

A woman with long, straight brown hair is shown in profile, looking towards the right. She is wearing a dark navy blue blazer over a white collared shirt. The background is a blurred outdoor setting with a modern building and a paved area.

SWISS PRIME SITE

SHORT REPORT

2016

CONTENTS

| | |
|-----------|--|
| 2 | Swiss Prime Site at a glance |
| 3 | Summary of key figures |
| 6 | Milestones 2016 |
| 10 | Foreword |
| 13 | New brand image |
| 14 | Board of Directors and Executive Board |
| 18 | Share information |
| 20 | Consolidated balance sheet |
| 22 | Consolidated income statement |
| 23 | Portfolio highlights |
| 28 | Project pipeline |
| 30 | Financial calendar |

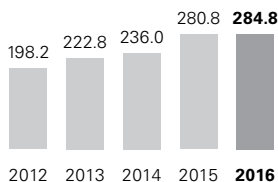
SWISS PRIME SITE AT A GLANCE

Swiss Prime Site established a corporate DNA
for the overall group in 2016 – built upon
a common vision and mission. ➔

Profit before revaluation effects

in CHF m

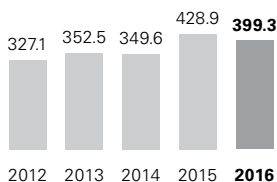
284.8



Operating profit (EBIT) before revaluations

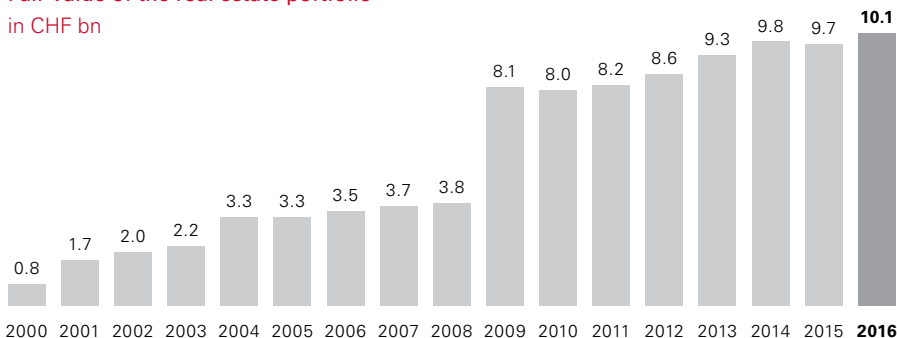
in CHF m

399.3



Fair value of the real estate portfolio

in CHF bn



VISION

As the leading real estate company in Switzerland, we create more value and develop sustainable habitats – innovatively and passionately.

MISSION

We set standards for real estate investments and investments in real estate-related business fields, with which we create sustainable added value for our stakeholder groups.

We invest in and actively manage first-class properties, real estate projects, property sites, products and services.

We are the partner of choice for any stakeholder groups in our business fields.

We are committed to sustainability and assume responsibility for our actions, our environment and our society.

The business fields

Real Estate

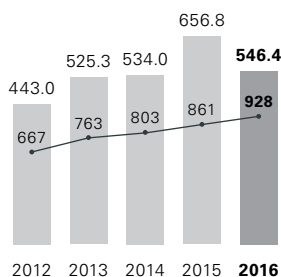
The Real Estate business field comprises the core business of real estate investments as well as Wincasa AG, Switzerland's leading provider of real estate services. Swiss Prime Site's real estate investment focus is directed at high-quality properties situated in prime locations, primarily with commercially utilised floor space as well as development projects.

Key figures

| in CHF m | 2015 | 2016 |
|-------------------------|-------|--------------|
| Operating income | 656.8 | 546.4 |
| Investments | 201.5 | 397.3 |
| Operating profit (EBIT) | 586.2 | 469.9 |
| Number of employees | 861 | 928 |

Operating income

in CHF m | Number of employees



Retail

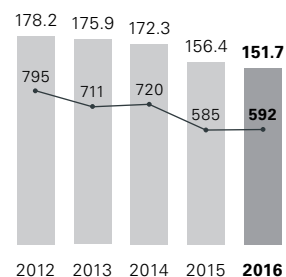
The Retail business field consists of Jelmolli – The House of Brands in Zurich, the leading premium department store in Switzerland. Roughly half of the total retail floor space of 23800 square metres generates sales from third parties according to the shop-in-shop model. The rest of the floor space is self-managed by Jelmolli.

