 million. Goodwill comprises primarily future estimated earnings. Goodwill is deductible for tax purposes.

Sternmatt Pflegewohngruppen in Lucerne provides a home for people with dementia thanks to special residences with adapted structures. The facility comprises 27 geriatric care units, which were 100% occupied at the time of acquisition. With the acquisition of Sternmatt Pflegewohngruppen, Swiss Prime Site also acquired 35 employees.

3.2 WGDM Papillon AG

As at 1 July 2015, 100% of the shares in WGDM Papillon AG, Winterthur, were acquired for CHF 2.398 million in cash. The acquisition price included assets amounting to CHF 3.922 million, liabilities of CHF 3.866 million and goodwill of CHF 2.342 million. Goodwill comprises assets that cannot be separately identifiable or reliably determined, stemming primarily from future estimated earnings. Goodwill is not deductible for tax purposes.

WGDM Papillon AG is a residential community for people with dementia, featuring 17 geriatric care beds and 12 day-care units.

3.3 SENIOcare Group

As at 1 October 2015, 100% of the shares in SENIOcare Group were acquired for CHF 144.483 million in cash. With 29 operating facilities (1 128 geriatric care beds and 224 apartments), SENIOcare Group is the leading provider of geriatric care centres in Switzerland in terms of revenues. The geographic distribution of SENIOcare's operating facilities ideally complements Tertianum's current locations. The company's services portfolio comprises the areas of assisted living and inpatient geriatric care.

The fair values of the identifiable assets and liabilities of SENIOcare Group as at the acquisition date of 1 October 2015 were as follows:

in CHF 1 000	01.10.2015
Assets	
Cash	6 345
Accounts receivable	10 902
Other current receivables	209
Inventories	690
Accrued income and prepaid expenses	154
Total current assets	**18 300**
Owner-occupied properties	17 381
Tangible assets	13 333
Intangible assets	2 130
Deferred tax assets	1 204
Total non-current assets	**34 048**
Total assets	**52 348**
Liabilities	
Accounts payable	1 772
Current financial liabilities	468
Other current liabilities	432
Advance payments	4 007
Accrued expenses and deferred income	4 366
Total current liabilities	**11 045**
Non-current financial liabilities	64 468
Other non-current financial liabilities	7 760
Net pension provision obligations	20 137
Non-controlling interests	490
Total non-current liabilities	**92 855**
Total liabilities	**103 900**
Total identifiable net assets at fair value	**– 51 552**
Cash settlement (purchase price)	144 483
Goodwill	**196 035**

Acquired receivables

in CHF 1 000	Contractual receivables, gross	Non-collectable receivables	Fair value
Accounts receivable	11 519	– 617	10 902
Other current receivables	209	–	209
Total receivables	**11 728**	**– 617**	**11 111**

Goodwill comprises assets that cannot be separately identifiable or reliably determined, stemming primarily from future estimated earnings. With the acquisition of SENIOcare Group, Swiss Prime Site has tapped significant growth potential and further underpinned its strategic market position in the assisted living segment. Goodwill is not deductible for tax purposes.

From the date of acquisition until 31 December 2015, the acquired companies generated a contribution to consolidated operating income of CHF 33.611 million and to profit of CHF 1.008 million, of which the relevant contributions from SENIOcare Group amounted to CHF 27.854 million and CHF 0.264 million, respectively. For the full reporting period 2015, operating income amounted to CHF 116.189 million and profit totalled CHF 0.751 million. If the acquisitions had taken place as at 1 January 2015, consolidated operating income and consolidated profit would have amounted to CHF 1 077.788 million and CHF 354.805 million, respectively, in the financial year 2015.

The transaction costs amounted to CHF 0.381 million and were recognised in the consolidated income statement in consultancy costs under other operating expenses (reported in cash flow from operating activities). The transaction costs were already settled on the balance sheet date. The net money outflow amounted to CHF 145.308 million (reported in cash flow from investing activities).

3.4 Ensemble artisanal et commercial de Riantbosson S.A.

As at 17 December 2015, 42.6% of the shares (non-controlling interests without change of control) of Ensemble artisanal et commercial de Riantbosson S.A., Olten (real estate company), was acquired for CHF 1.000 million in cash. The stake in the company now amounts to 100%.

With the acquisition of the majority of the shares as at 15 January 2014, the company was fully consolidated for the first time in the last year. The fair values of the identifiable assets and liabilities of Ensemble artisanal et commercial de Riantbosson S.A. as at the time of first consolidation were as follows:

in CHF 1 000	15.01.2014
Cash	653
Non-current assets	5 174
Total assets	**5 827**
Liabilities	4 924
Shareholders' equity	903
Total liabilities and shareholders' equity	**5 827**

3.5 Permed AG

Swiss Prime Site concluded a sales agreement on 27 January 2014 for its indirect 100% shareholding in Permed AG, Zurich (provider of human resource services in the healthcare industry). The divestment was executed on 17 March 2014. The sales price amounted to CHF 6.221 million in cash, resulting in profit of sale totalling CHF 0.810 million.

The book values of Permed AG at the time of divestment were as follows:

in CHF 1 000	17.03.2014
Cash	2 085
Other current assets	4 880
Non-current assets	3 190
Total assets	**10 155**
Liabilities	4 733
Shareholders' equity	5 422
Total liabilities and shareholders' equity	**10 155**

4 SEGMENT REPORTING

Swiss Prime Site is a real estate group that primarily operates a real estate business comprising buying and selling, managing and developing investment properties as well as providing real estate services. In addition, Swiss Prime Site operates in real estate-related business fields. The consolidated financial data are subdivided into the segments subject to mandatory reporting of Real Estate, Retail and Assisted Living, enabling the assessment of the earnings potential and financial situation of each segment.

SEGMENT INCOME STATEMENT 01.01. – 31.12.2015

in CHF 1 000	Real Estate segment	Retail segment[1]	Assisted Living segment[2]	Total segments	Eliminations	01.01.– 31.12.2015 Total group
Rental income from properties	432 022	16 528	51 310	499 860	– 53 989	445 871
thereof from third parties	378 033	16 528	51 310	445 871	–	445 871
thereof from other segments	53 989	–	–	53 989	– 53 989	–
Income from sale of trading properties	105 081	–	–	105 081	–	105 081
Income from real estate services	109 472	–	–	109 472	– 468	109 004
Income from retail[1]	–	137 005	–	137 005	– 197	136 808
Income from assisted living[2]	–	–	184 980	184 980	– 828	184 152
Other operating income	10 197	2 910	1 290	14 397	– 103	14 294
Operating income	**656 772**	**156 443**	**237 580**	**1 050 795**	**– 55 585**	**995 210**
Revaluation of investment properties, properties under construction and development sites, net	**153 586**	**–**	**–**	**153 586**	**– 29 015**	**124 571**
Result from investments in associates	**12 118**	**–**	**–**	**12 118**	**–**	**12 118**
Result from investment property sales, net	**30 910**	**–**	**–**	**30 910**	**–**	**30 910**
Real estate costs	– 59 176	– 35 275	– 64 103	– 158 554	55 242	– 103 312
Cost of trading properties sold	– 62 917	–	–	– 62 917	–	– 62 917
Cost of goods sold	–	– 65 630	– 19 095	– 84 725	1	– 84 724
Personnel costs	– 104 628	– 39 215	– 125 474	– 269 317	73	– 269 244
Other operating expenses	– 34 427	– 9 925	– 15 940	– 60 292	269	– 60 023
Depreciation, amortisation and impairment	– 6 077	– 9 295	– 4 770	– 20 142	– 9 017	– 29 159
Operating expenses	**– 267 225**	**– 159 340**	**– 229 382**	**– 655 947**	**46 568**	**– 609 379**
Operating profit (EBIT)	**586 161**	**– 2 897**	**8 198**	**591 462**	**– 38 032**	**553 430**
Financial expenses						– 100 753
Financial income						4 615
Profit before income taxes						**457 292**

[1] transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015
[2] acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon AG as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015

SEGMENT INCOME STATEMENT 01.01. – 31.12.2014

in CHF 1 000	Real Estate segment	Retail segment	Assisted Living segment[1]	Total segments	Eliminations	01.01.– 31.12.2014 Total group
Rental income from properties	431 324	18 609	47 103	497 036	– 53 923	443 113
thereof from third parties	377 401	18 609	47 103	443 113	–	443 113
thereof from other segments	53 923	–	–	53 923	– 53 923	–
Income from real estate services	100 518	–	–	100 518	– 434	100 084
Income from retail	–	152 091	–	152 091	– 236	151 855
Income from assisted living[1]	–	–	153 598	153 598	– 339	153 259
Other operating income	2 149	1 584	1 194	4 927	– 566	4 361
Operating income	**533 991**	**172 284**	**201 895**	**908 170**	**– 55 498**	**852 672**
Revaluation of investment properties, properties under construction and development sites, net	**137 085**	**–**	**–**	**137 085**	**– 23 851**	**113 234**
Result from investments in associates	**12 912**	**–**	**–**	**12 912**	**–**	**12 912**
Result from investment property sales, net	**2 062**	**–**	**–**	**2 062**	**–**	**2 062**
Result from sale of participations, net	**–**	**–**	**810**	**810**	**–**	**810**
Real estate costs	– 59 203	– 34 727	– 57 487	– 151 417	55 093	– 96 324
Cost of goods sold	–	– 71 878	– 16 003	– 87 881	–	– 87 881
Personnel costs	– 98 963	– 44 173	– 104 873	– 248 009	46	– 247 963
Other operating expenses	– 29 400	– 10 270	– 12 317	– 51 987	358	– 51 629
Depreciation, amortisation and impairment	– 6 627	– 10 319	– 3 026	– 19 972	– 15 120	– 35 092
Operating expenses	**– 194 193**	**– 171 367**	**– 193 706**	**– 559 266**	**40 377**	**– 518 889**
Operating profit (EBIT)	**491 857**	**917**	**8 999**	**501 773**	**– 38 972**	**462 801**
Financial expenses						– 99 968
Financial income						2 782
Profit before income taxes						**365 615**

[1] sale of Permed AG as at 17.03.2014

In the column «Eliminations», the revenues realised between the segments are eliminated. In addition, these columns contain ordinary depreciation and impairment on owner-occupied properties as well as the elimination of revaluations recorded that affect net income in the Real Estate segment on investment properties used within the group, which are recognised in the consolidated financial statements as owner-occupied properties.

Comparability of the eliminations of the years 2014 and 2015 of the positions depreciation, amortisation and impairment is affected by impairment and reversal of impairment (see Note 19 «Owner-occupied properties and owner-occupied properties under construction»).

COMPOSITION OF OPERATING INCOME BY PRODUCTS AND SERVICES

in CHF 1 000	01.01.–31.12.2014	01.01.–31.12.2015
Income from rental of properties	443 113	445 871
Income from sale of trading properties	–	105 081
Income from real estate services	100 084	109 004
Income from retail[1]	151 855	136 808
Income from assisted living[2]	153 259	184 152
Other operating income	4 361	14 294
Total operating income	**852 672**	**995 210**

[1] transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015
[2] 2015: acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon AG as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015
2014: sale of Permed AG as at 17.03.2014

Operating income comprised CHF 229.285 million [CHF 132.803 million] from the sale of goods and CHF 765.925 million [CHF 719.869 million] from the provision of services.

Income from asset management is included in other operating income.

SEGMENT BALANCE SHEET AS AT 31.12.2015

in CHF 1 000	Real Estate segment	Retail segment	Assisted Living segment	Total segments	Eliminations	31.12.2015 Total group
Total assets	**10 194 315**	**144 861**	**394 553**	**10 733 729**	**–43 164**	**10 690 565**
Total liabilities	**5 593 110**	**48 231**	**136 422**	**5 777 763**	**–43 164**	**5 734 599**
Investments in non-current assets	**201 455**	**7 605**	**247 601**	**456 661**	**–**	**456 661**

SEGMENT BALANCE SHEET AS AT 31.12.2014

in CHF 1 000	Real Estate segment	Retail segment	Assisted Living segment	Total segments	Eliminations	31.12.2014 Total group
Total assets	**10 338 807**	**156 468**	**132 861**	**10 628 136**	**–26 063**	**10 602 073**
Total liabilities	**6 303 481**	**57 718**	**65 136**	**6 426 335**	**–26 063**	**6 400 272**
Investments in non-current assets	**357 008**	**7 215**	**4 405**	**368 628**	**–**	**368 628**

Investments in associates of CHF 47.494 million [CHF 37.599 million] are included in the total assets of the Real Estate segment.

All assets held by Swiss Prime Site are located in Switzerland.

5 OPERATING INCOME

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Target rental income from investment properties	449 210	449 363
Rental income from additionally leased properties	23 508	26 673
Rent loss from vacancies	– 29 605	– 30 165
Rental income from properties	**443 113**	**445 871**
Income from sale of trading properties	**–**	**105 081**
Income from real estate services	**100 084**	**109 004**
Income from retail, gross	167 642	152 291
Rebates	– 15 787	– 15 483
Income from retail[1]	**151 855**	**136 808**
Income from assisted living[2]	**153 259**	**184 152**
Other operating income	**4 361**	**14 294**
Total operating income	**852 672**	**995 210**

[1] transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015
[2] 2015: acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015
2014: sale of Permed AG as at 17.03.2014

Swiss Prime Site's primary business activity is leasing investment properties. Net rental income from properties as well as land lease income totalled CHF 445.871 million [CHF 443.113 million], including CHF 19.730 million [CHF 23.449 million] of variable rental income (comprising turnover-based rent and parking fee income). Rental income included rental income from either the acquisition date of the individual properties or since 1 January 2015 [1 January 2014].

Total utilised floor space as at 31 December 2015 amounted to 1 455 126 m² [1 620 131 m²]. The total was subdivided into 1 442 220 m² [1 602 723 m²] of commercial floor space and 12 906 m² [17 408 m²] of residential floor space.

Rent losses from vacancies amounted CHF 30.165 million [CHF 29.605 million], equivalent to a vacancy rate of 6.7% [6.6%]. Rent losses from vacancies were deducted from the target rental income. Detailed information can be found under «Property details» starting from page 103.

Income from the sale of trading properties relates to the sale of condominiums at the Maag site in Zurich.

Wincasa AG provides services primarily for various institutional investors, in addition to services for the group's real estate holdings.

The Retail segment comprises Jelmoli – The House of Brands and Clouds Gastro AG up until 30 June 2015. The restaurant operating business of Clouds Gastro AG was transferred to Candrian Catering AG as at 1 July 2015.

The Assisted Living segment consists of Tertianum Group as well as SENIOcare Group, which was acquired as at 1 October 2015. The share of rent from the accommodation prices of the Tertianum residence guests was reported in rental income from investment properties and income from additionally leased properties.

Other operating income of CHF 14.294 million [CHF 4.361 million] included income from asset management and various other income from the Real Estate, Retail and Assisted Living segments.

Details on rental income

The following table depicts the breakdown of the contractual end of the term of individual rental agreements based on future net annual rental income and land lease income from investment properties (excluding properties under construction and development sites, and excluding additionally leased properties) as at 31 December 2015:

End of contract	31.12.2014 Future rental income in CHF 1 000	31.12.2014 Share in %	31.12.2015 Future rental income in CHF 1 000	31.12.2015 Share in %
Under 1 year[1]	56 070	12.5	35 500	8.5
Over 1 year	44 040	9.8	34 632	8.3
Over 2 years	38 774	8.7	51 822	12.4
Over 3 years	51 533	11.5	39 159	9.4
Over 4 years	41 356	9.2	49 717	11.9
Over 5 years	36 140	8.1	45 677	10.9
Over 6 years	34 521	7.7	17 025	4.1
Over 7 years	13 662	3.1	14 190	3.4
Over 8 years	10 937	2.4	13 334	3.2
Over 9 years	13 078	2.9	12 542	3.0
Over 10 years	108 185	24.1	104 117	24.9
Total	**448 296**	**100.0**	**417 715**	**100.0**

[1] includes all indefinite rental agreements (residential, parking facilities, commercial properties etc.)

Future rental income has been presented from the Real Estate segment perspective and based on the rental agreements of the Group's properties as at 31 December 2015 [31 December 2014].

Largest external tenants

As at the balance sheet date, the five largest external tenants accounted for 20.9% [21.9%] of future annual rental income and land lease income (Real Estate segment perspective). These individual tenants had good credit ratings and consist of the following corporations, in particular:

in %	31.12.2014	31.12.2015
Coop	6.7	6.6
Migros	4.9	5.0
Swisscom	3.7	3.5
Swiss Post	4.1	2.9
Inditex S.A.	n/a	2.9
Zurich Insurance Company Ltd.	2.5	n/a

According to IAS 17 «Leases», rental agreements represent leasing transactions. The rental agreements are generally indexed; in the case of retail property, additional turnover-based rents are sometimes agreed. Rental agreements are normally concluded for a term of five to ten years, often with a five-year extension option.

Swiss Prime Site as grantor of land leases

Land leases should be checked insofar as they are operating or finance leases using general criteria according to IAS 17 «Leases». Based on analyses and present value tests, it was determined that all current land lease contracts are operating leases.

KEY LAND LEASE FIGURES

Land lease areas	384 m^2 to 2 839 m^2
Residual terms to maturity	6 to 70 years
Contract extension options	none to 3 times 5 years
Price adjustments	annually to every 10 years
Pre-emption rights	none, unilateral and bilateral

FUTURE LAND LEASE INCOME

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Land lease income up to 1 year	826	826
Land lease income from 1 year up to 5 years	3 303	3 303
Land lease income after 5 years	8 799	7 973
Total future land lease income	**12 928**	**12 102**

6 RESULT FROM INVESTMENTS IN ASSOCIATES

in CHF 1 000	31.12.2014	31.12.2015
Proportional result from continuing operations of the period	12 912	12 118
Proportional other comprehensive income of the period	–	–
Total proportional result from investments in associates	**12 912**	**12 118**

7 RESULT FROM INVESTMENT PROPERTY SALES

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Gains from sales of commercial properties without significant residential space	846	3 083
Losses from sales of commercial properties without significant residential space	– 982	– 12 658
Gains from mixed properties	–	269
Losses from mixed properties	– 596	–
Gains from sales of properties held for sale	3 104	45
Losses from sales properties held for sale	– 310	–
Gains from properties under construction and development sites	–	40 717
Losses from properties under construction and development sites	–	– 546
Total result from investment property sales, net	**2 062**	**30 910**

In 2015, ten [seven] investment properties were sold, eight of which to the Swiss Prime Investment Foundation. Further relevant information can be found in Note 30 «Transactions with related parties».

8 REAL ESTATE COSTS

in CHF 1 000	01.01.–31.12.2014	01.01.–31.12.2015
Property expenses	– 49 641	– 49 915
Third-party rents	– 30 761	– 35 542
Expenses for third-party services	– 6 444	– 6 573
Expenses for real estate services	– 4 657	– 5 126
Land lease expenses	– 4 821	– 6 156
Total real estate costs	**– 96 324**	**– 103 312**

Property expenses included maintenance and repair costs of CHF 22.009 million [CHF 19.931 million], ancillary costs borne by the owner of CHF 9.575 million [CHF 11.999 million], property-related insurance costs and fees of CHF 7.567 million [CHF 7.661 million] as well as costs for cleaning, energy and water of CHF 10.764 million [CHF 10.050 million].

Of third-party expenses, CHF 1.764 million [CHF 1.784 million] was attributable to property management fees. An additional CHF 0.713 million [CHF 0.840 million] constituted costs for the revaluation of properties by Wüest & Partner AG and CHF 4.096 million [CHF 3.819 million] was related to leasing expenses and other administrative costs for third-parties.

Expenses for real estate services primarily consisted of charged costs such as centre management services, website and various third-party services.

9 PERSONNEL COSTS

in CHF 1 000	01.01.–31.12.2014	01.01.–31.12.2015
Wages and salaries	– 204 367	– 220 689
Social security expenses	– 16 653	– 18 890
Pension plan expenses	– 18 550	– 19 795
Other personnel expenses	– 8 393	– 9 870
Total personnel costs	**– 247 963**	**– 269 244**
Number of employees as at 31.12.	**3 097**	**4 446**
Number of full-time equivalents as at 31.12.	**2 370**	**3 311**

As at 31 December 2015, Swiss Prime Site employed a workforce of 4 446 [3 097] persons. The increase is attributable particularly to the acquisitions in the Assisted Living segment.

Personnel costs reflected salaries from all segments, in addition to compensation to the members of the Board of Directors, including the relevant social security contributions incurred, as well as expenses for leasing of personnel.

10 OTHER OPERATING EXPENSES

in CHF 1 000	01.01.–31.12.2014	01.01.–31.12.2015
Expenses for tangible assets	– 10 748	– 13 357
Non-life insurance, fees	– 1 271	– 1 404
Capital taxes	– 2 853	– 3 647
Administrative expenses	– 18 686	– 20 759
Audit and consultancy costs	– 7 344	– 9 413
Advertising	– 9 043	– 10 402
Collection- and bad-debt-related losses	– 1 684	– 1 041
Total other operating expenses	**– 51 629**	**– 60 023**

Expenses for tangible assets included maintenance and repair expenses as well as leasing expenses.

Capital taxes were calculated according to the effective tax rates on the basis of intercantonal tax allocation. The capital taxes of Swiss Prime Site AG, SPS Beteiligungen Alpha AG, SPS Beteiligungen Beta AG and SPS Beteiligungen Gamma AG were reduced due to the holding privilege.

Administrative expenses included costs incurred for the reporting process, other administrative expenses and costs for various services provided by third parties such as management fees and consultancy services.

Audit and consultancy costs comprised consulting fees of CHF 8.246 million [CHF 6.404 million] and audit fees of CHF 1.167 million [CHF 0.940 million].

