



SWISS PRIME SITE

SEMI-ANNUAL REPORT

2018

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The original of this Semi-Annual Report is written in German.
The German original is therefore the effective official version.

SELECTED GROUP KEY FIGURES

Selected Group key figures

Key financial figures		in	01.01.– 30.06.2017 or 30.06.2017	01.01.– 31.12.2017 or 31.12.2017	01.01.– 30.06.2018 or 30.06.2018
Rental income from properties	CHF m		231.1	469.9	240.9
Income from real estate developments	CHF m		–	51.7	25.0
Income from real estate services	CHF m		57.8	120.0	58.9
Income from retail	CHF m		60.8	136.2	59.6
Income from assisted living	CHF m		175.9	359.9	193.8
Income from asset management	CHF m		2.2	9.9	3.4
Total operating income	CHF m		530.5	1 154.8	585.3
Revaluation of investment properties, net	CHF m		37.4	65.9	35.0
Result from investment property sales, net	CHF m		0.3	0.3	6.3
Operating result before depreciation and amortisation (EBITDA)	CHF m		223.3	487.1	242.9
Operating result (EBIT)	CHF m		215.8	470.6	232.9
Profit	CHF m		141.0	305.5	152.0
Cash flow from operating activities	CHF m		152.2	458.1	157.1
Shareholders' equity	CHF m		4 618.7	4 777.5	4 663.8
Equity ratio	%		43.1	43.1	41.2
Borrowed capital	CHF m		6 096.5	6 317.6	6 663.8
Return on equity (ROE)	%		6.0	6.4	6.4
Return on invested capital (ROIC)	%		3.4	3.5	3.4
NAV before deferred taxes per share ¹	CHF		79.94	82.87	81.80
NAV after deferred taxes per share ¹	CHF		64.63	66.85	65.25
Earnings per share (EPS)	CHF		1.97	4.27	2.13
Financial figures excluding revaluations and deferred taxes					
Operating result before depreciation and amortisation (EBITDA)	CHF m		185.9	421.2	207.9
Operating result (EBIT)	CHF m		178.4	404.8	197.8
Profit	CHF m		131.0	307.4	151.1
Return on equity (ROE)	%		5.6	6.4	6.4
Return on invested capital (ROIC)	%		3.2	3.6	3.4
Earnings per share (EPS)	CHF		1.83	4.30	2.11
Real estate portfolio					
Fair value of real estate portfolio	CHF m		10 263.7	10 633.1	10 819.1
of which projects/development properties	CHF m		422.3	412.9	483.8
Number of properties	number		187	188	189
Rental floor space	m ²		1 506 838	1 575 102	1 572 456
Vacancy rate	%		5.5	5.2	4.7
Average discount rate	%		3.42	3.35	3.30
Net property yield	%		3.7	3.7	3.7
Employees					
Number of employees as at balance sheet date	persons		5 696	5 910	6 100
Full-time equivalents as at balance sheet date	FTE		4 589	4 868	4 937

¹ Services segment (real estate-related business fields) included at book value only

SEMI-ANNUAL REPORT 2018

Semi-Annual Report 2018

Swiss Prime Site closed out the first half-year 2018 with favourable financial results. The Company once again boosted operating income by 10.3% year-on-year to CHF 585.3 million. The result is attributable to the good performance in the core Real Estate business as well as to the achievements in the Services segment. The Real Estate segment reported a 16.3% surge in income year-on-year, while the Services segment posted a 7.2% increase too. The real estate portfolio grew by 1.8% versus end-2017, reaching a new record high with a value of CHF 10.8 billion. At the same time, the net yield remained stable at 3.7%. The vacancy rate declined noticeably from 5.5% to 4.7%. Realised profit climbed by 7.8% to CHF 152.0 million or by 15.4% to CHF 151.1 million excluding revaluations and deferred taxes. Earnings per share amounted to CHF 2.13 [CHF 1.97] or CHF 2.11 [CHF 1.83] excluding revaluations and deferred taxes. Swiss Prime Site is confirming its set targets for the full-year 2018.

The key indicators on the real estate market had painted a mixed picture at the outset of the financial year 2018. Expectations fundamentally pointed to a robust economic trend and persistent demographic growth. Forecasts for interest rates signalled a slow and moderate increase. All in all, Swiss Prime Site was able to cope very well under these general conditions and report positive results in both segments for the first six months.

Swiss Prime Site carried out significant investments in the core Real Estate business. On the one hand, the Company was able to expand its portfolio with key acquisitions in a competitive market. On the other hand, the Group continued to forge ahead with development and new building projects. The strategy aimed at directing the focus of the real estate portfolio on excellent, very well-developed properties and sites proved to be correct once again. New leasing and renewal agreements (including vacancy reductions) comprising 96 407 square metres (6.1% of rentable floor space) were concluded in the first half-year 2018. The following five transactions took place within the real estate portfolio in the first half-year 2018: Swiss Prime Site succeeded in acquiring a fully leased property site in Regensdorf with a promising future. The Company also acquired an already mostly pre-leased construction project in the field of urban logistics in Zurich Altstetten located at the gates of the city. A property was acquired in Monthey for constructing a building for the Tertianum group company. The real estate portfolio will be enriched in the future with a fully leased office property located in Zurich's city centre at Beethovenstrasse 33, near Paradeplatz and the lake (closing at the beginning of July 2018). As already envisaged, the «Weltpost Park» project in Berne was divested, which will be completed and transferred to the buyer in turnkey condition at the beginning of 2020.

The Services segment comprises Wincasa, Tertianum, Jelmoli – The House of Brands and Swiss Prime Site Solutions. Overall, this segment exhibited impressive results in the first half-year 2018 as well. Wincasa is currently undergoing a transformation phase. On the basis of general digitalisation, services here are being more ideally tailored to clients. Tertianum is growing through new business operations and introducing a significant new resource-planning system aimed at noticeably upgrading and enhancing procedures, processes and customer service. Overall, these initiatives have resonated quite powerfully, leading to improved results that are in line with expectations. Jelmoli has been performing amid a challenging market environment. Projects for introducing a universal e-commerce strategy as well as establishing a second foothold at Zurich Airport are proceeding favourably.

Operating income

in CHF m	01.01.– 30.06.2017	01.01.– 30.06.2018	Change in %
Real Estate segment	210.4	244.8	16.3
Rental income from properties	209.7	218.7	4.3
Income from real estate developments	–	25.0	n/a
Other operating income	0.7	1.0	46.3
Services segment	356.7	382.5	7.2
Rental income from properties	48.5	50.8	4.7
Income from real estate services	67.0	71.5	6.7
Income from retail	60.8	59.6	–1.9
Income from assisted living	176.0	193.8	10.1
Income from asset management	2.2	3.4	55.8
Other operating income	2.3	3.4	49.5
Eliminations	–36.6	–41.9	14.6
Total group	530.5	585.3	10.3

Swiss Prime Site reported a 10.3% boost in operating income to CHF 585.3 million in the first half-year 2018. Growth was equally divided between the two segments Real Estate and Services.

The core Real Estate business continued to forge ahead with its growth momentum. The segment realised operating income – primarily comprising rental and development income – amounting to CHF 244.8 million [CHF 210.4 million]. Successful vacancy management, acquisitions in the current as well as prior year in addition to new leasing activities and contract renewals contributed to this favourable earnings growth. The real estate portfolio totalling 189 properties (+1 versus the level at end-2017) showed a fair value of CHF 10.8 billion on the balance sheet date. With a net yield of 3.7%, the portfolio's profitability continued to hover at an attractive level by market comparison. The vacancy rate declined once again, amounting to a very good 4.7% in the first half-year 2018 [5.5%].

The trend in income from the Services segment also painted a positive picture, increasing by 7.2% year-on-year. Operating income here reached CHF 382.5 million [CHF 356.7 million]. Wincasa realised favourable growth in operating income of 6.7% to CHF 71.5 million. Switzerland's leading real estate services company succeeded in expanding revenues thanks to the introduction of various new services (for example, construction management). Wincasa's new service launched in 2017 – «Mixed-Use Site Management» – is bearing first fruits. Mixed-use property sites require integrated and customised services that are tailored to this type of real estate. Wincasa is convinced regarding this market demand, also opening a subsidiary in Western Switzerland (Geneva) providing this specific service. Wincasa manages a portfolio amounting to CHF 67 billion. Tertianum is forging ahead with its growth strategy. The company opened another location in Unterterzen in spring 2018, so now Tertianum operates 77 locations throughout Switzerland. The company has also invested in processes, IT and CRM. Operating income here climbed by 10.1% to CHF 193.8 million in the first half-year 2018. Jelmoli – The House of Brands generated operating income of CHF 59.6 million [CHF 60.8 million]. The company is convinced that it can fulfil customer expectations by means of appropriate investments in product assortment, sales formats and the Jelmoli building. Expansion of the online strategy has commenced, providing further impetus in the course of 2018 and beyond. Swiss Prime Site Solutions generated operating income of CHF 3.4 million [CHF 2.2 million].

The real estate assets of Swiss Prime Investment Foundation managed by Swiss Prime Site Solutions amount to roughly CHF 1.5 billion.

Operating result (EBIT)

in CHF m	01.01.– 30.06.2017	01.01.– 30.06.2018	Change in %
Real Estate segment	202.1	217.0	7.4
Services segment	13.7	15.9	15.5
Total group	215.8	232.9	7.9

Swiss Prime Site Group realised an operating result (EBIT) of CHF 232.9 million in the first half-year 2018 [CHF 215.8 million]. The core Real Estate segment once again contributed the lion's share of CHF 217.0 million [CHF 202.1 million] to this result. The EBIT figure includes revaluations of CHF 35.6 million [CHF 37.4 million]. The weighted average real discount rate amounted to 3.30% and decreased by five basis points versus the rate at end-2017. This result impressively reveals the core Real Estate business's strength at the operating level. The following factors contributed to this favourable result: rising rental income and proceeds from the partial sale of the «Espace Tourbillon» project of CHF 6.8 million (booking following construction progress) as well as the first tranche of CHF 5.5 million from divestment of the «Weltpost Park» project. Operating expenses in the Real Estate segment amounted to CHF 69.5 million [CHF 47.1 million]. The increase was attributable to the aforementioned divestment of real estate development projects.

The Services segment generated EBIT of CHF 15.9 million [CHF 13.7 million]. The renewed favourable earnings growth is attributable primarily to Wincasa and Tertianum. The boost in revenues at real estate services provider Wincasa led to a noticeable improvement in earnings. The expansion of Tertianum's network and optimisation of administrative processes were manifested in the results as expected. Investments carried out by Jelvoli in the aforementioned future projects weighed on the results in the first half-year 2018. The increase in operating expenses in the Services segment of CHF 366.2 million [CHF 343.0 million] was attributable primarily to the rising personnel expenses and depreciation.

Swiss Prime Site Group employed a workforce totalling 6 100 persons [5 696] on the balance sheet date.

Profit

Swiss Prime Site posted profit amounting to CHF 152.0 million [CHF 141.0 million] or CHF 151.1 million [CHF 131.0 million] excluding revaluations and deferred taxes. The year-on-year boost is traceable mainly to the aforementioned improvements at the operating level by the group companies as well as realised recurring earnings from the divestment of real estate development projects and properties. Financial expenses edged down slightly year-on-year. Earnings per share (EPS) excluding revaluations and deferred taxes reached CHF 2.11 [CHF 1.83], thus forming a solid foundation for an attractive dividend distribution.

in CHF m	01.01.– 30.06.2017	01.01.– 30.06.2018	Change in %
Operating result (EBIT)	215.8	232.9	7.9
Financial expenses	–39.2	–38.3	–2.2
Financial income	1.5	0.6	–56.1
Income tax expenses	–37.1	–43.2	16.4
Profit	141.0	152.0	7.8
Profit excluding revaluations and deferred taxes	131.0	151.1	15.4

Balance sheet figures

In January 2018, Swiss Prime Site Group issued a seven-year convertible bond amounting to CHF 300 million with a coupon of 0.325%. The weighted average interest rate on financial liabilities declined year-on-year to 1.4% [1.7%] in the first six months of 2018, with a slightly shorter weighted average residual term to maturity of all interest-bearing financial liabilities of 4.4 years [4.7 years]. Compared with the net yield of 3.7% realised on the real estate portfolio, this resulted in an attractive interest rate spread of 2.3% [2.0%]. Swiss Prime Site Group's financial strength is solid. The equity ratio amounted to 41.2% as at 30 June 2018. The loan-to-value (LTV) ratio of the real estate portfolio stood at 47.7% [46.0%]. NAV after deferred taxes amounted to CHF 65.25 per share, surpassing the previous year's mark by 1.0%, or falling short of the level of CHF 66.85 as at 31 December 2017 by 2.4%. In this context, the withholding tax-exempt distribution from capital contribution reserves of CHF 3.80 per share effected on 5 April 2018 is taken into account as well. Swiss Prime Site's annualised return on equity (ROE) amounts to 6.4% and is therefore hovering in the long-term set target corridor.

	in	30.06.2017	30.06.2018	Change in %
Equity ratio	%	43.1	41.2	-4.4
Return on equity (ROE)	%	6.0	6.4	6.7
Net property yield	%	3.7	3.7	-
Weighted average interest rate on financial liabilities	%	1.7	1.4	-17.6
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.7	4.4	-6.4
Loan-to-value ratio of property portfolio (LTV)	%	46.0	47.7	3.7
NAV before deferred taxes per share ¹	CHF	79.94	81.80	2.3
NAV after deferred taxes per share ¹	CHF	64.63	65.25	1.0

¹ Services segment (real estate-related business fields) included at book values only