Key figures

| in CHF m | 2015 | 2016 |
|-------------------------|-------|--------------|
| Operating income | 156.4 | 151.7 |
| Investments | 7.6 | 7.9 |
| Operating profit (EBIT) | -2.9 | -2.4 |
| Number of employees | 585 | 592 |

Operating income

in CHF m | Number of employees



Assisted Living

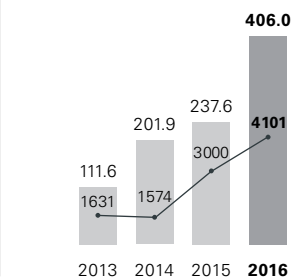
The business field comprises Tertianum Group with the brands «Tertianum residences», «Perlavita geriatric care facilities», «Vitadomo senior centres», «SENIOcare residences and geriatric care facilities» as well as «BOAS Senior Care». Tertianum Group is the leading private provider in the assisted living sector in Switzerland.

Key figures

| in CHF m | 2015 | 2016 |
|-------------------------|-------|--------------|
| Operating income | 237.6 | 406.0 |
| Investments | 247.6 | 95.0 |
| Operating profit (EBIT) | 8.2 | 15.2 |
| Number of employees | 3 000 | 4 101 |

Operating income

in CHF m | Number of employees



SUMMARY OF KEY FIGURES

| | in | 2014 | 2015 | 2016 |
|---|-------|---------|---------|-----------------|
| Investment properties at fair value | CHF m | 9 785.0 | 9 686.6 | 10 092.1 |
| Rental income from properties | CHF m | 443.1 | 445.9 | 453.0 |
| Vacancy rate | % | 6.6 | 6.7 | 6.1 |
| Income from sale of trading properties | CHF m | – | 105.1 | – |
| Income from real estate services ¹ | CHF m | 100.1 | 109.0 | 115.6 |
| Income from retail ² | CHF m | 151.9 | 136.8 | 133.6 |
| Income from assisted living ³ | CHF m | 153.3 | 184.2 | 328.2 |
| Total operating income | CHF m | 852.7 | 995.2 | 1 049.5 |
| Revaluation of investment properties, properties under construction and development sites | CHF m | 113.2 | 124.6 | 60.5 |
| Result from investments in associates | CHF m | 12.9 | 12.1 | 8.6 |
| Result from investment property sales, net | CHF m | 2.1 | 30.9 | 24.9 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | CHF m | 497.9 | 582.6 | 503.0 |
| Earnings before interest and taxes (EBIT) | CHF m | 462.8 | 553.4 | 459.8 |
| Profit | CHF m | 286.7 | 355.1 | 311.2 |
| Shareholders' equity | CHF m | 4 201.8 | 4 956.0 | 5 176.6 |
| Equity ratio | % | 39.6 | 46.4 | 46.6 |
| Return on equity (ROE) | % | 7.0 | 7.6 | 6.1 |
| Return on invested capital (ROIC) | % | 3.7 | 4.3 | 3.7 |
| Earnings per share (EPS) | CHF | 4.72 | 5.30 | 4.41 |
| NAV before deferred taxes per share | CHF | 84.77 | 85.83 | 87.24 |
| NAV after deferred taxes per share | CHF | 69.06 | 71.15 | 72.43 |
| Figures excluding revaluation effects⁴ | | | | |
| Earnings before interest and taxes (EBIT) | CHF m | 349.6 | 428.9 | 399.3 |
| Profit | CHF m | 236.0 | 280.8 | 284.8 |
| Earnings per share (EPS) | CHF | 3.90 | 4.20 | 4.04 |
| Return on equity (ROE) | % | 5.9 | 6.1 | 5.6 |

¹ acquisition of immoveris ag and immoveris properties ag as at 27.05.2016

² transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015

³ 2016: acquisition of Résidence les Sources BOAS SA as at 01.07.2016 and BOAS Senior Care as at 29.02.2016

2015: acquisition of SENIOcare Group as at 01.10.2015, WGDm Papillon AG as at 01.07.2015 and Sternmatt

Pflegewohngruppen as at 05.01.2015

⁴ revaluations and deferred taxes



**WE PROVIDE NEW
PERSPECTIVES**



MILESTONES 2016

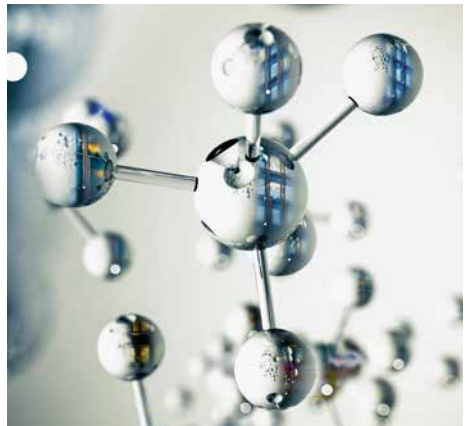
Swiss Prime Site achieved significant milestones in 2016, thus laying a solid foundation for future earnings-based growth.