11 FINANCIAL RESULT

FINANCIAL EXPENSES

in CHF 1 000	01.01.–31.12.2014	01.01.–31.12.2015
Interest expenses	– 99 964	– 99 004
Fair value changes of financial instruments	– 4	–
Other financial expenses	–	– 1 749
Total financial expenses	**– 99 968**	**– 100 753**

FINANCIAL INCOME

in CHF 1 000	01.01.–31.12.2014	01.01.–31.12.2015
Interest income	662	816
Dividend income on securities and financial investments	249	271
Fair value changes of financial instruments	1 507	3 183
Other financial income	364	345
Total financial income	**2 782**	**4 615**

12 INCOME TAXES

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Current income taxes for the reporting period	– 16 805	– 47 166
Adjustments for current income taxes for other accounting periods	1 309	– 4 762
Total current income taxes	**– 15 496**	**– 51 928**
Deferred taxes resulting from revaluation and depreciation	– 69 051	– 83 131
Deferred taxes resulting from the sale of investment properties	3 886	24 236
Deferred taxes from tax rate changes and reductions from duration of ownership deductions	1 176	– 2 512
Deferred taxes resulting from losses carried forward	– 362	11 473
Other deferred taxes	890	– 369
Total deferred taxes	**– 63 461**	**– 50 303**
Total income taxes	**– 78 957**	**– 102 231**

Current income taxes were calculated at the effective maximum tax rates. At the same time, agreements with the relevant tax authorities were considered as well. According to IAS 12 «Income taxes», current income taxes were divided into current income taxes for the reporting period and current income taxes for other accounting periods.

Deferred taxes were split into deferred taxes due to revaluation and depreciation, sales of investment properties, tax rate changes and reductions resulting from duration of ownership deductions, losses carried forward and other deferred taxes. Deferred taxes are subject to the risk of tax rate changes as well as changes in the cantonal tax regulations.

Reconciliation of income taxes
Income taxes were calculated using the effective relevant tax rates. Deferred taxes were calculated with the estimated tax rates. Liabilities for current income taxes were recognised in the balance sheet as current income tax liabilities under current liabilities.

Factors leading to the deviation of the effective tax burden from the average tax rate of 23% [23%]:

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Profit before income taxes	365 615	457 292
Income taxes at average tax rate of 23%	– 84 091	– 105 177
Taxes at other rates (including property gains taxes)	– 1 353	4 999
Adjustment for current income taxes for other accounting periods	1 309	– 4 762
Effect of unrecognised losses carried forward	– 1 221	3 159
Taxes on intercompany revenues and expenses	4 909	2
Other effects	1 490	– 452
Total income taxes	**– 78 957**	**– 102 231**

Deferred taxes
Where the revaluations according to IFRS versus the fiscal values were due to recaptured, previously claimed depreciation, the taxes were allocated per property after deduction of any applicable property gains tax and taken into account separately. In this case, tax rates of between 4.9% and 17.9% [4.5% and 17.9%] were applied.

Upward revaluations exceeding the recaptured, previously claimed depreciation are subject to tax using two different systems. Cantons that do not levy any special taxes also calculate taxes at the above rates. The other cantons levy a separate property gains tax using rates of between 4.0% and 25.0% [4.0% and 25.0%], depending on duration of ownership.

Accordingly, property gains taxes are reduced in proportion to the increased duration of ownership of the property. Swiss Prime Site generally assumes ownership for a minimum period of 20 years, meaning that potential speculation premiums are not taken into account. Deferred tax expenses as a result of depreciation and revaluations according to commercial law amounted to CHF 83.131 million [CHF 69.051 million].

Total deferred tax expense of CHF 50.303 million [CHF 63.461 million] was debited to the consolidated income statement. This was mainly attributable to the fact that deferred tax liabilities or deferred tax assets had to be taken into account for revaluations and depreciation under commercial law. Of the total deferred tax assets subject to losses carried forward, only those were recognised that can probably be offset with future profits. The other deferred tax assets on losses carried forward were not recognised due to the insufficient future probability of offsetting losses.

DEFERRED TAX ASSETS

in CHF 1 000	31.12.2014	31.12.2015
Taxable losses carried forward of subsidiaries	14 211	79 410
Possible tax effect on taxable losses carried forward at expected tax rate	**3 269**	**11 473**
Losses carried forward which can in all probability be offset with future profits	–473	–79 410
Total recognised deferred tax assets at expected tax rate	–109	–11 473
Total deferred tax assets not recognised at expected tax rate	**3 160**	**–**
Recognised deferred tax assets on losses carried forward	109	11 473
Other deferred tax assets	7 893	13 487
Total deferred tax assets	**8 002**	**24 960**

EXPIRING TAXABLE LOSSES CARRIED FORWARD

Taxable losses carried forward of subsidiaries for which no deferred tax assets were recognised expired as follows:

in CHF 1 000	31.12.2014	31.12.2015
After 1 year	–	–
After 2 years	–	–
After 3 years	–	–
After 4 years	2 251	–
After 5 years	3 682	–
After 6 years	3 786	–
After 7 and more years	4 019	–
Total expiring taxable losses carried forward	**13 738**	**–**

Deferred tax liabilities not recognised on the balance sheet

On the balance sheet date, there were total temporary outside basis differences (i.e. temporary differences between IFRS book values of investments in subsidiaries and their lower income tax values) amounting to CHF 2 425.200 million [CHF 2 104.390 million], for which no deferred tax liabilities were recognised since the group controlled the timing of the reversal of the temporary differences and it is probable that these will not be reversed in the foreseeable future. The resulting amount not recognised in the balance sheet totalled CHF 9.700 million [CHF 8.418 million].

DEFERRED TAXES RECOGNISED IN OTHER COMPREHENSIVE INCOME

in CHF 1 000	31.12.2014	31.12.2015
Deferred taxes on revaluation of owner-occupied properties	– 8 966	– 8 754
Deferred taxes on remeasurement of net defined benefit obligations	8 404	2 125
Total deferred taxes recognised in other comprehensive income	**– 562**	**– 6 629**

13 CASH

in CHF 1 000	31.12.2014	31.12.2015
Cash on hand	2 609	2 444
Sight deposits	254 587	232 485
Total cash	**257 196**	**234 929**

Sight deposits comprised bank accounts exclusively. The investments were made in line with market conditions.

14 ACCOUNTS RECEIVABLE

in CHF 1 000	31.12.2014	31.12.2015
Accounts receivable, gross	129 963	83 814
Impairments	– 3 866	– 3 382
Total accounts receivable	**126 097**	**80 432**

Most of the accounts receivable related to claims for rent and ancillary costs, to customer claims for real estate management services and to accounts receivable from the Retail segment as well as the Assisted Living segment. In the reporting period, current claims for ancillary costs were reported after offsetting the advance payments.

DEVELOPMENT OF IMPAIRMENT OF RECEIVABLES

in CHF 1 000	31.12.2014	31.12.2015
Impairment at beginning of period	**3 841**	**3 866**
Increase of impairment based on individual valuation	1 905	1 635
Release of impairment based on individual valuation	– 1 880	– 2 119
Total impairment at end of period	**3 866**	**3 382**

Impairment changes were recognised in other operating expenses.

MATURITIES OF RECEIVABLES

in CHF 1 000	31.12.2014 Gross receivables	31.12.2014 Impairments	31.12.2015 Gross receivables	31.12.2015 Impairments
Not yet due	97 320		49 531	
Due between 0 and 30 days	6 415		7 286	
Due between 31 and 90 days	4 079		3 978	
Due between 91 and 120 days	887		646	
Due for more than 120 days	21 262		22 373	
Total gross receivables and impairments	**129 963**	**– 3 866**	**83 814**	**– 3 382**

Receivables maturing more than 120 days consist primarily of rent payments deposited in a blocked account resulting from a rental agreement dispute.

15 INVENTORIES

in CHF 1 000	31.12.2014	31.12.2015
Merchandise	23 871	23 569
Other inventories	2 107	2 218
Impairments	– 446	– 238
Total inventories	**25 532**	**25 549**

Inventories included merchandise from the Retail segment as well as Assisted Living segment field, which were recognised in the balance sheet at average cost – or if lower – at net realisable value.

16 TRADING PROPERTIES

in CHF 1 000	31.12.2014	31.12.2015
Zurich, Naphtastrasse 10/Maaghof North and East	24 005	–
Zurich, Turbinenstrasse 21/Maaghof North and East	21 742	–
Total trading properties	**45 747**	**–**

In the reporting year, all apartments, commercial floor space and parking places were sold. The fire insurance value in the previous year amounted to CHF 45.747 million.

17 ASSETS HELD FOR SALE

in CHF 1 000	31.12.2014	31.12.2015
Affoltern a.A., Obere Bahnhofstrasse 14[1]	8 780	–
Burgdorf, Industrie Buchmatt	14 300	–
Eyholz, Kantonsstrasse 79	4 701	–
Glattbrugg, Schaffhauserstrasse 59[1]	5 606	–
Heimberg, Gurnigelstrasse 38	8 791	–
Oberwil, Mühlemattstrasse 23	3 070	–
Spreitenbach, Pfadackerstrasse 6/Limmatpark	87 440	–
Vernier, Chemin de l'Etang 72/Patio Plaza	92 280	–
Zurich, Hönggerstrasse 40/Röschibachstrasse 22[1]	29 450	–
Total assets held for sale	**254 418**	**–**

[1] These properties were sold in 2015.

In line with active portfolio management, various properties were held as intended for sale. The divestment gains or losses were booked as the net result from investment property sales (see Note 7 «Result from investment property sales»). In light of new strategic options, the Company decided that the following properties will no longer be classified as assets held for sale: Industrie Buchmatt in Burgdorf, Kantonsstrasse 79 in Eyholz, Gurnigelstrasse 38 in Heimberg, Mühlemattstrasse 23 in Oberwil, Limmatpark in Spreitenbach and Patio Plaza in Vernier.

As at 31 December 2015, no properties were reported as assets held for sale due to unfulfilled criteria.

18 INVESTMENT PROPERTIES

CHANGE IN INVESTMENT PROPERTIES

in CHF 1 000	Building land	Commercial properties without significant residential space	Mixed properties	Total investment properties	Properties held for sale	Properties under construction/development sites	Total
Total as at 01.01.2014	**44 107**	**7 718 302**	**288 843**	**8 051 252**	**37 809**	**478 250**	**8 567 311**
Purchases	6 164	121 754	–	127 918	–	–	127 918
Follow-up investments	2 452	52 080	535	55 067	522	116 188	171 777
Capitalised borrowing costs	–	–	–	–	–	8 200	8 200
Reclassifications	–	184 904	– 36 894	148 010	248 397	– 396 407	–
Net transfer of investment properties to owner-occupied properties	–	– 17 314	–	– 17 314	–	–	– 17 314
Disposal by sale	–	– 33 330	– 4 282	– 37 612	– 25 759	–	– 63 371
Positive fair value adjustment	2 887	179 590	4 937	187 414	1 804	22 239	211 457
Negative fair value adjustment	– 2 478	– 87 390	–	– 89 868	– 8 355	–	– 98 223
Fair value adjustment	**409**	**92 200**	**4 937**	**97 546**	**– 6 551**	**22 239**	**113 234**
Total as at 31.12.2014	**53 132**	**8 118 596**	**253 139**	**8 424 867**	**254 418**	**228 470**	**8 907 755**
Purchases	3 481	–	–	3 481	–	32 563	36 044
Follow-up investments	6 013	102 385	444	108 842	681	32 292	141 815
Capitalised borrowing costs	–	1 940	–	1 940	–	1 882	3 822
Reclassifications	3 201	24 280	–	27 481	– 198 491	171 010	–
Net transfer of investment properties to owner-occupied properties	–	– 29 875	–	– 29 875	–	–	– 29 875
Disposal by sale	–	– 221 836	– 15 120	– 236 956	– 43 836	– 111 315	– 392 107
Positive fair value adjustment	2 114	249 543	4 017	255 674	782	2 327	258 783
Negative fair value adjustment	– 1 651	– 105 635	– 2 833	– 110 119	– 13 554	– 10 539	– 134 212
Fair value adjustment	**463**	**143 908**	**1 184**	**145 555**	**– 12 772**	**– 8 212**	**124 571**
Total as at 31.12.2015	**66 290**	**8 139 398**	**239 647**	**8 445 335**	**–**	**346 690**	**8 792 025**

FURTHER DETAILS ON INVESTMENT PROPERTIES

in CHF 1 000	Building land	Commercial properties without significant residential space	Mixed properties	Total investment properties	Properties held for sale	Properties under construction/ development sites	Total
Fire insurance values[1]							
On 01.01.2014	3 565	5 597 445	203 469	5 804 479	41 091	634 700	6 480 270
On 01.01.2015	3 547	5 876 118	149 722	6 029 387	233 070	318 033	6 580 490
On 31.12.2015	**7 547**	**5 607 122**	**131 653**	**5 746 322**	**–**	**555 112**	**6 301 434**
Net rental income[2]							
01.01.– 31.12.2014	523	392 073	12 920	405 516	13 807	282	419 605
01.01.– 31.12.2015	**501**	**399 688**	**15 157**	**415 346**	**–**	**3 852**	**419 198**
Vacancy rate in %							
01.01.– 31.12.2014	1.6	6.3	1.2	6.1	18.9	6.9	6.6
01.01.– 31.12.2015	**1.7**	**6.2**	**4.1**	**6.2**	**–**	**42.7**	**6.7**

[1] There were no building insurance values for properties under construction. For building projects, respective builders' liability insurance policies were concluded.
[2] generated with own investment properties and owner-occupied properties

As at the balance sheet date, there were no properties classified as assets held for sale or trading properties. In the previous year, nine investment properties and two development properties (condominiums) were classified as assets held for sale or trading properties, respectively.

The valuations of properties are determined at least on a semi-annual basis by an external, independent and qualified valuation expert: Wüest & Partner AG, Zurich. The Executive Board, in consultation with the Board of Directors, is responsible for selecting the valuation experts and assigning the mandate for the valuation on an annual basis. The results of the valuations and individual valuation assumptions are verified by the Executive Board and discussed in detail with the respective valuation experts.

The fair values of the designated properties are all categorised as level 3, based on the input factors of the applied valuation technique (see Note 2.3 «Valuations and assumptions»). This is attributable to the fact that the significant input factors for the valuation – such as discount rates or market rents – must be generally derived from information stemming from less active markets.

Valuation techniques and significant, unobservable input factors
The individual valuation of the designated properties is carried out by means of the discounted cash flow method (DCF method), under which the fair value of a property is determined by the total future expected net earnings discounted to the valuation date. The calculation period extends 100 years from the valuation date. A more detailed cash flow forecast is prepared for the first ten years, while approximate annualised assumptions are used for the remainder of the term.

IFRS 13 «Fair value measurement» requires the determination of fair value of real estate based on the highest-and-best-use concept, which corresponds to use of a property that maximises its value. This assumption implies a use that is physically feasible, legally permissible and financially realisable. Since the determination of fair value implies maximised benefits, the highest and best use can deviate from the actual or planned use of a property because of unconformity with strategy. Future capital expenditures that improve or enhance the value of a property are accordingly taken into account in the fair value measurement.

Valuation techniques
Building land
The valuation was determined based on the residual method, valuation of the property at the time of completion according to the DCF method (same calculation as for existing properties) and taking into account outstanding investments as well as development risk.

Commercial properties for which the valuation was based on the assumption of continuation of current use, as well as investment properties held for sale and owner-occupied properties

The valuation was determined based on the DCF method, taking into account the underlying cash flows, expected rental income and operating and maintenance costs over the entire projection period.

Commercial properties for which the valuation was based on the highest-and-best-use concept

The valuation was determined based on the DCF method. For five [seven] properties the highest and best use did not correspond to the effective use.

For one property, the valuation was based on potential conversion to condominiums. For the other six properties, the valuations were based on scenarios such as consideration of additional gross floor space for residential or office use, leasing land in land lease, development scenarios (demolition and construction of office buildings), or conversion to retail floor space.

Properties and owner-occupied properties under construction and development sites

The fair value was determined based on the residual method, valuation of the property at the time of completion according to the DCF method (same calculation as for residential and commercial properties) and taking into account outstanding investments as well as development risk. According to the highest-and-best-use concept, conversion into condominiums or continuation/leasing were taken into consideration in the DCF method. In accordance with the applied highest-and-best-use approach, the assumptions used were consistent with the ones described above for commercial properties for which continuation of current use was presumed for the valuation and for commercial properties that were valued according to the highest-and-best-use concept.

APPLICABLE UNOBSERVABLE INPUT FACTORS AS AT 31.12.2015

	in	Building land	Commerical properties (continuation of use)[1]	Commercial properties (highest and best use)[2]	Properties/ owner-occupied properties under construction/ development sites
Fair value as at balance sheet date	CHF m	66.290	9 006.797	266.830	346.690
Unobservable input factors:					
Average discount rate	%	4.20	3.64	4.34	4.05
Maximum discount rate	%	5.10	5.10	5.30	4.60
Minimum discount rate	%	3.80	2.70	3.05	3.70
Residential	CHF per m² p.a.	–	97 to 565	120 to 121	215 to 300
Offices	CHF per m² p.a.	–	60 to 960	100 to 400	200 to 380
Retail/gastro	CHF per m² p.a.	–	75 to 8 000	340 to 340	245 to 380
Commercial	CHF per m² p.a.	–	30 to 450	100 to 280	–
Storage	CHF per m² p.a.	–	40 to 540	50 to 150	80 to 285
Parking inside	CHF per piece and month	–	47 to 650	100 to 250	140 to 350
Parking outside	CHF per piece and month	–	25 to 320	40 to 120	50 to 120

[1] commercial properties for which the valuation was based on the assumption of continuation of current use, as well as investment properties held for sale and owner-occupied properties

[2] commercial properties for which the valuation was based on highest and best use

APPLICABLE UNOBSERVABLE INPUT FACTORS AS AT 31.12.2014

	in	Building land	Commerical properties (continuation of use)[1]	Commercial properties (highest and best use)[2]	Properties/ owner-occupied properties under construction/ development sites
Fair value as at balance sheet date	CHF m	53.132	9 009.929	394.880	281.360
Unobservable input factors:					
Average discount rate	%	4.69	3.91	3.88	4.23
Maximum discount rate	%	5.20	5.30	5.40	4.40
Minimum discount rate	%	4.00	2.90	3.15	4.00
Residential	CHF per m² p.a.	–	103 to 554	120 to 410	315 to 410
Offices	CHF per m² p.a.	30	60 to 1 100	100 to 945	325 to 400
Retail/gastro	CHF per m² p.a.	–	105 to 7 600	110 to 7 500	245 to 380
Storage	CHF per m² p.a.	–	35 to 290	50 to 280	100 to 150
Parking inside	CHF per piece and month	–	42 to 825	100 to 580	180 to 220
Parking outside	CHF per piece and month	92 to 180	25 to 350	38 to 150	–

[1] commercial properties for which the valuation was based on the assumption of continuation of current use, as well as investment properties held for sale and owner-occupied properties
[2] commercial properties for which the valuation was based on highest and best use

Additional information on valuation assumptions

Rental income

Rental income was incorporated in the valuation based on current rent prices and contractually stipulated conditions (including indexing). For fixed-term rental agreements, the sustainably realisable potential rental income for the period following the fixed term from the current perspective was used. The determination of the market-based potential rent was derived from the most recently concluded rental agreements for the relevant property, or other comparable properties in the immediate vicinity, as well as from real estate market research provided by Wüest & Partner AG. The rent potential for retail properties (retail trade business, restaurants, etc.) was determined based on calculations for realistic revenue figures. For existing rental agreements comprising different uses, the rent potential was determined based on separate, individual uses. Tenants' extension options were then taken into account, when the effective rent fell below the derived market rent. For indefinite-term rental agreements, the adjustment to the determined rent potential was carried out considering general legal conditions for rental properties as well as property-specific fluctuations. Credit risks of the respective tenants were not explicitly taken into account in the valuation since relevant contractual safeguards were concluded, as required. The valuation of current vacant rental properties took into account a market- and property-specific marketing period.

For properties for which conversion into condominiums was an underlying assumption, rental income was applied up until the most immediate time of conversion of the rental property into condominiums. Consideration of such rental income was subject to the acknowledgement of the terms stipulated in the rental agreements, particularly the earliest termination of agreement, extension options as well as general legal conditions and practices. In this regard, assumptions regarding termination deadlines were based on current applicable laws governing rental property.

Operating and maintenance costs

The process of determining operating and maintenance costs took into account past experience, authorised budgets and benchmark values from a data pool provided by Wüest & Partner AG. For properties for which conversion into condominiums has been presumed, costs were applied only up until the estimated point in time of sale of the last condominium.

Repair costs, construction expenses for conversion to condominiums

Repair costs for preserving the value of the properties as well as long-term costs were determined with the support of construction cost analysis tools, taking into account the investment plans prepared by Swiss Prime Site. The aforementioned tools were used to derive the future investment needs, considering the age of the property, new construction costs and the current condition of individual property components. Repair costs were incorporated in the valuation at 100% in the first ten years, taking into account any potential rental price hikes in the earnings forecast. Starting from the 11th year, repair costs of up to 50% to 70% are allowed (value-preserving components only) without including possible rent increases.

The requisite construction expenses for transforming properties presumed as designated for conversion into condominiums are modelled and estimated by means of construction and renovation cost benchmarks provided by Wüest & Partner AG.

Discounting

The applied discounting was based on ongoing monitoring of the real estate market and was derived and verified on the basis of real interest rates – comprising the risk-free interest rate (long-term government bonds) plus general real estate risks plus property-specific premiums – and determined on a risk-adjusted basis per property. The selected discounting factors were empirically evaluated and verified by means of known changes in ownership and transactions.

For properties for which conversion into condominiums has been presumed, the applied discount rate corresponded to a weighted average cost of capital (WACC), with an interest rate in line with a short-term bank financing rate as well as adequate return on equity. For continuing long-term rental contracts, a mixed value was applied that is derived from the current WACC and the conventional discount rate of an investment property, up until the point in time of possible conversion and sale as condominium.

