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MEDIA RELEASE

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For immediate release

Semi-Annual Report as at 30 June 2014

Swiss Prime Site remains on growth path

- **Real estate portfolio expands by 2.3% to CHF 9.6 billion**
- **Rental income climbs by 8.9% to CHF 217.3 million**
- **Operating income surges by 29.4% to CHF 415.9 million**
- **EBIT before revaluations amounts to CHF 165.3 million (+2.0%)**
- **Earnings per share CHF 2.25**
- **Optimistic outlook prevails**

Swiss Prime Site boosted operating income by 29.4% to CHF 415.9 million (CHF 321.3 million) in the first half-year 2014. The increase by CHF 94.6 million was attributable primarily to Tertianum Group – Switzerland's leading company in the assisted living sector – consolidated since 12 July 2013. Property revaluations affecting net income amounted to CHF 53.6 million, hovering below the previous year's level (CHF 169.8 million), as expected. Operating profit (EBIT) before revaluations edged up by 2.0% versus the first half-year 2013 to CHF 165.3 million (CHF 162.0 million), while EBIT after revaluations dropped by 34.0% to CHF 218.9 million (CHF 331.7 million), due primarily to lower revaluations. Profit before revaluation effects* dipped slightly by 3.1% versus the previous year (which benefited from one-time effects), from CHF 110.4 million to CHF 107.0 million.

Operating expenses rose from CHF 159.1 million to CHF 255.3 million. The lion's share of the 60.5% increase was attributable to the surge in headcount from 1 181 to 2 357 resulting from the Tertianum acquisition and the related pick-up in personnel costs from CHF 66.0 million to CHF 125.1 million, as well as expenses incurred by the assisted living segment.

The balance sheet ratios remained practically unchanged. The equity ratio amounted to 39.2% (39.1% as at 31 December 2013). ROE (weighted) was 6.8% (11.9% as at 30 June 2013), while ROI (weighted) was 3.6% (5.9%).

Real estate segment

The real estate segment posted an increase in rental income from properties of 1.1% to CHF 211.2 million (CHF 208.9 million). The vacancy rate stood at 6.5% (5.8%), hovering within the expected range and once again wavering far below the Swiss average. Income from real estate services generated by Wincasa climbed by 6.8% to CHF 48.7 million

*revaluations and deferred taxes

(CHF 45.6 million). Operating income in the real estate segment of CHF 260.7 million surpassed the previous year's figure of CHF 255.8 million by 1.9%. However, EBIT declined by 34.4% from CHF 343.7 million to CHF 225.3 million due to significantly lower revaluations.

The real estate portfolio consisted of 194 (193 as at 31 December 2013) properties on 30 June 2014, with a fair value of CHF 9.6 billion (CHF 9.3 billion). The increase in value of CHF 218.5 million in the first half-year 2014 comprised value changes (including renovations/investments) related to existing properties (CHF +75.3 million), the acquisitions of existing properties, projects and plots of building land (CHF +90.3 million), divestments (CHF -16.4 million), value changes related to plots of building land (CHF +0.1 million), as well as value changes to and investments in projects (CHF +69.2 million).

In the reporting period, Swiss Prime Site acquired a site located at Albisriederstrasse 203 in Zurich. The property, with an area of roughly 22 500 square metres, currently features three building complexes with office, commercial and restaurant use. Half of the property area is undeveloped and harbours significant development potential, which Swiss Prime Site aims to exploit through constructing a new building in the medium term. Most of the existing floor space is leased. The other two additions to the real estate portfolio comprised the acquisition of land for the construction of the Vitadomo facility in Bellinzona – which will be operated by Tertianum Group upon completion in 2016 – as well as the increased stake in real estate company Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld, from 31.0% to 57.4%. The company holds roughly 4 000 square metres of building land.

Three properties were divested in the reporting period totalling CHF 20.4 million. Proceeds from the sales exceeded the fair value reported in the previous year by around CHF 4 million. The properties were located at Grünfeldstrasse 25 in Rapperswil-Jona and Avenue de Chailly 1 in Lausanne, including a plot of land in Oftringen.

Development of Swiss Prime Site's projects and new buildings was proceeding according to plan. SkyKey in Zurich North was completed precisely on deadline in July 2014, and the lion's share of the employees from Zurich Insurance Company Ltd will have taken up residence in their new workplaces comprising roughly 40 000 square metres of office floor space by end-September 2014. The new multiplex cinema featuring nine theatres and the largest movie screen in Switzerland, situated atop the roof of La Praille shopping centre in Grand-Lancy, has been in operation since June 2014. The innovative features offered are very popular with the customers. The new building for the Swiss Post headquarters (Majowa) located at Wankdorfallee 4 in Berne will be completed in November 2014. Tenants will take up residency in the 220 rental apartments and condominiums situated at Maaghof North and East on the Maag Site in Zurich in December 2014 (first stage of rental apartments) and in spring 2015, respectively. Of the total 83 condominiums on the site, 53 units had been sold as at end-June 2014. Leasing activities have proceeded successfully as well. The planned modification of the office property complex located at Brandschenkestrasse in Zurich into a Motel One with 380 rooms demonstrates just how existing properties situated in prime locations can be converted to such modern, forward-looking utilisation.

