

MEDIA RELEASE

17th March 2009
For immediate publication

Annual Report as at 31 December 2008

High expectations met

Olten, 17th March 2009 – Swiss Prime Site AG increased its net profit (excluding revaluation effects) by 9.6% to CHF 93.5 million in 2008. Operating profit (before revaluation) rose by 5.7% to CHF 158.6 million. The loss of earnings rate was reduced from 4.9% to 4.5%. A distribution of CHF 3.40 per share – equivalent to the previous year – will be proposed at the Annual General Meeting of Shareholders of 21st April, 2009. This corresponds to a cash yield of 6.7% on the closing share price for the year (CHF 50.80). Net asset value per share (NAV after deferred taxes) increased by 3.0% to CHF 59.25 during the reporting period. Swiss Prime Site is expecting this strong track record of continuity to hold up in 2009 too.

Swiss Prime Site was able to generate sustainably high earnings in the 2008 financial year thanks to the high quality of its locations and properties. "The operating business of Swiss Prime Site was barely affected by the global crisis in the financial markets and the onset of recession in the real economy in 2008," comments CEO Markus Graf. Rental income rose by 1.4% to CHF 207.1 million (CHF 204.2 million) during the reporting year. With revaluation effects excluded, operating profit (EBIT) rose by 5.7% to CHF 158.6 million (CHF 150.1 million), resulting in a very high EBIT margin of 75.8% (73.3%). After revaluation effects EBIT amounted to CHF 200.9 million (-34.9%). This decline is explained largely by the absence of high revaluation gains achieved by Swiss Prime Site in 2007 thanks to Sihlcity in particular. As a result, net profit for the year in question declined by 41.5% to CHF 116.4 million (CHF 198.9 million). Excluding revaluation effect results in a 9.6% increase in net profit to CHF 93.5 million (CHF 85.3 million).

Weighted earnings per share rose by 14.0% to CHF 3.98 (CHF 3.49) before revaluation, and fell by 39.1% to CHF 4.95 (CHF 8.13) after revaluation. Net asset value (NAV) after deferred taxes per share rose by 3.0% to CHF 59.25 (CHF 57.52) and by 3.5% to CHF 66.01 (CHF 63.81) before deferred taxes.

The average weighted interest rate of all interest-bearing financial liabilities was unchanged at 3.0%, while the average residual term amounted to 4.4 (4.2) years. The equity ratio in 2008 rose to 37.0% (35.7%) after the Company reduced its treasury shares from 2.54 million to 1.71 million, thereby reducing its holdings from 9.9% to 6.7% of all outstanding shares.

High distribution and cash yield of 6.7%

In light of the healthy income situation and positive outlook for income development, the Board of Directors will submit a proposal to the General Meeting of Shareholders on 21st April 2009 for an unchanged distribution of CHF 3.40 per share. This distribution will once again take the form of a reduction in nominal value, which tax-wise is more advantageous for private investors. Based on the closing share price of CHF 50.80 on 31st December 2008, this equates to a cash yield of 6.7%. Swiss Prime Site is thereby confident of retaining its leading position among the highest-yielding listed companies in Switzerland.

Portfolio value reaches CHF 3.79 billion

The value of the real estate portfolio amounted to CHF 3.79 billion at the end of 2008. When compared to the value of CHF 3.65 billion at the end of 2007, in which the PostFinance Arena under construction was listed on the balance sheet under other receivables, this equates to an increase of CHF 133.9 million, or 3.7%. Including the PostFinance Arena in the previous year's figure, the increase in the portfolio value amounts to CHF 101.2 million (+2.7%). This increase encompasses investments in two projects, namely the PostFinance Arena in Berne (CHF +55.0 million) and the Maag site in Zurich (CHF +44.7 m), changes in value (including renovations/investments) of investment properties (CHF +47.9 m), various sales (CHF -49.3 million) and one new acquisition (CHF +2.9 million).