Outlook

The Company predicts that overall economic conditions will remain favourable, with further growth impetus manifested in the results. The targets set at the outset of 2018 for the current financial year are hereby confirmed, which include a boost in operating income and EBIT before revaluations as well as a persistently low vacancy rate. Recurring revenues from real estate development projects will also provide a significant contribution to EBIT. The project pipeline with volumes of more than CHF 2.0 billion will pave the way for further room for abundant earnings growth. The Company anticipates additional growth from the real estate-related Services segment. Furthermore, Swiss Prime Site reiterates its shareholder dividend policy.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in CHF 1 000	Notes	01.01.– 30.06.2017	01.01.– 30.06.2018
Rental income from properties	5	231 088	240 904
Income from real estate developments	5/11	–	25 020
Income from real estate services	5	57 818	58 892
Income from retail	5	60 780	59 597
Income from assisted living	5	175 888	193 765
Income from asset management	5	2 176	3 390
Other operating income	5	2 775	3 716
Operating income		530 525	585 284
Revaluation of investment properties, net	13	37 412	35 020
Result from investments in associates		1 084	574
Result from investment property sales, net	6	257	6 310
Real estate costs	7	–66 555	–70 221
Cost of real estate developments		–	–18 245
Cost of goods sold		–46 939	–47 778
Personnel costs	8	–203 274	–218 620
Depreciation on tangible assets		–6 444	–8 125
Amortisation on intangible assets		–1 096	–1 962
Other operating expenses		–29 177	–29 381
Operating expenses		–353 485	–394 332
Operating result (EBIT)		215 793	232 856
Financial expenses	9	–39 171	–38 302
Financial income	9	1 461	641
Profit before income taxes		178 083	195 195
Income taxes	10	–37 122	–43 206
Profit		140 961	151 989
Attributable to shareholders of Swiss Prime Site AG		140 952	152 000
Attributable to non-controlling interests		9	–11
Earnings per share (EPS), in CHF	16	1.97	2.13
Diluted earnings per share, in CHF	16	1.92	2.00

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

Consolidated balance sheet

in CHF 1 000

	Notes	31.12.2017	30.06.2018
Assets			
Cash		159 148	146 888
Securities		483	493
Accounts receivable		81 927	122 938
Other current receivables		9 685	14 530
Inventories		31 013	31 743
Accrued income and prepaid expenses		36 802	42 144
Assets held for sale	12/13	15 224	6 543
Total current assets		334 282	365 279
Investment properties	13	10 617 826	10 812 543
Tangible assets		63 855	67 349
Investments in associates		53 976	52 585
Deferred income tax assets		9 169	9 936
Other financial investments		3 374	5 878
Intangible assets		12 602	14 004
Total non-current assets		10 760 802	10 962 295
Total assets		11 095 084	11 327 574
Liabilities and shareholders' equity			
Current financial liabilities	15	621 585	779 817
Accounts payable		17 938	10 218
Other current liabilities		154 889	168 161
Real estate developments	11	13 252	18 232
Accrued expenses and deferred income		135 659	121 423
Total current liabilities		943 323	1 097 851
Non-current financial liabilities	15	4 228 960	4 382 355
Deferred tax liabilities		1 145 331	1 183 548
Total non-current liabilities		5 374 291	5 565 903
Total liabilities		6 317 614	6 663 754
Share capital		1 093 627	1 093 627
Capital reserves		624 201	353 023
Treasury shares		-3	-28
Retained earnings		3 060 212	3 217 015
Shareholders' equity attributable to shareholders of Swiss Prime Site AG		4 778 037	4 663 637
Non-controlling interests		-567	183
Total shareholders' equity		4 777 470	4 663 820
Total liabilities and shareholders' equity		11 095 084	11 327 574

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

Consolidated cash flow statement

in CHF 1 000	Notes	01.01.– 30.06.2017	01.01.– 30.06.2018
Profit		140 961	151 989
Depreciation		7 540	10 087
Revaluation of investment properties, net	13	–37 412	–35 020
Result from investment property sales, net	6	–257	–6 310
Result from investments in associates		–1 084	–574
Other non-cash items affecting net income		2 362	2 060
Financial expenses	9	39 171	38 302
Financial income	9	–1 461	–641
Income tax expenses	10	37 122	43 206
Change in accounts receivable		–484	–12 441
Change in inventories and real estate developments		8	4 385
Change in other receivables and accrued income and prepaid expenses		–3 538	–8 151
Change in accounts payable		–1 466	–7 895
Change in other current liabilities and accrued expenses and deferred income		–6 387	–6 662
Income tax payments		–22 840	–15 225
Cash flow from operating activities		152 235	157 110
Investments in investment properties	13	–91 270	–136 812
Divestments of investment properties	13	13 245	945
Investments in tangible assets		–3 430	–5 615
Acquisitions of group companies, less acquired cash	3	–14 431	–14 295
Investments in financial investments		–	–2 751
Divestments of financial investments		1 280	–
Investments in intangible assets		–2 230	–3 213
Interest payments received		585	122
Dividends received		2 298	2 242
Cash flow from investing activities		–93 953	–159 377
Distribution from capital contribution reserves		–264 471	–271 618
Purchase of treasury shares		–2 048	–1 645
Issue of bond		249 050	–
Issue of convertible bond	15	–	296 615
Issuance/repayment of current financial liabilities		–173 561	8 081
Issuance/repayment of non-current financial liabilities		149 914	–5 982
Interest paid		–37 482	–35 444
Cash flow from financing activities		–78 598	–9 993
Change in cash		–20 316	–12 260
Cash at beginning of period		160 326	159 148
Cash at end of period		140 010	146 888

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	Treasury shares	Retained earnings	Share-holders' equity attributable to share-holders of Swiss Prime Site AG	Non-con-trolling interests	Total share-holders' equity
Total as at 01.01.2017		1 093 627	888 187	- 109	2 765 295	4 747 000	- 720	4 746 280
Profit		-	-	-	140 952	140 952	9	140 961
Compensation of goodwill from acquisitions of group companies		-	-	-	-4 344	-4 344	-	-4 344
Distribution from capital contribution reserves on 20.04.2017		-	-264 471	-	-	-264 471	-	-264 471
Share-based compensation		-	207	2 157	-	2 364	-	2 364
Purchase of treasury shares		-	-	-2 048	-	-2 048	-	-2 048
Total as at 30.06.2017		1 093 627	623 923	-	2 901 903	4 619 453	- 711	4 618 742
Total as at 01.01.2018		1 093 627	624 201	-3	3 060 212	4 778 037	-567	4 777 470
Profit		-	-	-	152 000	152 000	- 11	151 989
Acquisition of a majority shareholding with non-controlling interests		-	-	-	-	-	761	761
Compensation of negative goodwill from acquisitions of group companies		-	-	-	4 803	4 803	-	4 803
Distribution from capital contribution reserves on 05.04.2018		-	-271 618	-	-	-271 618	-	-271 618
Share-based compensation		-	440	1 620	-	2 060	-	2 060
Purchase of treasury shares		-	-	-1 645	-	-1 645	-	-1 645
Total as at 30.06.2018		1 093 627	353 023	-28	3 217 015	4 663 637	183	4 663 820

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

Notes to 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. Swiss Prime Site also operates in real estate-related business fields aimed at strengthening and broadening the earnings base, in addition to diversifying risks and exploiting synergies.

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

2 Principles of consolidated reporting

The consolidated semi-annual financial statements have been produced in accordance with Swiss GAAP FER 31 «Complementary recommendation for listed companies» and correspond to article 17 of the Directive on Financial Reporting of the Swiss stock exchange (SIX Swiss Exchange). These semi-annual financial statements do not include all the information and disclosures as required in the annual consolidated financial statements. They should therefore be viewed relative to the consolidated financial statements as at 31 December 2017. The consolidated financial statements comprise the holding company as well as its subsidiaries (hereinafter jointly referred to as «Group companies»).

These consolidated financial statements have been prepared in Swiss francs (CHF). All amounts, except for the figures per share, have been rounded to CHF 1 000. All Group companies maintain their accounts in Swiss francs as well. Transactions denominated in foreign currencies are immaterial. Figures for the comparable previous period referred to in the text are shown in brackets [].

3 Changes in scope of consolidation

3.1 Acquisition of ZF Iseli Immobilien AG (Real Estate segment)

The group acquired 100% of the shares of ZF Iseli Immobilien AG, Regensdorf as at 1 January 2018. The company's assets include a commercial property spanning an area of roughly 25 000 square metres. The property currently houses eight multi-functional commercial structures with specialised trade and services businesses from the construction and machinery industries. The site is envisaged for commercial use and harbours significant consolidation potential. The acquisition price amounted to CHF 14.509 million and includes properties valued at CHF 26.930 million, other assets of CHF 0.551 million, mortgages of CHF 5.600 million and other liabilities of CHF 3.360 million, in addition to negative goodwill of CHF 4.012 million, which was set off directly against shareholders' equity. ZF Iseli Immobilien AG was merged into Swiss Prime Site Immobilien AG, Olten as at 1 January 2018.

3.2 Acquisition of Zentrum Schönberg AG (Services segment)

The group acquired 51% of the shares of Zentrum Schönberg AG, Berne as at 12 January 2018. Zentrum Schönberg was established by Spitex Berne and tilia Stiftung für Langzeitpflege as a specialised institution for geriatric, dementia and palliative care. With the acquisition, Tertium Group takes the place of tilia. The common objective of Spitex Berne and Tertium Group is aimed at consolidating the activities of Zentrum Schönberg as well as establishing the integrated centre of knowledge as a beacon in the field of practical geriatric care research. The acquisition was carried out at the symbolic amount of CHF 1. The company's balance sheet includes assets of CHF 11.061 million and liabilities of CHF 9.509 million. The negative goodwill of CHF 0.791 million resulting from the acquisition was set off directly against shareholders' equity.

3.3 Group internal mergers

In the Services segment, SENIOcare AG, Zurich and Perlavita Rosenau AG, Kirchberg were merged into Tertium AG, Zurich, while La Résidence des Marronniers SA, Martigny and Résidence les Sources Saxon SA, Saxon were merged into Les Tourelles S.à r.l., Martigny as at 1 January 2018. In the Real Estate segment, Bellevue-Bau AG, Winterthur was merged into Swiss Prime Site Immobilien AG, Olten as at 1 January 2018.

4 Segment reporting

Swiss Prime Site is a group that primarily operates a real estate business (core business) comprising buying and selling, managing and developing properties. Swiss Prime Site also operates in real estate-related business fields.

The consolidated financial data are subdivided into the segments subject to mandatory reporting, as follows:

- Real Estate comprises the purchase, sale, lease and development of properties as well as the central group functions
- Services consists of the real estate-related real estate services, assisted living and retail as well as asset management business

Segment income statement 01.01.–30.06.2018

in CHF 1 000	Real Estate segment	Services segment	Total segments	Eliminations	01.01.– 30.06.2018 Total group
Rental income from properties	218 722	50 822	269 544	–28 640	240 904
thereof from third parties	190 082	50 822	240 904	–	240 904
thereof from other segments	28 640	–	28 640	–28 640	–
Income from real estate developments	25 020	–	25 020	–	25 020
Income from real estate services	–	71 481	71 481	–12 589	58 892
Income from retail	–	59 606	59 606	–9	59 597
Income from assisted living	–	193 765	193 765	–	193 765
Income from asset management	–	3 390	3 390	–	3 390
Other operating income	1 037	3 389	4 426	–710	3 716
Operating income	244 779	382 453	627 232	–41 948	585 284
Revaluation of investment properties, net	35 590	–570	35 020	–	35 020
Result from investments in associates	574	–	574	–	574
Result from investment property sales, net	5 526	184	5 710	600	6 310
Real estate costs	–32 435	–78 551	–110 986	40 765	–70 221
Cost of real estate developments	–18 245	–	–18 245	–	–18 245
Cost of goods sold	–	–47 778	–47 778	–	–47 778
Personnel costs	–9 952	–208 668	–218 620	–	–218 620
Depreciation on tangible assets	–335	–7 790	–8 125	–	–8 125
Amortisation on intangible assets	–141	–1 821	–1 962	–	–1 962
Other operating expenses	–8 363	–21 601	–29 964	583	–29 381
Operating expenses	–69 471	–366 209	–435 680	41 348	–394 332
Operating result (EBIT)	216 998	15 858	232 856	–	232 856
Financial expenses					–38 302
Financial income					641
Profit before income taxes					195 195

Segment income statement 01.01. – 30.06.2017

in CHF 1 000	Real Estate segment	Services segment	Total segments	Eliminations	01.01.– 30.06.2017 Total group
Rental income from properties	209 676	48 540	258 216	–27 128	231 088
thereof from third parties	182 548	48 540	231 088	–	231 088
thereof from other segments	27 128	–	27 128	–27 128	–
Income from real estate services	–	66 965	66 965	–9 147	57 818
Income from retail	–	60 780	60 780	–	60 780
Income from assisted living	–	176 020	176 020	–132	175 888
Income from asset management	–	2 176	2 176	–	2 176
Other operating income	709	2 267	2 976	–201	2 775
Operating income	210 385	356 748	567 133	–36 608	530 525
Revaluation of investment properties, net	37 423	–11	37 412	–	37 412
Result from investments in associates	1 084	–	1 084	–	1 084
Result from investment property sales, net	257	–	257	–	257
Real estate costs	–29 648	–73 335	–102 983	36 428	–66 555
Cost of goods sold	–	–46 939	–46 939	–	–46 939
Personnel costs	–9 426	–193 838	–203 264	–10	–203 274
Depreciation on tangible assets	–385	–6 059	–6 444	–	–6 444
Amortisation on intangible assets	–83	–1 013	–1 096	–	–1 096
Other operating expenses	–7 547	–21 820	–29 367	190	–29 177
Operating expenses	–47 089	–343 004	–390 093	36 608	–353 485
Operating result (EBIT)	202 060	13 733	215 793	–	215 793
Financial expenses					–39 171
Financial income					1 461
Profit before income taxes					178 083

In the eliminations column, the revenues realised between the segments are eliminated.

5 Operating income

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Target rental income from investment properties	213 313	219 926
Rental income from additionally leased properties	29 420	31 216
Rent loss from vacancies	–11 645	–10 238
Rental income from properties	231 088	240 904
Income from real estate developments	–	25 020
Income from real estate services	57 818	58 892
Income from retail, gross	68 843	65 985
Rebates	–8 063	–6 388
Income from retail	60 780	59 597
Income from assisted living	175 888	193 765
Income from asset management	2 176	3 390
Other operating income	2 775	3 716
Total operating income	530 525	585 284

Floor space in existing properties that is unusable due to total refurbishment is included neither in target rental income nor in rent loss from vacancies.