Quarter

01

Jelmoli – The House of Brands starts online shop

Conclusion of acquisition of BOAS Senior Care – the leading provider of assisted living services in Western Switzerland. Systematic continuation of Tertianum growth strategy



Swiss Prime Site establishes group-wide corporate DNA



immoveris®

Acquisition of Berne-based immoveris to strengthen Wincasa's market position in Central and Western Switzerland



Elisabeth Bourqui and Markus Graf elected as new members of the Board of Directors of Swiss Prime Site AG

Launch of convertible bond with a volume of CHF 250.0 million



Jelmoli – The House of Brands opens doors to Switzerland's largest shoe department

Quarter
03

CHF bn

>1.0

Swiss Prime Investment
Foundation reaches total assets
of more than CHF 1.0 billion
in first financial year



Opening of Switzerland's first
budget design hotel from
Motel One in Basel's city centre
through successful conversion
of an office property

Business operations

+4

Tertianum Group opens doors
to four additional business
operations

Quarter
04



Swiss Prime Site to open new location at Zurich Airport starting from 2019

Acquisition of the rich-in-tradition «Gotthardgebäude» in Lucerne

Launch of straight bond with volume of CHF 250.0 million

CHF bn

10.1

Real estate portfolio surpasses the CHF 10.0 billion threshold for the first time in the Company's history



Project presentation for conversion of Schönburg in Berne, with completion by end-2019



Conclusion of long-term rental agreement with anchor tenant for NZZ Site in Schlieren

Vacancy rate reduced to 6.1% (group level)

FOREWORD

Dear Shareholders,

Swiss Prime Site increased operating income by 5.5% to CHF 1049.5 million in the financial year 2016, thus achieving a further boost in earnings – as forecast. The fair value of the real estate portfolio traversed the CHF 10.0 billion threshold for the first time in the Company's history and was sustainably reinforced with highly profitable acquisitions. The real estate-related business fields exhibited robust earnings-related growth, contributing to the successful reporting year with roughly 56.8% of total operating income at the group level.

Forging ahead with and strengthening the innovative business model

Swiss Prime Site promisingly positioned itself in the past financial year for realising future growth through setting a course aimed at acquisitions, organisation and strategy. In addition to staging a solid performance in the core real estate business, the Company also achieved key milestones in the real estate-related business fields.

Real estate portfolio forms the foundation for reliable earnings

Rental income from properties edged up by 1.6% to CHF 453.0 million as at 31 December 2016. This boost in earnings was attributable, among other factors, to a significant

reduction in the vacancy rate, from 6.7% to 6.1% at the Group level, amid an increasingly challenging market environment.

The real estate portfolio's net return amounted to 3.7% [3.9%]. The measures aimed at focusing on modernisation and redevelopments initiated already in previous years began to bear fruit in 2016, with the successful conversion and opening of Motel One in Basel/Freie Strasse 68. Motel One in Zurich/Brandschenkestrasse 25 will open its doors in 2017. Additional properties in the existing real estate portfolio have been designated for future conversions, such as the NZZ Site in Schlieren, which is already placed on the market with a new anchor tenant. Swiss Prime Site has realised another property conversion achievement with the Schönbürg/Berne project and its expected completion by the end of 2019.

The Company executed property acquisitions valued at CHF 257.3 million and carried out divestments of CHF 75.2 million in 2016. Profit from the divestment of properties amounted to a total of CHF 24.9 million, which exceeded the estimated fair value of the real estate by an average of 25.0%. With net investments of CHF 182.1 million in the transactions market, the new shareholders' equity of CHF 147.7 million from the converted bond was reinvested at a profit.

New buildings and construction projects proceeding according to plan

Swiss Prime Site's attractive project pipeline is focused on the significant economic centers of Switzerland. The project pipeline's total volume amounted to roughly CHF 2.0 billion at year-end, of which around CHF 1.5 billion and CHF 0.5 billion was attributed to short- and medium-term as well as long-term, respectively, development projects. The Assisted Living business field in particular enjoyed an acceleration in demand thanks to the demographic trend, which Swiss Prime Site addressed with corresponding development projects.