Sensitivity of fair value measurement to changes in unobservable input factors

An increase in the discount rate reduces fair value, whereas a rise in the market rent price and/or sales proceeds increases fair value. There are correlations between these input factors since they are to some extent dependent on market data. For properties under construction and development sites, the outstanding investments and time to completion of construction reduce fair value, whereas the incurrence of these costs over the period up until completion increases fair value.

In the following analysis, the existing properties (excluding building land, projects and development sites) were taken into account at the current fair value as at the balance sheet date of CHF 9273.600 million (fair value of overall portfolio CHF 9686.607 million).

In relation to potential changes in the market environment, sensitivity to discount rates is significant. Fair value changes due to the changes in discount rates were as follows (discount rate derived for overall portfolio, approximate calculation):

AVERAGE DISCOUNT RATE

	Change in fair value in %	Change in fair value in CHF 1000	Fair value in CHF 1000
3.36%	7.8%	723 300	9 996 900
3.46%	5.1%	473 000	9 746 600
3.56%	2.5%	231 800	9 505 400
3.66% (valuation as at 31.12.2015)	–	–	**9 273 600**
3.76%	– 2.4%	– 222 600	9 051 000
3.86%	– 4.7%	– 435 900	8 837 700
3.96%	– 6.9%	– 639 900	8 633 700
4.06%	– 9.0%	– 834 600	8 439 000
4.16%	– 11.0%	– 1 020 100	8 253 500
4.26%	– 12.9%	– 1 196 300	8 077 300

An increase in the discount rate (expected return) over the entire portfolio of more than 50 basis points within a short period seems very improbable. In this regard, real estate returns trend much more sluggishly than nominal interest rates on bonds or mortgages. Vice versa, in the current environment marked by still moderate returns on real estate in Switzerland, a discount rate that is more than 30 basis points lower over the entire portfolio also seems improbable.

The impact of changes in market rent prices on fair value is also significant. However, substantial changes in rental income over the entire portfolio (with a varying diversity of uses and tenants) in accumulated form and within a shorter period are less probable, whereas more significant effects on the portfolio would occur with a prolonged time lag. A linear correlation between rental income and fair value can be approximately assumed, whereby the rental income forecast in the valuation comprises several components, such as current contractually guaranteed rents and market rental estimates after the present contracts have expired. If just one of these components changes (for example, fair value declines by 3.7% given a reduction of market rent potential of 4.0%), the impact on fair value is diminished.

CHANGE IN MARKET RENTAL POTENTIAL

	Change in fair value in %	Change in fair value in CHF 1 000	Fair value in CHF 1 000
6.0%	5.5%	510 000	9 783 600
4.0%	3.7%	343 100	9 616 700
2.0%	1.8%	166 900	9 440 500
0.0% (valuation as at 31.12.2015)	–	–	**9 273 600**
– 2.0%	– 1.8%	– 166 900	9 106 700
– 4.0%	– 3.7%	– 343 100	8 930 500
– 6.0%	– 5.5%	– 510 000	8 763 600
– 8.0%	– 7.4%	– 686 200	8 587 400
– 10.0%	– 9.2%	– 853 200	8 420 400

The sensitivity of fair value to changes in recurring real estate costs for operation and proper maintenance is considerably lower than in the case of the aforementioned factors. However, the impact of modified costs for renovations and restructuring or construction costs for projects can have substantial effects on the fair value of the relevant real estate. Since this concerns only a limited number of affected properties over the entire portfolio, the sensitivity is relativised in this regard.

The introduction of negative interest rates accentuated the investment crisis, while real estate investments have gained significance. Amid such an environment of negative interest rates, institutional investors in particular are willing to pay high prices for properties situated in prime locations with corresponding low expectations for returns. This can lead to sales prices for individual properties that noticeably deviate from the fair value assessment.

CURRENT DEVELOPMENT AND NEW BUILDING PROJECTS

Berne, Viktoriastrasse 21 (Schönburg)	
Project description	The office property comprising total usable floor space of more than 30 000 square metres was constructed as the Swiss Post headquarters in 1970 by Theo Hotz following a project contest. The effective layout plan is oriented toward the current condition. Swiss Prime Site was able to acquire the Schönburg property in 2014 and (following Swiss Post's departure) decided to preserve the structure and create a high-quality residential and hotel complex – possibly with a proportion of condominiums – based on extensive variant studies. The property should house a three-star business hotel, in addition to around 150 first-class apartments spread across the eight upper floors. The building structure will be preserved, including the enormous subterranean level, while four additional emergency staircases will be installed. Façades, the entire building technology and interior will be replaced. Clean-up of hazardous substances from the façade demolition work will extend the construction period by several months. Construction costs (excluding hotel interior) are estimated at CHF 130 million.
Project status	By means of feasibility studies for various options, the preliminary project for the residential and hotel modification process was completed as at end-2015. The building application should be submitted at end-May 2016. Thereafter, preparations for the total contractor submission will be initiated. The construction start-up date is planned for the beginning of 2017.
Occupancy rate[1]	No leasing; search for hotel operator and grocery store business is underway
Completion	Ready for occupancy in spring to summer 2019

Schlieren, Zürcherstrasse 39 (NZZ printing facility)	
Project description	The former NZZ printing facility was acquired from NZZ Media Group in December 2015, and the property is to be converted into an innovative educational centre. Infrastructure for training and further education as well as research and development, in addition to co-working spaces and facilities for community activities, sports and culture are all envisaged for the centre. At the same time, the building structure should be largely maintained, providing future users with a fascinating spatial experience with its rooms featuring up to 18-metre-high ceilings. The development of an innovative platform for education as well as the exchange of knowledge and information will address the growing demand for training and further education. Furthermore, the supplemental utilisation through innovative forms of work, sports and wellness concurrently will actively interface with numerous trends, combining these into attractive, new offerings. The property's location as well as position and structure are ideally suitable for such a purpose.
Project status	Building on the underlying utilisation concept of the acquisition, the development process will kick off in 2016, with the objective of fine-tuning the vision by year-end, specifying the offering and building up an autonomous brand. The planning and execution of the requisite structural measures will be concluded as at end-2018. Potential interim utilisation concepts as well as ideas for step-by-step preparations and leasing of partial floor space are flowing into the development process on a continuous basis.
Occupancy rate[1]	The printing facility is currently still being utilised by NZZ. Potential tenants have been contacted regarding restructuring of the property.
Completion	2018

Zurich, Brandschenkestrasse 25 (Motel One)	
Project description	The office property located at Brandschenkestrasse 25 is being modified as a roughly 400-room hotel. The investment volume amounts to around CHF 65 million to convert the courtyard-rimmed complex into a hotel. Modification of the four buildings situated on a total area of 3 900 square metres will be carried out under strict compliance with their diverse and, to some extent, landmark-protected architecture. The excellent urban location near the Bahnhofstrasse as well as the property's floor space offering are superbly appropriate for a hotel according to the operating and design concept of Motel One Group.
Project status	The execution order was issued to the total contractor at the beginning of 2015. The green light for construction was issued in September 2015. The modification activities are proceeding according to plan. The hotel plans to open its doors in the summer of 2017.
Occupancy rate[1]	The entire building is leased to Motel One Group as at summer 2017.
Completion	Summer 2017

Zurich, Flurstrasse 55/Flurpark (Media Park)	
Project description	The building was constructed in 1979 and comprises six upper floors, a ground floor and four subterranean levels. Following the departure of the single tenant UBS at end-2012, which had used the building as an IT centre, the property is undergoing total renovation and being equipped with state-of-the-art technology. Subsequent to the renovation – with new office/services as well as warehouse floor space of 16 700 and 7 700 square metres, respectively – the layout will be based on a multi-tenant concept. Utilisation will be expanded with retail, restaurant and commercial space on the ground floor. The subterranean levels are expected to contain 456 parking places. The property will be visibly repositioned too, with a new façade and designated Minergie certification, in order to ensure sustainable occupancy rates in the future.
Project status	The execution order was issued to the total contractor in September 2013. The green light for construction was issued in December 2013. The modification activities are proceeding according to plan. The building will be ready for occupancy as at 15 January 2016.
Occupancy rate[1]	An agreement has been concluded with the newly established company Ringier Axel Springer Switzerland AG, covering 10 000 square metres (of which 9 000 square metres office space), with an additional option for 2 500 square metres of office space.
Completion	2016

[1] occupancy rate and sales status as at 31.12.2015

19 OWNER-OCCUPIED PROPERTIES AND OWNER-OCCUPIED PROPERTIES UNDER CONSTRUCTION

CHANGE IN OWNER-OCCUPIED PROPERTIES

in CHF 1 000	31.12.2014	31.12.2015
Owner-occupied properties as at 01.01.	**732 032**	**778 656**
Follow-up investments	2 230	2 560
Additions from acquisitions	–	20 181
Disposals	–	– 2 800
Transferred depreciation	– 11 850	– 12 127
Positive fair value adjustment	38 942	35 370
Negative fair value adjustment	– 12	– 263
Reclassifications into/from investment properties and owner-occupied properties under construction, net	17 314	73 005
Owner-occupied properties as at 31.12.	**778 656**	**894 582**

SUMMARY OF TRANSFERRED DEPRECIATION AND IMPAIRMENT

in CHF 1 000	31.12.2014	31.12.2015
Cumulative depreciation and impairment as at 01.01.	**–**	**–**
Depreciation	11 849	12 127
Impairment	1	189
Transferred depreciation and impairment	– 11 850	– 12 316
Cumulative depreciation and impairment as at 31.12.	**–**	**–**

UTILISATION OF OWNER-OCCUPIED PROPERTIES

	31.12.2014	31.12.2015
Berlingen, Seestrasse 110	completely	completely
Berlingen, Seestrasse 83, 88, 101, 154	completely	completely
Frauenfeld, St. Gallerstrasse 30–30c	completely	completely
Lucerne, Kreuzbuchstrasse 33/35	completely	completely
Meilen, Seestrasse 545	completely	completely
Olten, Frohburgstrasse 1	partly	partly
Opfikon, Müllackerstrasse 2, 4/Bubenholz	n/a	completely
Ostermundigen, Mitteldorfstrasse 16	completely	completely
Pfäffikon/SZ, Huobstrasse 5	completely	completely
Stadel b. Niederglatt, Buechenstrasse 80	n/a	completely
Thun, Göttibachweg 2–2a, 4, 6, 8	completely	completely
Wabern, Nesslerenweg 30	completely	completely
Wattwil, Ebnaterstrasse 45	n/a	completely
Zurich, Carl Spitteler-Strasse 68/70	completely	completely
Zurich, Jupiterstrasse 15/Böcklinstrasse 19	completely	completely
Zurich, Kappenbühlweg 9, 11/Holbrigstrasse 10/Regensdorferstrasse 18a	completely	completely
Zurich, Restelbergstrasse 108	completely	completely
Zurich, Seidengasse 1/Jelmoli – The House of Brands	partly	partly

Fair values of the owner-occupied properties were all classified as hierarchy level 3, based on the input factors of the applied valuation technique (see Note 2.3 «Valuations and assumptions»). Further information on fair value measurement is provided in Note 18 «Investment properties». The relevant dates of the revaluation were 30 June and 31 December.

Reclassification of investment properties into owner-occupied properties and vice-versa is implemented on a semi-annual basis by means of using the current rent tables. If the owner-occupied properties had been valued according to the historical cost model, the book value would have been CHF 790.135 million [CHF 718.652 million] as at the balance sheet date. Transferred depreciation was based on the cumulative depreciation as at the revaluation date, which was eliminated against the gross book value of the revalued owner-occupied properties.

Owner-occupied properties were valued according to the discounted cash flow (DCF) method by the independent valuation expert Wüest & Partner AG, Zurich, based on regular (semi-annual) fair value appraisals. The applied real discount rate hovered in range between 3.1% to 5.0% [3.2% to 5.0%] on the balance sheet date. These valuations were based on market prices of recently executed transactions.

Fire insurance values of owner-occupied properties amounted to CHF 580.735 million [CHF 510.719 million]. Rental income from owner-occupied properties totalled CHF 40.958 million [CHF 41.889 million].

OWNER-OCCUPIED PROPERTIES UNDER CONSTRUCTION

in CHF 1 000	31.12.2014	31.12.2015
Owner-occupied properties under construction as at 01.01.	**12 360**	**52 890**
Additions	43 246	12 690
Capitalised borrowing costs	513	693
Disposals	–	– 29 178
Positive fair value adjustment	42	6 035
Negative fair value adjustment	– 3 271	–
Reclassifications into owner-occupied properties, net	–	– 43 130
Owner-occupied properties under construction as at 31.12.	**52 890**	**–**

SUMMARY OF TRANSFERRED DEPRECIATION AND IMPAIRMENT

in CHF 1 000	31.12.2014	31.12.2015
Cumulative depreciation and impairment as at 01.01.	–	–
Reversal of impairment	–	– 3 300
Impairment	3 271	–
Transferred depreciation and impairment	– 3 271	3 300
Cumulative depreciation and impairment as at 31.12.	–	–

The owner-occupied property under construction at Via San Gottardo 99–99b in Bellinzona was sold to the Swiss Prime Investment Foundation in the reporting year. The Bubenholz property located at Müllackerstrasse 2, 4 in Opfikon was completed in the first half-year 2015 and recognised on the balance sheet as owner-occupied properties.

If these particular owner-occupied properties under construction were valued according to the historical cost model, the book value would have been CHF 56.109 million as at 31 December 2014.

The fire insurance value of these properties amounted to CHF 56.109 million as at 31 December 2014.

20 TANGIBLE ASSETS

in CHF 1 000	Equipment	Furniture/ tenants' improvements	31.12.2015 Total
Cost as at 01.01.2015	**6 691**	**92 840**	**99 531**
Additions	3 485	10 630	14 115
Additions from acquisitions	2 092	11 842	13 934
Disposals	–	– 1 563	– 1 563
Cost as at 31.12.2015	**12 268**	**113 749**	**126 017**
Cumulative depreciation and impairment as at 01.01.2015	**647**	**47 408**	**48 055**
Depreciation	744	14 182	14 926
Disposals	–	– 1 554	– 1 554
Cumulative depreciation and impairment as at 31.12.2015	**1 391**	**60 036**	**61 427**
Total tangible assets as at 31.12.2015	**10 877**	**53 713**	**64 590**

in CHF 1 000	Equipment	Furniture/ tenants' improvements	31.12.2014 Total
Cost as at 01.01.2014	**3 862**	**87 257**	**91 119**
Additions	2 829	8 007	10 836
Disposals	–	– 16	– 16
Reduction due to sale of Permed AG	–	– 2 408	– 2 408
Cost as at 31.12.2014	**6 691**	**92 840**	**99 531**
Cumulative depreciation and impairment as at 01.01.2014	**89**	**37 154**	**37 243**
Depreciation	558	12 436	12 994
Disposals	–	– 9	– 9
Reduction due to sale of Permed AG	–	– 2 173	– 2 173
Cumulative depreciation and impairment as at 31.12.2014	**647**	**47 408**	**48 055**
Total tangible assets as at 31.12.2014	**6 044**	**45 432**	**51 476**

21 GOODWILL AND INTANGIBLE ASSETS

in CHF 1 000	Goodwill	Software	Customer base	Brand names	31.12.2015 Total
Cost as at 01.01.2015	**166 311**	**12 959**	**29 630**	**51 906**	**260 806**
Additions	–	5 324	–	–	5 324
Additions from acquisitions	203 209	–	863	1 267	205 339
Disposals	–	– 179	–	–	– 179
Cost as at 31.12.2015	**369 520**	**18 104**	**30 493**	**53 173**	**471 290**
Cumulative amortisation and impairment as at 01.01.2015	**–**	**8 000**	**8 403**	**–**	**16 403**
Amortisation	–	1 643	3 347	32	5 022
Disposals	–	– 179	–	–	– 179
Cumulative amortisation and impairment as at 31.12.2015	**–**	**9 464**	**11 750**	**32**	**21 246**
Total goodwill and intangible assets as at 31.12.2015	**369 520**	**8 640**	**18 743**	**53 141**	**450 044**

in CHF 1 000	Goodwill	Software	Customer base	Brand names	31.12.2014 Total
Cost as at 01.01.2014	**167 775**	**9 035**	**29 630**	**53 397**	**259 837**
Additions	–	3 924	–	–	3 924
Reduction due to sale of Permed AG	– 1 464	–	–	– 1 491	– 2 955
Cost as at 31.12.2014	**166 311**	**12 959**	**29 630**	**51 906**	**260 806**
Cumulative amortisation and impairment as at 01.01.2014	**–**	**4 349**	**5 077**	**–**	**9 426**
Amortisation	–	3 651	3 326	–	6 977
Cumulative amortisation and impairment as at 31.12.2014	**–**	**8 000**	**8 403**	**–**	**16 403**
Total goodwill and intangible assets as at 31.12.2014	**166 311**	**4 959**	**21 227**	**51 906**	**244 403**

Impairment test for cash-generating units including goodwill and brand names
To perform the impairment test, goodwill and brand names are attributed to the cash-generating units of Swiss Prime Site that correspond to the operating segments.

GOODWILL

in CHF 1 000	31.12.2014	31.12.2015
Real Estate segment	87 368	87 368
Retail segment	35 930	35 930
Assisted Living segment	43 013	246 222
Total goodwill	**166 311**	**369 520**

The Real Estate, Retail and Assisted Living segments each constitute an operating segment. The amount to be realised by the cash-generating units was based on value in use.

Value in use was based on the following underlying key assumptions:

> Taking into consideration past experience, cash flows were based on a business plan for the forthcoming four years. A constant growth rate of 1.0% [1.0%] was used for cash flows of the detailed horizon of the subsequent periods for the Real Estate segment, while a relevant rate of 2.0% [1.5%] was used for the Retail segment and 1.5% [1.5%] for the Assisted Living segment.
> A pre-tax discount rate of 6.7% [9.8%] was applied for the goodwill and brand names in the Real Estate segment, while the relevant rates applied to the goodwill and brand names in the Retail segment as well as Assisted Living segment were 7.4% [9.3%] and 7.0% [6.4%], respectively.

In the opinion of the Executive Board, no realistically expected, possible changes in the designated key assumptions could lead to a situation in which the book value of goodwill would exceed the relevant realisable amount as at the balance sheet date. The impairment tests were carried out in the fourth quarter of 2015.

The increase in goodwill is attributable to the acquisitions of SENIOcare Group, WGDM Papillon AG and Sternmatt Pflegewohngruppen.

BRAND NAMES

in CHF 1 000	31.12.2014	31.12.2015
Real Estate segment	4 395	4 395
Retail segment	22 797	22 797
Assisted Living segment	24 714	25 949
Total brand names	**51 906**	**53 141**

The useful life of the brand names acquired in connection with the acquisition of Jelmoli Group (Jelmoli including The House of Brands) (Retail segment), Wincasa AG (Real Estate segment) and Tertianum AG (Assisted Living segment) were regarded as indefinite. The useful life of the brand names of SENIOcare Group (Assisted Living segment) acquired in the reporting period amounts to ten years.

Based on the impairment tests, there was no need for any impairment as at end-2015.

22 CURRENT LIABILITIES

Accounts payable comprised mainly liabilities from ancillary cost accounts, property expense and commercial invoices, as well as liabilities from the Assisted Living segment.

The breakdown of accrued expenses and deferred income was as follows:

in CHF 1 000	31.12.2014	31.12.2015
Renovation and project costs	58 200	52 350
Cost of goods sold	15 570	16 426
Other operating expenses	28 130	27 932
Total accrued expenses and deferred income	**101 900**	**96 708**

23 FINANCIAL LIABILITIES

in CHF 1 000	31.12.2014	31.12.2015
Mortgage-backed loans	486 500	382 000
Convertible bonds	227 800	189 589
Other loans	–	516
Total current financial liabilities	**714 300**	**572 105**
Mortgage-backed loans	3 120 824	2 737 525
Convertible bonds	188 821	–
Bonds	939 784	940 672
Non-current loans	2 093	11 291
Total non-current financial liabilities	**4 251 522**	**3 689 488**
Other non-current financial liabilities	9 484	6 871
Total financial liabilities	**4 975 306**	**4 268 464**

The convertible bond of CHF 189.589 million reported in current financial liabilities in the reporting year will be redeemed on 21 June 2016 [CHF 227.800 million was redeemed on 20 January 2015].

Non-current financial liabilities of CHF 3 689.488 million [CHF 4 251.522 million] were recognised in the balance sheet at amortised cost, which generally corresponded to the nominal value. There were no extraordinary debt covenants for loans secured by real estate or for bonds. The contractual limits were complied with by the Company and are continually monitored.

To secure the financial liabilities, various credit line agreements were concluded under market conditions (at arm's length), both with third-party banks and with related banks. Within the scope of the general credit lines, the maximum credit available is determined and adjusted by the banks on the basis of the valuation of the land mortgage rights transferred to them as security. Increasing credit lines or individual loans, redemption of existing loans and refinancing are carried out continuously on the basis of the liquidity plan.

As at the balance sheet date, the loan-to-value ratio of the real estate portfolio amounted to 44.0% [50.7%].

BONDS

	in	CHF 115 m 2018	CHF 200 m 2019	CHF 230 m 2020	CHF 300 m 2021	CHF 100 m 2024
Issuing volume, nominal	CHF m	115.000	200.000	230.000	300.000	100.000
Book value as at 31.12.2015	**CHF m**	**114.746**	**199.032**	**229.359**	**298.280**	**99.255**
Book value as at 31.12.2014	CHF m	114.645	198.787	229.226	297.954	99.172
Interest rate	%	1.125	1.0	2.0	1.75	2.0
Term to maturity	years	5	5	7	7	10
Maturity	date	11.07.2018	10.12.2019	21.10.2020	16.04.2021	10.12.2024
Securities number		21 564 566 (SPS13)	25 704 216 (SPS141)	21 565 073 (SPS131)	23 427 449 (SPS14)	25 704 217 (SPS142)
Fair value as at 31.12.2015 (level 1)	**CHF m**	**118.450**	**204.900**	**243.455**	**315.000**	**106.050**
Fair value as at 31.12.2014 (level 1)	CHF m	116.783	203.700	242.420	309.600	102.750

The bonds are redeemed at their nominal value.