Details on future 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 30 June 2018:

End of contract	30.06.2017 Future rental income in CHF 1 000	Share in %	30.06.2018 Future rental income in CHF 1 000	Share in %
Under 1 year ¹	55 823	13.0	46 653	10.6
Over 1 year	45 532	10.6	50 408	11.4
Over 2 years	38 177	8.9	49 988	11.4
Over 3 years	66 784	15.5	39 244	8.9
Over 4 years	42 787	10.0	43 203	9.8
Over 5 years	21 216	4.9	26 118	5.9
Over 6 years	18 673	4.3	20 181	4.6
Over 7 years	19 562	4.6	10 219	2.3
Over 8 years	8 832	2.1	29 808	6.8
Over 9 years	10 315	2.4	16 157	3.7
Over 10 years	102 021	23.7	108 368	24.6
Total	429 722	100.0	440 347	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 is based on the rental agreements of the Group's properties as at 30 June 2018 [30 June 2017].

Largest external tenants

As at the balance sheet date, the five largest external tenants accounted for 19.9% [20.2%] of future annual rental income and land lease income (Real Estate segment perspective). These individual tenants have good credit ratings and consist of the following corporations, in particular:

in %	30.06.2017	30.06.2018
Coop	6.2	6.2
Migros	5.0	5.3
Swisscom	3.4	3.0
Inditex S.A.	2.9	2.7
Zurich Insurance Group	2.7	2.7

According to Swiss GAAP FER 13, 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.

6 Result from investment property sales

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Gains from sales of properties held for sale	257	6 310
Total result from investment property sales, net	257	6 310

Two [one] properties were divested in the reporting period. The profit is attributable primarily to the divestment of the «Weltpost Park» residential complex in Berne. «Weltpost Park» is under construction and will be completed and transferred to the buyer in turnkey condition in 2020. The divestment consists of two transactions. The first transaction comprises a land lease property, the incurred projection costs as well as excavation and construction activities up until the time of transfer of ownership, which took place prior to the balance sheet date. Recognition in the reporting period is carried out as sale of investment properties (Swiss GAAP FER 18). The second transaction comprises a general contractors agreement relating to the construction of the residential complex up until the turnkey transfer completion date in 2020. Recognition in the consolidated financial statements is carried out as real estate development starting from the second half-year 2018 according to the percentage of completion (POC) method (long-term contract in accordance with Swiss GAAP FER 22).

7 Real estate costs

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Property expenses	–26 375	–24 627
Third-party rents	–33 985	–38 254
Expenses for third-party services	–1 659	–3 166
Expenses for real estate services	–1 715	–1 421
Land lease expenses	–2 821	–2 753
Total real estate costs	–66 555	–70 221

8 Personnel costs

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Wages and salaries	–168 514	–179 859
Social security expenses	–15 958	–16 484
Pension plan expenses	–13 249	–14 232
Other personnel expenses	–5 553	–8 045
Total personnel costs	–203 274	–218 620
Number of employees as at 30.06.	5 696	6 100
Number of full-time equivalents as at 30.06.	4 589	4 937

Personnel costs reflect 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.

9 Financial result

Financial expenses

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Interest expenses	–39 323	–38 048
Other financial expenses	152	–254
Total financial expenses	–39 171	–38 302

Financial income

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Interest income	582	102
Dividend income on securities and financial investments	259	277
Fair value changes of financial instruments	620	262
Total financial income	1 461	641

10 Income taxes

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Current income taxes of the reporting period	– 10 375	– 8 802
Adjustments for current income taxes of other accounting periods	685	– 255
Total current income taxes	– 9 690	– 9 057
Deferred taxes resulting from revaluation and depreciation	– 28 717	– 33 567
Deferred taxes resulting from real estate developments (long-term contracts)	–	– 1 637
Deferred taxes resulting from the sale of investment properties	1 181	–
Deferred taxes resulting from tax rate changes and reductions from duration of ownership deductions	– 241	–
Deferred taxes resulting from losses carried forward	345	767
Other deferred taxes	–	288
Total deferred taxes	– 27 432	– 34 149
Total income taxes	– 37 122	– 43 206

11 Real estate developments

in CHF 1 000	31.12.2017	30.06.2018
Income from current projects since start of construction	51 748	76 768
Advance payments received	– 65 000	– 95 000
Real estate developments, net	– 13 252	– 18 232
of which real estate developments, assets	–	–
of which real estate developments, liabilities	– 13 252	– 18 232
Income from real estate developments of the period	51 748	25 020

The accruals/deferrals stem from the partial sale of the «Espace Tourbillon» development project. Of the total five buildings under construction, two have been sold. The turnkey transfer of the two buildings will be carried out in the years 2020 and 2021, respectively, following completion. Further information on the project status is provided in note 13 «Investment properties».

12 Assets held for sale

in CHF 1 000	31.12.2017	30.06.2018
Berne, Weltpoststrasse 1–3, Weltpostpark	7 563	–
Dietikon, Zentralstrasse 12	6 900	6 543
Wattwil, Ebnaterstrasse 45	761	–
Total assets held for sale	15 224	6 543

The properties in Berne and Wattwil were divested in the reporting period.

13 Investment properties

Change in investment properties

in CHF 1 000	Undeveloped properties	Properties	Properties under construction/development sites	Total investment properties	Properties held for sale	Total
Total as at 01.01.2017	35 898	9 735 871	307 331	10 079 100	13 000	10 092 100
Purchases	–	–	28 191	28 191	–	28 191
Follow-up investments	396	45 940	47 653	93 989	–	93 989
Capitalised borrowing costs	–	–	1 207	1 207	–	1 207
Additions from acquisitions	–	23 820	–	23 820	–	23 820
Reclassifications	–	–36 561	25 490	–11 071	11 071	–
Disposal by sale	–	–	–	–	–13 000	–13 000
Positive fair value adjustment	31	90 599	4 399	95 029	–	95 029
Negative fair value adjustment	–421	–55 255	–1 941	–57 617	–	–57 617
Fair value adjustment	–390	35 344	2 458	37 412	–	37 412
Total as at 30.06.2017	35 904	9 804 414	412 330	10 252 648	11 071	10 263 719
Purchases	–	–	96 493	96 493	–	96 493
Follow-up investments ¹	13 990	62 254	31 501	107 745	–	107 745
Capitalised borrowing costs	–	99	1 021	1 120	–	1 120
Additions from acquisitions	–	135 890	–	135 890	–	135 890
Reclassifications	–21 313	197 700	–180 540	–4 153	4 153	–
Disposal by sale	–	–384	–	–384	–	–384
Positive fair value adjustment	871	68 905	54 810	124 586	–	124 586
Negative fair value adjustment	–4 005	–89 349	–2 765	–96 119	–	–96 119
Fair value adjustment	–3 134	–20 444	52 045	28 467	–	28 467
Total as at 31.12.2017	25 447	10 179 529	412 850	10 617 826	15 224	10 633 050
Purchases	–	–	27 102	27 102	–	27 102
Follow-up investments	81	46 118	57 960	104 159	12 202	116 361
Capitalised borrowing costs	–	–	1 149	1 149	109	1 258
Additions from acquisitions	–	26 930	–	26 930	–	26 930
Reclassifications	–	42 950	–42 950	–	–	–
Disposal by sale	–	–	–	–	–20 635	–20 635
Positive fair value adjustment	–	94 695	34 859	129 554	–	129 554
Negative fair value adjustment	–61	–86 987	–7 129	–94 177	–357	–94 534
Fair value adjustment	–61	7 708	27 730	35 377	–357	35 020
Total as at 30.06.2018	25 467	10 303 235	483 841	10 812 543	6 543	10 819 086
Actual costs as at 31.12.2017	16 732	7 502 701	382 110	7 901 543	16 518	7 918 061
Actual costs as at 30.06.2018	16 813	7 612 354	431 716	8 060 883	5 497	8 066 380
Difference between fair value and actual costs as at 31.12.2017	8 715	2 676 828	30 740	2 716 283	–1 294	2 714 989
Difference between fair value and actual costs as at 30.06.2018	8 654	2 690 881	52 125	2 751 660	1 046	2 752 706

¹ buildings C and D of the «Espace Tourbillon» development project were sold in the financial year 2017 and accordingly the book value was reclassified in the balance sheet position «property developments». Reclassification of the book value of CHF 8.407 million is included in the position «follow-up investments»

The book value of the investment properties recognised through finance lease amounts to CHF 15.430 million [CHF 16.000 million].

Further details on investment properties

in CHF 1 000	Undeveloped properties	Properties	Properties under con- struction/ develop- ment sites	Total investment properties	Properties held for sale	Total
Fire insurance values¹						
On 01.01.2017	1 975	6 637 432	311 068	6 950 475	19 423	6 969 898
On 01.01.2018	2 067	6 781 310	237 513	7 020 890	12 694	7 033 584
On 30.06.2018	1 956	6 865 559	368 423	7 235 938	11 386	7 247 324
Net rental income²						
01.01.– 30.06.2017	186	201 177	305	201 668	–	201 668
01.01.– 30.06.2018	67	209 395	21	209 483	205	209 688
Vacancy rate in %						
01.01.– 30.06.2017	0.4	5.5	–	5.5	–	5.5
01.01.– 30.06.2018	–	4.7	–	4.7	16.7	4.7

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

The valuations of properties are determined at least on a semi-annual basis by Wüest Partner AG, Zurich – an external, independent and qualified valuation expert. 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.

Discount rates for the real estate valuation hovered in a range between 2.1% and 5.2% on the balance sheet date [2.1% to 5.2% as at 31 December 2017]. The weighted average real discount rate was 3.30% [3.35% as at 31 December 2017].

Current development and new building projects

Basel, Hochbergerstrasse 60 «Stücki Park» (formerly Businesspark)

Project description	Stücki, located to the north of Basel City, will become a superordinate development site. The objective is aimed at creating a new focal point in the up-and-coming district. The current mall situated on one side of Badenstrasse will be upgraded with a fascinating array of day-to-day facilities, food & beverage outlets, experience and entertainment, wellness and fitness. The existing «Businesspark» with the longitudinal structure on the other side of Badenstrasse will be supplemented by four lateral buildings, and the supply of office and laboratory floor space expanded by 27 000 square metres. The new diversity of the facilities and user groups will be commonly presented in the future under the «Stücki Park» brand and interwoven into an overall concept. A future-oriented centre of attraction with radiance appealing to the entire Basel region will emerge as a destination for innovation, experience, health and shopping. The four new office and laboratory buildings will be constructed on an end-to-end base foundation with parking places situated beneath. The upper primary access level enables connectivity of all the buildings on the same level. The courtyards to be constructed between the buildings serve the common development complex as well as provide green recreational spaces and relaxation areas for tenants and visitors. A new pedestrian bridge above Badenstrasse paves the way for access on foot to the current mall and should lead to enhanced synergy utilisation.
Project status	Construction of the four new buildings will be carried out in two phases (2020/2023). Site reclamation operations are already concluded. The construction activities for the first phase commenced at the outset of June. The first two buildings should be ready for tenants' improvements in April 2020 and will be ready for occupancy by October 2020.
Occupancy rate ¹	Discussions with various interested tenants regarding individual floor space and entire buildings are taking place on an ongoing basis. Official marketing activities should commence in the fourth quarter of 2018.
Completion	The individual buildings will be ready for occupancy according to scattered dates in two phases by autumn 2020 and summer 2023, respectively.

Berne, Viktoriastrasse 21, 21a, 21b «Schönburg»

Project description	The office property originally comprising utilised 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. According to the effective layout plan, other types of utilisation are also possible, particularly residential use. Swiss Prime Site acquired the Schönburg property in 2014. Following Swiss Post's departure, the company decided to preserve the structure including the subterranean level and create a high-quality residential and hotel complex based on extensive variant studies. The property will house a modern business hotel with more than 180 rooms at the north wing, in addition to 142 high-quality apartments spanning the eight upper floors. Attractive townhouses as well as a Coop grocery store and fitness studio will be constructed in the newly created low-level annex building on the east side. The main building will be restructured to the core shell, and additional emergency staircases and a new façade will be installed. The entire building technology and interior will be replaced.
Project status	The building application submitted in August 2016 was approved in February 2017. Following a parallel project optimisation process with two total contractors, Losinger Marazzi was awarded the contract in the autumn of 2016 for execution of the project including the hotel development. The demolition and residual waste clean-up processes as well as dismantling of the façades are concluded. The structural adjustments to the new façade are already far advanced. A Building Information Modelling (BIM) project development plan regulates the collaboration among the most important parties participating in the planning and building process. The digital model paves the way for, among other things, reviewing the planning, managing the construction progress with appropriate logistics, centralising the data maintenance for future management and providing Swiss Prime Site with the relevant as-built data base.
Occupancy rate ¹	A rental agreement has been concluded with Hamburg-based hotel operator prizeotel for a state-of-the-art business hotel, as well as a lease with Coop for a retail business comprising roughly 1 000 square metres, in addition to an UPDATE brand fitness studio. No condominiums will be offered. Leasing of the apartments will commence in autumn 2018. An image campaign is already underway. Enquiries are being submitted via the project website www.schoenburg-bern.ch on an ongoing basis.
Completion	The apartments will be ready for occupancy in autumn 2019. The hotel, retail floor space and fitness studio will commence operations a few months later due to tenants' improvements.

¹ occupancy rate and sales status as at 30.06.2018

Lancy, Esplanade de Pont-Rouge 5, 7, 9 «Pont-Rouge»

Project description	Swiss Prime Site acquired the Esplanade 4 parcel of land located in the «Esplanade de Pont-Rouge» urban development zone and situated in close proximity to the Lancy railway station in Geneva from SBB AG (Swiss Federal Railways). The acquired parcel comprises space of around 3 500 square metres. The Pont-Rouge railway station is the first major construction phase of Geneva's prominent «Praille-Acacias-Vernets» (PAV) development zone, where a new urban district is emerging on an area of 260 hectares. Roughly 50 000 people are expected to live and work in the neighbourhood in 20 years. The official inauguration ceremony for the new «Lancy Pont-Rouge» railway station in December 2017 has already laid the cornerstone for PAV's re-design. Starting from 2019, the Léman Express will stop here, offering a direct train connection five times per hour to Geneva's main railway station as well as to France. Passengers will reach Geneva's city centre in just six minutes' travel time. The «Esplanade de Pont-Rouge» project should pave the way for the emergence of an urban centre with mixed utilisation on the former industrial site. Hence, the acquisition complies very well with Swiss Prime Site's investment strategy.
Project status	The underlying design plan is legally validated and a general building permit is expected to be issued in 2018. Following completion in 2022, the superstructure envisaged on the parcel of land will comprise leasable space of roughly 30 000 square metres.
Completion	A modern services building complex with 15 upper floors as well as innovative and flexible floor space will emerge on the acquired parcel of land in the years 2020–2022.

