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## MEDIA RELEASE

17 March 2011  
For immediate publication

### Annual report as of 31 December 2010

### Remarkably improved results

**Olten, 17 March 2011 – Swiss Prime Site boosted its rental income by 65.8% to CHF 417.3 million in the financial year 2010. The loss of earnings rate amounted to a low 4.2%. Profit attributable to shareholders increased by 25.4% to CHF 235.0 million. An unchanged distribution of CHF 3.50 per share will be proposed at the Annual General Meeting of 19 April 2011, corresponding to a cash yield of 5.0% based on the closing price at year-end. Net asset value (NAV) after deferred taxes edged up by 1.0% to CHF 60.14 as at 31 December 2010. For 2011, Swiss Prime Site forecasts a further pick-up in EBIT, with a loss of earnings rate of 4.5% to 5.0%.**

Swiss Prime Site reaped rewards in 2010 from the unrelenting robust demand for floor space in first-class properties situated in prime locations, enabling it to boost rental income by 65.8% to CHF 417.3 million (CHF 251.7 million). In its first financial results incorporating Jelmoli Group (acquired in 2009) for an entire reporting year, the Company posted a loss of earnings rate of 4.2%. The rate therefore exceeded the previous year's level of 4.0% just slightly, when retail properties did not yet represent the most important segment by use. "The figure clearly underscores the fact that the acquisition of Jelmoli real estate strengthened the focus on prime sites," declared CEO Markus Graf.

Total operating income surged from CHF 291.6 million to CHF 593.3 million, with the retail trade segment including the Jelmoli department store in Zurich contributing CHF 188.8 million or 31.8%. Jelmoli – The House of Brands on the Bahnhofstrasse was renovated in 2009/2010 at a price tag of roughly CHF 40 million, re-opening its doors at the end of October as one of the world's leading premium department stores.

Earnings before interest and taxes (EBIT) soared by 87.4% from CHF 219.4 million to CHF 411.1 million. This figure includes a positive revaluation of investment properties, properties under construction and development sites of CHF 86.4 million (CHF 53.9 million).

Profit attributable to shareholders after revaluation effects\* increased by 25.4% to CHF 235.0 million (CHF 187.4 million). Weighted earnings per share (EPS) amounted to CHF 4.34 (CHF 6.09). Net asset value (NAV) before deferred taxes of CHF 72.11 per share exceeded the previous year's level of CHF 71.22 by 1.2%. NAV after deferred taxes edged up by 1.0% to CHF 60.14 (CHF 59.52).

\* revaluations (IAS 40) and deferred taxes

In light of the strong earnings and positive prospects for the financial year 2011, the Board of Directors will propose to the Annual General Meeting of 19 April 2011 an unchanged distribution of CHF 3.50 per share. The payout should be carried out through a withholding tax-exempt distribution from capital contribution reserves. The proposed distribution corresponds to a cash yield of 5.0% (6.0%), based on the closing price at year-end 2010. The Swiss Prime Site share closed at CHF 69.75 (CHF 58.00) at end-2010, resulting in a total return of 27.1%.

The share's average stock-exchange volume per trading day amounted to CHF 8.8 million (CHF 5.3 million) in 2010. The Swiss Prime Site share has been listed on key indices such as EPRA, SMIM and STOXX since 2009. The Company's share holds weightings of 39.8% and 42.3% in the overall SXI Real Estate Shares and SXI Swiss Real Estate Shares indices, respectively. The Swiss Prime Site share holds the heaviest weighting among real estate investment companies on the Swiss stock market and has shown up on the radar screens of numerous international investors and market participants since the Jelvoli acquisition.

### **Portfolio quality strengthened**

As anticipated, the portfolio declined slightly in the reporting year, comprising 198 properties (230 the previous year) with a value of CHF 8.0 billion (CHF 8.1 billion). Within the scope of the announced divestment programme and consistent focus on the highest-quality segment, 33 properties were divested in the reporting year, including 22 properties from the former Jelvoli portfolio. Total income realised from divestments amounted to CHF 348.2 million, which exceeded the fair value of CHF 339.4 million as at 31 December 2009. The portfolio also includes the Prime Tower project, with its annex buildings Cubus and Diagonal as well as the Platform corporate building located at the Maag site in Zurich, in addition to Stücker Business Park 60A-E in Basel, and 13 building land parcels.

The portfolio split by region and type of use showed only marginal changes as well: Zurich (38%), Geneva (23%) and Northwest Switzerland (20%) remain the most important investment regions. Most rental income was realised from retail properties (40%) and office properties (36%), while warehouse, parking facilities, cinemas and restaurants accounted for 18% of total rental income.

Among the existing properties, the favourable trend exhibited by Sihlcity stands out. The urban entertainment centre – in which Swiss Prime Site holds a 24.2% stake – boosted sales by 9% year-on-year in 2010. The demand for services even climbed by 16.6% in the reporting year. In its fourth year of operation, Sihlcity counted 6.6 million visitors, corresponding to an average of more than 20,000 per day.