CONVERTIBLE BONDS

	in	CHF 300 m 2015	CHF 190.35 m 2016
Issuing volume, nominal	CHF m	300.000	190.350
Nominal value as at 31.12.2015	CHF m	0.000	190.350
Book value as at 31.12.2015	**CHF m**	**0.000**	**189.589**
Book value as at 31.12.2014	CHF m	227.800	188.821
Conversion price	CHF	70.97	81.89
Interest rate	%	1.875	1.875
Term to maturity	years	5	5
Maturity	date	20.01.2015	21.06.2016
Securities number		10 877 415 (SPS10)	13 119 623 (SPS11)
Fair value as at 31.12.2015 (level 1)	**CHF m**	**0.000**	**192.806**
Fair value as at 31.12.2014 (level 1)	CHF m	230.953	194.538

In 2015, conversions took place with a volume amounting to nominal CHF 203.035 million [CHF 22.535 million]. The conversions resulted in an increase in share capital of CHF 43.770 million [CHF 4.858 million] or 2 860 803 [317 521] registered shares, and addition to capital reserves of CHF 155.976 million [CHF 17.298 million]. The remaining amount of this CHF 300 million convertible bond of CHF 26.085 million was redeemed on 20 January 2015.

No conversions have taken place to date for the CHF 190.350 million convertible bond. Each individual bond with a nominal value of CHF 0.005 million can be converted into registered shares of the Company at any time. The newly issued shares are secured by conditional capital.

The equity component resulting from the convertible bond was recognised directly in shareholders' equity. The other embedded options of the convertible bond – i.e. premature redemption option under certain preconditions (clean-up call and issuer call) – as well as the put option granted under certain preconditions (delisting of shares put) are contained within the borrowed capital component and are not recognised separately.

More information regarding non-current financial liabilities can be found in Note 34 «Financial instruments and financial risk management».

CONVERSION PRICE AND NUMBER OF POSSIBLE SHARES GIVEN 100% CONVERSION

Convertible bonds	31.12.2014 Conversion price in CHF	31.12.2014 Number of possible shares	31.12.2015 Conversion price in CHF	31.12.2015 Number of possible shares
1.875%-convertible bond 20.01.2010–20.01.2015, (issuing volume CHF 300.000 million)	70.97	3 228 406	n/a	n/a
1.875%-convertible bond 21.06.2011–21.06.2016, CHF 190.350 million	82.89	2 296 417	81.89	2 324 460
Total number of possible shares		**5 524 823**		**2 324 460**

24 DEFERRED TAX LIABILITIES

in CHF 1 000	31.12.2014	31.12.2015
Deferred tax liabilities as at 01.01.	**891 872**	**963 412**
Increase due to acquisition of a majority shareholding	247	–
Reduction due to sale of Permed AG	– 245	–
Increase through depreciation/revaluation, net, recognised in income statement	69 051	83 131
Increase through depreciation/revaluation, net, recognised in other comprehensive income	11 499	8 764
Decrease through property disposals	– 3 886	– 24 236
Provisions and other liabilities	– 3 950	2 362
Tax rate changes and reductions from duration of ownership deductions	– 1 176	2 512
Deferred tax liabilities as at 31.12.	**963 412**	**1 035 945**

Deferred tax liabilities resulted from differences in valuation between statutory reporting of financial results and reporting according to IFRS standards. They resulted particularly from revaluations and statutory depreciation of investment properties and owner-occupied properties. Conversely, deferred tax liabilities decreased upon disposals of the properties.

The calculation of deferred taxes on real estate assets was based on the assumption of a holding period of a minimum of 20 years. Given a holding period of 15 years, the relevant deferred tax liabilities on future property gains would have been roughly 2% higher. Given a reduction of the holding period to ten years, deferred tax liabilities would have been around 3% higher.

Information about the status and changes in revaluations can be found in Note 18 «Investment properties» and Note 19 «Owner-occupied properties and owner-occupied properties under construction». Note 12 «Income taxes» explains the calculation of the deferred taxes.

25 PENSION PLANS

Information relating to Swiss Prime Site's defined benefit pension plans

Swiss Prime Site maintains occupational pension plans for its employees to safeguard against the economic consequences of old age, disability and death, within the scope of various pension schemes (e.g. pension funds and collective foundations, set up primarily through a life insurance company) that are legally and financially independent of the employer. The pension plan assets are totally separated from the employer's assets as well as from insured employees' assets. The Swiss Federal Law on Occupational Old-age, Survivors' and Disability Insurance (BVG) and its regulatory statutes as well as Swiss Federal Law on Vesting in Pension Plans stipulate minimum benefits in the area of obligatory insurance and, to some extent, also the area of over-obligatory insurance. The respective benefit plans of the individual group companies are defined in the regulations of their pension fund or collective foundations and in the affiliation agreement as well as in the affiliation's pension plan. Swiss Prime Site maintained four [four] autonomous pension fund solutions, four [two] pension schemes in fully insured collective foundations and three [two] pension schemes in partly-autonomous collective foundations as at the balance sheet date.

The board of trustees of a pension scheme is the predominant governing body, comprising on equal terms the same number of employer and employee representatives. The board of trustees makes decisions regarding the contents of the pension regulations (particularly the insured benefits), financing of the pension scheme (e.g. employer and employee contributions) and asset management (e.g. investment of pension funds, assignment of asset management activities to an external party, reinsurance of regulatory obligations by a life insurance firm). Insofar as a group company is affiliated with a collective foundation, a respective administrative committee, in addition to the board of trustees of the collective foundation, is directly responsible for the pension scheme of the affiliated group company. In addition, these entities are set up on equal terms and make the relevant decisions for the pension scheme. The pension scheme is entered in the Occupational Old-age, Survivors' and Disability Insurance register and subject to supervision by a cantonal regulatory authority, or directly by the Swiss Federal Social Insurance Office (FSIO), depending on its geographic scope of activity.

The occupational pension plan functions according to the fully funded principle. In this context, an individual retirement fund is accumulated in the course of a working life, taking into account the insured party's annual salary and annual retirement credits plus interest. The interest rate on individual retirement funds ranged from 1.50% to 1.75% [1.50% to 2.25%]. The life-long pension is derived from the individual retirement funds available at the time of retirement multiplied by the current effective pension conversion rate of 4.88% to 6.80% [5.48% to 6.80%]. The employee has the option of drawing the pension benefits as a partial or full payment of capital. In addition to the pension benefits, the pension plan entitlements also comprise survivors' and disability pensions, calculated as a percentage of the insured annual salary. Upon an employee's exit from a group company, the individual retirement funds are transferred to the pension scheme of the new employer or a vested benefits account.

To finance the benefits, savings and risk contributions are collected from employee and employer as a percentage of the insured salary according to the respective pension regulations and/or premium accounts of the collective foundation. In this regard, the employer is responsible for a minimum of 50% of the financing.

Depending on the organisational structure of the pension institution, the employer can be exposed to various risks resulting from the occupational pension plan.

The autonomous pension schemes harbour risks from the savings process as well as from the asset management and directly bear the demographic risks (longevity, death, disability). The respective pension scheme can change its financing system at any time (e.g. contributions and future benefits). The pension scheme may require recapitalisation contributions from the employer for the duration of underfunding according to Swiss law (BVG), insofar as other measures do not achieve the objective.

The semi-autonomous pension schemes safeguard against the demographic risks through a life insurance company, but directly carry out the savings process and the asset management. The respective pension scheme can change its financing system at any time (e.g. contributions and future benefits). The pension scheme may require recapitalisation contributions from the employer for the duration of underfunding according to Swiss law (BVG), insofar as other measures do not achieve the objective. Regarding the insured demographic risks, additional risks also loom that the insurance coverage is only temporary in nature (e.g. cancellation by the life insurance firm), and that the inherent risks of the plan may lead to variable insurance premiums over time.

The fully insured pension schemes safeguard against any investment and demographic risks through a life insurance company. Consequently, the pension plan's funding ratio amounts to 100% at all times, according to Swiss law (BVG). However, additional risks also loom that the insurance coverage is only temporary in nature (e.g. cancellation by the life insurance firm), and that the inherent risks of the plan may lead to variable insurance premiums over time.

Furthermore, the respective collective foundation may cancel the affiliation agreement with the relevant group company subject to compliance with a notice of termination, compelling it to seek affiliation with another pension scheme. This could result in the transfer of an underfunding and/or longevity risks (current pensions) depending on the terms of the affiliation agreement and the current partial liquidation regulations.

Actuarial assumptions

The following assumptions were applied to the valuation of the occupational benefit plans (presented as weighted averages):

ASSUMPTIONS

	in	31.12.2014	31.12.2015
Discount rate	%	1.2	1.0
Future salary increases	% p.a.	1.0	1.0
Future pension increases	% p.a.	0.0	0.0
Percentage of retirement benefits as pension upon retirement	%	20.0	20.0
Assumption to longevity of active insured persons with age of 45	years	39.2	41.6
Assumption to longevity of retirees with age of 65	years	21.4	21.5
Weighted average duration of defined benefit obligations	years	14.5	15.0

Reconciliation of defined benefit obligations and plan assets

DEFINED BENEFIT OBLIGATIONS

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Present value of defined benefit obligations as at 01.01.	**568 703**	**648 250**
Interest expense on defined benefit obligations	13 046	8 021
Current service cost (employer)	17 538	24 072
Contributions by plan participants	10 985	12 579
Benefits paid	– 24 774	– 23 602
Past service cost	– 88	– 5 580
Effect of business combinations and disposals[1]	– 4 274	71 289
Administration cost (excluding cost for managing plan assets)	283	333
Actuarial gain (–)/loss (+) on benefit obligations	66 831	14 300
Total present value of defined benefit obligations as at 31.12.	**648 250**	**749 662**

[1] 2015 acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon AG as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015. Transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015
2014 sale of Permed AG as at 17.03.2014

The present value of defined benefit obligations for active insured persons amounted to CHF 445.354 million [CHF 342.983 million] and for retirees to CHF 304.308 million [CHF 305.267 million].

PLAN ASSETS

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Fair value of plan assets as at 01.01.	**557 178**	**588 481**
Interest income on plan assets	12 773	7 223
Contributions by the employer	15 765	17 523
Contributions by plan participants	10 985	12 579
Benefits paid	– 24 774	– 23 602
Effect of business combinations and disposals[1]	– 3 587	50 423
Return on plan assets excluding interest income	20 141	– 644
Total fair value of plan assets as at 31.12.	**588 481**	**651 983**

[1] 2015 acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon AG as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015. Transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015
2014 sale of Permed AG as at 17.03.2014

Swiss Prime Site is expected to contribute CHF 19.580 million [CHF 15.900 million] to the defined benefit plans in the financial year 2016.

NET DEFINED BENEFIT OBLIGATIONS

in CHF 1 000	31.12.2014	31.12.2015
Present value of defined benefit obligations	648 250	749 662
Fair value of plan assets	– 588 481	– 651 983
Underfund as at 31.12.	**59 769**	**97 679**
Adjustment due to asset ceiling	14 320	8 904
Net defined benefit obligations	**74 089**	**106 583**

Net defined benefit obligations of CHF 106.583 million [CHF 74.089 million] were split into CHF 8.963 million [CHF 8.067 million] in assets and CHF 115.546 million [CHF 82.156 million] in obligations. The assets or available economic benefits were derived in the form of reduced future contribution payments.

RECONCILIATION OF EFFECT OF ASSET CEILING

in CHF 1 000	31.12.2014	31.12.2015
Asset ceiling as at 01.01.	**– 23 638**	**– 14 320**
Interest expense on effect of asset ceiling	– 544	– 172
Change in effect of asset ceiling excluding interest expense	9 862	5 588
Total asset ceiling as at 31.12.	**– 14 320**	**– 8 904**

DEFINED BENEFIT COST

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Current service cost (employer)	– 17 538	– 24 072
Past service cost	88	5 580
Interest expense on defined benefit obligations	– 13 046	– 8 021
Interest income on plan assets	12 773	7 223
Interest expense on effect of asset ceiling	– 544	– 172
Administration cost (excluding cost for managing plan assets)	– 283	– 333
Defined benefit cost	**– 18 550**	**– 19 795**

Changes to the pension plan

In the reporting year, the conversion rates were reduced in the SPS and Jelmoli pension fund as well as the SPS and Jelmoli welfare foundation. At the same time, support measures were implemented via a one-time deposit in the retirement funds. The over-obligatory conversion rates were reduced for Perlavita Rosenau AG. In addition, a pension plan disposal resulted from the transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 1 July 2015.

REMEASUREMENT OF DEFINED BENEFIT OBLIGATIONS

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Actuarial gain (+)/loss(–) on defined benefit obligations	– 66 831	– 14 300
Return on plan assets excluding interest income	20 141	– 644
Change in effect of asset ceiling excluding interest expense	9 862	5 588
Remeasurement of net defined benefit obligations recognised in other comprehensive income	**– 36 828**	**– 9 356**

ACTUARIAL GAIN/LOSS ON DEFINED BENEFIT OBLIGATIONS

in CHF 1 000	31.12.2014	31.12.2015
Actuarial gain (+)/loss (–) arising from changes in financial assumptions	– 84 441	– 9 722
Actuarial gain (+)/loss (–) arising from experience adjustments	3 150	– 4 578
Actuarial gain (+)/loss (–) arising from changes in demographic assumptions	14 460	–
Total actuarial gain (+)/loss (–) on defined benefit obligations	**– 66 831**	**– 14 300**

RECONCILIATION OF NET DEFINED BENEFIT OBLIGATIONS

in CHF 1 000	31.12.2014	31.12.2015
Net defined benefit obligations as at 01.01.	**35 163**	**74 089**
Defined benefit cost recognised in the consolidated income statement	18 550	19 795
Remeasurement of net defined benefit obligations recognised in other comprehensive income (OCI)	36 828	9 356
Contributions by the employer	– 15 765	– 17 523
Effect of business combinations and disposals[1]	– 687	20 866
Total net defined benefit obligations as at 31.12.	**74 089**	**106 583**

[1] 2015 acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon AG as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015. Transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015
2014 sale of Permed AG as at 17.03.2014

PLAN ASSET CLASSES

Asset classes, in CHF 1 000	31.12.2014	31.12.2015
Cash and cash equivalents with quoted market price	31 873	13 830
Cash and cash equivalents without quoted market price	10 791	10 679
Equity instruments with quoted market price	183 947	208 149
Debt instruments (e.g. bonds) with quoted market price	168 738	162 639
Real estate with quoted market price	85 558	129 327
Real estate without quoted market price	53 554	56 884
Investment funds with quoted market price	368	299
Others with quoted market price	45 950	62 181
Others without quoted market price	7 702	7 995
Total plan assets at fair value	**588 481**	**651 983**

Sensitivity analysis

Sensitivity analyses were compiled for the key assumptions – while constantly maintaining the other assumptions – used to calculate defined benefit obligations, based on changes that were reasonably possible at the balance sheet date.

The discount rate as well as assumptions for future trends in salaries and future growth in pensions were increased and decreased, respectively, by fixed percentage points. Sensitivity to mortality rates was calculated through decreasing and/or increasing the mortality rate with a lump-sum factor, resulting in a roughly one-year increase or decrease, respectively, in the life expectancy of most of the age categories.

in CHF 1 000	31.12.2014	31.12.2015
Value of defined benefit obligations as at 31.12.	**648 250**	**749 662**
Defined benefit obligations as at 31.12. with discount rate – 0.25%	672 648	778 869
Defined benefit obligations as at 31.12. with discount rate + 0.25%	625 456	722 425
Defined benefit obligations as at 31.12. with life expectancy + 1 year	671 322	775 366
Defined benefit obligations as at 31.12. with life expectancy – 1 year	624 722	723 510
Defined benefit obligations as at 31.12. with pension increase + 0.25%	666 012	770 409
Service cost (employer) of next year with discount rate + 0.25%	21 320	23 102

26 SHAREHOLDERS' EQUITY

SHARE CAPITAL

	Number of registered shares issued	Nominal value in CHF	Share capital in CHF 1 000
Share capital as at 01.01.2014	**60 503 081**	**15.30**	**925 697**
Conversions from November to December 2014	317 521	15.30	4 858
Share capital as at 31.12.2014	**60 820 602**	**15.30**	**930 555**
Conversions from January 2015	2 860 803	15.30	43 770
Capital increase from May 2015	5 970 129	15.30	91 343
Share capital as at 31.12.2015	**69 651 534**	**15.30**	**1 065 668**

The 2 780 [2 682] treasury shares held at 31 Dezember 2015 were not entitled to dividends. At the balance sheet date, the dividend-entitled share capital of CHF 1 065.626 million [CHF 930.514 million] therefore comprised 69 648 754 [60 817 920] registered shares.

AUTHORISED CAPITAL

	Number of registered shares	Nominal value in CHF	in CHF 1 000
Authorised capital as at 01.01.2014	**–**	**–**	**–**
Approval of increase by Annual General Meeting of 15.04.2014	6 000 000	15.30	91 800
Authorised capital as at 31.12.2014	**6 000 000**	**15.30**	**91 800**
Capital increase on 29.05.2015	– 5 970 129	15.30	– 91 343
Authorised capital as at 31.12.2015	**29 871**	**15.30**	**457**

The Board of Directors is authorised to increase the share capital to the extent mentioned above at any time until 15 April 2016.

CONDITIONAL CAPITAL

	Number of registered shares	Nominal value in CHF	in CHF 1 000
Conditional capital as at 01.01.2014	**7 321 234**	**15.30**	**112 015**
Conversions from November to December 2014	– 317 521	15.30	– 4 858
Conditional capital as at 31.12.2014	**7 003 713**	**15.30**	**107 157**
Conversions from January 2015	– 2 860 803	15.30	– 43 770
Conditional capital as at 31.12.2015[1]	**4 142 910**	**15.30**	**63 387**

[1] of which for options and/or conversion rights CHF 40.284 million respectively 2 632 910 shares [CHF 84.054 million respectively 5 493 713 shares]
of which for option rights granted to shareholders CHF 23.103 million respectively 1 510 000 shares [CHF 23.103 million respectively 1 510 000 shares]

The precise wording regarding conditional capital can be found in the Company's Articles of Association. In 2015, convertible bonds with a volume amounting to nominal CHF 203.035 million [CHF 22.535 million] were converted to shareholders' equity. Further relevant information can be found in Notes 27 «Key figures per share» and 23 «Financial liabilities».

CAPITAL RESERVES

	in CHF 1 000
Capital reserves as at 01.01.2014	**980 466**
Distribution from capital contribution reserves on 25.04.2014	– 217 801
Conversions of 4 507 units of the CHF 300 million convertible bond into 317 521 registered shares	17 298
Share-based compensation, 26 234 shares	1 896
Purchase of treasury shares, 10 000 shares	– 736
Capital reserves as at 31.12.2014	**781 123**
Distribution from capital contribution reserves on 21.04.2015	– 235 611
Conversions of 40 607 units of the CHF 300 million convertible bond into 2 860 803 registered shares	155 976
Capital increase on 29.05.2015	321 991
Share-based compensation, 32 302 shares	2 529
Purchase of treasury shares, 32 400 shares	– 2 430
Capital reserves as at 31.12.2015	**1 023 578**

Capital reserves were based on above-par issues on foundation, capital increases as well as changes from trading with subscription rights, treasury shares and share-based compensation.

REVALUATION RESERVES

	in CHF 1 000
Revaluation reserves as at 01.01.2014	**42 786**
Revaluation of owner-occupied properties	38 972
Deferred taxes on revaluation of owner-occupied properties	– 8 966
Revaluation reserves as at 31.12.2014	**72 792**
Revaluation of owner-occupied properties	38 032
Sale of owner-occupied properties	– 43
Deferred taxes on revaluation of owner-occupied properties	– 8 754
Revaluation reserves as at 31.12.2015	**102 027**

Revaluation reserves are not available to the Company shareholders.

RETAINED EARNINGS

	in CHF 1 000
Retained earnings as at 01.01.2014	**2 158 396**
Profit	285 763
Remeasurement of net defined benefit obligations	–36 828
Deferred taxes on remeasurement of net defined benefit obligations	8 404
Retained earnings as at 31.12.2014	**2 415 735**
Profit	355 905
Reclassification of cumulative revaluation gains from revaluation reserves	43
Remeasurement of net defined benefit obligations	–9 356
Deferred taxes on remeasurement of net defined benefit obligations	2 123
Retained earnings as at 31.12.2015	**2 764 450**

Retained earnings are derived from earnings retained since the foundation of the Company as well as from cumulative revaluations of net defined benefit obligations.

NON-CONTROLLING INTERESTS

	in CHF 1 000
Non-controlling interests as at 01.01.2014	**–**
Increase to a majority shareholding with non-controlling interests	701
Comprehensive income, attributable to non-controlling interests	895
Non-controlling interests as at 31.12.2014	**1 596**
Acquisition of shareholding with non-controlling interests	491
Acquisition of non-controlling interests without change of control	–1 000
Comprehensive income, attributable to non-controlling interests	–844
Non-controlling interests as at 31.12.2015	**243**

Shareholders' equity as at 31.12.2015, in CHF 1 000	**4 955 966**
Shareholders' equity as at 31.12.2014, in CHF 1 000	4 201 801

Distributions
The Annual General Meeting of 14 April 2015 passed the following resolutions:
A distribution from capital contribution reserves of CHF 3.70 per share.

The share capital on which the distribution was based consisted of 63 678 684 shares. The distribution from capital contribution reserves amounting to CHF 235.611 million was carried out on 21 April 2015.

27 KEY FIGURES PER SHARE

The profit used to calculate earnings per share or diluted earnings per share was the reported profit attributable to shareholders of Swiss Prime Site AG.