Meyrin, Route de Pré-Bois 14 «Geneva Business Terminal»

Project description	The land lease property is located in the community of Meyrin in the immediate vicinity of the Geneva-Cointrin Airport. A hotel was constructed on the neighbouring plot of land in 2003, and at the same time a subterranean level with underground garage and storage rooms was erected on the plot as preparatory construction for a future building extension. The hotel operator exercised its purchase option in 2005, and the transaction was concluded in 2010. Swiss Prime Site acquired the property within the scope of the Jelvoli acquisition in 2009. The development project began in 2014 with the objective of offering the market flexible and turnkey floor space for local small- and medium-sized enterprises (SMEs) at shorter lease terms. Tenants occupy fully equipped offices including furniture, which they return to the lessor following the end of the lease. The project also includes plans for a shared workspace in which users can rent a workplace, conference room or locker on an hourly basis as required. All tenants are allowed common use of the lounge located on the ground floor and sports locker room in the basement. The concept envisages a seven-storey office building with rentable space of roughly 2 600 square metres according to the Minergie standard. The rentable space per floor of nearly 400 square metres can be ideally allocated to up to four tenants and subdivided into minimum dimensions of 80 square metres. The floor space is therefore ideally suited for this target group.
Project status	The building permit and application for modification are legally validated. Induni SA has been assigned the task as total contractor. Construction activity commenced in November 2016. The requisite easements with the neighbours have been authenticated through notarisation. Work on the core and shell has been completed and would be accepted.
Occupancy rate ¹	Small- and medium-sized enterprises (SMEs) are currently exhibiting strong interest, expressing a desire to relocate from their existing premises and seeking modern as well as flexible rental floor space with short lease terms. Three tenants have moved into their respective units, totalling one-and-a-half floors. Three-and-a-half floors are available for an office services operator to open in autumn 2018.
Completion	2018

Monthey, Rue de Venise 5–7/Avenue de la Plantaud 4

Project description	Swiss Prime Site is planning to construct a mixed-use building with a senior geriatric care centre in Monthey (Wallis) that will be operated by its associated company Tertianum. The facility will house 50 beds including a ten-bed unit for psychogeriatrics, as well as 39 secure or senior-adapted apartments. For this purpose, Swiss Prime Site acquired the property from the municipality of Monthey on 16 March 2018, on which the construction project for erecting a building has been approved. The property is situated in the city centre, precisely at the intersection of Avenue de la Plantaud and Rue de Venise. The project from the Bonnard-Woeffray architect office comprises construction of a five-storey building including ground floor, attic floor and two subterranean levels. The ground floor will contain common-use space as well as ten psychogeriatric rooms, designed around an inner courtyard. The 40 geriatric care rooms are located on levels one and two, while the 39 secure apartments are situated on the upper levels. The construction start-up date is planned for the second quarter of 2019.
Project status	Building permit pending.
Completion	2021

¹ occupancy rate and sales status as at 30.06.2018

Paradiso, Riva Paradiso 3, 20 «Tertianum Residence Du Lac»

Project description	Swiss Prime Site acquired the former «Du Lac» hotel property – situated in a splendid location directly on Lake Lugano with a view of the cove of Lugano – with the aim of constructing a Tertianum Residence on the site. Tertianum will operate an upscale residence on the site comprising 60 apartments and 40 geriatric care rooms. Due to the situation with two parcels of land separated by the main road, two buildings will be constructed that are connected via a subterranean passageway. The «Seehaus», featuring privileged panoramic views, comprises a restaurant with terrace open to residents and passers-by. Geriatric care rooms (40) and additional apartments are envisaged for «Berghaus». Tertianum is leasing the roughly 7 700 square-metre above-ground effective floor space as well as the 55 parking places for a 20-year fixed term with option for renewal.
Project status	The building application was submitted at end-June 2017, but not published by the municipality due to requested specifications. Within the scope of the lake shore design plan, parts of the property must be assigned to the community. The hill-side section will be used for a public road, while the lake-side section will be utilised for design of the shore. Expectations point to issuance of the building permit toward end-2018 after a relevant agreement has been recently reached.
Occupancy rate ¹	Fully leased (Tertianum as general tenant).
Completion	The construction start-up date is not anticipated before autumn 2018 due to a delay in the building permit approval process on the part of the municipality. Occupancy of the residence is envisaged for autumn 2021.

Plan-les-Ouates, Chemin des Aulx «Espace Tourbillon»

Project description	Swiss Prime Site is sole owner of one of the last major plots of building land in the industrial zone of Plan-les-Ouates (ZIPLO), comprising land area of roughly 28 400 square metres. The development project is characterised by seven above-ground building structures that are situated on a common three-storey subterranean basement. The flexible commercial buildings with a subterranean optimal logistics infrastructure for trucks are oriented toward the needs of industrial and commercial tenants. The upper floors are ideally suitable for high-tech, biotech, clean-tech and R&D tenants, in addition to commercial, trade or office utilisation. Total rentable floor space amounts to 95 000 square metres.
Project status	The building permit was legally validated on 8 June 2017, and the total contractor Implenia commenced initial construction activity in summer 2017. Construction is currently in full swing and proceeding according to plan.
Occupancy rate ¹	Two buildings were sold to the Hans-Wilsdorf-Foundation in October 2017. Swiss Prime Site will transfer the more than 36 000 square metres of usable floor space on the upper and subterranean floors to the buyer in turnkey condition by 2020/2021. Marketing activities for the remaining three buildings are in full swing, and several rental contracts have been concluded. Swiss Prime Site is offering additional buildings or floor units for sale and is thus responding to the demand of commercial space.
Completion	2021

Richterswil, Gartenstrasse 7–15 «Tertianum residential and care centre Etzelblick»

Project description	Swiss Prime Site has succeeded in acquiring three adjacent plots of land from various property owners in Richterswil's core zone. One property was owned by the Richterswil community and had been designated for construction of a senior centre. Another portion of the substantial construction site totalling 6 700 square metres includes the existing «Etzelblick» residential and geriatric care facility operated by Tertianum Group, which would require modernisation in the coming years and can now be replaced and/or expanded as part of the new construction project. A Tertianum Group residential and senior care centre comprising around 65 geriatric care beds as well as assisted living senior residences will emerge in a centralised location in Richterswil, situated just a few steps away from the railway station, shopping opportunities and shore of Lake Zurich. Individual commercial floor space and apartments are planned as a supplemental project. The Tertianum group company has signed a services agreement with the Richterswil community for the acquisition of the municipality's plot of land by Swiss Prime Site, thus guaranteeing coverage of the additional demand for geriatric care facilities in Richterswil. The project therefore constitutes a public-private partnership with significant exemplary character for the future.
Project status	Submission of the building application is planned in autumn 2018. Subsequently, the construction period will extend into the first half-year 2021. The residential facility and geriatric care centre as well as senior residences should be ready for occupancy in spring 2021.
Occupancy rate ¹	Group company Tertianum will be the primary tenant. Conclusion of a long-term rental agreement is pending. Marketing of the third-party floor space will begin after the building permit is obtained.
Completion	Completion is planned in spring 2021.

¹ occupancy rate and sales status as at 30.06.2018

Schlieren, Zürcherstrasse 39 «JED»

Project description	The former NZZ printing facility was acquired in December 2015, and the property will be converted into an innovative centre for science and information transfer under the name «JED» (Join Explore Dare). Infrastructure for services companies, training and further education as well as research and development, in addition to co-working spaces and facilities for community activities and culture, are all envisaged for the centre. At the same time, the building structure should be largely preserved, providing future users with a fascinating spatial experience with its rooms featuring up to 18-metre-high ceilings. The focus of the development project is aimed at creating an ecosystem, within which fresh know-how should emerge and innovations can be achieved. The development of a site for education, science and information transfer will address the growing necessity for realms of social interaction and changing forms of collaboration. The property's location as well as position and structure are ideally suitable for such purposes. In addition to conversion of the existing property, expansion opportunities for the overall site are under review as well.
Project status	The first significant step in the development process was taken in November 2016, with the signing of a long-term rental agreement with Zühlke Engineering AG. The company will relocate its Swiss headquarters to the former NZZ printing facility in the course of the financial year 2020. Zühlke covers all the phases of the business innovation process and manages products as well as applications ranging from the idea, through realisation and to operations in its portfolio. The company is occupying roughly 8 500 square metres of floor space with a workforce of 500 employees. The building permit for modification and repositioning of the property was issued in the first quarter of 2018, and the demolition work should commence in late summer 2018. The project has sparked significant interest on the market, and intense discussions are currently underway with prospective tenants. The potential for utilisation that the site harbours in the existing buildings should be expanded by a supplemental offering in a new building in the near term.
Occupancy rate ¹	Approximately 40%
Completion	Second quarter 2020

Zurich, Albisriederstrasse/Rütiwiesweg 2 «YOND»

Project description	The innovative development project «YOND» creates an atmosphere for small-, medium- and large-scale service providers and business owners that is clearly characterised by the transformation to Industry 4.0. New standards will be set within the versatile-use building structure based on impression, flexibility and simplicity. The project is conceptualised toward meeting tenants' needs from the ground up: i.e. user-specific mezzanine levels can be incorporated in the two-storey spatial structures spanning three floors. Tenants will be offered just the right space they actually need at the time of occupancy as well as also meeting additional demands at a future point in time. Such a concept paves the way for companies to individually design workplaces and atmospheres, accordingly adapting to various situations and, in turn, also reorganising workflows and infrastructure in addition to initiating a process of change. The focal point of the services offered is directed at structurally and technically optimised, flexible-use floor space that is immediately available and adaptable at attractive prices. The encounter between service providers and manufacturing companies as well as the handicraft trade is unique in Zurich City in its particular form. The project provides the logical response to the increasing entanglement and reciprocal extension of the industrial and service sectors.
Project status	The overall planning and construction phase is proceeding according to the lean principle. In many respects, this so-called lean construction process stands diametrically in contrast to the traditional procedure as well as incentives and interests of the parties involved. The objective of lean construction is to provide users with the greatest scope of utilisation and, at the same time, maximally reduce waste. Systematically applying the methods and principles of lean construction over the entire construction phase is still relatively unknown in Switzerland. The «YOND» development project therefore constitutes an innovative pilot project not only for Swiss Prime Site, which could also serve as an exemplary model for future projects. The legally valid building permit for the project was issued in mid-2017. The topping out ceremony was celebrated at the end of June 2018.
Occupancy rate ¹	Marketing of the workspaces commenced in May 2018.
Completion	First quarter 2019

¹ occupancy rate and sales status as at 30.06.2018

Zurich, Vulkanstrasse 114, Juchstrasse 3 «West-Log»

Project description	The Zurich logistics centre and concurrently headquarters of a Swiss wholesaler – are being constructed within walking distance of the Zurich-Altstetten railway station, with good connections to the A1 motorway and Zurich City too. The building is especially conceptualised for highly efficient logistics operations, featuring various automated storage facilities on two extra-high floors as well as retail space and show-rooms. The upper floors are designated for office use, while the upper-most floor with a nice view should be leased to a third party. Total usable floor space amounts to roughly 17 500 square metres, of which around 2 000 square metres are envisaged for third-party leasing. About 102 parking places will be constructed in the subterranean level. The ground level space will include four truck docks, twelve delivery truck loading stations and 24 visitor parking places. The building is situated in an ideal location. Given future re-letting of the property, the logistics floor space could be divided among multiple users if needed. The two upper floors designated for office use are ideally developed with vertical connections, also enabling small-scale leasing without additional corridors. All floor space will be completely developed as constructed.
Project status	The project has obtained a building permit and received the green light for construction. Following removal of the old structures already from February 2018, the construction start-up date was set for 25 June 2018. Swiss Prime Site acquired the property on 21 June 2018 and at the same time signed a total contractor agreement.
Occupancy rate ¹	More than 85% of the floor space is leased for a ten-year term plus two options of five years each. Rental payments commence starting from December 2020. The still-free third-party floor space amounting to nearly 2 000 square metres will be the object of marketing activities from autumn 2018.
Completion	The building will be ready for turnkey transfer in October 2020.

¹ occupancy rate and sales status as at 30.06.2018

14 Goodwill

Goodwill resulting from acquisitions is set off against shareholders' equity as at the time of acquisition. Theoretical recognition of goodwill would have the following effects on the consolidated financial statements, taking into account a useful life of five years:

Theoretical statement of changes in goodwill

in CHF 1 000	31.12.2017	30.06.2018
Cost as at 01.01.	441 302	451 715
Additions	11 544	-4 803
Disposals from divestments	-1 131	-
Cost as at reporting date	451 715	446 912
Cumulative amortisation as at 01.01.	250 466	319 798
Additions	69 784	30 873
Disposals from divestments	-452	-
Cumulative amortisation as at reporting date	319 798	350 671
Theoretical net book value as at reporting date	131 917	96 241

The negative additions in the reporting period include negative goodwill from acquisitions, which are described in note 3 «Changes in scope of consolidation». The theoretical release over five years with effect on the income statement is included in amortisation.

Theoretical effect on shareholders' equity

in CHF 1 000	31.12.2017	30.06.2018
Shareholders' equity according to balance sheet	4 777 470	4 663 820
Theoretical recognition of net book value of goodwill in the balance sheet	131 917	96 241
Theoretical shareholders' equity including net book value of goodwill	4 909 387	4 760 061

Theoretical effect on profit

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Profit according to income statement	140 961	151 989
Theoretical amortisation of goodwill	-38 318	-30 873
Theoretical profit including amortisation of goodwill	102 643	121 116

15 Financial liabilities

in CHF 1 000	31.12.2017	30.06.2018
Mortgage-backed loans	505 800	664 000
Bonds	114 947	114 997
Other loans	838	820
Total current financial liabilities	621 585	779 817
Mortgage-backed loans	2 643 200	2 493 100
Convertible bonds	244 287	541 983
Bonds	1 326 541	1 326 989
Non-current loans	12 533	18 127
Other non-current financial liabilities	2 399	2 156
Total non-current financial liabilities	4 228 960	4 382 355
Total financial liabilities	4 850 545	5 162 172

Non-current financial liabilities of CHF 4 382.355 million [CHF 4 228.960 million] were recognised in the balance sheet at amortised cost, which generally corresponded to the nominal value. There were no unusual debt covenants for loans secured by real estate or for bonds. The contractual limits are continually monitored and were complied with by the Company.