### **Final phase and exquisite cuisine in Prime Tower**

The final construction phase has commenced at the Maag site in Zurich West, where Swiss Prime Site is building Prime Tower and the two annex buildings Cubus and Diagonal as well as the Platform corporate building. The first office tenants in Prime Tower will move into their floor space in summer 2011. The restaurant/bar/lounge and conference areas situated on the top two floors of the building will open their doors in November 2011. Deutsche Bank (Switzerland) Ltd should take up residence probably in December 2011, occupying more than 5,000 m<sup>2</sup> of office floor space. The decisive factors for choosing Prime Tower were the first-class location in Zurich West, the outstanding architecture, flexible spatial concept and the building's sustainability, underscored by the LEED (Leadership in Environmental and Energy Design) certification. The tower's occupancy rate reached the 85% mark at end-2010.



The top two floors of Prime Tower will feature CLOUDS – an innovative concept in gastronomy, comprising restaurant, bistro/bar, cocktail bar/lounge and conference centre. Michel Wichmann, who turned in a very successful performance at the Grand Hotel Bellevue in Gstaad, will assume responsibility for operational management of the facilities starting 1 May 2011. The culinary side of CLOUDS is in the hands of master chef Antonio Colaianni (previously at Restaurant Il Casale in Wetzikon, 16 Gault Millau points, 1 Michelin star) as well as David Martinez (previously at Zurich's design hotel, Greulich, 16 Gault Millau points).

#### **Other new building projects on course**

Swiss Prime Site will invest roughly CHF 230 million in the SkyKey real estate project in Zurich North, according to an agreement signed in January 2011. The 63-metre-high commercial building with 18 upper floors is being constructed according to the LEED standard and will be ready for occupancy in summer 2014. The projected construction area is situated on a 9,500 m<sup>2</sup> site, comprising rental floor space of 40,000 m<sup>2</sup>. The building complex is equipped with roughly 2,300 workplaces and is being leased by Zurich Insurance Company Ltd under a long-term rental agreement.

Swiss Prime Site is also planning to construct the Maaghof residential building project located in a 10,750 m<sup>2</sup> zone situated west of Prime Tower. While rental apartments will account for the primary use, with a floor space of around 26,700 m<sup>2</sup>, some floor space is also envisaged for social and commercial uses. The L-shaped design of the building complex will border a park-like setting of greenery, opening the door to a new era of residential life at the Maag Site Plus.

#### **Well-placed thanks to prime positioning**

Swiss Prime Site aims to continue optimising its real estate portfolio and sharpening the focus on core business activities in the current year. In light of increasing employment levels, expectations point to persistently robust demand for office and retail floor space in modern properties situated in close proximity to city centres. Companies such as Swiss Prime Site that have focused their portfolios on prime real estate in the most ideal locations should reap disproportionately high rewards from this trend. Furthermore, the significant share of long-term, indexed contracts with tenants holding good credit ratings will ensure strong earnings continuity. For the financial year 2011, Swiss Prime Site forecasts a boost in operating profit (EBIT before revaluation effects) compared with the previous year, with a loss of earnings rate of 4.5%-5.0%.

## Selected key figures

	Figures in	31.12.2010	31.12.2009	Change in %
Investment properties	CHF m	8 020.3	8 081.6	-0.8
Rental income	CHF m	417.3	251.7	65.8
Loss of earnings rate	%	4.2	4.0	5.0
Retail trade turnover, net	CHF m	157.0	32.8	378.7
EBITDA	CHF m	438.2	223.3	96.2
EBIT	CHF m	411.1	219.4	87.4
Revaluation of investment properties (IAS 40)	CHF m	86.4	53.9	60.3
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	235.0	187.4	25.4
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	240.9	190.5	26.5
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	3 267.2	3 221.4	1.4
Equity ratio	%	39.3	37.8	4.0
Borrowed capital	CHF m	5 050.2	5 273.5	-4.2
Borrowed capital ratio	%	60.7	61.8	-1.8
ROE (weighted)	%	7.2	10.0	-28.0
ROIC (weighted)	%	4.3	4.3	-
Earnings per share (weighted)	CHF	4.34	6.09	-28.7
NAV before deferred taxes	CHF	72.11	71.22	1.2
NAV after deferred taxes	CHF	60.14	59.52	1.0
<b>Figures without revaluation effects*</b>				
EBIT	CHF m	324.7	165.4	96.3
Profit	CHF m	171.7	117.1	46.6
Earnings per share (weighted)	CHF	3.17	3.81	-16.8
ROE (weighted)	%	5.4	6.5	-16.9

\* revaluations (IAS 40) and deferred taxes



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## Webcast on the Internet

You can find the live webcast of the financial results press conference on the Internet in German and English at: [www.swiss-prime-site.ch/pressconference](http://www.swiss-prime-site.ch/pressconference)

Video footage can be accessed starting from about 14:00 under the section "Media" via [www.swiss-prime-site.ch](http://www.swiss-prime-site.ch)

## Swiss Prime Site AG

Swiss Prime Site AG is Switzerland's leading real estate investment company. Its portfolio of CHF 8.0 billion is structured according to the real estate-picking strategy and comprises first-class commercial properties situated in selected Swiss business locations. The Swiss Prime Site share has been listed on the SIX Swiss Exchange since April 2000, and the Group has a market capitalisation of around CHF 3.8 billion. The Company is distinguished by its crisis-resistant portfolio with low vacancy rates and rent default risks, a professional management team with stream-lined structures and low costs, high earnings and capital potential and an excellent risk/return profile.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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