WEIGHTED AVERAGE NUMBER OF SHARES

	01.01.– 31.12.2014	01.01.– 31.12.2015
Shares issued as at 01.01.	60 503 081	60 820 602
Weighted number of shares issued on conversions	16 028	2 814 537
Weighted number of shares on capital increase as at 29.05.2015	–	3 499 159
Average number of treasury shares (360 days)	–6 458	–6 506
Total weighted average number of shares 01.01.–31.12. (360 days)	**60 512 651**	**67 127 792**
Weighted number of shares issued on conversions	–16 028	–2 814 537
Effective number of converted shares	317 521	2 860 803
Highest possible number of shares that can be issued on conversions	5 524 823	2 324 460
Basis for calculation of diluted earnings per share	**66 338 967**	**69 498 518**

BASIS FOR CALCULATION OF DILUTED EARNINGS PER SHARE

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Profit attributable to shareholders of Swiss Prime Site AG	285 763	355 905
Interests on convertible bonds, amortisation of proportional costs and tax effects	6 118	4 370
Relevant profit for calculation of diluted earnings per share	**291 881**	**360 275**

EARNINGS AND NAV PER SHARE

in CHF	01.01.– 31.12.2014	01.01.– 31.12.2015
Earnings per share (EPS)	4.72	5.30
Diluted earnings per share	4.40	5.18
Shareholders' equity per share (NAV) before deferred taxes[1]	84.77	85.83
Shareholders' equity per share (NAV) after deferred taxes[1]	69.06	71.15

[1] Non-controlling interests recognised in shareholders' equity were not included in the calculation of the NAV.

28 FUTURE OBLIGATIONS AND CONTINGENT LIABILITIES

in CHF 1 000	31.12.2014	31.12.2015
2015	73 197	–
2016	8 290	41 570
2017	400	16 592
Total future obligations based on total contractor agreements	**81 887**	**58 162**

Swiss Prime Site concluded agreements with various total contractors for the construction of new and modified buildings within the scope of new construction activities as well as restructuring and renovation of existing properties. The due dates for the respective residual payments for these total contractor agreements are shown in the table above. The relevant properties were as follows:

Properties	Planned completion	31.12.2014 Outstanding payments in CHF 1 000	31.12.2015 Outstanding payments in CHF 1 000
Basel, Freie Strasse 68/Motel One	2016	–	3 835
Basel, Hochbergerstrasse 60a	2015	980	–
Bellinzona, Via San Gottardo 99–99b[1]	2016	20 700	–
Berne, Wankdorfallee 4/Espace Post	2014	4 616	–
Berne, Weltpoststrasse 5/Murifeld	2015	3 189	–
Grand-Lancy, Route des Jeunes 10/CCL La Praille	2014	212	–
Neuchâtel, Rue du Temple-Neuf 14	2014	413	–
Zurich, Brandschenkestrasse 25/Motel One	2017	7 755	43 517
Zurich, Etzelstrasse 14	2017	–	10 810
Zurich, Flurstrasse 55/Flurpark	2015	15 466	–
Zurich, Hagenholzstrasse 60/SkyKey	2014	4 919	–
Zurich, Maaghof North and East[1]	2015	23 637	–
Total outstanding payments/future obligations		**81 887**	**58 162**

[1] sold in 2015

Operating lease agreements

As at the balance sheet date, the following future obligations relating to land lease payments, leasing of office equipment as well as renting office, retail and residential floor space, as well as owner-occupied properties in the Assisted Living segment were in effect:

in CHF 1 000	31.12.2014	31.12.2015
Lease expenses up to 1 year	33 693	53 262
Lease expenses from 1 year up to 5 years	74 894	235 117
Lease expenses over 5 years	363 366	769 652
Total future lease expenses	**471 953**	**1 058 031**

In the reporting period, CHF 41.698 million [CHF 35.582 million] in real estate costs including land lease expenses as well as CHF 0.835 million [CHF 0.871 million] in lease expenses for the rental of office equipment were recognised in other operating expenses.

Contingent liabilities

Since end-2013, there was a contingent liability related to an unresolved difference of opinion with the Swiss Federal Tax Administration (FTA). This claim is linked to the reporting procedure surrounding withholding tax on dividend distributions within the group. Notwithstanding what we view as proper and timely reporting of the distributions in 2012, four subsidiaries received requests for effective payment of the withholding tax and interest on arrears toward the end of 2013 and beginning of 2014. Due to the risk of substantial interest on arrears, Swiss Prime Site paid the withholding tax on 24 December 2013 as a precautionary measure, which was subsequently reimbursed by the FTA on 10 January 2014.

Swiss Prime Site filed an objection to the decision that was issued by the FTA. Based on a legal opinion, the Company believes that there are no legitimate or legal grounds for either the subsequent imposition of withholding taxes or the obligation to effect payment of interest on arrears. Although Swiss Prime Site is convinced that its actions are appropriate and is attempting to legally assert its point of view, a litigation risk exists. According to internal calculations, the interest on arrears would amount to a maximum of CHF 25.0 million in the case that a final decision in favour of the FTA is taken. Since the outcome of the dispute is still uncertain and the extent of the amounts to be ultimately paid in case of a negative outcome cannot be reliably determined at present due to the various possible outcome scenarios, the Company has waived setting up a provision, in accordance with IAS 37.

There were no other contingent liabilities at the balance sheet date, neither securities nor guarantees.

29 PLEDGED ASSETS

in CHF 1 000	31.12.2014	31.12.2015
Fair value of affected investment properties	8 378 215	7 907 295
Fair value of affected owner-occupied properties	609 266	702 728
Nominal value of pledged mortgage notes	5 032 102	4 718 030
Current claim (nominal)	3 605 500	3 118 850

30 TRANSACTIONS WITH RELATED PARTIES

Related parties are regarded as the Board of Directors, the Executive Board, the group companies, the pension fund foundations of the group, the associated companies and their subsidiaries as well as the Swiss Prime Investment Foundation.

Board of Directors and Executive Board
Disclosure of the following fixed compensation to members of the Board of Directors and the fixed and variable compensation to the Executive Board was based on the accrual principle (i.e. recognised in the relevant period, regardless of cash flow).

The compensation paid to the Board of Directors as well as the variable compensation paid to the Executive Board members and members of management employed by Swiss Prime Site Group AG are effected at 50% in the form of Swiss Prime Site AG shares. For the other members of the Executive Board, drawing shares of up to 25% of the variable compensation is optional. The corresponding expense was reported as share-based compensation. The number of Swiss Prime Site AG shares granted to the members of the Board of Directors was determined using the closing price as at the end of the previous year (or as at the beginning of the financial year) of CHF 73.00 [CHF 69.05], less 10% discount to CHF 65.70 [CHF 62.15]. The shares are subject to blocking for periods of four and three years for members of the Board of Directors and Executive Board, respectively.

COMPENSATION TO THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

in CHF 1 000	2014	2015
Fixed compensation in cash, gross	4 844	4 459
Variable compensation in cash, gross	1 140	1 214
Share-based variable compensation[1]	1 401	1 385
Termination benefits[2]	1 500	–
Other compensation component[2]	64	172
AVS/invalidity insurance contributions	605	473
Other social security contributions	492	503
Total compensation to the Board of Directors and the Executive Board	**10 046**	**8 206**
Expense allowance	99	120

[1] The shares are subject to blocking for four years (Board of Directors) respectively three years (Executive Board)
[2] including AVS/invalidity insurance contributions and other social security contributions of CHF 0.397 m

Options
There were no outstanding or allocated options as at the balance sheet date.

Additional fees and compensation
No additional fees and compensation were paid.

Loans to members of governing bodies

There were no outstanding loans to governing bodies as at the balance sheet date.

Other related parties

There were existing current accounts payable relative to various pension funds and the SPS and Jelmoli welfare foundation of CHF 1.033 million [CHF 0.916 million]. An amount of CHF 0.197 million [CHF 0.076 million] was settled with the SPS and Jelmoli welfare foundation for services.

Income from asset management and other real estate services with the Swiss Prime Investment Foundation (founded in 2015) amounted to CHF 7.942 million. Swiss Prime Site Group sold a real estate package to the Swiss Prime Investment Foundation in the reporting period, comprising eight properties at a price of CHF 411.467 million. This one-time package transaction under related parties was approved by the supervisory authority of the Swiss Prime Investment Foundation and executed at market conditions. The price determined for the transaction was based on estimates from three independent appraisal experts.

A condominium was sold to Markus Graf, CEO of Swiss Prime Site Group until 31 December 2015, at a price of CHF 1.230 million. The sale was executed at market conditions and is included in the income statement in income from the sale of trading properties.

There were no additional transactions with other related parties carried out either in the reporting period or previous period.

31 GROUP COMPANIES AND ASSOCIATES

Swiss Prime Site AG holds the following investments in group companies

FULLY CONSOLIDATED INVESTMENTS IN GROUP COMPANIES (DIRECT OR INDIRECT)

	Purpose	31.12.2014 Share capital in CHF 1 000	Shareholding in %	31.12.2015 Share capital in CHF 1 000	Shareholding in %
Clouds Gastro AG, Zurich[1]	Restaurant business	500	100.0	n/a	n/a
Ensemble artisanal et commercial de Riantbosson S.A., Olten[2]	Real estate company	1 000	57.4	1 000	100.0
Jelmoli AG, Zurich	Retail company	6 600	100.0	6 600	100.0
Perlavita AG, Zurich	Services provider in the residential sector, particularly assisted living	100	100.0	100	100.0
Perlavita Rosenau AG, Kirchberg	Operation of private senior residence and care facility with related services	300	100.0	300	100.0
SENIOcare AG, Wattwil[3]	Operation, maintenance and creation of senior, residential and geriatric care accommodation	–	–	2 400	100.0
SPS Beteiligungen Alpha AG, Olten	Investment company	650 000	100.0	650 000	100.0
SPS Beteiligungen Beta AG, Olten	Investment company	450 000	100.0	450 000	100.0
SPS Beteiligungen Gamma AG, Olten	Investment company	300 000	100.0	300 000	100.0
SPS Immobilien AG, Olten	Real estate company	50 000	100.0	50 000	100.0
Swiss Prime Site Fund Advisory AG II, Olten[4]	Management, administration and general partner of a collective investment scheme	100	100.0	100	100.0
Swiss Prime Site Group AG, Olten	Services company	100	100.0	100	100.0
Tertianum AG, Zurich	Services provider in the residential sector, particularly assisted living	9 562	100.0	9 562	100.0
Vitadomo AG, Zurich[5]	Services provider in the residential sector, particularly assisted living	100	100.0	100	100.0
WGDM Papillon AG, Winterthur[6]	Geriatric care for people afflicted with dementia in shared accomodation	–	–	100	100.0
Wincasa AG, Winterthur	Real estate services company	1 500	100.0	1 500	100.0
Wohn- und Pflegezentrum Salmenpark AG, Rheinfelden[3]	Operation of senior residences and geriatric care facilities	–	–	1 000	51.0

[1] merged with SPS Immobilien AG as at 15.06.2015
[2] increase shareholding interest to 100% as at 17.12.2015
[3] acquisition as at 01.10.2015
[4] founded as at 28.03.2014
[5] founded as at 05.11.2014
[6] acquisition as at 01.07.2015

INVESTMENTS IN ASSOCIATES VALUED ACCORDING TO THE EQUITY METHOD

	Purpose	31.12.2014 Share capital in CHF 1 000	Shareholding in %	31.12.2015 Share capital in CHF 1 000	Shareholding in %
Parkgest Holding S.A., Geneva	Parking	4 750	38.8	4 750	38.8
Parking Riponne S.A., Lausanne	Parking	5 160	27.1	5 160	27.1

32 MAJOR SHAREHOLDERS

Major shareholders (shareholding interest > 3%)	31.12.2014 Shareholding interest in %	31.12.2015 Shareholding interest in %
BlackRock Investment Management (UK) Ltd., London	5.0	4.4
State Street Corporation, Boston	4.9	4.0
Credit Suisse Funds AG, Zurich	4.5	3.5

33 RISK MANAGEMENT

Principles

Swiss Prime Site places significant emphasis on its approach toward seizing opportunities and managing risks. The Company has therefore implemented a systematic and continuous risk management process. The objective of Swiss Prime Site's risk management is based on examining strategies and operating activities according to opportunities and risks, assessing the identified risks and controlling these risks with appropriate measures. At the same time, the focal point is directed at adequately mitigating any relevant potential losses, as well as consciously seizing opportunities. Risk management therefore provides a significant contribution to the continuity and successful development of the Company. The principles and processes of risk management are set out in separate regulations.

Risk management is an ongoing process in which all of the Company's employees are basically involved. The responsibility is assigned at appropriate levels to the various entities of the Company such as the Board of Directors and Executive Board, etc. Swiss Prime Site has divided the risk management process into the following sub-processes, in conformity with internationally recognised risk management frameworks:

> Risk identification
> Risk analysis and evaluation
> Determination of risk-response strategy
> Implementation of risk management and control measures
> Risk communication and monitoring

The various risks are monitored and controlled by several Swiss Prime Site bodies and departments, as follows:

> Board of Directors
> Audit Committee of the Board of Directors
> Members of executive management identified as risk owners
> Internal risk management
> Internal audit

Risk types

Swiss Prime Site's businesses are subject to specific risks that can be divided into the following primary categories (list is not exhaustive):

> real estate-specific risks
> environmental risks and risks associated with contamination
> risks associated with construction activities
> market risk and diversification
> valuation risks
> credit, refinancing and liquidity risks (Note 34)
> risks associated with the real estate services business
> retail business-specific risks
> risks associated with the assisted living sector
> regulatory and fiscal risks
> risks associated with litigation

These risks are addressed by means of appropriate selection and diversification of properties and tenants, adjustments of the expiry profile of rental agreements, constructional measures, finance assurances, the degree of indebtedness, as well as regular monitoring of processes and procedures.

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

in CHF 1 000	Fair value level 1	Fair value level 2	Fair value level 3	Total levels	31.12.2015 Book value
Cash (without cash in hand)					**232 485**
Accounts receivable					80 432
Current accounts receivable					574
Other receivables					26 564
Non-current financial investments		254	134	388	1 261
Total receivables and non-current financial investments					**108 831**
Total financial assets, not recognised at fair value					**341 316**
Securities	482			482	482
Total financial assets held for trading					**482**
Total financial assets at fair value					**482**
Accounts payable					13 307
Current financial liabilities					382 000
Other current liabilities					127 688
Other non-current financial liabilities					11 291
Mortgage-backed loans			2 913 692	2 913 692	2 737 525
Convertible bonds	192 806			192 806	189 589
Bonds	987 855			987 855	940 672
Total financial liabilities at amortised cost					**4 402 072**
Total financial liabilities, not recognised at fair value					**4 402 072**
Derivatives with negative fair value		6 871		6 871	6 871
Total financial liabilities held for trading					**6 871**
Total financial liabilities at fair value					**6 871**

in CHF 1 000	Fair value level 1	Fair value level 2	Fair value level 3	Total levels	31.12.2014 Book value
Cash (without cash in hand)					**254 587**
Accounts receivable					126 097
Current accounts receivable					587
Other receivables					6 301
Other non-current receivables		1 076		1 076	425
Non-current financial investments		255	134	389	1 261
Total receivables and non-current financial investments					**134 671**
Total financial assets, not recognised at fair value					**389 258**
Securities	477			477	477
Total financial assets held for trading					**477**
Total financial assets at fair value					**477**
Accounts payable					16 151
Current financial liabilities					486 500
Other current liabilities					138 772
Other non-current financial liabilities			2 093	2 093	2 093
Mortgage-backed loans			3 324 656	3 324 656	3 120 824
Convertible bonds	425 491			425 491	416 620
Bonds	975 253			975 253	939 784
Total financial liabilities at amortised cost					**5 120 744**
Total financial liabilities, not recognised at fair value					**5 120 744**
Derivatives with negative fair value		9 484		9 484	9 484
Total financial liabilities held for trading					**9 484**
Total financial liabilities at fair value					**9 484**

No fair value information was disclosed for financial instruments such as current receivables and liabilities since their relevant book values represent an appropriate approximation of the fair value.

Non-current financial investments includes two [two] fixed-rate loans amounting to CHF 0.385 million [CHF 0.385 million] with a residual term of up to eight [nine] years and an interest rate of 0% to 6%.

The following table shows the valuation techniques used to determine the fair value at level 2 and level 3, as well as the significant, unobservable input factors:

FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE

Nature	Derivatives (swaps and caps)
Valuation technique	Market comparison process: Fair value is based on brokers' listed prices. Similar contracts are traded on an active market, and the listed prices reflect the actual transactions for similar instruments.

FINANCIAL INSTRUMENTS NOT RECOGNISED AT FAIR VALUE

Nature	Other non-current receivables, non-current financial investments, mortgage-backed loans
Valuation technique	Discounted cash flows

The valuation techniques remained unchanged year-on-year.

Financing and liquidity risks

Financial risk and capital management are addressed in accordance with the following principles of capital structure and interest commitment as determined by the Board of Directors in the investment regulations:

> a maximum average of 65% borrowed capital may be used to finance the real estate portfolio
> the equity ratio target is 40%, although the Board of Directors can approve a shortfall of this ratio
> a return on equity (ROE) of 6% to 8% is targeted in the long term
> borrowing with a residual term to maturity of less than one year should account for a maximum of 50% of financial liabilities
> the objective is a balanced maturity profile of the financial liabilities

SELECTED GROUP KEY FIGURES

in %	31.12.2014	31.12.2015
Loan-to-value ratio for the property portfolio[1]	50.7	44.0
Non-current financial liabilities relative to property portfolio[1]	43.7	38.1
Current financial liabilities relative to overall financial liabilities	14.4	13.4
Current assets relative to current liabilities	70.0	45.9
Equity ratio	39.6	46.4
Borrowed capital ratio	60.4	53.6
Return on equity (ROE)	7.0	7.6
Return on invested capital (ROIC)	3.7	4.3

[1] without derivatives

To minimise refinancing risk on the part of lenders and to avoid cluster risks, diversification of lenders receives particular attention when borrowing capital.

Interest commitment is determined, among other things, by taking into account the maturity structure of the existing rental agreements, the intended purchases and sales of properties, and the potential trends in market rents, inflation and interest rates.

Liquidity risk is the risk that Swiss Prime Site may not be in a position to meet its contractual financial obligations through providing means of payment or other financial assets. Current income basically ensures sufficient cash flow to meet current obligations. Any lack of liquidity is financed through current loans.

Sight deposits are invested in secure investments. Foreign currencies are immaterial. Cash and cash equivalents are kept as low as possible and are used primarily to redeem loans. The goal is to invest available cash in real estate. To secure larger liabilities, non-secured but open credit lines are available. The Executive Board is responsible for the timely provision of the required cash. Hence, the Executive Board complies with, among others, the provisions of the investment regulations and use of rolling liquidity planning as a tool. The Board of Directors monitors compliance with the provisions of the investment regulations.

Overview of future contractual cash outflows (including interest) from all financial liabilities:

in CHF 1 000	31.12.2015 Book value	Contractual cash flows	< 6 months Interest	< 6 months Amort-isation	6 to 12 months Interest	6 to 12 months Amort-isation	1 to 2 years Interest	1 to 2 years Amort-isation	2 to 5 years Interest	2 to 5 years Amort-isation	> 5 years Interest	> 5 years Amort-isation
Accounts payable	13 307	13 307	–	13 307	–	–	–	–	–	–	–	–
Current financial liabilities	572 105	580 654	6 038	339 608	1 750	233 258	–	–	–	–	–	–
Other current liabilities	127 171	127 176	3	127 092	2	79	–	–	–	–	–	–
Non-current financial liabilities	3 689 488	4 051 951	37 812	–	37 811	–	69 035	513 777	153 495	1 504 433	60 656	1 674 932
Total non-derivative financial liabilities	**4 402 071**	**4 773 088**	**43 853**	**480 007**	**39 563**	**233 337**	**69 035**	**513 777**	**153 495**	**1 504 433**	**60 656**	**1 674 932**
Derivatives with negative fair values	6 871	6 871	–	1 812	–	1 832	–	934	–	2 071	–	222
Total derivative financial liabilities	**6 871**	**6 871**	**–**	**1 812**	**–**	**1 832**	**–**	**934**	**–**	**2 071**	**–**	**222**
Total financial liabilities	**4 408 942**	**4 779 959**	**43 853**	**481 819**	**39 563**	**235 169**	**69 035**	**514 711**	**153 495**	**1 506 504**	**60 656**	**1 675 154**

in CHF 1 000	31.12.2014 Book value	Contractual cash flows	< 6 months Interest	< 6 months Amort-isation	6 to 12 months Interest	6 to 12 months Amort-isation	1 to 2 years Interest	1 to 2 years Amort-isation	2 to 5 years Interest	2 to 5 years Amort-isation	> 5 years Interest	> 5 years Amort-isation
Accounts payable	16 151	16 151	–	16 151	–	–	–	–	–	–	–	–
Current financial liabilities	714 300	721 637	4 792	499 620	1 225	216 000	–	–	–	–	–	–
Other current liabilities	138 772	138 772	–	138 772	–	–	–	–	–	–	–	–
Non-current financial liabilities	4 251 522	4 709 446	44 422	–	45 159	–	83 274	572 350	182 044	1 452 000	100 197	2 230 000
Total non-derivative financial liabilities	**5 120 745**	**5 586 006**	**49 214**	**654 543**	**46 384**	**216 000**	**83 274**	**572 350**	**182 044**	**1 452 000**	**100 197**	**2 230 000**
Derivatives with negative fair values	9 484	10 560	–	3 342	–	2 575	–	2 618	–	1 438	–	587
Total derivative financial liabilities	**9 484**	**10 560**	**–**	**3 342**	**–**	**2 575**	**–**	**2 618**	**–**	**1 438**	**–**	**587**
Total financial liabilities	**5 130 229**	**5 596 566**	**49 214**	**657 885**	**46 384**	**218 575**	**83 274**	**574 968**	**182 044**	**1 453 438**	**100 197**	**2 230 587**

The weighted average residual term to maturity of all interest-bearing financial liabilities was 4.4 [4.7] years due to the contractual maturities.