Financial liabilities include current lease obligations of CHF 0.524 million [CHF 0.517 million] and non-current lease obligations of CHF 8.847 million [CHF 9.111 million].

To secure the financial liabilities, various credit line agreements were concluded under market conditions (at arm's length). Within the scope of the general credit lines, the respective maximum amounts of credit available are 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 liquidity planning.

As at the balance sheet date, the loan-to-value ratio of the real estate portfolio amounted to 47.7% [45.6% as at 31 December 2017].

Bonds

		CHF 115 m 2018	CHF 200 m 2019	CHF 230 m 2020	CHF 300 m 2021
Issuing volume, nominal	CHF m	115.000	200.000	230.000	300.000
Book value as at 30.06.2018	CHF m	114.997	199.645	229.692	299.091
Book value as at 31.12.2017	CHF m	114.947	199.524	229.626	298.930
Interest rate	%	1.125	1.0	2.0	1.75
Term to maturity	years	5	5	7	7
Maturity	date	11.07.2018	10.12.2019	21.10.2020	16.04.2021
Securities number		21 564 566 (SPS13)	25 704 216 (SPS141)	21 565 073 (SPS131)	23 427 449 (SPS14)
Fair value as at 30.06.2018	CHF m	115.035	203.300	239.315	311.100
Fair value as at 31.12.2017	CHF m	115.656	204.900	241.615	316.050

Bonds

		CHF 100 m 2024	CHF 250 m 2025	CHF 250 m 2026
Issuing volume, nominal	CHF m	100.000	250.000	250.000
Book value as at 30.06.2018	CHF m	99.463	249.928	249.170
Book value as at 31.12.2017	CHF m	99.422	249.922	249.117
Interest rate	%	2.0	0.5	0.825
Term to maturity	years	10	9	9
Maturity	date	10.12.2024	03.11.2025	11.05.2026
Securities number		25 704 217 (SPS142)	33 764 553 (SPS 161)	36 067 729 (SPS17)
Fair value as at 30.06.2018	CHF m	107.200	239.625	243.000
Fair value as at 31.12.2017	CHF m	109.500	249.250	252.000

Bonds are redeemed at their nominal value.

Convertible bonds

		CHF 250 m 2023	CHF 300 m 2025
Issuing volume, nominal	CHF m	250.000	300.000
Nominal value as at 30.06.2018	CHF m	250.000	300.000
Book value as at 30.06.2018	CHF m	244.806	297.177
Book value as at 31.12.2017	CHF m	244.287	0.000
Conversion price	CHF	105.26	101.49
Interest rate	%	0.25	0.325
Term to maturity	years	7	7
Maturity	date	16.06.2023	16.01.2025
Securities number		32 811 156 (SPS16)	39 764 277 (SPS18)
Fair value as at 30.06.2018	CHF m	246.500	295.650
Fair value as at 31.12.2017	CHF m	251.625	0.000

Swiss Prime Site AG issued a convertible bond as at 16 January 2018, amounting to CHF 300.000 million with a term to maturity of seven years and interest rate of 0.325%. Each individual bond with a nominal value of CHF 0.005 million can be converted into registered shares of the Company at any time between 26 February 2018 and 13 November 2024. Bondholders that exercise their conversion right receive the nominal value of the convertible bond in cash – as well as any potential added value in registered shares of the Company – subject to Swiss Prime Site AG exercising its option right of satisfying each conversion with an arbitrary combination of cash payment and shares. Based on the conversion rights, no conditional capital is reserved for potential conversions. The conversion option does not constitute an equity instrument due to its present form and is therefore not separated.

Conversion price and number of possible shares given 100% conversion

Convertible bond	31.12.2017 Conversion price in CHF	Number of possible shares	30.06.2018 Conversion price in CHF	Number of possible shares
0.25%-convertible bond 16.06.2016–16.06.2023, CHF 250.000 million	105.38	2 372 366	105.26	2 375 071
0.325%-convertible bond 16.01.2018–16.01.2025, CHF 300.000 million	–	–	101.49	2 955 956
Total number of possible shares		2 372 366		5 331 027

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

in CHF 1 000	30.06.2018 Book value	Contractual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation
Current financial liabilities	779 817	784 125	2 681	629 407	794	151 243	–	–	–	–	–	–
Accounts payable	10 218	10 218	–	10 218	–	–	–	–	–	–	–	–
Other current liabilities	168 161	168 161	–	168 161	–	–	–	–	–	–	–	–
Non-current financial liabilities (without derivatives)	4 380 199	4 670 743	32 420	–	32 420	–	59 202	625 923	93 166	1 844 884	63 138	1 919 590
Total non-derivative financial liabilities	5 338 395	5 633 247	35 101	807 786	33 214	151 243	59 202	625 923	93 166	1 844 884	63 138	1 919 590
Derivatives with negative fair value	2 156	2 195	–	419	–	412	–	752	–	612	–	–
Total derivative financial liabilities	2 156	2 195	–	419	–	412	–	752	–	612	–	–
Total financial liabilities	5 340 551	5 635 442	35 101	808 205	33 214	151 655	59 202	626 675	93 166	1 845 496	63 138	1 919 590

in CHF 1 000	31.12.2017 Book value	Contractual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation
Current financial liabilities	621 585	624 832	2 075	419 227	1 119	202 411	–	–	–	–	–	–
Accounts payable	17 938	17 938	–	17 938	–	–	–	–	–	–	–	–
Other current liabilities	154 889	154 889	–	154 889	–	–	–	–	–	–	–	–
Non-current financial liabilities (without derivatives)	4 226 561	4 543 788	33 478	–	33 478	–	64 208	660 999	105 675	1 653 030	71 216	1 921 704
Total non-derivative financial liabilities	5 020 973	5 341 447	35 553	592 054	34 597	202 411	64 208	660 999	105 675	1 653 030	71 216	1 921 704
Derivatives with negative fair value	2 399	2 597	–	402	–	409	–	810	–	976	–	–
Total derivative financial liabilities	2 399	2 597	–	402	–	409	–	810	–	976	–	–
Total financial liabilities	5 023 372	5 344 044	35 553	592 456	34 597	202 820	64 208	661 809	105 675	1 654 006	71 216	1 921 704

The weighted average residual term to maturity of all interest-bearing financial liabilities was 4.4 years [4.7 years as at 31 December 2017] due to the contractual maturities.

Current and non-current financial liabilities categorised by interest rate

	31.12.2017 Total nominal value	30.06.2018 Total nominal value
in CHF 1 000		
Financial liabilities up to 1.00%	1 308 800	1 687 000
Financial liabilities up to 1.50%	1 006 000	1 006 000
Financial liabilities up to 2.00%	874 800	874 700
Financial liabilities up to 2.50%	1 164 400	1 094 430
Financial liabilities up to 3.00%	481 564	481 478
Financial liabilities up to 3.50%	–	–
Financial liabilities up to 4.00%	20 076	20 076
Financial liabilities up to 4.50%	589	6 299
Financial liabilities up to 5.00%	1 142	1 064
Total financial liabilities	4 857 371	5 171 047

The weighted average interest rate for all interest-bearing financial liabilities amounted to 1.4% [1.5% as at 31 December 2017]. The loans were obtained at fixed interest rates.

16 Key figures per share

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

Basis for calculation of diluted earnings per share

	01.01.– 30.06.2017	01.01.– 30.06.2018
in CHF 1 000		
Profit attributable to shareholders of Swiss Prime Site AG	140 952	152 000
Interests on convertible bonds, amortisation of proportional costs and tax effects	830	1 840
Relevant profit for calculation of diluted earnings per share	141 782	153 840

Weighted average number of shares

	01.01.– 30.06.2017	01.01.– 30.06.2018
Shares issued as at 01.01.	71 478 917	71 478 917
Average number of treasury shares (180 days)	– 1 956	– 380
Total weighted average number of shares 01.01.–30.06. (180 days)	71 476 961	71 478 537
Highest possible number of shares that can be issued on conversions	2 372 366	5 331 027
Basis for calculation of diluted earnings per share	73 849 327	76 809 564

Earnings and net asset value (NAV) per share

	01.01.– 30.06.2017	01.01.– 30.06.2018
in CHF		
Earnings per share (EPS)	1.97	2.13
Diluted earnings per share	1.92	2.00
Shareholders' equity per share (NAV) before deferred taxes ¹	79.94	81.80
Shareholders' equity per share (NAV) after deferred taxes ¹	64.63	65.25

¹ non-controlling interests recognised in shareholders' equity were not included in the calculation of the NAV. Services segment (real estate-related business fields) included at book values only

17 Future obligations and contingent liabilities

in CHF 1 000	31.12.2017	30.06.2018
2018	169 754	180 732
2019	134 616	284 595
2020	59 455	102 615
2021	14 738	19 641
Total future obligations based on total contractor agreements	378 563	587 583

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	31.12.2017 Outstanding payments in CHF 1 000	30.06.2018 Outstanding payments in CHF 1 000
Basel, Hochbergerstrasse 60a/Stücki Park 60A-E	2021	1 535	165 975
Berne, Viktoriastrasse 21, 21a, 21b/Schönburg	2019	101 878	90 697
Berne, Weltpoststrasse 1–3/Weltpostpark	2020	55 927	44 459
Meyrin, Chemin de Riantbosson, Avenue de Mategnin	2018	7 581	1 458
Meyrin, Route de Pré-Bois 14/Geneva Business Terminal	2018	1 340	635
Plan-les-Quates, Chemin des Aulx/Espace Tourbillon	2021	209 747	174 203
Zurich, Albisriederstrasse 253/YOND	2019	–	51 439
Zurich, Etzelstrasse 14	2017	555	–
Zurich, Juchstrasse, Vulkanstrasse/West-Log	2021	–	58 717
Total future obligations based on total contractor agreements		378 563	587 583

18 Group companies and associates

Swiss Prime Site AG holds the following investments:

Fully consolidated investments in group companies (direct or indirect)

	Field of activity	31.12.2017 Capital in CHF 1 000	Shareholding in %	30.06.2018 Capital in CHF 1 000	Shareholding in %
Bellevue-Bau AG, Winterthur ¹	Real estate	6 000	100.0	n/a	n/a
Home Médicalisé Vert-Bois SA, Val-de-Ruz	Assisted living	100	100.0	100	100.0
Hôtel Résidence Bristol SA, Montreux	Assisted living	100	100.0	100	100.0
immoveris ag, Berne	Real estate services	200	100.0	200	100.0
Jelmoli AG, Zurich	Retail	6 600	100.0	6 600	100.0
La Fontaine SA, Court	Assisted living	100	100.0	100	100.0
La Résidence des Marronniers SA, Martigny ²	Assisted living	100	100.0	n/a	n/a
Leben im Alter AG, Zurich	Assisted living	100	100.0	100	100.0
Le Manoir AG, Gampelen	Assisted living	100	100.0	100	100.0
Leora S.à r.l., Villeneuve	Assisted living	140	100.0	140	100.0
Les Tourelles S.à r.l., Martigny ²	Assisted living	20	100.0	20	100.0
Perlavit Rosenau AG, Kirchberg ³	Assisted living	300	100.0	n/a	n/a
Quality Inside SA, Crissier	Assisted living	150	100.0	150	100.0
Résidence Bel-Horizon Sàrl, Ecublens	Assisted living	20	100.0	20	100.0
Résidence de la Jardinerie SA, Delémont	Assisted living	100	100.0	100	100.0
Résidence du Bourg SA, Aigle	Assisted living	50	100.0	50	100.0
Résidence Joli Automne SA, Ecublens	Assisted living	100	100.0	100	100.0
Résidence le Pacific SA, Etoy	Assisted living	150	100.0	150	100.0
Résidence l'Eaudine SA, Montreux	Assisted living	100	100.0	100	100.0
Résidence les Sources Saxon SA, Saxon ²	Assisted living	100	100.0	n/a	n/a
SENIOfcare AG, Zurich ³	Assisted living	2 400	100.0	n/a	n/a
SPS Beteiligungen Alpha AG, Olten	Investments	450 000	100.0	450 000	100.0
Swiss Prime Site Fund Advisory AG II, Olten	Collective investments	100	100.0	100	100.0
Swiss Prime Site Immobilien AG, Olten ¹	Real estate	50 000	100.0	50 000	100.0
Swiss Prime Site Management AG, Olten	Services	100	100.0	100	100.0
Swiss Prime Site Solutions AG, Zurich	Asset management	1 500	100.0	1 500	100.0
Tertianum AG, Zurich ³	Assisted living	9 562	100.0	9 562	100.0
Tertianum Gruppe AG, Zurich	Investments	50 000	100.0	50 000	100.0
Tertianum Management AG, Zurich	Services	500	100.0	500	100.0
Tertianum Romandie Management SA, Crissier	Services	100	100.0	100	100.0
Wincasa AG, Winterthur	Real estate services	1 500	100.0	1 500	100.0
Wohn- und Pflegezentrum Salmenpark AG, Rheinfelden	Assisted living	1 000	51.0	1 000	51.0
Zentrum Schönberg AG, Berne ⁴	Assisted living	–	–	1 000	51.0

¹ merger of Bellevue-Bau AG in Swiss Prime Site Immobilien AG as at 01.01.2018

² merger of La Résidence des Marronniers SA and Résidence les Sources Saxon SA in Les Tourelles S.à r.l. as at 01.01.2018

³ merger of Perlavit Rosenau AG and SENIOcare AG in Tertianum AG as at 01.01.2018

⁴ acquisition as at 12.01.2018

Investments in associates valued according to the equity method

	Field of activity	31.12.2017 Capital in CHF 1 000	Shareholding in %	30.06.2018 Capital in CHF 1 000	Shareholding in %
Parkgest Holding SA, Geneva	Parking	4 750	38.8	4 750	38.8
Parking Riponne S.A., Lausanne	Parking	5 160	27.1	5 160	27.1

19 Major shareholders

	31.12.2017 Shareholding interest in %	30.06.2018 Shareholding interest in %
Major shareholders (shareholding interest >3%)		
BlackRock Inc., New York	>5.0	>10.0
State Street Corporation, Boston	3.9	3.7
Credit Suisse Funds AG, Zurich	3.2	3.6

20 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on 2 August 2018.