Retail and gastronomy segment

Income from retail and gastronomy declined by 4.4% to CHF 71.1 million (CHF 74.4 million). The decrease by CHF 3.3 million was attributable primarily to the elimination of revenues from the Hotel Ramada Encore in Geneva, whose operating business was divested as at end-2013. Jelmoli – The House of Brands in Zurich boosted net retail trade turnover from

proprietary managed floor space by 3.6% from CHF 63.1 million to CHF 65.4 million. Rental income remained nearly steady at CHF 9.0 million (CHF 8.9 million).

Assisted living segment

The assisted living segment, comprising the operations of Tertianum Group acquired in July 2013, generated income from the assisted living business amounting to CHF 77.3 million, as well as rental income of CHF 25.5 million. Tertianum Group is treading on a growth path in the market for senior residences and geriatric care services. As supplement to the renowned Tertianum residences, the group also provides residential housing facilities under the Vitadomo brand, featuring integrated care facilities and established in the medium-price segment. The first two Vitadomo facilities are currently being constructed in Opfikon and Bellinzona. Permed Ltd, which specialises in ambulant care services, was divested in March 2014 at a profit.

Share and capital market

Weighted earnings per share (EPS) before revaluation effects edged down slightly by 3.3% from CHF 1.83 to CHF 1.77 and after revaluation effects dropped by 39.0% from CHF 3.69 to CHF 2.25. Net asset value (NAV) before deferred taxes amounted to CHF 81.65 as at 30 June 2014 (CHF 82.65 as at 31 December 2013) and after deferred taxes to CHF 66.52 (CHF 67.91).

The Swiss Prime Site share turned in a performance (TR = total return) of +11.6% in the reporting period, thus outperforming the Swiss Performance Index SPI (+7.9%) as well as the SXI Real Estate Shares Index (+11.0%). Market capitalisation amounted to CHF 4.45 billion, derived from the closing share price of CHF 73.50 as at 30 June 2014.

On 16 April 2014, Swiss Prime Site issued a bond amounting to CHF 300.0 million with interest rate of 1.75% and maturity of seven years.

Outlook

Swiss Prime Site anticipates that the general economic conditions in Switzerland will remain favourable, but the regulatory uncertainties should rather intensify. The growing supply of office and retail properties will likely increasingly prompt tenants toward upgrading their leased floor space. The demand for rental properties that promise a higher equivalent value due to the quality of their location, accessibility, flexibility of use and architecture should accentuate further. Hence, Swiss Prime Site can reap the rewards from this trend with its portfolio of prime properties.

For the financial year 2014, Swiss Prime Site forecasts EBIT and net profit figures (before revaluation and one-time effects) that surpass the respective previous year's levels, net rental income of roughly CHF 435 million and a vacancy rate of 6.0% to 7.0%.

Swiss Prime Site Group: selected key figures

	Figures in	30.06.2014	30.06.2013	Changes in %
Investment properties	CHF m	9 558.0	8 876.4	7.7
Rental income	CHF m	217.3	199.5	8.9
Vacancy rate	%	6.8	6.1	11.5
Income from real estate services	CHF m	48.4	45.6	6.1
Income from retail and gastronomy	CHF m	71.0	74.2	-4.3
Income from assisted living ¹	CHF m	77.3	-	100.0
Earnings before interest, taxes depreciation and amortisation (EBITDA)	CHF m	233.8	342.0	-31.6
Earnings before interest and taxes (EBIT)	CHF m	218.9	331.7	-34.0
Revaluation of investment properties, properties under construction and development sites	CHF m	53.6	169.8	-68.4
Profit	CHF m	137.2	222.3	-38.3
of which non-controlling interests ²	CHF m	0.9	-	100.0
Comprehensive income	CHF m	134.6	234.5	-42.6
of which non-controlling interests ²	CHF m	0.9	-	100.0
Shareholders' equity	CHF m	4 026.0	3 964.7	1.5
of which non-controlling interests ²	CHF m	1.6	-	100.0
Equity ratio	%	39.2	42.0	-6.7
Borrowed capital	CHF m	6 237.0	5 475.0	13.9
Borrowed capital ratio	%	60.8	58.0	4.8
ROE (weighted)	%	6.8	11.9	-42.9
ROIC (weighted)	%	3.6	5.9	-39.0
Earnings per share (weighted)	CHF	2.25	3.69	-39.0
NAV before deferred taxes per share	CHF	81.65	79.80	2.3
NAV after deferred taxes per share	CHF	66.52	65.53	1.5
Figures without revaluation effects*				
Earnings before interest and taxes (EBIT)	CHF m	165.3	162.0	2.0
Profit	CHF m	107.0	110.4	-3.1
of which non-controlling interests ²	CHF m	(0.0)	-	100.0
Comprehensive income	CHF m	99.4	116.7	-14.8
Earnings per share (weighted)	CHF	1.77	1.83	-3.3
ROE (weighted)	%	5.4	6.1	-11.5

¹ acquisition of Tertianum Ltd as at 12.07.2013; divestment of Permed Ltd as at 17.03.2014

² full consolidation of Ensemble artisanal et commercial de Riantbosson S.A. as at 15.01.2014 (total stake = 57.4%)

* revaluations 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

Swiss Prime Site

Swiss Prime Site Ltd is Switzerland's largest listed real estate investment company. The Group's portfolio is valued at CHF 9.6 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 Ltd, 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 geriatric 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 4.4 billion.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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