Business fields exhibit robust growth

Swiss Prime Site's business fields continued to successfully develop further in 2016. The Wincasa and Tertianum group companies reported strong surges in their operating income versus the levels of 2015, respectively. The acquisitions of SENIO-care (2015) and BOAS Senior Care (2016) contributed to Tertianum's improvement in earnings. The Jelmoli group company – which operates in the retail trade sector – achieved a solid operating income in line with the previous year's mark, despite the very challenging environment in the retail sector and missing sales on retail floor space that was, in some cases, unavailable due to investments. These business fields contributed a remarkable 33.7% to overall

growth. In addition, group-wide synergy potential was persistently and systematically exploited.

Looking to the future with sustainable corporate management

Swiss Prime Site reported on the group's commitment to sustainability for the first time in the Annual Report 2015. The group is taking one step further on the sustainability path in this Annual Report 2016 and reporting along the lines of the Global Reporting Initiative (GRI) standards for the first time. Swiss Prime Site's vast array of endeavours and activities in this field will be recorded in a comprehensive sustainability report in the future.

Proven strategy prevails

Swiss Prime Site's strategy, with investment focal point aimed at high-quality properties situated in prime locations as well as active portfolio management, proved to be a success story in the reporting year anew. The investments carried out in recent years in the Assisted Living and Retail real estate-related business fields in addition to real estate services have broadened as well as optimised the earnings base.

Composition of the Board of Directors

Elisabeth Bourqui and Markus Graf were elected as new members of the Board of Directors of Swiss Prime Site AG at the Annual

General Meeting of 2016. With the nomination of the two new Board members, the Board of Directors initiated the envisaged upgrade of the body for the coming years.

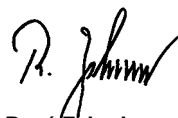
Dividend policy

In line with the solid operating results and continuity of an attractive dividend policy, the Board of Directors is proposing to the Annual General Meeting an unchanged distribution of CHF 3.70 per share – once again in the form of repayment from capital contribution reserves. The distribution corresponds to an attractive cash yield of 4.4%, based on the closing share price of CHF 83.35 at year-end.

We would like to thank all the employees, members of the Executive Board and Board of Directors for their services rendered, the shareholders for the trust they have placed in us and the tenants as well as clients for their valued partnership.



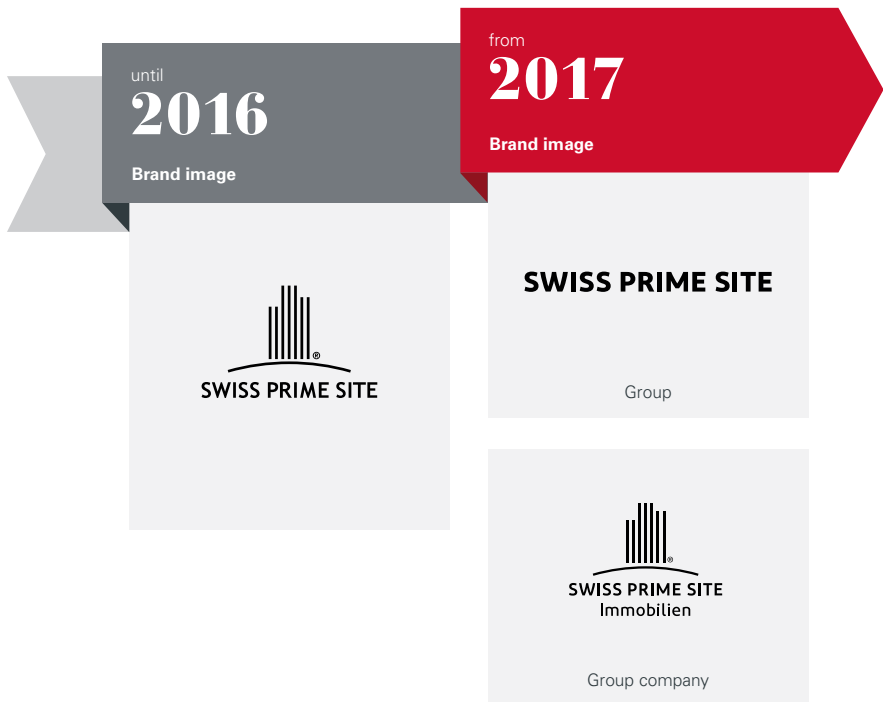
Hans Peter Wehrli
Chairman of the
Board of Directors



René Zahnd
Chief Executive
Officer

NEW BRAND IMAGE

Clear differentiation between the brands of
«Swiss Prime Site» and «Swiss Prime Site Immobilien»
core real estate business – each organisational
area will position itself on the market with its own
individual brand in the future.