Of the 105 real estate properties, 81 were valued higher and 24 were valued lower than the previous year. The number of properties declined by nine to 110 as a result of a streamlining of the portfolio (sale of properties not conforming to company strategy and sale of two plots of land). The only acquisition in 2008 was a building on the corner of Froburgstrasse and Amthausquai in Olten. Following a reconstruction, Swiss Prime Site will use this building as its new business location from the beginning of 2010 onwards.

Rental income of major projects largely assured

The new real estates that Swiss Prime Site is building on the Maag site in Zurich and on the Allmend area of Berne are already mostly let. Long-term rental agreements are in place for 52% of the rental space of the Prime Tower (the foundation stone ceremony of which was laid on 19th November, 2008), the two adjoining buildings Cubus and Diagonal, and the Platform commercial building. Berne's PostFinance Arena, which will be totally renovated and expanded in time for the IIHF World Championships from 24th April to 10th May 2009, and the commercial building that will be ready by mid of 2009, have been 100% let to SC Bern and Swiss Post.

2009 also to be characterised by continuity

Despite recessionary developments in a number of different economic sectors, Swiss Prime Site is anticipating stable income streams and continued high quality of earnings in 2009. Experience has shown that demand for first-class office, industrial and retail premises remains high even in a deteriorated economic environment. An increase in oversupply is likely to affect in particular second-class properties outside the major urban and regional centres.

The geographical distribution of the Swiss Prime Site portfolio and the balanced diversification of use further optimise the risk/return profile. Shareholders who attach importance to an attractive yield are likely to be well rewarded by holding Swiss Prime Site AG shares in the coming year too.

Selected key figures

	Figures in	31.12.2008	31.12.2007	Change in %
Investment properties	CHF m	3 785.5	3 651.6	3.7
Rental income	CHF m	207.1	204.2	1.4
EBITDA	CHF m	200.9	308.6	-34.9
EBIT	CHF m	200.9	308.6	-34.9
Change in fair value (IAS 40)	CHF m	42.3	158.4	-73.3
Profit, imputable to shareholders of Swiss Prime Site AG	CHF m	116.4	198.9	-41.5
Shareholders' equity, imputable to shareholders of Swiss Prime Site AG	CHF m	1 418.8	1 329.6	6.7
Equity ratio	%	37.0	35.7	3.6
Borrowed capital	CHF m	2 411.4	2 399.0	0.5
Borrowed capital ratio	%	63.0	64.3	-2.0
ROE (weighted)	%	8.5	14.6	-41.8
ROIC (weighted)	%	4.9	7.2	-31.9
Earnings per share (weighted)	CHF	4.95	8.13	-39.1
NAV before deferred taxes	CHF	66.01	63.81	3.5
NAV after deferred taxes	CHF	59.25	57.52	3.0
Figures without revaluation effects*				
EBIT	CHF m	158.6	150.1	5.7
EBIT margin	%	75.8	73.3	3.4
Profit	CHF m	93.5	85.3	9.6
Earnings per share (weighted)	CHF	3.98	3.49	14.0
ROE (weighted)	%	6.9	6.9	-

* Revaluations (IAS 40) and deferred taxes



Contacts at Swiss Prime Site AG:

- Markus Graf, CEO
Tel. +41 (0)62 213 06 06, markus.graf@swiss-prime-site.ch
- Peter Wullschleger, CFO
Tel. +41 (0)62 213 06 06, peter.wullschleger@swiss-prime-site.ch

Swiss Prime Site AG

Swiss Prime Site AG is Switzerland's first specialist real estate investment company. Its portfolio of around CHF 3.8 billion has been built up on the basis of a real estate picking strategy and consists of first-class commercial properties in selected Swiss business locations. Swiss Prime Site has been listed on the SIX Swiss Exchange since April 2000 and has a stock market capitalisation of around CHF 1.3 billion. The company is characterised by its crisis-resistant portfolio with a low degree of vacancy and rent default risk, professional management with streamlined structures and low costs, high earnings and capital potential and an outstanding risk/return profile.

SIX Swiss Exchange / symbol SPSN / Swiss security number 803 838

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