Currency risks

Currency risk is the risk that movements in the exchange rates could have an effect on the profit or book value of the financial instruments held by Swiss Prime Site. There is currently no significant currency risk.

Credit risks

Credit risk is the risk that Swiss Prime Site suffers financial losses if a customer or counterparty of a financial instrument does not meet its contractual obligations. In order to minimise counterparty risk, the particular counterparties for concluding derivative financial instrument transactions are diligently selected in terms of credit ratings and diversification. The quality of the transactions and settlements is subject to monitoring on an ongoing basis. In order to achieve a positive impact on cash flows, outstanding debt risk is managed through active debt management.

Rent defaults are prevented as far as possible by maintaining a balanced tenant mix and avoiding dependencies on major tenants. First, arrears are prevented by performing strict credit rating checks before entering into a contract. Second, efficient debt collection and legal case reporting by the property managers ensure that debt levels are kept as low as possible.

The threat of outstanding debt risks is influenced by general economic development. As a result, it is possible that tenants have a good credit rating at the time of signing a contract, but then run into payment difficulties if the economic situation deteriorates.

Credit risk is limited to the book value of the relevant financial assets.

MAXIMUM DEFAULT RISKS

in CHF 1 000	31.12.2014	31.12.2015
Cash (without cash in hand)	254 587	232 485
Securities	477	482
Accounts receivable	126 097	80 432
Current accounts receivable	587	574
Other receivables	6 301	26 564
Other non-current receivables	425	–
Non-current financial investments	1 261	1 261
Maximum credit risk	**389 735**	**341 798**

Interest risks

Interest risk is the risk that movements in interest rates can have an effect on the profit and/or fair value of the financial instruments held by Swiss Prime Site.

FIXED AND VARIABLE INTEREST-BEARING FINANCIAL INSTRUMENTS

in CHF 1 000	31.12.2014	31.12.2015
Fixed interest-bearing financial instruments		
Financial assets	1 686	1 261
Financial liabilities	4 859 970	4 266 164
Surplus of fixed interest-bearing financial liabilities	**4 858 284**	**4 264 903**
Variable interest-bearing financial instruments		
Financial assets	254 587	232 485
Financial liabilities	110 000	–
Surplus of variable interest-bearing financial assets	**144 587**	**232 485**

Interest risk is continuously monitored and assessed by the Executive Board. Depending on the expected trends in long-term interest rates and taking into account the current market environment, an individual decision as to the term to maturity is made with each refinancing. At the same time, particular attention is paid to a balanced maturity profile, and the entire interest exposure is continuously taken into account. Derivatives are used as well.

The group's cash is invested on a short-term basis. For more information regarding interest-bearing borrowed capital, see Note 23 «Financial liabilities».

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES CATEGORISED BY INTEREST RATE

in CHF 1 000	31.12.2014 Total nominal value	31.12.2015 Total nominal value
Financial liabilities up to 1.00%	201 800	91 800
Financial liabilities up to 1.50%	696 000	695 850
Financial liabilities up to 2.00%	1 336 070	1 106 950
Financial liabilities up to 2.50%	1 284 400	1 249 400
Financial liabilities up to 3.00%	729 000	729 630
Financial liabilities up to 3.50%	275 500	100 000
Financial liabilities up to 4.00%	413 200	257 200
Financial liabilities up to 4.50%	34 000	34 000
Financial liabilities up to 5.00%	–	1 334
Total financial liabilities	**4 969 970**	**4 266 164**

The weighted average interest rate for all interest-bearing financial liabilities amounted to 2.1% [2.2%]. The loans were mainly obtained at fixed interest rates.

Interest rate sensitivity of fixed interest-bearing financial instruments
Swiss Prime Site has not recognised any fixed interest-bearing financial instruments at fair value in the balance sheet. Therefore, a change in interest rates would not influence comprehensive income.

Interest rate sensitivity of variable interest-bearing financial instruments
The following sensitivity analysis is based on the book values of variable interest-bearing financial instruments as at the balance sheet date and shows how the interest result would change if the interest level increased or decreased by 0.5%.

in CHF 1 000	2014	2015
Change of interest result with increase of interest rate by 0.50%	703	752
Change of interest result with decrease of interest rate by 0.50%	–703	–752

Derivatives and hedge accounting

Swiss Prime Site utilises various derivatives (swaps and caps) for the purpose of partial interest fixing of variable interest-bearing financial liabilities. Hedge accounting in the context of IAS 39 «Financial instruments: recognition and measurement» is not used. Swaps are balanced on a net basis.

Other price risk

Other price risk is the risk of changes in fair value of securities, which can have an effect on the fair value of securities held by Swiss Prime Site as well as on profit.

A change in the fair value of securities amounting to 10% would accordingly increase or decrease profit by CHF 0.048 million [CHF 0.048 million]. The fair value of securities corresponds to the listing price as at the balance sheet date.

35 EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for publication by the Board of Directors on 7 March 2016. They are subject to the approval of the Annual General Meeting of Swiss Prime Site AG of 12 April 2016.

As at 29 February 2016, 100% of the shares in Boas Senior Care were acquired at a provisionally determined acquisition price of roughly CHF 70 million. Because the closing of the transaction had occurred just shortly before the approval of publication of these consolidated financial statements, the initial recognition of the business combination was not yet carried out in the balance sheet. In order to secure the transaction, Swiss Prime Site effected an advance payment of CHF 20 million already in 2015, in the form of a loan (other current receivables), which was offset against the acquisition price payment. The acquisition paves the way for Tertianum Group to achieve comprehensive geographic coverage of Switzerland in the assisted living sector and further extend its market leadership. Boas Senior Care realised revenues of roughly CHF 70 million in 2014 and manages a total of 15 operating facilities with 632 geriatric care beds and 176 apartments.

There were no other events occurring between 31 December 2015 and the date of publication of these consolidated financial statements that would result in adjustment of the carrying amounts of the group's assets and liabilities as at 31 December 2015, or which would need to be disclosed at this point.

FINANCIAL STATE MENTS

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF SWISS PRIME SITE AG, OLTEN

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Swiss Prime Site AG, which comprise the income statement, balance sheet and notes (pages 86 to 94) for the year ended 31 December 2015.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit.
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Jürg Meisterhans	Claudius Rüegsegger
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, 7 March 2016

INCOME STATEMENT

in CHF 1 000	Notes	01.01.– 31.12.2014	01.01.– 31.12.2015
Dividend income	2.1	20 000	173 000
Other financial income	2.2	90 309	72 778
Other operating income		–3	2
Total operating income		**110 306**	**245 780**
Financial expenses	2.3	–101 703	–97 751
Personnel costs		–1 552	–1 725
Other operating expenses	2.4	–5 182	–6 131
Total operating expenses		**–108 437**	**–105 607**
Result before taxes		**1 869**	**140 173**
Direct taxes		–	–
Profit	**4**	**1 869**	**140 173**

BALANCE SHEET

in CHF 1 000	Notes	31.12.2014	31.12.2015
Assets			
Cash		45 527	24 856
Securities with market price		204	213
Other current receivables	2.5	20 193	173 291
Accrued income and prepaid expenses		2 000	1 616
Total current assets		**67 924**	**199 976**
Financial investments	2.6	2 827 477	2 496 075
Investments in subsidiaries	2.7	4 029 072	4 029 072
Accrued income and prepaid expenses		4 693	3 439
Total non-current assets		**6 861 242**	**6 528 586**
Total assets		**6 929 166**	**6 728 562**
Liabilities and shareholders' equity			
Current interest-bearing liabilities	2.8	715 620	522 350
Other current liabilities	2.9	8 521	7 846
Accrued expenses and deferred income		816	448
Total current liabilities		**724 957**	**530 644**
Non-current interest-bearing liabilities	2.10	3 995 850	3 473 350
Other non-current liabilities		9 093	6 399
Total non-current liabilities		**4 004 943**	**3 479 749**
Total liabilities		**4 729 900**	**4 010 393**
Share capital		930 555	1 065 668
Statutory reserves			
Statutory reserves from capital contributions		765 507	1 009 132
Legal retained earnings			
Reserves for treasury shares		–	3
Other legal retained earnings		147 378	147 375
Voluntary retained earnings			
Balance sheet profit	4	194 998	335 171
Other voluntary retained earnings		161 025	161 025
Treasury shares	2.11	–197	–205
Total shareholders' equity		**2 199 266**	**2 718 169**
Total liabilities and shareholders' equity		**6 929 166**	**6 728 562**

1 PRINCIPLES OF ACCOUNTING AND VALUATION

1.1 General

The financial statements of Swiss Prime Site AG, Olten, were prepared according to the provisions of Swiss Accounting Law (Section 32 of the Swiss Code of Obligations (CO)). The significantly applicable valuation principles that are not stipulated by law are described in the following section.

1.2 Securities

Short-term held securities are valued at the stock exchange price on the balance sheet date. Formation of a fluctuation reserve has been waived.

1.3 Interest-bearing liabilities

Interest-bearing liabilities are recognised in the balance sheet at nominal value. The discounts on the bonds and convertible bonds as well as issue costs are recorded in accrued income and prepaid expenses and amortised over the term to maturity of the bonds or convertible bonds.

1.4 Treasury shares

Treasury shares are recognised in the balance sheet at the time of acquisition at historical costs as a minus position in shareholders' equity. Given future re-divestment of the shares, the profit or loss is recorded as financial income or financial expense, respectively, affecting net income.

1.5 Share-based compensation

When treasury shares are used for share-based compensation to Board of Directors members and employees, the value of the allocated shares is posted as personnel costs. Any difference versus the book value is posted to the financial result.

1.6 Dispensation of cash flow statement and additional information in the Notes

In view of the fact that Swiss Prime Site AG prepares its consolidated financial statements according to recognised accounting standards (International Financial Reporting Standards (IFRS)), the Company has dispensed with providing information in the Notes regarding interest-bearing liabilities and audit fees as well as the presentation of a cash flow statement.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT POSITIONS

2.1 Dividend income

Dividend income includes the dividends of SPS Beteiligungen Alpha AG of CHF 173.000 million [CHF 20.000 million] for the financial year 2015. The dividends were recognised as receivables. This approach was permitted since the companies close their accounts on the same balance sheet date, and the resolution to pay the dividend was passed.

2.2 Other financial income

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Interests on loans from group companies	89 178	70 059
Valuation of financial instruments	936	2 696
Other financial income	195	23
Total	**90 309**	**72 778**

2.3 Financial expenses

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Interests on loans	– 84 973	– 76 927
Interest expenses on bonds and convertible bonds	– 14 272	– 18 621
Amortisation of cost of bonds and convertible bonds	– 2 270	– 1 697
Other financial expenses	– 188	– 506
Total	**– 101 703**	**– 97 751**

2.4 Other operating expenses

in CHF 1 000	01.01.– 31.12.2014	01.01.– 31.12.2015
Administration costs	– 2 948	– 3 833
Capital taxes	– 204	– 250
Other operating expenses	– 2 030	– 2 048
Total	**– 5 182**	**– 6 131**

2.5 Other current receivables

in CHF 1 000	31.12.2014	31.12.2015
Other current receivables from third parties	193	273
Other current receivables from group companies	20 000	173 018
Total	**20 193**	**173 291**

2.6 Financial investments

in CHF 1 000	31.12.2014	31.12.2015
Loans to group companies	2 827 477	2 496 075
Total	**2 827 477**	**2 496 075**

2.7 Investments in subsidiaries

DIRECT INVESTMENTS IN SUBSIDIARIES

	31.12.2014 Share capital in CHF 1 000	31.12.2014 Shareholding interest in %	31.12.2015 Share capital in CHF 1 000	31.12.2015 Shareholding interest in %
SPS Beteiligungen Alpha AG, Olten	650 000	100.0	650 000	100.0

INDIRECT INVESTMENTS IN SUBSIDIARIES

	31.12.2014 Share capital in CHF 1 000	31.12.2014 Shareholding interest in %	31.12.2015 Share capital in CHF 1 000	31.12.2015 Shareholding interest in %
Clouds Gastro AG, Zurich[1]	500	100.0	n/a	n/a
Ensemble artisanal et commercial de Riantbosson S.A., Olten	1 000	57.4	1 000	100.0
Jelmoli AG, Zurich	6 600	100.0	6 600	100.0
Parkgest Holding S.A., Geneva	4 750	38.8	4 750	38.8
Parking Riponne S.A., Lausanne	5 160	27.1	5 160	27.1
Perlavita AG, Zurich	100	100.0	100	100.0
Perlavita Rosenau AG, Kirchberg	300	100.0	300	100.0
SENIOcare AG, Wattwil	–	–	2 400	100.0
SPS Beteiligungen Beta AG, Olten	450 000	100.0	450 000	100.0
SPS Beteiligungen Gamma AG, Olten	300 000	100.0	300 000	100.0
SPS Immobilien AG, Olten	50 000	100.0	50 000	100.0
Swiss Prime Site Fund Advisory AG II, Olten	100	100.0	100	100.0
Swiss Prime Site Group AG, Olten	100	100.0	100	100.0
Tertianum AG, Zurich	9 562	100.0	9 562	100.0
Vitadomo AG, Zurich	100	100.0	100	100.0
WGDM Papillon AG, Winterthur	–	–	100	100.0
Wincasa AG, Winterthur	1 500	100.0	1 500	100.0
Wohn- und Pflegezentrum Salmenpark AG, Rheinfelden	–	–	1 000	51.0

[1] merged with SPS Immobilien AG as at 15.06.2015

2.8 Current interest-bearing liabilities

in CHF 1 000	31.12.2014	31.12.2015
Convertible bonds	229 120	190 350
Other current interest-bearing liabilities	486 500	332 000
Total	**715 620**	**522 350**

Further information regarding bonds and convertible bonds can be found in Notes 3.2 «Convertible Bonds» and 3.3 «Bonds».

2.9 Other current liabilities

in CHF 1 000	31.12.2014	31.12.2015
Other current liabilities to group companies	433	221
Other current liabilities to shareholders	115	134
Other current liabilities to third parties	7 973	7 491
Total	**8 521**	**7 846**

2.10 Non-current interest-bearing liabilities

in CHF 1 000	31.12.2014	31.12.2015
Convertible bonds	190 350	–
Bonds	945 000	945 000
Other non-current interest-bearing liabilities	2 860 500	2 528 350
Total	**3 995 850**	**3 473 350**

Maturity structure of non-current interest-bearing liabilities

in CHF 1 000	31.12.2014	31.12.2015
Up to five years	1 874 350	1 831 850
Over five years	2 121 500	1 641 500
Total	**3 995 850**	**3 473 350**

2.11 Treasury shares

As at the balance sheet date, Swiss Prime Site AG held 2 741 [2 682] treasury shares. Swiss Prime Site Group AG additionally held 39 [0] shares of Swiss Prime Site AG, as at the balance sheet date. Purchases and sales were carried out at the applicable daily market rate.

Change in number of treasury shares	Volume-weighted average share price in CHF	2014 Number of treasury shares	Volume-weighted average share price in CHF	2015 Number of treasury shares
Holdings of treasury shares on 01.01.	–	18 916	–	2 682
Purchases at the volume-weighted average share price	73.62	10 000	74.95	9 600
Share-based compensation	71.76	– 10 085	74.95	– 9 541
Sales at the volume-weighted average share price[1]	68.52	– 16 149	–	–
Holdings of treasury shares on 31.12.	–	2 682	–	2 741

[1] sales to group companies for share-based compensation

3 ADDITIONAL INFORMATION

3.1 Full-time positions

Swiss Prime Site AG has no employees.

3.2 Convertible bonds

	in	CHF 300 m 2015	CHF 190.35 m 2016
Issuing volume, nominal	CHF m	300.000	190.350
Book value as at 31.12.2015	**CHF m**	**0.000**	**190.350**
Book value as at 31.12.2014	CHF m	229.120	190.350
Conversion price	CHF	70.97	81.89
Interest rate	%	1.875	1.875
Term to maturity	Years	5	5
Maturity	Date	20.01.2015	21.06.2016
Securities number		10 877 415 (SPS10)	13 119 623 (SPS11)

3.3 Bonds

	in	CHF 115 m 2018	CHF 200 m 2019	CHF 230 m 2020	CHF 300 m 2021	CHF 100 m 2024
Issuing volume, nominal	CHF m	115.000	200.000	230.000	300.000	100.000
Book value as at 31.12.2015	**CHF m**	**115.000**	**200.000**	**230.000**	**300.000**	**100.000**
Book value as at 31.12.2014	CHF m	115.000	200.000	230.000	300.000	100.000
Interest rate	%	1.125	1.0	2.0	1.75	2.0
Term to maturity	Years	5	5	7	7	10
Maturity	Date	11.07.2018	10.12.2019	21.10.2020	16.04.2021	10.12.2024
Securities number		21 564 566 (SPS13)	25 704 216 (SPS141)	21 565 073 (SPS131)	23 427 449 (SPS14)	25 704 217 (SPS142)

3.4 Shareholding rights for Board of Directors and Executive Board

Number of shares	31.12.2014	31.12.2015
Board of Directors		
Prof. Dr. Hans Peter Wehrli, Chairman of the BoD	28 376	33 657
Dr. Thomas Wetzel, Vice-Chairman of the BoD	2 341	2 652
Christopher M. Chambers, member of the BoD	40 415	45 528
Dr. Bernhard Hammer, member of the BoD	7 702	9 746
Dr. Rudolf Huber, member of the BoD	19 526	22 756
Mario F. Seris, member of the BoD	6 849	8 818
Klaus R. Wecken, member of the BoD	820 000	900 000
Executive Board		
Markus Graf, member of the Executive Board (CEO)[1]	35 169	31 683
René Zahnd, member of the Executive Board (CEO)[2]	n/a	–
Markus Meier, member of the Executive Board (CFO)[3]	n/a	2 519
Peter Wullschleger, member of the Executive Board (CFO) and secretary of the BoD[4]	11 000	n/a
Peter Lehmann, member of the Executive Board (CIO)	9 294	13 001
Oliver Hofmann, member of the Executive Board and CEO of Wincasa AG	–	–
Franco Savastano, member of the Executive Board and CEO of Jelmoli – The House of Brands	–	–
Dr. Luca Stäger, member of the Executive Board and CEO of Tertianum AG	–	770
Total share ownership	**980 672**	**1 071 130**

[1] until 31.12.2015
[2] since 01.01.2016
[3] since 01.06.2015
[4] until 31.12.2014

3.5 Major shareholders

Major shareholders (shareholding interest > 3%)	31.12.2014 Shareholding interest in %	31.12.2015 Shareholding interest in %
BlackRock Investment Management (UK) Ltd., London	5.0	4.4
State Street Corporation, Boston	4.9	4.0
Credit Suisse Funds AG, Zurich	4.5	3.5

3.6 Significant events after the balance sheet date

There were no significant events occurring after the balance sheet date that would have an effect on the book values of the reported assets or liabilities, or which would need to be disclosed at this point.

4 PROPOSED APPROPRIATION OF BALANCE SHEET PROFIT

The Board of Directors proposes to the Annual General Meeting that the balance sheet profit for the financial year ended 31 December 2015 in the amount of CHF 335.171 million be appropriated as follows:

in CHF 1 000	31.12.2014	31.12.2015
Retained earnings brought forward	193 129	194 998
Profit	1 869	140 173
Total balance sheet profit	**194 998**	**335 171**
Dividend payment	–	–
Balance brought forward to new account	**194 998**	**335 171**

The Board of Directors proposes to the Annual General Meeting of 12 April 2016 a withholding tax-exempt distribution of CHF 3.70 per share from the capital contribution reserves. Based on the total number of 69 651 534 shares issued as at 7 March 2016, this distribution is equivalent to a reduction in capital contribution reserves of CHF 257.711 million.