There were no other events occurring between 30 June 2018 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 30 June 2018, or which would need to be disclosed at this point.

EPRA KEY FIGURES

EPRA key figures (European Public Real Estate Association)

EPRA earnings and EPRA earnings per share

in CHF 1 000	01.01.– 30.06.2017	01.01.– 30.06.2018
Earnings per consolidated income statement	140 961	151 989
Excluding:		
Revaluations of investment properties	– 37 412	– 35 020
Result from real estate developments	–	– 6 775
Result from investment property sales	– 257	– 6 310
Tax on profits on disposals	56	1 358
Negative goodwill/goodwill impairment	n/a	n/a
Changes in fair value of financial instruments	– 765	– 262
Transaction costs on acquisitions of group companies and associated companies	48	35
Deferred taxes in respect of EPRA adjustments	8 686	9 322
Adjustments in respect of associated companies	n/a	n/a
Adjustments in respect of non-controlling interests	n/a	n/a
EPRA earnings	111 317	114 337
Average number of outstanding shares	71 476 961	71 478 537
EPRA earnings per share in CHF	1.56	1.60

EPRA net asset value (NAV)

in CHF 1 000	31.12.2017	30.06.2018
NAV as per consolidated balance sheet	4 778 037	4 663 637
Dilution effects from exercise of options, convertibles and other equity instruments	244 287	541 983
Diluted NAV, after the exercise of options, convertibles and other equity instruments	5 022 324	5 205 620
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
Excluding:		
Fair value of derivative financial instruments	2 399	2 156
Deferred taxes	1 136 162	1 173 612
Goodwill as a result of deferred taxes	n/a	n/a
Adjustments in respect of associated companies	n/a	n/a
EPRA NAV	6 160 885	6 381 388
Number of outstanding shares (diluted)	73 851 244	76 809 642
EPRA NAV per share in CHF	83.42	83.08

¹ if FER 18 cost option is used

EPRA triple net asset value (NNNAV)

in CHF 1 000	31.12.2017	30.06.2018
EPRA NAV	6 160 885	6 381 388
Excluding:		
Fair value of derivative financial instruments	-2 399	-2 156
Revaluation of financial debts	-139 280	-96 440
Deferred taxes	-1 126 412	-1 166 861
EPRA NNNAV	4 892 794	5 115 931
Number of outstanding shares (diluted)	73 851 244	76 809 642
EPRA NNNAV per share in CHF	66.25	66.61

EPRA net yield on rental income (NIY)

in CHF 1 000		31.12.2017	30.06.2018
Investment properties - wholly owned		10 633 050	10 819 086
Investment properties - share of joint ventures/funds		n/a	n/a
Less properties under construction and development sites, building land and trading properties		-445 860	-509 308
Value of completed property portfolio		10 187 190	10 309 778
Allowance for estimated purchasers' costs		n/a	n/a
Gross up value of completed property portfolio	A	10 187 190	10 309 778
Annualised rental income		442 378	440 125
Property outgoings		-59 847	-61 798
Annualised net rental income	B	382 531	378 327
Add: notional rent expiration of rent-free periods or other lease incentives		7 965	1 329
Topped-up net annualised rental income	C	390 496	379 656
EPRA NIY	B/A	3.8%	3.7%
EPRA topped-up NIY	C/A	3.8%	3.7%

EPRA vacancy rate

in CHF 1 000		31.12.2017	30.06.2018
Estimated rental value of vacant space		22 513	20 513
Estimated rental value of the whole portfolio		466 626	459 934
EPRA vacancy rate		4.8%	4.5%

FIVE-YEAR SUMMARY OF KEY FIGURES

Five-year summary of key figures

	in	IFRS		Swiss GAAP FER		
		30.06.2014	30.06.2015	30.06.2016	30.06.2017	30.06.2018
Fair value of real estate portfolio	CHF m	9 558.0	9 904.9	9 886.4	10 263.7	10 819.1
Rental income from properties	CHF m	217.3	225.2	225.5	231.1	240.9
Vacancy rate	%	6.8	7.4	6.4	5.5	4.7
Net property yield	%	4.1	4.0	3.9	3.7	3.7
Income from sale of trading properties	CHF m	–	74.4	–	–	–
Income from real estate developments	CHF m	–	–	–	–	25.0
Income from real estate services	CHF m	48.4	52.5	54.8	57.8	58.9
Income from retail	CHF m	71.0	65.7	60.2	60.8	59.6
Income from assisted living	CHF m	77.3	77.4	151.9	175.9	193.8
Income from asset management	CHF m	–	–	2.6	2.2	3.4
Total operating income	CHF m	415.9	497.9	497.4	530.5	585.3
Operating result before depreciation and amortisation (EBITDA)	CHF m	236.0	315.9	235.2	223.3	242.9
Operating result (EBIT)	CHF m	221.1	300.2	225.0	215.8	232.9
Profit	CHF m	137.2	191.0	145.9	141.0	152.0
Shareholders' equity	CHF m	4 026.0	4 776.8	4 588.1	4 618.7	4 663.8
Equity ratio	%	39.2	44.4	44.3	43.1	41.2
Borrowed capital	CHF m	6 237.0	5 975.9	5 777.4	6 096.5	6 663.8
Borrowed capital ratio	%	60.8	55.6	55.7	56.9	58.8
Total shareholders' equity and borrowed capital	CHF m	10 263.0	10 752.7	10 365.5	10 715.2	11 327.6
Interest-bearing financial liabilities	CHF m	4 937.4	4 487.8	4 469.3	4 716.1	5 160.0
Interest-bearing financial liabilities in % of balance sheet total	%	48.1	41.7	43.1	44.0	45.6
Loan-to-value ratio of property portfolio (LTV)	%	51.6	45.3	45.2	46.0	47.7
Weighted average interest rate on financial liabilities	%	2.2	2.2	1.9	1.7	1.4
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.6	4.7	4.2	4.7	4.4
Return on equity (ROE)	%	6.8	8.9	6.4	6.0	6.4
Return on invested capital (ROIC)	%	3.6	4.5	3.7	3.4	3.4
Cash flow from operating activities	CHF m	497.8	154.8	85.3	152.2	157.1
Cash flow from investing activities	CHF m	–141.8	–33.0	–210.0	–94.0	–159.4
Cash flow from financing activities	CHF m	–404.9	–149.9	50.6	–78.6	–10.0
Key financial figures excluding revaluations and deferred taxes						
Operating result (EBIT)	CHF m	167.5	200.5	188.3	178.4	197.8
Profit	CHF m	107.0	133.4	134.4	131.0	151.1
Return on equity (ROE)	%	5.4	6.3	5.9	5.6	6.4
Return on invested capital (ROIC)	%	3.0	3.4	3.5	3.2	3.4

Five-year summary of key figures

Key figures per share	in	IFRS		Swiss GAAP FER		
		30.06.2014	30.06.2015	30.06.2016	30.06.2017	30.06.2018
Share price at end of period	CHF	73.50	70.95	88.20	87.10	91.15
Share price, highest	CHF	76.00	87.80	88.20	91.00	94.30
Share price, lowest	CHF	68.95	70.95	74.95	82.25	85.50
Earnings per share (EPS)	CHF	2.25	2.96	2.09	1.97	2.13
Earnings per share (EPS) excluding revaluations and deferred taxes	CHF	1.77	2.06	1.93	1.83	2.11
NAV before deferred taxes ¹	CHF	81.65	82.92	78.97	79.94	81.80
NAV after deferred taxes ¹	CHF	66.52	68.56	64.20	64.63	65.25
Distribution from capital contribution reserves	CHF	3.60	3.70	3.70	3.70	3.80
Cash yield on closing price of the previous year	%	5.2	5.1	4.7	4.4	4.2
Share performance (TR) p.a. in the last 12 months	%	11.0	2.1	29.8	9.0	9.1
Share performance (TR) p.a. in the last 3 years	%	6.0	1.9	13.7	10.9	13.4
Share performance (TR) p.a. in the last 5 years	%	13.6	8.2	9.5	7.2	10.6
Market capitalisation	CHF m	4 447.0	4 941.8	6 304.4	6 225.8	6 515.3
Employees						
Number of employees	people	3 034	3 183	5 346	5 696	6 100
Full-time equivalents	FTE	2 334	2 444	3 976	4 589	4 937
Share statistics						
Shares issued	number	60 503 081	69 651 534	71 478 917	71 478 917	71 478 917
Average treasury shares held	number	-9 765	-10 274	-2 488	-1 956	-380
Average outstanding shares	number	60 493 316	64 606 788	70 085 251	71 476 961	71 478 537
Treasury shares held	number	-2 767	-2 721	-1 744	-	-302
Outstanding shares	number	60 500 314	69 648 813	71 477 173	71 478 917	71 478 615

¹ non-controlling interests recognised in shareholders' equity were not included in the calculation of the NAV. Services segment (real estate-related business fields) included at book values only

PROPERTY DETAILS

Investment properties

Property details as at 30.06.2018

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 m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
Aarau, Bahnhofstrasse 23	16 680	336	–	sole ownership	1946	1986	685	2 069	60.8	12.3	–	–	26.9	–
Amriswil, Weinfelderstrasse 74	7 162	197	0.2	sole ownership	2004		3 672	3 084	42.0	0.7	41.7	–	4.8	10.8
Baar, Grabenstrasse 17, 19	32 090	604	–	sole ownership	2015		2 084	3 685	–	95.8	–	–	4.2	–
Baar, Zugerstrasse 57, 63	65 630	1 207	–	sole ownership	2009		6 029	8 999	–	89.8	–	–	6.7	3.5
Baden, Bahnhofstrasse 2	10 010	202	–	sole ownership	1927	1975	212	979	93.4	–	–	–	6.6	–
Baden, Weite Gasse 34, 36	9 388	210	–	sole ownership	1953	1975	366	1 565	37.7	40.4	–	–	10.8	11.1
Basel, Aeschenvorstadt 2–4	48 180	1 030	–	sole ownership	1960	2005	1 362	6 219	17.3	63.6	–	–	18.6	0.5
Basel, Barfüsserplatz 3	40 410	797	–	sole ownership	1874	1993	751	3 864	46.8	33.2	–	–	19.9	0.1
Basel, Centralbahnplatz 9/10	22 790	417	–	sole ownership	2005	2005	403	1 445	8.5	37.9	21.0	–	11.8	20.8
Basel, Elisabethenstrasse 15	29 860	652	3.2	sole ownership	1933	1993	953	4 266	20.9	72.4	–	–	6.7	–
Basel, Freie Strasse 26/ Falknerstrasse 3	39 380	637	4.4	sole ownership	1854	1980	471	2 870	43.6	50.3	–	–	6.1	–
Basel, Freie Strasse 36	48 550	844	–	sole ownership	1894	2003	517	2 429	59.3	13.6	–	–	11.5	15.6
Basel, Freie Strasse 68	71 190	1 446	–	sole ownership	1930	2015/ 2016	1 461	8 200	19.5	1.2	62.9	–	15.9	0.5
Basel, Henric Petri-Strasse 9/ Elisabethenstrasse 19	31 370	767	8.3	sole ownership	1949	1985	2 387	6 700	4.3	74.6	–	–	21.1	–
Basel, Hochbergerstrasse 40/ parking	4 788	294	8.2	sole ownership land lease	1976		4 209	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 60/ building 805	4 027	151	–	sole ownership	1958	2006	5 420	4 782	–	23.4	–	–	10.5	66.1
Basel, Hochbergerstrasse 60/ building 860	2 499	70	19.8	sole ownership	1990		980	897	–	84.1	–	–	14.1	1.8
Basel, Hochbergerstrasse 60/ Stücki Park	123 570	3 417	3.1	sole ownership	2008		8 343	37 455	–	85.3	1.1	–	4.9	8.7
Basel, Hochbergerstrasse 62	9 226	213	–	sole ownership	2005		2 680	–	–	–	–	–	–	–
Basel, Hochbergerstrasse 70/ Stücki Park (Shopping) ¹	150 550	4 527	9.1	sole ownership	2009		46 416	34 353	48.1	10.0	27.7	–	12.1	2.1
Basel, Messeplatz 12/Meseturm	216 930	4 877	–	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	53 660	1 299	2.5	freehold property	1999		19 214	9 109	–	85.3	–	–	14.7	–
Basel, Rebgrasse 20	40 650	1 289	0.1	sole ownership	1973	1998	3 713	9 061	46.5	11.3	13.9	–	26.6	1.7
Belp, Aemmenmattstrasse 43	13 580	804	52.9	sole ownership	1991		5 863	9 356	–	74.8	5.3	–	17.8	2.1
Berlingen, Seestrasse 110	1 403	77	31.7	sole ownership	1992		1 293	1 882	–	100.0	–	–	–	–
Berlingen, Seestrasse 83, 88, 101, 154	35 840	985	–	sole ownership	1998		10 321	8 650	–	–	–	100.0	–	–
Berne, Bahnhofplatz 9	17 120	300	–	sole ownership	1930	1985	275	1 616	67.5	–	–	–	32.5	–
Berne, Genfergasse 14	116 760	2 131	–	sole ownership	1905	1998	4 602	15 801	4.1	85.0	–	–	0.7	10.2
Berne, Laupenstrasse 6	12 420	297	–	sole ownership	1911	1998	503	2 067	41.4	49.8	–	–	0.3	8.5
Berne, Mingerstrasse 12–18/ PostFinance Arena	116 020	3 295	–	sole ownership land lease	1969/ 2009	2009	29 098	46 348	0.2	17.8	–	–	0.1	81.9
Berne, Schwarztorstrasse 48	50 720	1 399	–	sole ownership	1981	2011	1 959	8 148	–	75.7	–	–	23.0	1.3
Berne, Wankdorfallee 4/ EspacePost	179 260	4 075	–	sole ownership land lease	2014		5 244	33 647	–	94.2	–	–	4.9	0.9
Berne, Weltpoststrasse 5	75 520	2 786	5.0	sole ownership land lease	1975/ 1985	2013	19 374	25 482	–	68.2	4.3	–	20.1	7.4
Biel, Solothurnstrasse 122	8 401	255	0.2	sole ownership land lease	1961	1993	3 885	3 319	74.9	2.7	–	–	15.3	7.1
Brugg, Hauptstrasse 2	15 900	512	8.9	sole ownership	1958	2000	3 364	4 210	60.5	4.1	3.5	–	30.4	1.5
Buchs, St. Gallerstrasse 5	6 188	212	12.0	sole ownership	1995		2 192	1 784	13.2	60.1	–	–	18.3	8.4
Burgdorf, Emmentalstrasse 14	6 847	273	65.2	sole ownership	1972	1998	1 845	2 032	46.9	40.9	–	–	10.5	1.7