BOARD OF DIRECTORS

Hans Peter Wehrli
Chairman



Mario F. Seris
Vice-Chairman



Elisabeth Bourqui
Board member



Christopher M. Chambers
Board member



Markus Graf
Board member



Bernhard Hammer
Board member



Rudolf Huber
Board member



Klaus R. Wecken
Board member



EXECUTIVE BOARD

René Zahnd

CEO Swiss Prime Site AG



Markus Meier

CFO Swiss Prime Site AG



Peter Lehmann

CIO Swiss Prime Site AG



Oliver Hofmann

CEO Wincasa AG



Franco Savastano

CEO Jelmoli AG



Luca Stäger

CEO Tertianum AG



The background of the image is a close-up, low-angle shot of a wooden wall and floor. The wall is composed of light-colored wooden planks arranged in a horizontal pattern. The floor is made of similar wooden planks, but they are arranged in a diagonal pattern. The lighting is warm and natural, highlighting the texture of the wood. In the bottom right corner, there is a dark, rectangular object, possibly a piece of furniture or a wall-mounted device, and a small portion of a wooden surface with some red lettering is visible.

**WE CREATE SPACE
FOR ENCOUNTERS**



SHARE INFORMATION

The Swiss Prime Site AG share's closing price on 31 December 2016 was CHF 83.35 [the closing share price as at 31 December 2015 was CHF 78.50 and the distribution on 19 April 2016 was CHF 3.70 per share]. The resulting performance (total return) of the share amounted to +10.9% in 2016 [+13.7%]. The stock's relative performance therefore fell slightly short of the benchmark index SXI Real Estate Shares Index (+11.7%) but noticeably outperformed the SPI Swiss Performance Index (-1.4%).

The share price reached its peak of CHF 90.65 on 26 July 2016 and hit its lowest point of CHF 74.95 on 21 January 2016. The average daily trading volume in 2016 amounted to CHF 13.8 million [CHF 14.5 million].

The average annual performances of the benchmark indices SXI Real Estate Shares Index and SPI Swiss Performance Index since the Swiss Prime Site IPO were +6.3% and +3.5%, respectively. Hence, the performance of the Swiss Prime Site share of +7.8% noticeably beat the two benchmark indices.

Performance of Swiss Prime Site share since IPO

from 05.04.2000 to 31.12.2016 (indexed)



Source: Credit Suisse, Thomson Datastream

Key figures per share

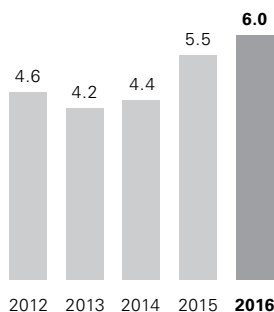
| | in | 2015 | 2016 | Change in % |
|--|-------|---------|-------------------------|----------------|
| Earnings per share (EPS) | CHF | 5.30 | 4.41 | -16.8 |
| Earnings per share excluding revaluation effects | CHF | 4.20 | 4.04 | -3.8 |
| NAV per share after deferred taxes | CHF | 71.15 | 72.43 | 1.8 |
| NAV per share before deferred taxes | CHF | 85.83 | 87.24 | 1.6 |
| Distribution per share | CHF | 3.70 | 3.70¹ | – |
| Cash yield ² | % | 4.7 | 4.4¹ | -6.4 |
| Share price as at balance sheet date | CHF | 78.50 | 83.35 | 6.2 |
| Share price, highest | CHF | 87.80 | 90.65 | 3.2 |
| Share price, lowest | CHF | 70.65 | 74.95 | 6.1 |
| Premium | % | 10.3 | 15.1 | 46.6 |
| Average trading volume per day | CHF m | 14.5 | 13.8 | -4.8 |
| Market capitalisation | CHF m | 5 467.6 | 5 957.8 | 9.0 |

¹ according to proposal to Annual General Meeting of 11.04.2017

² based on year-end closing price

Market capitalisation

in CHF bn



Performance (total return)

in %

10.9

With a performance (total return) of 10.9% in the reporting year, the value of the share has grown by 52.4% in the past five years.

