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MEDIA RELEASE

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Semi-annual report as at 30 June 2011

Profit surges by more than 40%

Olten, 8 September 2011 – Swiss Prime Site AG realised a boost in profit of 41.1% to CHF 152.4 million and pick-up in EBIT of 18.1% to CHF 241.5 million in the first half of 2011. Net asset value (NAV) after deferred taxes amounted to CHF 59.50 as at 30 June 2011, or 3.0% above the previous year's figure. The value of the real estate portfolio increased to CHF 8.18 billion.

As the leading real estate investment company in Switzerland, Swiss Prime Site AG reaped rewards in the first half-year 2011 from the generally robust economic environment, low interest rates and growing interest in indirect real estate investments. Earnings before interest and taxes (EBIT) surged by 18.1% to CHF 241.5 million (CHF 204.5 million), with revaluations contributing CHF 77.8 million (CHF 40.4 million). Profit including revaluation effects soared by 41.1% to CHF 152.4 million (CHF 108.0 million). Profit before revaluations jumped by 23.8% to CHF 105.1 million (CHF 84.9 million), resulting in weighted earnings per share of CHF 1.93 (CHF 1.57). Taking into account revaluations, realised earnings per share amounted to CHF 2.81 (CHF 2.00), up 40.5% versus the previous year's period. "The first half-year was clearly marked by qualitative growth, as evidenced by the significant strengthening of profitability amid relatively modest portfolio expansion," declares Swiss Prime Site CEO Markus Graf.

Net asset value (NAV) before deferred taxes amounted to CHF 72.04 as at 30 June 2011 (CHF 72.11 as at 31 December 2010), and NAV after deferred taxes came in at CHF 59.50 (CHF 60.14). The payout to shareholders on 28 April 2011 amounting to CHF 3.50 per share was carried out through a withholding-tax exempt distribution from capital contribution reserves. The distribution corresponds to a cash yield of 5.0%, based on the closing share price as at 31 December 2010. The Swiss Prime Site share turned in a performance of +8.5% in the reporting period, once again outperforming the Swiss Performance Index SPI (-1.8%).

The weighted average interest rate on all financial liabilities amounted to 2.8% (2.8%), with an average residual term to maturity of 4.2 (3.9) years.

Net rental income declined by 3.6% year-on-year to CHF 203.8 million (CHF 211.4 million). The decrease is attributable primarily to divestments within the scope of portfolio optimisation. The loss of earnings rate edged up from 4.0% to 4.9% as a result of sporadic vacancies at individual properties. Total operating income declined by 5.7% to CHF 279.1 million (CHF 295.9 million). This figure includes a 3.4% increase in net retail trade turnover of CHF 73.7 million (CHF 71.3 million) from the retail trade segment, of which CHF 68.8 million (CHF 66.6 million)

in retail sales was realised by the Jelmoli – The House of Brands department store with its proprietary-managed floor space. Hotel Ramada Encore in Geneva contributed roughly CHF 5 million (CHF 4.7 million) to segment turnover. A comparison of the turnover in the retail trade segment should take into account the fact that the comparable previous year's figure includes CHF 6.8 million in turnover from the credit card business of Jelmoli Bonus Card Ltd, which was divested in May 2010.

The balance sheet figures show just insignificant changes. Shareholders' equity amounted to CHF 3 232.3 million (CHF 3 136.7 million as at 30 June 2010) and borrowed capital totalled CHF 5 300.7 million (CHF 5 387.0 million), resulting in a slightly higher equity ratio of 37.9% (36.8%) and borrowed capital ratio of 62.1% (63.2%). The return on equity (ROE) surged noticeably from 6.8% to 9.4%.

On 21 June 2011, Swiss Prime Site issued a second convertible bond amounting to CHF 190.4 million with an interest rate of 1.875% and term to maturity of five years. The bond of the former Jelmoli Group amounting to CHF 175.0 million was redeemed after the balance sheet date, on 5 July 2011.

Real estate portfolio

The real estate portfolio was valued at CHF 8.18 billion as at 30 June 2011 (CHF 8.02 billion as at 31 December 2010), comprising 175 existing properties, 12 building land plots and the 5 development projects: Prime Tower, Platform and Maaghof in Zurich, Stücker Business Park in Basel as well as the SkyKey development site in Zurich, which was acquired in January 2011. Seven properties that did not conform to company strategy were divested at a profit, including the commercial building located at Fegistrasse in Spreitenbach and another commercial building at Kreuzstrasse in Zurich.