¹ 20 000 m² cannot be used due to total refurbishment and are therefore not included in the type of use overview as well as in the target rental income

Investment properties

Property details as at 30.06.2018

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 m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
Burgdorf, Industrie Buchmatt	13 620	392	–	sole ownership partial land lease	1973		15 141	11 967	2.9	5.4	–	–	89.3	2.4
Carouge, Avenue Cardinal-Mermillod 36–44	150 250	4 572	3.4	sole ownership	1956	2002	14 372	35 064	23.7	56.9	3.5	–	14.8	1.1
Cham, Dorfplatz 2	4 946	128	–	sole ownership	1992		523	1 067	11.4	61.5	–	–	27.1	–
Conthey, Route Cantonale 11	27 130	892	2.5	sole ownership land lease	2002		10 537	7 323	79.9	1.3	0.7	–	14.3	3.8
Conthey, Route Cantonale 2	6 887	188	–	sole ownership	1989		3 057	2 481	71.6	4.6	–	–	19.8	4.0
Conthey, Route Cantonale 4	15 450	607	11.6	sole ownership land lease	2009		7 444	4 979	86.1	–	3.0	–	6.1	4.8
Dietikon, Bahnhofplatz 11/ Neumattstrasse 24	10 580	244	1.1	sole ownership	1989		1 004	1 783	19.5	56.1	–	–	24.4	–
Dietikon, Kirchstrasse 20	12 850	299	0.1	sole ownership	1988		1 087	1 894	23.5	65.0	–	–	11.5	–
Dietikon, Zentralstrasse 12	6 543	246	16.7	sole ownership	1965		1 215	3 268	40.9	6.2	–	–	46.5	6.4
Dübendorf, Bahnhofstrasse 1	6 282	221	–	sole ownership land lease	1988		1 308	1 671	17.7	59.3	–	–	23.0	–
Eyholz, Kantonsstrasse 79	2 629	142	–	sole ownership land lease	1991		2 719	1 319	92.3	5.6	–	–	–	2.1
Frauenfeld, St. Gallerstrasse 30–30c	36 170	855	–	sole ownership	1991		8 842	9 528	–	–	–	100.0	–	–
Frauenfeld, Zürcherstrasse 305	9 042	292	32.6	sole ownership	1982	2006	3 866	4 201	39.3	34.5	–	–	22.0	4.2
Frick, Hauptstrasse 132/ Fricktal Centre A3	22 230	570	–	sole ownership	2007		13 365	4 983	64.6	–	3.2	–	15.6	16.6
Geneva, Centre Rhône-Fusterie	115 540	1 530	–	freehold property	1990		2 530	11 186	76.2	0.3	–	–	23.5	–
Geneva, Place du Molard 2–4	265 290	4 209	10.2	sole ownership	1690	2002	1 718	7 202	39.0	56.2	–	–	4.0	0.8
Geneva, Route de Malagnou 6/ Rue Michel-Chauvet 7	16 500	388	7.7	sole ownership	1960/ 1969	1989	1 321	1 617	–	47.7	11.6	–	3.8	36.9
Geneva, Route de Meyrin 49	66 560	1 935	8.1	sole ownership	1987		9 890	10 203	–	85.0	–	–	13.5	1.5
Geneva, Rue Céard 14/ Croix-d'Or 11	31 080	630	–	sole ownership	1974/ 1985	1981	285	1 677	66.0	–	–	–	34.0	–
Geneva, Rue de la Croix-d'Or 7/ Rue Neuve-du-Molard 4–6	65 770	1 141	7.7	sole ownership	1974/ 1985	1994	591	3 472	38.4	24.3	–	–	3.6	33.7
Geneva, Rue des Alpes 5	27 840	456	14.6	sole ownership	1860		515	2 688	10.8	45.3	–	–	0.6	43.3
Geneva, Rue du Rhône 48–50	568 410	9 416	6.8	sole ownership	1921	2002	5 166	33 307	44.6	33.6	7.2	–	9.0	5.6
Gossau, Wilerstrasse 82	19 860	556	–	sole ownership	2007		13 064	4 688	78.1	2.1	–	–	10.7	9.1
Grand-Lancy, Route des Jeunes 10/CCL La Praille	262 530	7 937	1.7	sole ownership land lease	2002		20 597	35 970	52.2	0.9	28.2	–	16.6	2.1
Grand-Lancy, Route des Jeunes 12	50 200	1 585	4.8	sole ownership land lease	2003		5 344	12 903	3.3	38.7	42.5	–	13.5	2.0
Heimberg, Gurnigelstrasse 38	8 189	253	–	sole ownership land lease	2000		7 484	1 544	83.6	2.8	–	–	7.0	6.6
Horgen, Zugerstrasse 22, 24	11 220	309	–	sole ownership	1990		868	2 408	11.0	75.5	–	–	13.5	–
La Chaux-de-Fonds, Boulevard des Eplatures 44	6 633	216	–	sole ownership	1972		3 021	2 506	94.7	1.7	–	–	3.0	0.6
Lachen, Seidenstrasse 2	6 399	173	–	sole ownership	1993		708	1 532	13.9	67.6	–	–	18.5	–
Lausanne, Rue de Sébeillon 9/ Sébeillon Centre	12 760	485	–	sole ownership	1930	2001	2 923	10 116	8.4	54.1	–	–	24.7	12.8
Lausanne, Rue du Pont 5	143 720	3 390	1.8	sole ownership	1910	2004	3 884	20 805	50.5	23.3	9.2	–	10.1	6.9
Lutry, Route de l'Ancienne Ciblerie 2	31 010	790	2.2	freehold property	2006		13 150	3 233	75.2	2.8	1.9	–	14.8	5.3
Lucerne, Kreuzbuchstrasse 33/35	22 560	941	–	sole ownership land lease	2010		14 402	10 533	–	–	–	100.0	–	–
Lucerne, Langensandstrasse 23/ Schönbühl	52 160	1 362	9.0	sole ownership	1969	2007	20 150	10 406	63.4	8.4	1.7	–	15.8	10.7

Investment properties

Property details as at 30.06.2018

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 m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
Lucerne, Pilatusstrasse 4/Flora	70 230	1 333	–	freehold property	1979	2008	4 376	9 891	69.4	12.2	–	–	9.6	8.8
Lucerne, Schwanenplatz 3	17 800	365	–	sole ownership	1958	2004	250	1 512	10.8	62.6	–	–	18.7	7.9
Lucerne, Schweizerhofquai 6/ Gotthardgebäude	78 230	1 054	–	sole ownership	1889	2002	2 479	7 261	6.8	87.9	–	–	5.3	–
Lucerne, Weggisgasse 20, 22	19 160	363	–	sole ownership	1982		228	1 285	76.8	–	–	–	23.2	–
Meilen, Seestrasse 545	6 971	255	–	sole ownership land lease	2008		1 645	2 458	–	–	–	100.0	–	–
Meyrin, Chemin de Riantbosson 19/ Riantbosson Centre ²	42 950	481	32.9	sole ownership	2018		4 414	6 839	37.1	33.1	10.9	–	17.3	1.6
Meyrin, Route de Meyrin 210	2 333	124	–	sole ownership partial land lease	1979	1999	3 860	1 116	65.7	4.3	–	–	15.7	14.3
Morges, Les Vergers-de-la-Gottaz 1	23 900	600	–	sole ownership	1795/2003	1995	11 537	3 698	–	–	–	100.0	–	–
Neuchâtel, Avenue J.-J. Rousseau 7	7 289	261	11.9	sole ownership	1991	1992	1 020	3 176	–	70.5	–	–	22.1	7.4
Neuchâtel, Rue de l'Ecluse 19/ parking	689	21	0.1	sole ownership	1960	1997	715	–	–	–	–	–	–	–
Neuchâtel, Rue du Temple-Neuf 11	5 355	143	–	sole ownership	1953	1993	262	1 155	18.8	57.2	–	–	13.9	10.1
Neuchâtel, Rue du Temple-Neuf 14	43 280	1 125	0.5	sole ownership	1902/2014		1 928	6 896	47.7	15.7	–	–	11.0	25.6
Niederwangen b. Bern, Riedmoosstrasse 10	40 640	1 155	1.6	sole ownership	1985	2006	12 709	12 926	33.2	13.1	–	–	45.7	8.0
Oberbüren, Buchental 2	13 170	377	–	sole ownership	1980	2007	6 401	6 486	34.3	1.8	–	–	62.4	1.5
Oberbüren, Buchental 3	3 120	152	0.3	sole ownership	1964		4 651	2 342	20.7	32.6	–	–	31.5	15.2
Oberbüren, Buchental 3a	3 270	118	–	sole ownership	1964		3 613	2 464	–	–	–	–	100.0	–
Oberbüren, Buchental 4	26 690	738	–	sole ownership	1990		4 963	9 547	38.5	20.3	–	–	41.2	–
Oberbüren, Buchental 5	944	33	–	sole ownership	1920		3 456	1 649	–	12.1	–	–	–	87.9
Oberwil, Mühlemattstrasse 23	2 828	155	–	freehold property land lease	1986		6 200	1 652	75.9	4.2	–	–	16.3	3.6
Oftringen, Spitalweidstrasse 1/ shopping centre a1	63 920	2 057	50.1	sole ownership	2006		42 031	19 968	78.9	3.2	1.4	–	13.8	2.7
Olten, Bahnhofquai 18	29 700	793	0.7	sole ownership	1996		2 553	5 134	–	93.6	–	–	6.4	–
Olten, Bahnhofquai 20	41 480	1 017	–	sole ownership	1999		1 916	7 423	–	84.8	–	–	14.4	0.8
Olten, Frohburgstrasse 1	6 904	55	9.8	sole ownership	1899	2009	379	1 196	–	78.3	–	–	21.7	–
Olten, Frohburgstrasse 15	11 570	271	15.9	sole ownership	1961	1998	596	1 884	–	79.3	–	–	11.9	8.8
Olten, Solothurnerstrasse 201	6 770	166	–	sole ownership	2006		5 156	1 592	62.3	–	–	–	31.5	6.2
Olten, Solothurnerstrasse 231–235/Usego	30 330	1 032	16.8	sole ownership	1907	2011	12 922	11 515	4.9	58.6	–	–	10.0	26.5
Opfikon, Müllackerstrasse 2, 4/ Bubenholz	47 090	1 000	–	sole ownership	2015		6 169	10 802	–	–	–	100.0	–	–
Ostermündigen, Mitteldorfstrasse 16	35 260	798	–	sole ownership	2009		7 503	10 925	–	–	–	100.0	–	–
Otelfingen, Industriestrasse 19/21	101 180	3 654	16.5	sole ownership	1965	2000	101 933	80 440	–	16.6	–	–	78.1	5.3
Otelfingen, Industriestrasse 31	19 330	740	21.7	sole ownership	1986	1993	12 135	11 831	–	36.1	0.4	–	56.0	7.5
Payerne, Route de Bussy 2	24 560	607	–	sole ownership	2006		12 400	6 017	84.0	4.4	–	–	7.1	4.5
Petit-Lancy, Route de Chancy 59	123 950	3 933	15.7	sole ownership	1990		13 052	23 026	1.9	66.4	6.3	–	22.0	3.4
Pfäffikon SZ, Huobstrasse 5	64 190	1 400	–	sole ownership	2004		7 005	11 660	–	–	–	100.0	–	–

² reclassified from properties under construction to investment properties after new construction