CONSOLIDATED BALANCE SHEET

Assets

in CHF 1000

| | 2015 | 2016 |
|---|-------------------|-------------------|
| Cash | 234 929 | 160 326 |
| Securities | 482 | 479 |
| Accounts receivable | 80 432 | 93 946 |
| Other current receivables | 27 138 | 9 328 |
| Current income tax assets | 4 634 | 7 793 |
| Inventories | 25 549 | 28 463 |
| Accrued income and prepaid expenses | 33 482 | 27 657 |
| Assets held for sale | – | 13 000 |
| Total current assets | 406 646 | 340 992 |
| Pension plan assets | 8 963 | 19 992 |
| Non-current financial investments | 1 261 | 2 750 |
| Investments in associates | 47 494 | 53 976 |
| Investment properties and building land | 8 445 335 | 8 829 748 |
| Properties under construction and development sites | 346 690 | 289 631 |
| Owner-occupied properties | 894 582 | 942 021 |
| Owner-occupied properties under construction | – | 17 700 |
| Tangible assets | 64 590 | 62 806 |
| Goodwill | 369 520 | 451 146 |
| Intangible assets | 80 524 | 75 801 |
| Deferred tax assets | 24 960 | 25 420 |
| Total non-current assets | 10 283 919 | 10 770 991 |
| Total assets | 10 690 565 | 11 111 983 |

Liabilities and shareholders' equity

in CHF 1000

| | 2015 | 2016 |
|---|-------------------|-------------------|
| Accounts payable | 13 307 | 15 088 |
| Current financial liabilities | 572 105 | 678 136 |
| Other current liabilities | 127 171 | 84 119 |
| Advance payments | 33 046 | 42 856 |
| Current income tax liabilities | 44 412 | 19 422 |
| Accrued expenses and deferred income | 96 708 | 101 034 |
| Total current liabilities | 886 749 | 940 655 |
| Non-current financial liabilities | 3 689 488 | 3 801 973 |
| Other non-current financial liabilities | 6 871 | 3 536 |
| Deferred tax liabilities | 1 035 945 | 1 072 428 |
| Pension provision obligations | 115 546 | 116 799 |
| Total non-current liabilities | 4 847 850 | 4 994 736 |
| Total liabilities | 5 734 599 | 5 935 391 |
| Share capital | 1 065 668 | 1 093 627 |
| Capital reserves | 1 023 578 | 888 078 |
| Revaluation reserves | 102 027 | 119 740 |
| Retained earnings | 2 764 450 | 3 075 867 |
| Shareholders' equity attributable to shareholders of Swiss Prime Site AG | 4 955 723 | 5 177 312 |
| Non-controlling interests | 243 | - 720 |
| Total shareholders' equity | 4 955 966 | 5 176 592 |
| Total liabilities and shareholders' equity | 10 690 565 | 11 111 983 |

CONSOLIDATED INCOME STATEMENT

in CHF 1000

| | 2015 | 2016 |
|---|------------------|------------------|
| Rental income from properties | 445 871 | 452 971 |
| Income from sale of trading properties | 105 081 | – |
| Income from real estate services | 109 004 | 115 577 |
| Income from retail | 136 808 | 133 565 |
| Income from assisted living | 184 152 | 328 198 |
| Other operating income | 14 294 | 19 158 |
| Operating income | 995 210 | 1 049 469 |
| Revaluation of investment properties, properties under construction and development sites, net | 124 571 | 60 493 |
| Result from investments in associates | 12 118 | 8 631 |
| Result from investment property sales, net | 30 910 | 24 947 |
| Real estate costs | – 103 312 | – 130 752 |
| Cost of trading properties sold | – 62 917 | – |
| Cost of goods sold | – 84 724 | – 100 746 |
| Personnel costs | – 269 244 | – 347 481 |
| Other operating expenses | – 60 023 | – 61 552 |
| Depreciation, amortisation and impairment | – 29 159 | – 43 205 |
| Operating expenses | – 609 379 | – 683 736 |
| Operating profit (EBIT) | 553 430 | 459 804 |
| Financial expenses | – 100 753 | – 85 958 |
| Financial income | 4 615 | 4 863 |
| Profit before income taxes | 457 292 | 378 709 |
| Income tax expenses | – 102 231 | – 67 504 |
| Profit | 355 061 | 311 205 |
| Profit attributable to shareholders of Swiss Prime Site AG | 355 905 | 312 168 |
| Loss attributable to non-controlling interests | – 844 | – 963 |
| Earnings per share (EPS), in CHF | 5.30 | 4.41 |
| Diluted earnings per share, in CHF | 5.18 | 4.23 |



PORTFOLIO HIGHLIGHTS



MOTEL ONE

The ideal partner was found for conversion of the former floor space into a hotel, with Germany-based budget design hotel group Motel One. The 147 rooms were constructed in the period from April 2015 to June 2016 for roughly CHF 22.0 million.

