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MEDIA RELEASE

12 September 2013
For immediate release

Semi-annual report as at 30 June 2013

Significant pick-up in profit

Olten, 12 September 2013 – Swiss Prime Site AG realised a 25.0% boost in profit to CHF 222.3 million as well as 15.0% spurt in EBIT to CHF 331.7 million in the first half of 2013. The semi-annual results as at 30 June 2013 include the figures of Wincasa AG, which was acquired in autumn 2012. Earnings per share (EPS) increased by 12.8% versus the previous year's period, from CHF 3.27 to CHF 3.69. The management has confirmed the positive outlook for the financial year 2013.

Swiss Prime Site generated a 15.0% jump in EBIT to CHF 331.7 million and 25.0% surge in profit to CHF 222.3 million in the first half-year 2013. The previous year's figures were restated based on IAS 19 revised "Employee benefits", resulting in EBIT of CHF 288.5 million and profit of CHF 177.8 million. All the comparable figures relative to the previous year's period are based on the restated figures.

The EBIT figure of CHF 331.7 million included revaluations of CHF 169.8 million (excluding owner-occupied properties), which exceeded the previous year's revaluations of CHF 130.4 million by 30.2%. CHF 22.5 million of the increase in valuations was attributable to the first-time application of IFRS 13 "Fair value measurement" with the new highest and best use concept. Comprehensive income climbed by 28.9% from CHF 181.9 million to CHF 234.5 million. Excluding revaluation effects*, EBIT amounted to CHF 162.0 million (+2.4%) and profit totalled CHF 110.4 million (+21.2%). Operating income rose by 14.0% from CHF 281.4 million to CHF 320.8 million. The average weighted interest rate on all financial liabilities was 2.4% (2.6%), with an average residual term to maturity of 4.2 years (4.5 years at end-2012).

"The first half-year results confirm that we are pursuing a course toward growth that underpins our earnings potential and benefits the shareholders," declares Swiss Prime Site CEO Markus Graf.

Real estate segment

Net rental income edged down by 2.4% to CHF 199.3 million in the reporting period. The decrease was attributable primarily to the elimination of rental income from divestments and to modifications/renovations, as well as to an increase in vacancies and loss of earnings. The loss of earnings rate increased in the forecast range from 5.4% to 6.2%.

* revaluations and deferred taxes on real estate

The fair value of the real estate portfolio increased by CHF 0.28 billion to CHF 8.88 billion as at 30 June 2013, or +3.2% versus the value at end-2012 of CHF 8.60 billion. The pick-up was attributable to value changes and investments in the new building projects SkyKey (CHF +46.5 million) and Maaghof North and East (CHF +21.0 million) in Zurich, Swiss Post headquarters/Majowa in Berne (CHF +16.6 million), the total renovation of the property at Flurstrasse 55/Flurpark in Zurich (CHF +5.7 million), investments and value changes related to existing properties (CHF +193.0 million), value changes on plots of building land (CHF +1.1 million) as well as the divestment of a smaller property in Granges-Paccot at market value (CHF -7.8 million).

The real estate portfolio held a total of 187 (188) properties comprising 169 existing investment properties, twelve plots of building land and six development sites. The Flurpark property, which is currently undergoing total renovation, has now been reclassified as property under construction and development site. The various new building projects are proceeding according to plan. The topping-out ceremony for the SkyKey commercial building took place on 27 June 2013. The new building is 100% leased to Zurich Insurance Company Ltd and qualifies as one of the first commercial buildings in Switzerland to boast a LEED (Leadership in Environmental and Energy Design) Platinum certification. The diverse new building projects – including SkyKey and Swiss Post headquarters/Majowa, which are fully let – will have a positive impact on earnings starting from 2014 and 2015, respectively. Sales of the condominiums at Maaghof North and East are proceeding favourably, with 28 of the 83 units ready for occupancy in 2015 already sold as at the balance sheet date.

Wincasa, which was acquired in autumn 2012, generated revenues from real estate services amounting to CHF 45.6 million.

Retail and gastronomy segment

Net turnover in the retail and gastronomy segment of CHF 74.2 million fell slightly short of the previous year's mark of CHF 76.2 million (-2.4%). The decline was attributable primarily to weather-related dampened consumer sentiment at Jelmoli – The House of Brands, where turnover in the department store's proprietary-managed floor space dipped from CHF 64.6 million to CHF 63.1 million. Turnover from the hotel business (Ramada Encore in Geneva) and restaurant business (Clouds in Zurich's Prime Tower) of CHF 11.2 million continued to hover practically at the previous year's level (CHF 11.7 million).

Share and share capital

Weighted earnings per share after revaluations edged up by 12.8% from CHF 3.27 to CHF 3.69 and before revaluations by 9.6% from CHF 1.67 to CHF 1.83. Net asset value (NAV) before deferred taxes amounted to CHF 79.80 as at 30 June 2013 versus CHF 78.62 as at 31 December 2012 (+1.5%). NAV after deferred taxes was CHF 65.53 (+0.5%) versus CHF 65.22. The distribution to shareholders in April amounted to CHF 3.60 per share (CHF 3.60) and was effected through a withholding tax-exempt distribution from capital contribution reserves, corresponding to a cash yield of 4.7% (5.1%) based on the closing share price at year-end 2012.