EPRA KEY FIGURES

EPRA KEY FIGURES
(EUROPEAN PUBLIC REAL ESTATE ASSOCIATION)

EPRA EARNINGS AND EPRA EARNINGS PER SHARE

in CHF 1 000	01.01.–31.12.2014	01.01.–31.12.2015
Earnings per consolidated income statement	**286 658**	**355 061**
Excluding:		
Revaluations of investment properties	– 113 234	– 124 571
Result from investment property sales	– 2 062	– 30 910
Result on sales of trading properties, gross	n/a	– 42 164
Tax on profits on disposals, gross	259	19 936
Negative goodwill/goodwill impairment	n/a	n/a
Changes in fair value of financial instruments	– 1 501	– 3 183
Transaction costs on acquisitions of group companies and associated companies	–	2 324
Deferred taxes in respect of EPRA adjustments	23 007	21 688
Adjustments in respect of associated companies	n/a	n/a
Adjustments in respect of non-controlling interests	n/a	n/a
EPRA earnings	**193 127**	**198 181**
Average number of outstanding shares	60 512 651	67 127 792
EPRA earnings per share in CHF	**3.19**	**2.95**

EPRA NET ASSET VALUE (NAV)

in CHF 1 000	31.12.2014	31.12.2015
NAV as per consolidated balance sheet	**4 200 205**	**4 955 723**
Dilution effects from exercise of options, convertibles and other equity interests	416 621	189 589
Diluted NAV, after the exercise of options, convertibles and other equity interests	4 616 826	5 145 312
Including:		
Revaluation of investment properties[1]	n/a	n/a
Revaluation of properties under construction[1]	n/a	n/a
Revaluation of other non-current investments	n/a	n/a
Revaluation of tenant leases held as finance leases	n/a	n/a
Revaluation of trading properties	8 793	–
Excluding:		
Fair value of derivative financial instruments	9 484	6 871
Deferred taxes	955 410	1 010 985
Goodwill as a result of deferred taxes	n/a	n/a
Adjustments in respect of associated companies	n/a	n/a
EPRA NAV	**5 590 513**	**6 163 168**
Number of outstanding shares (diluted)	66 342 666	71 973 214
EPRA NAV per share in CHF	**84.27**	**85.63**

[1] if IAS 40 cost option is used

EPRA TRIPLE NET ASSET VALUE (NNNAV)

in CHF 1 000	31.12.2014	31.12.2015
EPRA NAV	5 590 513	6 163 168
Excluding:		
Fair value of derivative financial instruments	– 9 484	– 6 871
Revaluation of financial debts	– 246 331	– 226 966
Deferred taxes	– 938 167	– 995 097
EPRA NNNAV	**4 396 531**	**4 934 234**
Number of outstanding shares (diluted)	66 342 666	71 973 214
EPRA NNNAV per share in CHF	**66.27**	**68.56**

EPRA NET YIELD ON RENTAL INCOME (NIY)

in CHF 1 000		31.12.2014	31.12.2015
Investment properties – wholly owned		9 739 301	9 686 607
Investment properties – share of joint ventures/funds		n/a	n/a
Trading properties		45 747	–
Less properties under construction and development sites, building land and trading properties		– 380 239	– 412 980
Value of completed property portfolio		**9 404 809**	**9 273 627**
Allowance for estimated purchasers’ costs		n/a	n/a
Gross up value of completed property portfolio	**A**	**9 404 809**	**9 273 627**
Annualised rental income		430 518	417 129
Property outgoings		– 54 658	– 58 265
Annualised net rental income	**B**	**375 860**	**358 864**
Add: notional rent expiration of rent-free periods or other lease incentives		2 541	3 733
Topped-up net annualised rental income	**C**	**378 401**	**362 597**
EPRA NIY	**B/A**	**4.0%**	**3.9%**
EPRA topped-up NIY	**C/A**	**4.0%**	**3.9%**

EPRA VACANCY RATE

in CHF 1 000	31.12.2014	31.12.2015
Estimated rental value of vacant space	27 697	26 644
Estimated rental value of the whole portfolio	460 928	444 218
EPRA vacancy rate	**6.0%**	**6.0%**

FIVE-YEAR SUMMARY OF KEY FIGURES

FIVE-YEAR SUMMARY OF KEY FIGURES

	in	Restated[1] 31.12.2011	Restated[1] 31.12.2012	31.12.2013	31.12.2014	31.12.2015
Group key figures						
Investment properties at fair value[2]	CHF m	8 165.1	8 600.3	9 339.5	9 785.0	9 686.6
Rental income	CHF m	410.8	408.8	420.1	443.1	445.9
Vacancy rate	%	4.6	5.0	6.4	6.6	6.7
Income from sale of trading properties	CHF m	–	–	–	–	105.1
Income from real estate services[3]	CHF m	–	14.1	98.6	100.1	109.0
Income from retail[6]	CHF m	155.1	159.0	156.2	151.9	136.8
Income from assisted living[4]	CHF m	–	–	85.7	153.3	184.2
Operating profit (EBIT)	CHF m	604.1	514.4	539.2	462.8	553.4
Key figures Real Estate segment[3]						
Rental income from third parties	CHF m	393.6	391.0	376.7	377.4	378.0
Rental income from group companies	CHF m	36.4	36.4	47.5	53.9	54.0
Net yield on properties	%	4.8	4.5	4.2	4.1	3.9
Vacancy rate	%	4.4	4.8	6.1	6.4	6.5
Income from sale of trading properties	CHF m	–	–	–	–	105.1
Income from real estate services[2]	CHF m	–	14.1	98.7	100.5	109.5
Operating profit (EBIT)	CHF m	607.8	525.8	561.3	491.9	586.2
Key figures Retail segment[6]						
Income from retail	CHF m	155.1	159.1	156.4	152.1	137.0
Rental income	CHF m	17.3	17.8	18.0	18.6	16.5
Operating profit (EBIT)	CHF m	9.3	–1.1	–6.5	0.9	–2.9
Key figures Assisted Living segment[4]						
Income from assisted living services	CHF m	–	–	85.7	153.6	185.0
Rental income from owner-occupied properties	CHF m	–	–	11.4	23.6	24.6
Rental income from leased properties	CHF m	–	–	14.0	23.5	26.7
Operating profit (EBIT)	CHF m	–	–	5.0	9.0	8.2
Group key financial figures						
EBITDA	CHF m	618.2	531.5	565.9	497.9	582.6
Operating profit (EBIT)	CHF m	604.1	514.4	539.2	462.8	553.4
Profit[5]	CHF m	355.1	311.3	343.9	286.7	355.1
of which attributable to non-controlling interests	CHF m	–	–	–	0.9	–0.8
Comprehensive income[5]	CHF m	365.1	323.5	378.2	288.2	377.1
of which attributable to non-controlling interests	CHF m	–	–	–	0.9	–0.8
Shareholders' equity[5]	CHF m	3 434.9	3 913.9	4 107.3	4 201.8	4 956.0
of which non-controlling interests	CHF m	–	–	–	1.6	0.2
Equity ratio	%	39.9	42.4	39.1	39.6	46.4
Borrowed capital	CHF m	5 174.3	5 323.1	6 404.8	6 400.3	5 734.6
Borrowed capital ratio	%	60.1	57.6	60.9	60.4	53.6
Total shareholders' equity and borrowed capital	CHF m	8 609.2	9 237.0	10 512.2	10 602.1	10 690.6

1 restatement due to IAS 19 rev.; 2011 only shareholders' equity
2 includes all properties, irrespective of their recognition in the balance sheet; trading properties are recognised at lower of cost or net realisable value
3 acquisition of Wincasa AG as at 25.10.2012
4 acquisition of Tertianum AG as at 12.07.2013, sale of Permed AG as at 17.03.2014, acquisition of SENIOcare Group as at 01.10.2015, WGDM Papillon AG as at 01.07.2015 and Sternmatt Pflegewohngruppen as at 05.01.2015
5 including non-controlling interests
6 transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015

FIVE-YEAR SUMMARY OF KEY FIGURES

	in	Restated[1] 31.12.2011	Restated[1] 31.12.2012	31.12.2013	31.12.2014	31.12.2015
Interest-bearing financial liabilities	CHF m	4 188.7	4 144.7	5 066.7	4 963.7	4 261.6
Interest-bearing financial liabilities in % of balance sheet total	%	48.7	44.9	48.2	46.8	39.9
Loan-to-value ratio of property portfolio (LTV)	%	51.0	48.0	54.1	50.7	44.0
Weighted average interest rate on financial liabilities	%	2.8	2.6	2.2	2.2	2.1
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.5	4.5	4.0	4.7	4.4
Return on equity (ROE)	%	10.6	8.9	9.1	7.0	7.6
Return on invested capital (ROIC)	%	5.8	4.8	4.6	3.7	4.3
Cash flow from operating activities	CHF m	327.2	213.9	–74.0	729.7	388.4
Cash flow from investing activities	CHF m	114.6	–137.8	–349.7	–280.4	100.4
Cash flow from financing activities	CHF m	–325.0	–0.9	425.6	–395.8	–511.1
Key financial figures excluding revaluation effects[2]						
Operating profit (EBIT)	CHF m	426.0	327.1	352.5	349.6	428.9
Profit	CHF m	250.8	198.2	222.8	236.0	280.8
of which attributable to non-controlling interests	CHF m	–	–	–	–	–0.2
Comprehensive income	CHF m	250.8	202.4	241.3	207.6	273.6
of which attributable to non-controlling interests	CHF m	–	–	–	–	–0.2
Return on equity (ROE)	%	7.7	5.9	6.1	5.9	6.1
Return on invested capital (ROIC)	%	4.5	3.5	3.4	3.2	3.6
Key figures per share						
Share price at end of period	CHF	70.55	76.35	69.05	73.00	78.50
Share price, highest	CHF	74.60	82.95	78.45	76.00	87.80
Share price, lowest	CHF	65.85	69.30	66.35	68.95	70.65
Earnings per share (EPS)	CHF	6.53	5.67	5.70	4.72	5.30
Earnings per share (EPS) excluding revaluation effects[2]	CHF	4.62	3.61	3.69	3.90	4.20
NAV before deferred taxes[3]	CHF	76.72	78.62	82.65	84.77	85.83
NAV after deferred taxes[3]	CHF	63.34	65.22	67.91	69.06	71.15
Distribution from capital contribution reserves[4]	CHF	3.60	3.60	3.60	3.70	3.70
Cash yield on closing price of the reporting period[4]	%	5.1	4.7	5.2	5.1	4.7

[1] restatement due to IAS 19 rev.; 2011 only shareholders' equity
[2] revaluations and deferred taxes
[3] non-controlling interests recognised in shareholders' equity were not included in the calculation of the NAV
[4] 31.12.2015 according to proposal to Annual General Meeting

FIVE-YEAR SUMMARY OF KEY FIGURES

	in	Restated[1] 31.12.2011	Restated[1] 31.12.2012	31.12.2013	31.12.2014	31.12.2015
Key figures per share						
Share performance (TR) p.a. in the last 12 months	%	6.1	14.9	–5.1	10.9	13.7
Share performance (TR) p.a. in the last 3 years	%	18.0	15.7	5.0	6.5	6.2
Share performance (TR) p.a. in the last 5 years	%	4.6	12.0	12.4	10.3	7.8
Premium	%	11.4	17.1	1.7	5.7	10.3
Market capitalisation	**CHF m**	**3 835.7**	**4 581.9**	**4 177.7**	**4 439.9**	**5 467.6**
Employees						
Number of employees[2]	People	771	1 462	3 105	3 097	4 446
Full-time equivalents[2]	FTE	547	1 239	2 321	2 370	3 311
Share statistics						
Shares issued	Number	54 368 714	60 011 611	60 503 081	60 820 602	69 651 534
Average treasury shares held	Number	–36 117	–4 369	–5 847	–6 458	–6 506
Average outstanding shares	Number	54 332 597	54 873 552	60 368 821	60 512 651	67 127 792
Treasury shares held	Number	–4 244	–4 828	–18 916	–2 682	–2 780
Outstanding shares	Number	54 364 470	60 006 783	60 484 165	60 817 920	69 648 754

[1] restatement due to IAS 19 rev.; 2011 only shareholders' equity
[2] 2013 adjusted to new, standardised reporting of employees (including temporary staff and other, according to personnel expenses)

PROPERTY DETAILS

PROPERTY DETAILS AS AT 31.12.2015 | OVERVIEW OF TYPE OF USE

City, address	Fair value TCHF	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m²	Total m² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
COMMERCIAL PROPERTIES WITHOUT SIGNIFICANT RESIDENTIAL SPACE														
Aarau, Bahnhofstrasse 23	15 570	596	–	sole ownership	1946	1986	685	2 069	60.8	12.3	–	–	26.9	–
Affoltern a.A., Obere Bahnhofstrasse 14	–	44		sold 01.03.2015										
Amriswil, Weinfelderstrasse 74	7 341	470	0.2	sole ownership	2004		3 672	3 083	41.7	0.7	41.6	–	5.2	10.8
Baden, Bahnhofstrasse 2	9 741	405	–	sole ownership	1927	1975	212	979	93.4	–	–	–	6.6	–
Baden, Weite Gasse 34, 36	9 070	389	–	sole ownership	1953	1975	366	1 565	37.7	40.4	–	–	10.8	11.1
Basel, Aeschenvorstadt 2–4	45 730	2 011	5.8	sole ownership	1960	2005	1 362	6 263	15.1	63.8	–	–	21.1	–
Basel, Barfüsserplatz 3	39 080	1 481	–	sole ownership	1874	1993	751	3 864	46.8	33.2	–	–	19.9	0.1
Basel, Centralbahnplatz 9/10	20 980	842	–	sole ownership	1870/ 2005	2005	403	1 442	8.5	38.1	20.9	–	11.7	20.8
Basel, Elisabethenstrasse 15	28 500	1 356	–	sole ownership	1933	1993	953	4 265	20.8	72.5	–	–	6.7	–
Basel, Freie Strasse 26/ Falknerstrasse 3	40 570	1 478	3.7	sole ownership	1854	1980	471	2 870	43.6	50.3	–	–	6.1	–
Basel, Freie Strasse 36	43 690	1 690	–	sole ownership	1894	2003	517	2 429	59.3	13.6	–	–	11.5	15.6
Basel, Freie Strasse 68	59 820	2 753	48.2	sole ownership	1930	2015/ 2016	1 461	6 159	14.4	74.6	–	–	10.3	0.7
Basel, Henric Petri-Strasse 9/ Elisabethenstrasse 19	31 240	1 506	0.7	sole ownership	1949	1985	2 387	6 696	4.3	72.6	–	–	21.1	2.0
Basel, Hochbergerstrasse 40/ parking	4 067	609	16.0	sole ownership, land lease	1976		4 209	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 60/ building 805	4 064	301	–	sole ownership	1958	2006	5 420	4 782	–	23.4	–	–	10.5	66.1
Basel, Hochbergerstrasse 60/ building 860	2 098	134	65.1	sole ownership	1990		980	897	–	82.2	–	–	14.0	3.8
Basel, Hochbergerstrasse 60/ Stücki Business Park 60A–E	102 130	6 242	35.6	sole ownership	2008		8 343	37 441	–	86.3	–	–	5.0	8.7
Basel, Hochbergerstrasse 62	9 617	424	–	sole ownership	2005		2 680	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 70/ Stücki shopping centre	218 580	15 047	15.7	sole ownership	2009		46 416	54 442	59.7	8.0	18.0	–	12.2	2.1
Basel, Messeplatz 12/Messeturm	206 310	9 342	–	sole ownership, partial land lease	2003		2 137	24 093	0.7	54.2	41.7	–	3.2	0.2
Basel, Peter Merian-Strasse 80	52 310	2 574	2.5	freehold property	1999		19 214	9 110	–	85.3	–	–	14.7	–
Basel, Rebgasse 20	40 060	2 483	1.7	sole ownership	1973	1998	3 713	9 231	47.2	11.1	13.7	–	26.2	1.8
Belp, Aemmenmattstrasse 43	15 540	1 618	49.3	sole ownership	1991		5 863	9 255	–	76.2	5.3	–	16.4	2.1
Berlingen, Seestrasse 110	1 513	148	33.1	sole ownership	1992		1 293	1 882	–	100.0	–	–	–	–
Berlingen, Seestrasse 83, 88, 101, 154	36 680	1 970	–	sole ownership	1948–1998		10 321	8 650	–	–	–	100.0	–	–
Berne, Bahnhofplatz 9	14 320	618	–	sole ownership	1930	1985	275	1 616	67.5	–	–	–	32.5	–
Berne, Genfergasse 14	109 380	4 305	–	sole ownership	1905	1998	4 602	15 801	4.1	85.0	–	–	0.7	10.2
Berne, Laupenstrasse 6	11 960	591	–	sole ownership	1911	1998	503	2 067	41.4	49.9	–	–	0.3	8.4
Berne, Mingerstrasse 12–18/ PostFinance Arena	113 840	6 582	–	sole ownership, land lease	1969/ 2009	2009	29 098	46 348	0.2	17.8	–	–	0.1	81.9

PROPERTY DETAILS AS AT 31.12.2015 / OVERVIEW OF TYPE OF USE

City, address	Fair value TCHF	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m²	Total m² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
COMMERCIAL PROPERTIES WITHOUT SIGNIFICANT RESIDENTIAL SPACE														
Berne, Schwarztorstrasse 48	50 750	2 812	–	sole ownership	1981	2011	1 959	8 148	–	75.7	–	–	23.0	1.3
Berne, Wankdorfallee 4/ EspacePost	165 450	8 150	–	sole ownership, land lease	2014		5 244	33 650	–	94.2	–	–	4.9	0.9
Berne, Weltpoststrasse 5 [4]	73 680	5 454	13.8	sole ownership, land lease	1975/ 1985	2013	19 374	25 838	–	67.3	4.5	–	21.0	7.2
Biel, Solothurnstrasse 122	8 401	516	0.2	sole ownership, land lease	1961	1993	3 885	3 320	74.9	2.7	–	–	15.3	7.1
Brugg, Hauptstrasse 2	15 240	1 033	8.6	sole ownership	1958	2000	3 364	4 211	60.5	4.1	3.5	–	30.4	1.5
Buchs, St. Gallerstrasse 5	6 729	425	0.4	sole ownership	1995		2 192	1 784	13.2	60.1	–	–	18.3	8.4
Burgdorf, Emmentalstrasse 14	8 246	551	5.6	sole ownership	1972	1998	1 845	2 061	46.2	43.5	–	–	8.6	1.7
Burgdorf, Industrie Buchmatt	14 030	794	–	sole ownership, partial land lease	1973		15 141	11 966	2.9	5.4	–	–	89.4	2.3
Carouge, Avenue Cardinal-Mermillod 36–44	152 820	8 866	0.9	sole ownership	1956	2002	14 372	35 084	23.7	59.2	0.8	–	14.8	1.5
Cham, Dorfplatz 2	5 062	254	0.1	sole ownership	1992		523	1 067	11.4	61.5	–	–	27.1	–
Conthey, Route Cantonale 2	7 419	383	–	sole ownership	1989		3 057	2 480	71.6	4.6	–	–	19.8	4.0
Conthey, Route Cantonale 4	18 570	1 321	9.5	sole ownership, land lease	2009		7 444	5 038	86.3	–	3.0	–	6.0	4.7
Conthey, Route Cantonale 11	27 580	1 581	7.1	sole ownership, land lease	2002		10 537	7 326	73.6	7.6	0.7	–	14.3	3.8
Dietikon, Bahnhofplatz 11/ Neumattstrasse 24	10 140	505	0.8	sole ownership	1989		1 004	1 783	19.5	56.1	–	–	24.4	–
Dietikon, Kirchstrasse 20	12 270	596	0.1	sole ownership	1988		1 087	1 894	23.5	65.0	–	–	11.5	–
Dietikon, Zentralstrasse 12	7 234	489	–	sole ownership	1965		1 215	3 266	40.9	6.2	–	–	46.4	6.5
Dübendorf, Bahnhofstrasse 1	6 458	446	–	sole ownership, land lease	1988		1 308	1 671	17.7	59.3	–	–	23.0	–
Eyholz, Kantonsstrasse 79	3 093	289	–	sole ownership, land lease	1991		2 719	1 321	92.2	5.7	–	–	–	2.1
Frauenfeld, St. Gallerstrasse 30–30c	34 970	1 710	–	sole ownership	1991		8 842	9 528	–	–	–	100.0	–	–
Frauenfeld, Zürcherstrasse 305	8 740	562	7.2	sole ownership	1982	2006	3 866	4 319	56.6	18.4	–	–	18.2	6.8
Frick, Hauptstrasse 132/ Fricktal Centre A3	21 720	1 139	4.1	sole ownership	2007		13 365	4 984	64.6	–	3.2	–	15.6	16.6
Geneva, Centre Rhône-Fusterie	108 750	3 088	–	freehold property	1990		2 530	11 186	76.2	0.3	–	–	23.5	–
Geneva, Place Cornavin 10	–	932		sold 01.10.2015										
Geneva, Place du Molard 2–4	255 400	8 769	0.8	sole ownership	1690	2002	1 718	7 178	35.4	56.3	2.2	–	3.7	2.4
Geneva, Route de Meyrin 49	66 310	3 845	13.4	sole ownership	1987		9 890	10 134	–	85.6	–	–	13.1	1.3
Geneva, Rue Céard 14/ Croix-d'Or 11	28 450	751	1.8	sole ownership	1974/ 1985	1981	285	1 677	66.0	–	–	–	34.0	–
Geneva, Rue de Rive 3	33 050	1 236	13.1	sole ownership	1900	2002	377	1 860	50.0	29.9	9.6	–	8.2	2.3
Geneva, Rue du Rhône 48–50	515 370	17 715	2.9	sole ownership	1921	2002	5 166	33 420	44.3	33.3	7.2	–	9.1	6.1

1 Property included in Assisted Living segment
2 Reclassified from investment properties to properties under construction due to total refurbishment
3 Condominium trading properties
4 Split into lots

PROPERTY DETAILS AS AT 31.12.2015 | OVERVIEW OF TYPE OF USE

City, address	Fair value TCHF	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m²	Total m² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
COMMERCIAL PROPERTIES WITHOUT SIGNIFICANT RESIDENTIAL SPACE														
Glattbrugg, Schaffhauserstrasse 59	–	24		sold 01.02.2015										
Gossau, Wilerstrasse 82	20 560	1 121	–	sole ownership	2007		13 064	4 689	78.1	2.1	–	–	10.7	9.1
Grand-Lancy, Route des Jeunes 10/CCL La Praille	273 120	15 956	0.4	sole ownership, land lease	2002		20 597	36 095	51.9	0.9	28.5	–	16.6	2.1
Grand-Lancy, Route des Jeunes 12	52 960	3 158	0.5	sole ownership, land lease	2003		5 344	12 765	3.3	38.0	42.9	–	13.7	2.1
Heimberg, Gurnigelstrasse 38	8 878	604	–	sole ownership, land lease	2000		7 484	1 543	83.6	2.8	–	–	7.0	6.6
Horgen, Zugerstrasse 22, 24	11 580	628	–	sole ownership	1990		868	2 408	11.0	75.5	–	–	13.5	–
La Chaux-de-Fonds, Boulevard des Eplatures 44	6 883	434	–	sole ownership	1972		3 021	2 506	94.7	1.7	–	–	3.0	0.6
Lachen, Seidenstrasse 2	6 511	346	–	sole ownership	1993		708	1 532	13.9	67.6	–	–	18.5	–
Lausanne, Rue de Sébeillon 9/ Sébeillon Centre	12 850	959	5.4	sole ownership	1930	2001	2 923	10 123	8.4	56.4	–	–	24.7	10.5
Lausanne, Rue du Pont 5	144 900	6 893	0.6	sole ownership	1910	2004	3 884	20 802	50.5	23.3	9.2	–	10.1	6.9
Locarno, Largo Zorzi 4/ Piazza Grande	25 990	1 398	–	sole ownership	1956	2001	2 365	6 690	61.4	14.0	1.7	–	10.2	12.7
Locarno, Parking Centro	13 960	1 308	–	sole ownership, land lease	1990	2001	4 013	50	–	–	–	–	100.0	–
Locarno, Via delle Monache 8	886	68	1.1	freehold property	1989		2 409	256	–	–	–	–	93.4	6.6
Lutry, Route de l'Ancienne Ciblerie 2	28 650	1 738	2.0	freehold property	2006		13 150	3 232	72.4	2.8	4.6	–	14.8	5.4
Lucerne, Kreuzbuchstrasse 33/35	21 540	1 882	–	sole ownership, land lease	2010		14 402	10 533	–	–	–	100.0	–	–
Lucerne, Pilatusstrasse 4/Flora	64 680	2 741	–	freehold property	1979	2008	4 376	9 892	69.4	12.2	–	–	9.6	8.8
Lucerne, Schwanenplatz 3	15 700	618	–	sole ownership	1958	2004	250	1 512	10.8	62.6	–	–	18.7	7.9
Lucerne, Weggisgasse 20, 22	17 570	662	–	sole ownership	1982		228	1 285	76.8	–	–	–	23.2	–
Lucerne, Weinberglistrasse 4/ Tribschenstrasse 62	–	2 447		sold 01.10.2015										
Meilen, Seestrasse 545	6 733	510	–	sole ownership, land lease	2008		1 645	2 458	–	–	–	100.0	–	–
Meyrin, Route de Meyrin 210	2 447	247	–	sole ownership, partial land lease	1979	1999	3 860	1 117	65.6	4.4	–	–	15.7	14.3
Neuchâtel, Avenue J.-J. Rousseau 7	6 975	516	5.1	sole ownership	1991	1992	1 020	3 127	–	70.0	–	–	22.5	7.5
Neuchâtel, Rue de l'Ecluse 19/parking	627	38	4.5	sole ownership	1960	1997	715	–	–	–	–	–	–	–
Neuchâtel, Rue du Temple-Neuf 11	5 070	265	0.9	sole ownership	1953	1993	262	1 153	18.4	56.5	–	–	13.9	11.2
Neuchâtel, Rue du Temple-Neuf 14	40 530	2 096	8.8	sole ownership	1902/ 2014		1 928	6 896	45.4	24.6	–	–	11.0	19.0