The value of the real estate portfolio grew by 2.0% versus the level at end-2010, or by CHF 160.9 million. The increase was attributable to value changes and investments in the projects located at the Maag site in Zurich (CHF +71.1 million) as well as Stücker site (Stücker Business Park) in Basel (CHF +5.4 million), investments and value changes for existing properties (CHF +69.4 million) and building land plots (CHF +1.8 million), and the acquisition of the SkyKey development project in Zurich North (CHF +44.5 million), in addition to the aforementioned divestments (CHF -31.3 million). The value of existing properties increased by 0.9% in the reporting period.

The interior design and tenant improvements at Prime Tower are progressing on schedule, with the first tenants taking up residence in their floor space in the reporting period. On the top floors of the tower, interior construction is moving along briskly for the unique restaurant, lounge and bar as well as conference areas, featuring the fine-dining "Clouds" restaurant. On 23 June 2011, roughly 1 000 employees of Ernst & Young moved into their new company headquarters in the Platform corporate building. Rental income generated from the building projects located at the Maag site – which will be completed in the second half-year and are practically fully leased – should have a positive impact on the earnings picture.

The Stücker shopping centre in Basel has managed to acquire another anchor tenant with Toys'R'Us (in addition to Migros, H&M and Saturn). The US toys and games chain will open the doors to a speciality store with floor space of roughly 2 000 square metres in October 2011. In the nearby Stücker Business Park, construction of the fifth and final phase was completed in August 2011. Negotiations with interested prospective tenants primarily in the region are in an advanced stage.

Renovation of the Usego building in Olten will be completed at the end of September. A significant share of the rental floor space has already been leased, with additional interested prospective tenants submitting enquiries.

The planned relocation of the MFO building in Zurich Oerlikon is proceeding according to plan. The translocation of this brick structure is scheduled for March 2012.

Outlook

The uncertainties surrounding the credit worthiness of some leading industrialised nations as well the effectiveness of the relevant measures initiated have opened the door to a volatile political and economic environment, leading to significant strengthening of the Swiss franc versus major currencies such as the euro and US dollar. Economic indicators for Switzerland continue to point to expectations for growth, strong consumer demand and a still-expanding population as well as an upbeat employment situation. Hence, the preconditions remain fundamentally favourable for a prevailing positive performance by Swiss Prime Site. Demand for first-class, prime retail and office properties situated in privileged urban locations is still robust, benefiting real estate companies with an above-average high-quality portfolio. For the second half of 2011, Swiss Prime Site forecasts a loss of earnings rate of 5% and operating profit (i.e. EBIT before revaluation effects) that surpasses the level of the comparable previous year's period.

Selected key figures

	Figures in	30.06.2011	30.06.2010	Change in %
Investment properties	CHF m	8 181.2	8 137.5	0.5
Rental income	CHF m	203.8	211.4	-3.6
Loss of earnings rate	%	4.9	4.0	22.5
Net retail trade turnover	CHF m	73.7	71.3	3.4
EBITDA	CHF m	249.7	217.3	14.9
EBIT	CHF m	241.5	204.5	18.1
Revaluation of investment properties (IAS 40)	CHF m	77.8	40.4	92.6
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	152.4	108.0	41.1
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	154.9	110.5	40.2
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	3 232.3	3 136.7	3.0
Equity ratio	%	37.9	36.8	3.0
Borrowed capital	CHF m	5 300.7	5 387.0	-1.6
Borrowed capital ratio	%	62.1	63.2	-1.7
ROE (weighted)	%	9.4	6.8	38.2
ROIC (weighted)	%	5.1	4.3	18.6
Earnings per share (weighted)	CHF	2.81	2.00	40.5
NAV before deferred taxes	CHF	72.04	69.64	3.4
NAV after deferred taxes	CHF	59.50	57.74	3.0
Figures without revaluation effects*				
EBIT	CHF m	163.7	164.2	-0.3
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	105.1	84.9	23.8
Earnings per share (weighted)	CHF	1.93	1.57	22.9
ROE (weighted)	%	6.6	5.4	22.2

* 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/e
Video footage can be accessed starting from about 14:00 under the section "Media" via www.swiss-prime-site.ch.

Swiss Prime Site

Swiss Prime Site AG is Switzerland's leading real estate investment company. The company's portfolio is valued at CHF 8.2 billion and comprises first-class, value-retaining retail and commercial properties situated in prime locations. Swiss Prime Site is distinguished by its experienced management team, with stream-lined structures and low costs, high earnings and capital potential as well as an excellent risk/return profile. The company has been listed on the SIX Swiss Exchange since April 2000 and reports market capitalisation of around CHF 3.9 billion.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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