Investment properties

Property details as at 30.06.2018

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 m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
Rapperswil-Jona, Rathausstrasse 8	19 840	493	0.7	sole ownership	1992	2008	1 648	3 143	23.6	50.6	–	–	25.6	0.2
Regensdorf, Riedhofstrasse 172–184/Iseli Areal	26 950	667	0.4	sole ownership bought 29.01.2018	1962/ 2009		25 003	10 243	–	19.9	–	–	69.7	10.4
Romanel, Chemin du Marais 8	19 370	611	–	sole ownership	1973	1995	7 264	6 791	88.3	0.2	–	–	10.4	1.1
Schwyz, Oberer Steisteg 18, 20	8 922	270	–	sole ownership	1988	2004	1 039	2 669	8.7	58.3	–	–	33.0	–
Solothurn, Amthausplatz 1	13 260	417	0.8	sole ownership	1955	1988	1 614	3 353	17.8	57.9	–	–	24.3	–
Spreitenbach, Industriestrasse/ Tivoli	11 090	251	–	freehold property	1974	2010	25 780	980	87.2	–	–	–	12.8	–
Spreitenbach, Müslistrasse 44	4 315	112	–	sole ownership	2002		2 856	516	–	6.9	30.3	–	4.0	58.8
Spreitenbach, Pfadackerstrasse 6/ Limmatpark	63 730	2 785	16.8	sole ownership	1972	2003	10 318	28 356	62.7	27.1	–	–	7.4	2.8
St. Gallen, Spisergasse 12	11 220	245	2.7	sole ownership	1900	1998	208	1 070	82.7	–	–	–	–	17.3
St. Gallen, Spisergasse 12	5 549	111	6.8	sole ownership	1423	1984	165	617	31.6	17.7	–	–	24.1	26.6
St. Gallen, Zürcherstrasse 462–464/Shopping Arena	296 820	7 899	0.7	sole ownership parking 73/100 co-ownership	2008		33 106	39 653	58.0	9.6	11.4	–	19.5	1.5
Stadel b. Niederglatt, Buechenstrasse 80 ³	15 430	–	–	financial lease	2008		3 947	2 674	–	–	–	100.0	–	–
Sursee, Moosgasse 20	9 611	320	1.0	sole ownership	1998		4 171	2 409	77.3	–	6.8	–	15.9	–
Thalwil, Gotthardstrasse 40	5 921	139	–	sole ownership	1958	2004	541	986	9.1	57.8	13.2	–	19.9	–
Thônex, Rue de Genève 104–108	93 150	2 428	0.1	sole ownership	2008		9 224	11 680	56.0	0.4	3.5	–	8.2	31.9
Thun, Bälliz 67	17 590	396	–	sole ownership	1953	2001	875	3 173	32.4	51.2	2.0	–	10.7	3.7
Thun, Göttibachweg 2–2e, 4, 6, 8	47 890	1 111	–	sole ownership land lease	2003		14 520	11 556	–	–	–	100.0	–	–
Uster, Poststrasse 10	8 366	187	–	sole ownership	1972	2012	701	1 431	17.1	61.3	–	–	21.6	–
Uster, Poststrasse 14/20	12 030	357	0.6	sole ownership	1854	2000	2 449	3 194	63.3	11.7	3.8	–	19.5	1.7
Vernier, Chemin de l'Etang 72/ Patio Plaza	95 040	2 585	16.7	sole ownership	2007		10 170	13 681	–	82.2	–	–	17.1	0.7
Vevey, Rue de la Clergère 1	12 830	356	–	sole ownership	1927	1994	717	3 055	15.7	73.1	–	–	11.2	–
Wabern, Nesslerenweg 30	18 150	505	–	sole ownership	1990		4 397	6 288	–	–	–	100.0	–	–
Wattwil, Ebnaterstrasse 45 3	–	–	–	sold 21.06.2018										
Wil, Obere Bahnhofstrasse 40	18 490	409	–	sole ownership	1958	2008	1 105	2 877	80.4	8.6	–	–	7.2	3.8
Winterthur, Theaterstrasse 15a-c, 17	196 300	4 279	15.3	sole ownership	1999/ 2000/ 2004		15 069	37 227	–	71.1	0.5	–	15.4	13.0
Winterthur, Untertor 24	10 270	87	–	sole ownership	1960	2006	290	1 364	69.9	–	–	–	30.1	–
Worblaufen, Alte Tiefenastrasse 6	79 850	1 817	–	49/100 co-ownership	1999		21 596	18 213	–	87.4	–	–	12.0	0.6
Zollikon, Bergstrasse 17, 19	11 400	323	15.1	sole ownership	1989	2004	1 768	2 126	26.1	44.1	–	–	29.8	–
Zollikon, Forchstrasse 452–456	16 000	367	83.3	sole ownership	1984/ 1998		2 626	2 251	–	68.4	–	–	31.6	–
Zuchwil, Dorfackerstrasse 45/ Birchi Centre	28 450	1 071	23.2	sole ownership land lease	1997		9 563	13 271	76.0	1.6	–	–	13.3	9.1
Zug, Zählerweg 4, 6/ Dammstrasse 19/ Landis + Gyr-Strasse 3/Opus 1	138 520	2 943	–	sole ownership	2002		7 400	15 580	–	90.2	–	–	9.8	–
Zug, Zählerweg 8, 10/ Dammstrasse 21, 23/Opus 2	175 360	3 671	–	sole ownership	2003		8 981	19 903	–	91.1	–	–	8.9	–

³ property included in Services segment

Investment properties

Property details as at 30.06.2018

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 m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
Zurich, Affolternstrasse 52/ MFO building	13 720	346	–	sole ownership	1889	2012	1 367	2 776	–	53.1	25.8	–	21.1	–
Zurich, Affolternstrasse 54, 56/ Cityport	183 160	4 351	–	sole ownership	2001		9 830	23 547	–	91.9	–	–	7.8	0.3
Zurich, Albisriederstrasse 203, 207, 243	38 580	1 120	30.8	sole ownership	1942– 2003		13 631	12 281	–	64.3	21.5	–	7.5	6.7
Zurich, Bahnhofstrasse 106	54 660	768	–	sole ownership	1958		200	1 210	11.7	53.6	–	–	31.7	3.0
Zurich, Bahnhofstrasse 42	130 090	1 016	–	sole ownership	1968	1990	482	2 003	42.7	44.6	–	–	12.7	–
Zurich, Bahnhofstrasse 69	61 550	751	10.7	sole ownership	1898	2007	230	1 124	10.8	77.9	–	–	11.0	0.3
Zurich, Brandschenkestrasse 25	178 820	2 288	–	sole ownership	1910	2015– 2017	3 902	17 164	–	–	70.6	–	20.4	9.0
Zurich, Carl-Spitteler-Strasse 68/70	101 130	2 024	–	sole ownership	1993		11 732	19 343	–	–	–	100.0	–	–
Zurich, Etzelstrasse 14	31 240	594	–	sole ownership	2017		1 809	2 135	–	–	–	100.0	–	–
Zurich, Flurstrasse 55/Medienpark	147 490	3 085	6.4	sole ownership	1979	2013– 2015	8 270	24 218	1.7	70.3	4.1	–	22.0	1.9
Zurich, Flurstrasse 89	7 863	234	–	sole ownership	1949	2003	2 330	3 331	–	12.0	–	–	11.3	76.7
Zurich, Fraumünsterstrasse 16	147 120	2 520	14.2	sole ownership	1901	1990	2 475	8 462	15.6	75.1	–	–	9.3	–
Zurich, Hagenholzstrasse 60/ SkyKey	304 090	5 574	–	sole ownership	2014		9 573	41 251	0.3	85.7	9.8	–	4.2	–
Zurich, Hardstrasse 201/ Prime Tower	626 470	10 236	0.1	sole ownership	2011		10 416	48 138	0.7	87.3	5.5	–	6.4	0.1
Zurich, Hardstrasse 219/ Eventblock Maag	16 600	555	2.9	sole ownership	1929– 1978		8 002	7 183	–	21.7	–	–	19.1	59.2
Zurich, Josefstrasse 53, 59	83 650	1 969	6.2	sole ownership	1962/ 1972	2001	2 931	12 072	8.6	75.2	1.4	–	14.8	–
Zurich, Jupiterstrasse 15/ Böcklinstrasse 19	24 170	465	–	sole ownership	1900/ 1995	1996	1 630	1 829	–	–	–	100.0	–	–
Zurich, Kappenbühlweg 9, 11/ Holbrigstrasse 10/ Regensdorferstrasse 18a	70 770	1 496	–	sole ownership	1991		9 557	14 790	–	–	–	100.0	–	–
Zurich, Maagplatz 1/Platform	185 020	3 521	–	sole ownership	2011		5 942	20 310	2.1	91.1	0.5	–	4.9	1.4
Zurich, Manessestrasse 85	56 270	1 326	11.4	sole ownership	1985	2012	3 284	8 270	4.5	66.7	–	–	24.9	3.9
Zurich, Nansenstrasse 5/7	49 530	1 265	0.2	sole ownership	1985		1 740	5 864	39.1	27.0	–	–	6.1	27.8
Zurich, Ohmstrasse 11, 11a	35 010	1 107	–	sole ownership	1927	2007	1 970	6 010	54.9	23.5	2.2	–	14.4	5.0
Zurich, Querstrasse 6	4 659	89	–	sole ownership	1927	1990	280	563	13.3	–	–	–	–	86.7
Zurich, Restelbergstrasse 108	10 290	176	–	sole ownership	1936	1997	1 469	672	–	–	–	100.0	–	–
Zurich, Schaffhauserstrasse 339	8 510	232	15.7	sole ownership	1957	1997	307	1 726	12.7	69.3	–	–	18.0	–
Zurich, Schulstrasse 34, 36	14 040	271	–	sole ownership	1915	1995	697	1 721	–	36.1	–	–	7.8	56.1
Zurich, Seidengasse 1/ Jelmoli – The House of Brands	824 010	14 491	–	sole ownership	1898	2010	6 514	36 770	64.6	3.7	13.3	–	12.8	5.6
Zurich, Siewerdtstrasse 8	20 480	716	–	sole ownership	1981		1 114	3 687	–	91.1	–	–	8.9	–
Zurich, Sihlcity	197 850	5 430	0.8	242/1000 co-ownership	2007		10 162	23 570	42.8	25.4	19.6	–	7.7	4.5
Zurich, Sihlstrasse 24/ St. Annagasse 16	43 760	873	–	sole ownership	1885	2007	1 155	2 858	3.9	71.2	13.6	–	6.5	4.8
Zurich, Stadelhoferstrasse 18	30 120	498	–	sole ownership	1983	2004	1 046	1 906	19.6	48.9	11.9	–	19.0	0.6
Zurich, Stadelhoferstrasse 22	36 960	724	0.2	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	104 890	1 877	0.2	sole ownership	1957	1999	1 534	6 202	10.9	64.3	2.1	–	19.7	3.0
Zurich, Steinmühleplatz/ Jelmoli parking	41 070	1 579	1.5	sole ownership with concession	1972	2009	1 970	84	100.0	–	–	–	–	–
Zurich, Talacker 21, 23	75 930	1 483	0.2	sole ownership	1965	2008	1 720	4 904	9.6	64.2	–	–	26.2	–
Total I	10 309 778	228 872	4.5				1 086 237	1 547 127	20.8	40.8	6.1	8.2	16.8	7.3

Building land

Property details as at 30.06.2018

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 m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
Berne, Weltpoststrasse 1–3/ Weltpostpark	–	–	–	sold 30.06.2018	–	–	–	–	–	–	–	–	–	–
Dietikon, Bodacher	–	9	–	sole ownership	–	–	13 615	1 375	–	–	–	–	–	100.0
Dietikon, Bodacher/Im Maienweg	2 044	–	–	sole ownership	–	–	4 249	4 240	–	–	–	–	–	100.0
Dietikon, Bodacher/Ziegelägerten	1 990	5	–	sole ownership	–	–	3 825	4 324	–	–	–	–	–	100.0
Meyrin, Route de Pré-Bois	12 350	12	–	sole ownership	–	–	9 118	294	–	100.0	–	–	–	–
Niederwangen b. Bern, Riedmoosstrasse 10	3 616	–	–	sole ownership	–	–	5 895	–	–	–	–	–	–	–
Oberbüren, Buchental/parking	746	14	–	sole ownership	–	–	1 825	–	–	–	–	–	–	–
Spreitenbach, Joosacker 7	–	27	–	sole ownership	–	–	16 405	15 096	–	–	–	–	–	100.0
Wangen b. Olten, Rickenbacherfeld	4 721	–	–	sole ownership	–	–	11 197	–	–	–	–	–	–	–
Total II	25 467	67	–				66 129	25 329	–	1.2	–	–	–	98.8

Properties under construction and development sites

Property details as at 30.06.2018

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 m ²	Total m ² commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Cinemas and restaurants %	Assisted living %	Storage facilities %	Other %
Basel, Hochbergerstrasse 60/ Stücki Park	17 260	–	–	sole ownership			5 440	–	–	–	–	–	–	–
Berne, Viktoriastrasse 21, 21a, 21b	87 950	–	–	sole ownership	1970		14 036	–	–	–	–	–	–	–
Grand-Lancy, Esplanade de Pont-Rouge 5, 7, 9	107 610	–	–	sole ownership with 14/100 co-ownership			5 170	–	–	–	–	–	–	–
Meyrin, Route de Pré-Bois 14/ Geneva Business Terminal	19 650	–	–	sole ownership land lease	2003		2 156	–	–	–	–	–	–	–
Monthey, Rue de Venise 5–7/ Avenue de la Plantaud 4	4 391	–	–	sole ownership bought 16.03.2018			1 785	–	–	–	–	–	–	–
Paradiso, Riva Paradiso 3 & 20	22 960	–43	–	sole ownership partial land lease			3 086	–	–	–	–	–	–	–
Plan-les-Ouates, Chemin des Aulx/Espace Tourbillon	105 210	–	–	sole ownership			17 768	–	–	–	–	–	–	–
Richterswil, Gartenstrasse 7–15	12 000	7	–	sole ownership			5 154	–	–	–	–	–	–	–
Schlieren, Zürcherstrasse 39	38 950	57	–	sole ownership	1992/ 2003		26 684	–	–	–	–	–	–	–
Zurich, Albisriederstrasse/ Rütliweg/Yond	43 220	–	–	sole ownership			9 114	–	–	–	–	–	–	–
Zurich, Vulkanstrasse, Juchstrasse/West-Log	24 640	–	–	sole ownership bought 21.06.2018			7 462	–	–	–	–	–	–	–
Total III	483 841	21	–				97 855	–	–	–	–	–	–	–
Overall total	10 819 086	228 960					1 250 221	1 572 456	20.4	40.2	6.0	8.1	16.5	8.8
Rent losses from vacancies		– 10 238												
Consolidated subtotal segment, excluding leased properties		218 722	4.5											
Intercompany eliminations		–28 640												
Rental income from third parties, Services segment		19 606												
Consolidated subtotal, excluding leased properties		209 688	4.7											
Rental income from leased properties, Services segment		31 216												
Consolidated overall total, including leased properties		240 904												

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Overall responsibility | Editorial

Swiss Prime Site AG
Frohbургstrasse 1
CH-4601 Olten
info@sps.swiss
www.sps.swiss

Advisory and overall project management

Therefore GmbH, Zurich

Editorial | Graphics | Realisation | Execution

Therefore GmbH, Zurich

Translation

RZG Anderson Language Services, Adliswil

Image material

Swiss Prime Site AG, Olten

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Headquarters

Swiss Prime Site AG
Frohburgstrasse 1
CH-4601 Olten

Zurich Office

Swiss Prime Site AG
Prime Tower, Hardstrasse 201
CH-8005 Zurich

Geneva Office

Swiss Prime Site AG
Rue du Rhône 54
CH-1204 Geneva

Phone +41 58 317 17 17 | info@sps.swiss | www.sps.swiss