Key data

| | |
|-------------------|-------------------------|
| Address | Freie Strasse 68, Basel |
| Fair value | CHF 68.4 million |
| Construction date | 2016 |
| Floor space | 7 504 m ² |
| Use | Hotel and retail |
| Investment | CHF 22.0 million |



MEDIENPARK

Extensive modernisation of the commercial building from the 1970s was completed at the outset of 2016. The renovated property registers an occupancy rate of more than 90.0% (offices) as at end-2016. In addition to a high degree of tenant and user friendliness, Medienpark also offers a direct connection to public transportation.

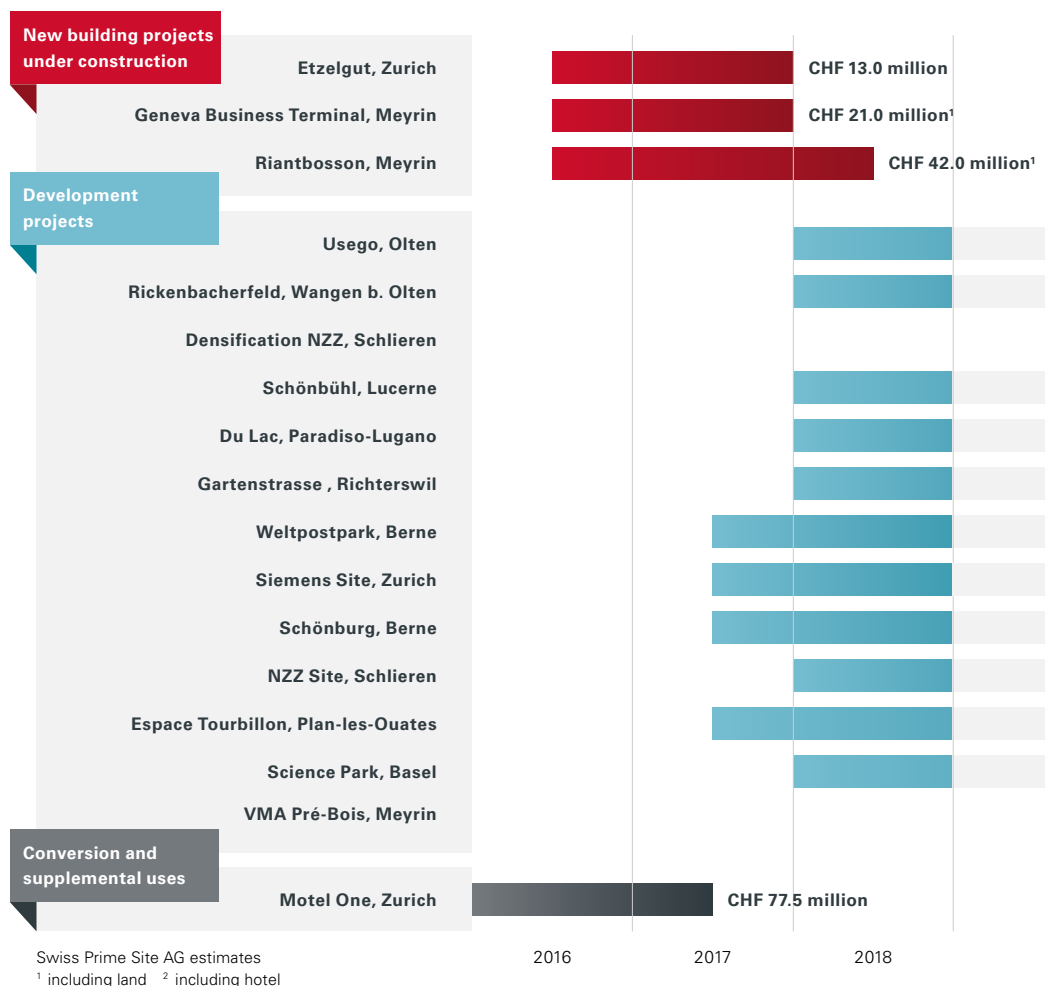
Key data

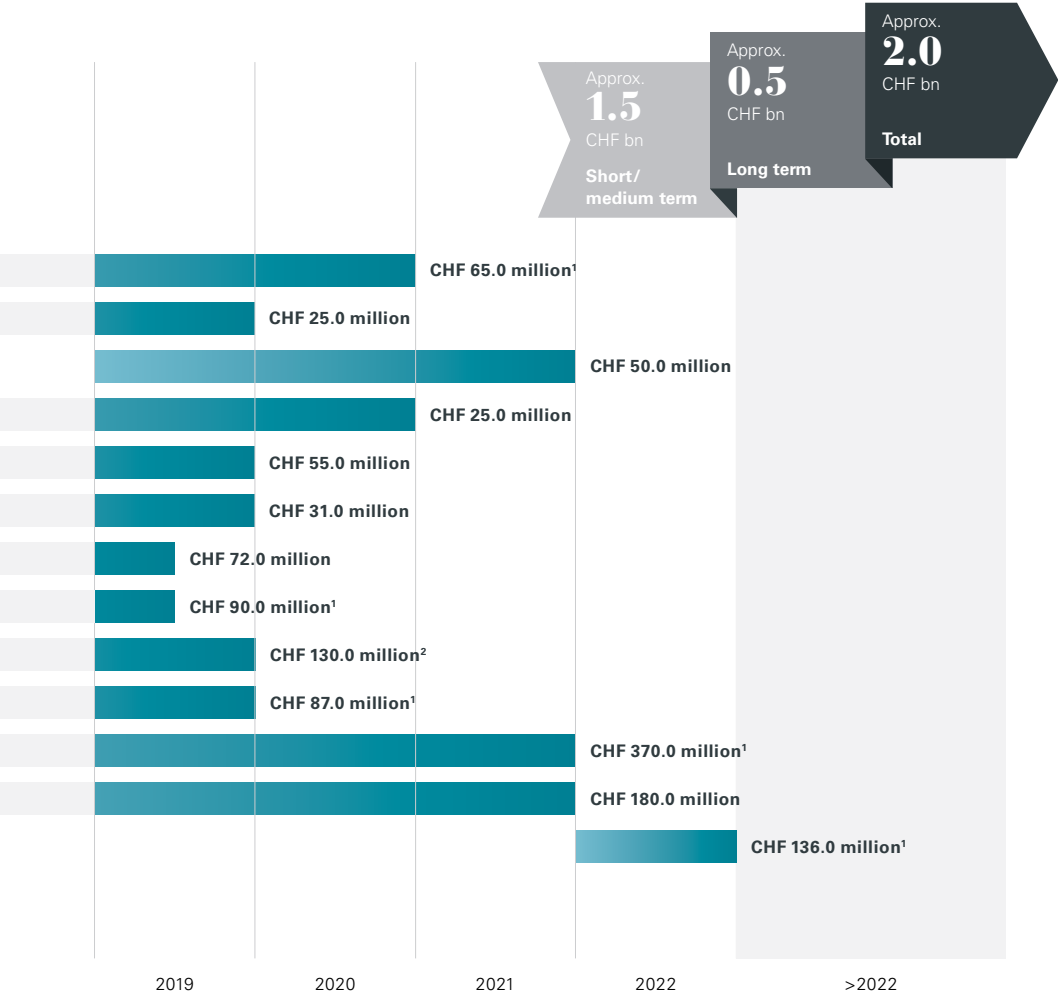
| | |
|-------------------|------------------------|
| Address | Flurstrasse 55, Zurich |
| Fair value | CHF 145.3 million |
| Construction date | 2015 total renovation |
| Floor space | 24 244 m ² |
| Use | Commercial building |
| Investment | CHF 69.0 million |



PROJECT PIPELINE

Swiss Prime Site's project pipeline underpins its development expertise and vision of crafting the habitats of the future.





FINANCIAL CALENDAR

Key events

| | Date | Location |
|--|----------------|----------|
| Annual General Meeting financial year 2016 | 11 April 2017 | Olten |
| Semi-Annual Report as at 30.06.2017 with financial results press conference | 24 August 2017 | Zurich |
| Annual Report as at 31.12.2017 with financial results press conference | 01 March 2018 | Zurich |
| Annual General Meeting financial year 2017 | 27 March 2018 | Olten |

ANNUAL REPORT 2016

Swiss Prime Site focuses on the Wincasa group company in this year's Strategy and Management Report. Swiss Prime Site's overall Annual Report is divided into three

parts, all of which are available for download in PDF format on the website at: www.sps.swiss.



**Strategy &
Management Report**



**Corporate
Governance &
Compensation Report**



Financial Report

Imprint

This Short Report is also published in German and French. The original German is the effective official version.

Overall responsibility | Editorial

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