The Swiss Prime Site share closed at the end of the reporting period at CHF 69.45 (CHF 76.35 as at end-2012), resulting in a total return (i.e. share-price performance and distribution – TR) of -4.6% (17.6% on 30 June 2012). The share price performance fell slightly short of the benchmark index SXI Real Estate Shares (-3.5%).

Following conversions of the CHF 300 million convertible bond into 491 470 registered shares in the first half-year 2013, the share capital amounted to CHF 925.7 million, or 60 503 081 registered shares.

The equity ratio amounted to 42.0% as at 30 June 2013, dipping slightly below the value as at 31 December 2012 (42.4%). After the balance sheet date (i.e. on 11 July 2013), Swiss Prime Site issued a five-year bond totalling CHF 115.0 million with interest rate of 1.125%. The CHF 200.0 million bond with interest rate of 4.625% was redeemed on 11 July 2013.

Outlook

The acquisition of Tertianum AG, Zurich (executed as at 12 July 2013) forms the cornerstone for the new “assisted living” segment, to which Swiss Prime Site ascribes significant growth potential. Tertianum Group realised revenues of CHF 214 million and adjusted EBITDA of CHF 32 million in 2012. Tertianum’s twelve properties, valued at roughly CHF 435 million, ideally supplement Swiss Prime Site’s existing office and retail real estate holdings.

Swiss Prime Site is well-positioned to continue on the path toward achieving robust earnings-driven growth even amid an increasingly more volatile environment, thanks to its broadly diversified real estate portfolio valued at CHF 8.9 billion and supplemental business activities in the fields real estate services, retail and gastronomy as well as assisted living.

The persistently stable economy and favourable domestic demand – which is underpinned particularly by private consumption and investment in the construction industry – should continue to prevail in the current year. For the financial year 2013, Swiss Prime Site forecasts higher EBIT and profit figures versus the previous year’s levels as well as a loss of earnings rate of 5.5% to 7.0%.

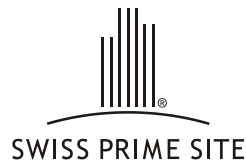
Selected key figures

	Figures in	30.06.2013	30.06.2012 restated ¹⁾	Change in %
Investment properties	CHF m	8 876.4	8 350.0	6.3
Net rental income	CHF m	199.3	204.2	-2.4
Loss of earnings rate	%	6.2	5.4	14.8
Income from real estate services ²⁾	CHF m	45.6	-	-
Income from retail and gastronomy, net	CHF m	74.2	76.2	-2.6
Earnings before interest, taxes depreciation and amortisation (EBITDA)	CHF m	342.0	296.6	15.3
Earnings before interest and taxes (EBIT)	CHF m	331.7	288.5	15.0
Revaluation of investment properties	CHF m	169.8	130.4	30.2
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	222.3	177.8	25.0
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	234.5	181.9	28.9
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	3 964.7	3 433.7	15.5
Equity ratio	%	42.0	39.5	6.3
Borrowed capital	CHF m	5 475.0	5 254.9	4.2
Borrowed capital ratio	%	58.0	60.5	-4.1
ROE (weighted)	%	11.9	10.4	14.4
ROIC (weighted)	%	5.9	5.5	7.3
Earnings per share (weighted)	CHF	3.69	3.27	12.8
NAV before deferred taxes per share	CHF	79.80	77.04	3.6
NAV after deferred taxes per share	CHF	65.53	62.94	4.1
Figures without revaluation effects*				
Earnings before interest and taxes (EBIT)	CHF m	162.0	158.2	2.4
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	110.4	91.1	21.2
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	116.7	93.2	25.2
Earnings per share (weighted)	CHF	1.83	1.67	9.6
ROE (weighted)	%	6.1	5.4	13.0

¹⁾ restatement of previous year based on IAS 19 revised; see the notes in the Annual Report 2012, pages 62 and 63

²⁾ acquisition of Wincasa AG as at 25.10.2012

* revaluations and deferred taxes on real estate



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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

Swiss Prime Site

Swiss Prime Site AG is Switzerland's largest listed real estate investment company. Its portfolio is valued at CHF 8.9 billion and comprises first-class, value-retaining and high-quality properties with primarily office and retail floor space situated in prime locations. The real estate investments, coupled with the real estate services provided by subsidiary Wincasa AG, make up the real estate segment. The retail and gastronomy segment consists of primarily Jelmoli – The House of Brands department store and Clouds Restaurant in Prime Tower, Zurich. The assisted living segment comprises the senior residences and nursing care facilities provided by Tertianum Group, which was acquired in mid-2013.

Swiss Prime Site is distinguished by its experienced management team, considerable earnings continuity and excellent risk/return profile. The Company has been listed on the SIX Swiss Exchange since 2000 and reports market capitalisation of CHF 4.2 billion.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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