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OVERVIEW OF TYPE OF USE

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COMMERCIAL PROPERTIES WITHOUT SIGNIFICANT RESIDENTIAL SPACE														
Niederwangen b. Bern, Riedmoosstrasse 10	40 150	2 364	–	sole ownership	1985	2006	12 709	12 925	33.2	13.1	–	–	45.7	8.0
Oberbüren, Buchental 2	13 090	767	–	sole ownership	1980	2007	6 401	6 486	34.3	1.8	–	–	62.4	1.5
Oberbüren, Buchental 3	3 344	341	12.4	sole ownership	1964		4 651	2 342	20.7	32.5	–	–	31.6	15.2
Oberbüren, Buchental 3a	3 277	240	–	sole ownership	1964		3 613	2 464	–	–	–	–	100.0	–
Oberbüren, Buchental 4	26 500	1 498	–	sole ownership	1990		4 963	9 547	38.5	20.3	–	–	41.2	–
Oberbüren, Buchental 5	941	65	–	sole ownership	1920		3 456	1 648	–	12.1	–	–	–	87.9
Oberwil, Mühlematttstrasse 23	2 980	305	–	freehold property, land lease	1986		6 200	1 651	63.3	4.2	–	–	28.9	3.6
Oftringen, Spitalweidstrasse 1/ shopping centre a1	90 360	5 697	7.4	sole ownership	2006		42 031	19 968	78.9	3.2	1.4	–	13.8	2.7
Olten, Bahnhofquai 18	28 000	1 575	0.8	sole ownership	1996		2 553	5 134	–	93.6	–	–	6.4	–
Olten, Bahnhofquai 20	39 670	2 045	0.1	sole ownership	1999		1 916	7 366	–	85.4	–	–	14.6	–
Olten, Frohburgstrasse 1	6 559	109	9.8	sole ownership	1899	2009	379	1 196	–	78.3	–	–	21.7	–
Olten, Frohburgstrasse 15	11 940	602	0.7	sole ownership	1961	1998	596	1 882	–	88.0	–	–	12.0	–
Olten, Solothurnerstrasse 201	6 620	333	–	sole ownership	2006		5 156	1 592	62.3	–	–	–	31.5	6.2
Olten, Solothurnerstrasse 231–235/Usego	23 420	1 895	44.4	sole ownership	1907	2011	12 922	11 920	23.3	64.0	–	–	9.9	2.8
Opfikon, Müllackerstrasse 2, 4/ Bubenholz	43 130	750	–	sole ownership	2015		6 169	10 802	–	–	–	100.0	–	–
Ostermundigen, Mitteldorfstrasse 16	33 830	1 596	–	sole ownership	2009		7 503	10 925	–	–	–	100.0	–	–
Otelfingen, Industriestrasse 19/21	102 600	7 414	18.0	sole ownership	1965	2000	101 933	80 366	–	16.6	–	–	78.1	5.3
Otelfingen, Industriestrasse 31	22 660	1 494	15.7	sole ownership	1986	1993	12 135	11 560	–	34.6	0.4	–	57.3	7.7
Payerne, Route de Bussy 2	24 170	1 222	–	sole ownership	2006		12 400	6 018	84.0	4.4	–	–	7.1	4.5
Petit-Lancy, Route de Chancy 59	121 220	6 461	36.0	sole ownership	1990		13 052	22 057	–	69.5	5.6	–	21.7	3.2
Pfäffikon SZ, Huobstrasse 5	61 300	2 800	–	sole ownership	2004		7 005	11 660	–	–	–	100.0	–	–
Rapperswil-Jona, Rathausstrasse 8	18 990	981	0.3	sole ownership	1992	2008	1 648	3 143	23.6	50.7	–	–	25.7	–
Romanel, Chemin du Marais 8	19 380	1 237	–	sole ownership	1973	1995	7 264	6 791	88.3	0.2	–	–	10.4	1.1
Schwyz, Oberer Steisteg 18, 20	8 618	526	–	sole ownership	1988	2004	1 039	2 672	8.6	58.4	–	–	33.0	–
Solothurn, Amthausplatz 1	12 980	854	0.8	sole ownership	1955	1988	1 614	3 355	17.9	57.9	–	–	24.2	–
Spreitenbach, Industriestrasse/ Tivoli	10 640	570	–	freehold property	1974	2010	25 780	980	87.2	–	–	–	12.8	–
Spreitenbach, Müslistrasse 44	4 317	226	–	sole ownership	2002		2 856	517	–	7.0	30.2	–	4.1	58.7
Spreitenbach, Pfadackerstrasse 6/Limmatpark	75 910	6 600	14.2	sole ownership	1972	2003	10 318	27 371	56.7	28.1	–	–	14.5	0.7
St. Gallen, Bohl 1/Goliathgasse 6	–	999		sold 01.10.2015										
St. Gallen, Spisergasse 12	11 240	490	–	sole ownership	1900	1998	208	1 070	82.7	–	–	–	–	17.3

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OVERVIEW OF TYPE OF USE

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COMMERCIAL PROPERTIES WITHOUT SIGNIFICANT RESIDENTIAL SPACE														
St. Gallen, Zürcherstrasse 462–464/Shopping Arena	307 790	16 941	1.0	sole ownership, parking 73/100 co-ownership	2008		33 106	39 845	57.8	9.6	9.5	–	19.7	3.4
Stadel b. Niederglatt, Buechenstrasse 80 [1]	16 230	–	–	finance lease, bought 01.10.2015	2008		3 947	2 674	–	–	–	100.0	–	–
Sursee, Moosgasse 20	11 980	654	–	sole ownership	1998		4 171	2 410	77.2	–	6.8	–	16.0	–
Thalwil, Gotthardstrasse 40	5 880	278	–	sole ownership	1958	2004	541	986	9.1	57.8	13.2	–	19.9	–
Thun, Bälliz 67	17 240	636	–	sole ownership	1953	2001	875	3 173	32.4	51.2	2.0	–	10.7	3.7
Thun, Göttibachweg 2–2e, 4, 6, 8	40 520	2 222	–	sole ownership, land lease	2003		14 520	11 556	–	–	–	100.0	–	–
Uster, Poststrasse 10	8 104	377	–	sole ownership	1972	2012	701	1 431	17.1	61.3	–	–	21.6	–
Uster, Poststrasse 14/20	12 420	722	1.2	sole ownership	1854	2000	2 449	3 195	63.3	11.7	3.8	–	19.5	1.7
Vernier, Chemin de l'Etang 72/ Patio Plaza	93 600	5 715	28.4	sole ownership	2007		10 170	13 682	–	82.2	–	–	17.1	0.7
Vevey, Rue de la Clergère 1	12 160	717	4.8	sole ownership	1927	1994	717	3 085	15.5	72.5	–	–	12.0	–
Wabern, Nesslerenweg 30	18 720	1 007	–	sole ownership	1990		4 397	6 288	–	–	–	100.0	–	–
Wattwil, Ebnaterstrasse 45 [1]	1 151	–	–	freehold property, bought 01.10.2015	1986		539	335	–	100.0	–	–	–	–
Wil, Obere Bahnhofstrasse 40	18 260	869	–	sole ownership	1958	2008	1 105	2 878	80.4	8.6	–	–	7.2	3.8
Winterthur, Theaterstrasse 17	62 070	3 403	78.7	sole ownership	1999		7 535	14 270	–	73.1	1.4	–	6.1	19.4
Winterthur, Untertor 24	9 826	314	–	sole ownership	1960	2006	290	1 364	69.9	–	–	–	30.1	–
Worblaufen, Alte Tiefenaustrasse 6	82 280	4 771	–	49/100 co-ownership	1999		21 596	18 213	–	87.4	–	–	12.0	0.6
Zollikon, Bergstrasse 17, 19	11 790	646	15.7	sole ownership	1989	2004	1 768	2 126	26.1	44.1	–	–	29.8	–
Zollikon, Forchstrasse 452–456	16 770	734	–	sole ownership	1984/ 1998		2 626	2 251	–	68.4	–	–	31.6	–
Zuchwil, Allmendweg 8/ Riverside Business Park	–	6 832		sold 01.12.2015										
Zuchwil, Dorfackerstrasse 45/ Birchi Centre	29 160	2 428	10.8	sole ownership, land lease	1997		9 563	13 274	76.0	1.6	–	–	13.3	9.1
Zug, Zählerweg 4, 6/Dammstrasse 19/Landis + Gyr-Strasse 3/Opus 1	126 370	5 833	–	sole ownership	2002		7 400	15 802	–	90.3	–	–	9.7	–
Zug, Zählerweg 8, 10/ Dammstrasse 21, 23/Opus 2	160 020	7 348	–	sole ownership	2003		8 981	19 903	–	91.1	–	–	8.9	–
Zurich, Affolternstrasse 52/ MFO building	13 190	577	–	sole ownership	1889	2012	1 367	2 776	–	53.1	25.8	–	21.1	–
Zurich, Affolternstrasse 54, 56/ Cityport	177 190	9 182	3.7	sole ownership	2001		9 830	23 420	–	92.1	–	–	7.6	0.3
Zurich, Albisriederstrasse 203	64 650	2 390	15.0	sole ownership	1942–2003		22 745	12 724	–	64.3	20.7	–	10.9	4.1
Zurich, Bahnhofstrasse 42	93 300	1 435	0.2	sole ownership	1968	1990	482	2 003	42.7	44.6	–	–	12.7	–

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PROPERTY DETAILS AS AT 31.12.2015

OVERVIEW OF TYPE OF USE

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COMMERCIAL PROPERTIES WITHOUT SIGNIFICANT RESIDENTIAL SPACE														
Zurich, Bahnhofstrasse 69	53 020	1 577	0.4	sole ownership	1898	2007	230	1 114	10.9	77.6	–	–	11.1	0.4
Zurich, Bahnhofstrasse 106	49 290	1 204	–	sole ownership	1958		200	1 196	11.8	53.1	–	–	32.1	3.0
Zurich, Carl-Spitteler-Strasse 68/70	94 070	4 045	–	sole ownership	1993		11 732	19 343	–	–	–	100.0	–	–
Zurich, Etzelstrasse 14	7 410	–	–	sole ownership	1967		1 809	2 080	–	–	–	100.0	–	–
Zurich, Flurstrasse 89	7 686	469	0.3	sole ownership	1949	2003	2 330	3 331	–	12.0	–	–	11.3	76.7
Zurich, Fraumünsterstrasse 16	141 270	5 419	22.2	sole ownership	1901	1990	2 475	7 927	16.6	73.0	–	–	10.4	–
Zurich, Hagenholzstrasse 60/ SkyKey	283 780	11 149	–	sole ownership	2014		9 573	41 253	0.3	85.7	9.8	–	4.2	–
Zurich, Hardstrasse 201/ Prime Tower	559 840	20 803	–	sole ownership	2011		10 416	48 142	0.7	87.3	5.5	–	6.4	0.1
Zurich, Hardstrasse 219/ Eventblock Maag	15 890	975	–	sole ownership	1929–1978		8 002	6 675	–	20.4	–	–	17.2	62.4
Zurich, Josefstrasse 53, 59	82 050	3 925	0.2	sole ownership	1962/ 1972	2001	2 931	12 114	7.0	75.0	1.4	–	16.6	–
Zurich, Jupiterstrasse 15/ Böcklinstrasse 19	22 790	931	–	sole ownership	1900/ 1995	1996	1 630	1 829	–	–	–	100.0	–	–
Zurich, Kappenbühlweg 9, 11/ Holbrigstrasse 10/ Regensdorferstrasse 18a	67 110	2 991	–	sole ownership	1991		9 557	14 790	–	–	–	100.0	–	–
Zurich, Maagplatz 1/Platform	172 990	6 935	–	sole ownership	2011		5 942	20 319	–	91.1	–	–	4.8	4.1
Zurich, Manessestrasse 85	50 600	2 835	51.2	sole ownership	1985	2012	3 284	8 087	4.6	69.0	–	–	26.3	0.1
Zurich, Ohmstrasse 11, 11a	35 370	2 231	0.7	sole ownership	1927	2007	1 970	6 232	53.0	22.6	2.1	–	17.5	4.8
Zurich, Restelbergstrasse 108	9 732	352	–	sole ownership	1936	1997	1 469	672	–	–	–	100.0	–	–
Zurich, Schaffhauserstrasse 339	9 044	454	2.7	sole ownership	1957	1997	307	1 726	12.7	69.3	–	–	18.0	–
Zurich, Seidengasse 1/ Jelmoli – The House of Brands	807 430	29 333	–	sole ownership	1898	2010	6 514	36 771	64.6	3.7	13.3	–	12.8	5.6
Zurich, Siewerdtstrasse 8	19 760	1 114	–	sole ownership	1981		1 114	3 688	–	91.1	–	–	8.9	–
Zurich, Sihlcity	200 388	10 668	1.0	242/1000 co-ownership	2007		10 162	23 634	42.3	24.7	18.9	–	7.7	6.4
Zurich, Sihlstrasse 24/ St. Annagasse 16	38 960	1 934	8.0	sole ownership	1885	2007	1 155	2 855	3.9	68.8	13.7	–	6.5	7.1
Zurich, Stadelhoferstrasse 18	27 680	1 093	–	sole ownership	1983	2004	1 046	1 914	19.5	49.0	11.9	–	19.0	0.6
Zurich, Stadelhoferstrasse 22	35 790	1 599	–	sole ownership, partial land lease	1983	2004	1 024	3 067	11.6	50.9	4.6	–	30.7	2.2
Zurich, Steinmühleplatz 1/ St. Annagasse 18/Sihlstrasse 20	97 420	3 842	0.2	sole ownership	1957	1999	1 534	6 205	10.9	64.9	2.1	–	19.1	3.0
Zurich, Steinmühleplatz/ Jelmoli parking	41 000	3 328	5.3	sole ownership with concession	1972	2009	1 970	84	86.9	13.1	–	–	–	–
Zurich, Talacker 21, 23	75 770	2 980	–	sole ownership	1965	2008	1 720	4 904	9.6	64.2	–	–	26.2	–
Total I	**9 033 980**	**439 151**	**6.1**				**999 119**	**1 429 181**	**22.3**	**40.6**	**5.1**	**8.7**	**16.7**	**6.6**

PROPERTY DETAILS AS AT 31.12.2015 / OVERVIEW OF TYPE OF USE

City, address	Fair value TCHF	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m²	Total m² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. % %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
MIXED PROPERTIES														
Geneva, Quai du Seujet 30	–	699		sold 01.10.2015										
Geneva, Route de Malagnou 6/ Rue Michel-Chauvet 7	15 620	817	16.0	sole ownership	1960/ 1969	1989	1 321	1 616	–	47.7	11.6	–	3.8	36.9
Geneva, Rue de la Croix-d'Or 7/ Rue Neuve-du-Molard 4–6	60 380	2 324	0.2	sole ownership	1974/ 1985	1994	591	3 472	38.4	24.3	–	–	3.6	33.7
St. Gallen, Spisergasse 12	5 499	222	–	sole ownership	1423	1984	165	617	31.6	17.7	–	–	24.1	26.6
Thônex, Rue de Genève 104–108	94 350	4 770	0.1	sole ownership	2008		9 224	11 662	56.1	0.4	3.5	–	8.2	31.8
Zurich, Hardstrasse 219/ Maaghof North and East	–	3 745		sold 01.12.2015										
Zurich, Hönggerstrasse 40/ Röschibachstrasse 22	–	9		sold 01.01.2015										
Zurich, Nansenstrasse 5/7	47 210	2 498	0.1	sole ownership	1985		1 740	5 883	41.0	25.3	–	–	6.1	27.6
Zurich, Querstrasse 6	3 958	166	–	sole ownership	1927	1990	280	565	13.6	–	–	–	–	86.4
Zurich, Schulstrasse 34, 36	12 630	547	0.3	sole ownership	1915	1995	697	1 721	–	36.1	–	–	7.8	56.1
Total II	**239 647**	**15 797**	**4.1**				**14 018**	**25 536**	**41.3**	**15.2**	**2.3**	**–**	**7.0**	**34.2**
BUILDING LAND														
Basel, Hochbergerstrasse 60/ parking	3 300	216	4.0	sole ownership			5 440	–	–	–	–	–	–	–
Berne, Weltpoststrasse 1–3/ Weltpostpark[4]	3 200	–	–	sole ownership, land lease			11 700	–	–	–	–	–	–	–
Dietikon, Bodacher	–	17	–	sole ownership			13 615	–	–	–	–	–	–	–
Dietikon, Bodacher/Im Maienweg	2 045	–	–	sole ownership			4 249	–	–	–	–	–	–	–
Dietikon, Bodacher/Ziegelägerten	1 840	–	–	sole ownership			3 825	–	–	–	–	–	–	–
Geneva Airport, Route de Pré-Bois	12 235	–	–	sole ownership			9 118	–	–	–	–	–	–	–
Geneva Airport, Route de Pré-Bois 10/underground car park	7 194	110	–	sole ownership, land lease	2003		2 156	409	–	–	–	–	100.0	–
Meyrin, Chemin de Riantbosson, Avenue de Mategnin	9 007	–	–	574/1000 co-ownership			4 414	–	–	–	–	–	–	–
Niederwangen b. Bern, Riedmoosstrasse 10	3 607	–	–	sole ownership			5 895	–	–	–	–	–	–	–
Oberbüren, Buchental/parking	745	29	–	sole ownership			1 825	–	–	–	–	–	–	–
Plan-les-Ouates, Chemin des Aulx	18 470	85	–	sole ownership			28 429	–	–	–	–	–	–	–
Spreitenbach, Joosäcker 7	–	53	–	sole ownership			16 405	–	–	–	–	–	–	–
Wangen b. Olten, Rickenbacherfeld	4 647	–	–	sole ownership			11 197	–	–	–	–	–	–	–
Total III	**66 290**	**510**	**1.7**				**118 268**	**409**	**–**	**–**	**–**	**–**	**100.0**	**–**

[1] Property included in Assisted Living segment
[2] Reclassified from investment properties to properties under construction due to total refurbishment
[3] Condominium trading properties
[4] Split into lots

PROPERTY DETAILS AS AT 31.12.2015

OVERVIEW OF TYPE OF USE

City, address	Fair value TCHF	Target rental and land lease income TCHF	Vacancy rate %	Ownership status	Built	Year of renovation	Site area m²	Total m² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. % %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
PROPERTIES UNDER CONSTRUCTION AND DEVELOPMENT SITES														
Bellinzona, Via San Gottardo 99–99b	–	–		sold 01.12.2015										
Berne, Viktoriastrasse 21, 21a, 21b [2]	56 600	3 471	0.1	sole ownership	1970		14 036	–	–	–	–	–	–	–
Schlieren, Zürcherstrasse 39	34 890	–	–	sole ownership, bought 15.12.2015	1992/ 2003		26 684	–	–	–	–	–	–	–
Zurich, Brandschenkestrasse 25 [2]	114 410	3 116	92.2	sole ownership	1910	2015–2017	3 902	–	–	–	–	–	–	–
Zurich, Flurstrasse 55/Flurpark 2	140 790	142	–	sole ownership	1979	2013–2015	8 270	–	–	–	–	–	–	–
Zurich, Naphtastrasse 10/ Maaghof North and East [3]	–	–		last condominium sold 18.11.2015										
Zurich, Turbinenstrasse 21/ Maaghof North and East [3]	–	–		last condominium sold 25.09.2015										
Total IV	**346 690**	**6 729**	**42.7**				**52 892**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Overall total	**9 686 607**	**462 187**					**1 184 297**	**1 455 126**	**22.7**	**40.1**	**5.0**	**8.5**	**16.6**	**7.1**
Rent loss from vacancies		–30 165												
Consolidated subtotal segment, excluding leased properties		**432 022**	**6.5**											
Intercompany eliminations		–53 989												
Rental income from third parties, Retail segment		16 528												
Rental income from third parties from own properties, Assisted Living segment		24 637												
Consolidated subtotal, excluding leased properties		**419 198**	**6.7**											
Rental income from leased properties, Assisted Living segment		26 673												
Consolidated overall total, including leased properties		**445 871**												

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[4] Split into lots

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