

MEDIA RELEASE

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For immediate release

Quarterly report as at 31 March 2015

Swiss Prime Site with a strong start into the financial year

- **Profit before revaluation effects of CHF 54.5 million**
- **Core real estate rental business exhibits growth of 4.4% to CHF 113.0 million**
- **Real estate services business achieves above-average growth of 8.8%**
- **Real estate portfolio expands by 4.1% from CHF 9.4 billion to CHF 9.8 billion**
- **EBIT and net profit forecasts for 2015 above previous year's level**
- **Capital increase of up to 5 970 131 shares from authorised capital planned**

The first quarter of 2015 for Swiss Prime Site was marked by a solid performance and reliable earnings strength. Operating income edged up by 1.3% year-on-year to CHF 214.1 million (CHF 211.4 million). EBIT excluding revaluation effects increased by 3.1% from CHF 84.1 million to CHF 86.7 million, and profit declined by 6.2% from CHF 58.1 million to CHF 54.5 million.

Rental income climbed by 4.4% from CHF 108.2 million to CHF 113.0 million. The vacancy rate hovered within the expected range at 7.0% (6.7%). Income from real estate services exhibited above-average growth, rising by 8.8% from CHF 24.9 million to CHF 27.1 million. Income from retail and gastronomy amounted to CHF 32.3 million. As announced in January 2015, the Clouds restaurant business is being transferred to Candrian Catering AG in mid-2015. Income from assisted living of CHF 38.2 million fell short of the previous year's level of CHF 41.7 million by 8.4%. The decrease was attributable primarily to the loss of income of CHF 5.9 million due to the divestment of Permed AG in March 2014.

The fair value of the real estate portfolio amounted to CHF 9.8 billion on 31 March 2015, thus surpassing the previous year's level of CHF 9.4 billion by 4.1%. Properties under construction and development sites accounted for CHF 356.1 million (CHF 558.6 million). Three properties that no longer conformed to strategy located in Zurich, Affoltern am Albis and Glattbrugg were divested for a total of CHF 44.2 million in the reporting period. The sales proceeds realised exceeded the fair value reported at end-2014 by CHF 0.4 million. Various building and modification projects are proceeding according to plan.

Share and share capital

Weighted earnings per share declined from CHF 0.86 to CHF 0.79 and before revaluation effects from CHF 0.96 to CHF 0.86. Net asset value (NAV) before deferred taxes increased from CHF 83.74 to CHF 85.07, while NAV after deferred taxes edged up from CHF 68.82 to CHF 69.94.

The Swiss Prime Site share closed at CHF 84.50 on 31 March 2015. The share price performance (i.e. total return, TR) of +15.8% in the first quarter surpassed the Swiss Performance Index SPI (+3.2%) as well as SXI Real Estate Shares Index (+10.9%). The distribution of CHF 3.70 per share approved by the Annual General Meeting and paid out on 21 April 2015 provided an attractive cash yield of 5.1%, based on the closing share price of CHF 73.00 at 31 December 2014.

The CHF 300 million convertible bond with maturity date of 20 January 2015 was converted at more than 90% to shareholders' equity due to Swiss Prime Site stock's positive share price performance. The conversion price amounted to CHF 70.97 per share.

Swiss Prime Site AG plans to carry out a capital increase at the end of May 2015 through issuing a maximum of up to 5 970 131 shares from authorised capital. The expected gross proceeds of roughly CHF 424 million will strengthen the shareholders' equity and will be used for executing the current new building and property refurbishing/repositioning projects. Furthermore the resources are intended to seize further growth opportunities and will provide additional financial flexibility and a solid capital structure.

Outlook

Swiss Prime Site expects that the focussing on prime locations on the market for commercial real estate will intensify. While rental properties situated in second-class locations and buildings that are no longer contemporary are becoming increasingly more difficult to lease, rental floor space situated in modern, high-quality and well-developed locations remains in demand. Swiss Prime Site stands to benefit from this trend since up to 70% (based on fair value) of its real estate portfolio comprises properties that have been constructed or totally renovated after 1990.

The Company forecasts a slight increase in rental income for the current financial year. The new building projects completed in 2014 – SkyKey in Zurich and Majowa/Swiss Post headquarters in Berne – will contribute to the Company's rental income. The Company anticipates that the completion of the apartments in the Maaghof building complex in Zurich-West, which was officially concluded in April 2015, as well as the revenues from the Vitadomo Bubenhof senior centre in Opfikon completed as at 1 April 2015 will have a positive impact on earnings and profit. According to the Company's current assessment, the vacancy rate should hover in a range between 6.5% and 7.0%.

Swiss Prime Site anticipates a contribution to after-tax profit of approximately CHF 30 million (i.e. around CHF 0.50 per share) from sales of condominiums at Maaghof, as communicated already in March 2015. Operating profit (EBIT) and net profit before revaluation effects are expected to surpass the previous year's levels, respectively.

Selected Group key figures

	Figures in	31.03.2014	31.03.2015	Change in %
Investment properties at fair value	CHF m	9 399.4	9 782.3	4.1
Rental income from properties	CHF m	108.2	113.0	4.4
Vacancy rate	%	6.7	7.0	4.5
Income from real estate services	CHF m	24.9	27.1	8.8
Income from sale of trading properties	CHF m	-	2.4	100.0
Income from retail and gastronomy	CHF m	35.8	32.3	- 9.8
Income from assisted living ¹	CHF m	41.7	38.2	- 8.4
Total operating income	CHF m	211.4	214.1	1.3
Revaluation of investment properties, properties under construction and development sites	CHF m	4.2	2.6	- 38.1
Result from investments in associates	CHF m	0.5	0.5	-
Result from property sales, net	CHF m	1.0	0.3	- 70.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	CHF m	95.8	96.6	0.8
Earnings before interest and taxes (EBIT)	CHF m	88.3	89.2	1.0
Profit	CHF m	52.3	50.0	- 4.4
of which attributable to non-controlling interests	CHF m	- 0.0	- 0.1	2 000.0
Comprehensive income	CHF m	54.5	53.1	- 2.6
of which attributable to non-controlling interests	CHF m	- 0.0	- 0.1	2 000.0
Shareholders' equity	CHF m	4 163.7	4 455.0	7.0
of which non-controlling interests	CHF m	0.7	1.5	114.3
Equity ratio	%	41.1	42.2	2.7
Borrowed capital	CHF m	5 958.0	6 101.6	2.4
Total capital	CHF m	10 121.7	10 556.6	4.3
ROE, weighted	%	5.1	4.7	- 7.8
ROIC, weighted	%	3.0	2.9	- 3.3
Earnings per share, weighted	CHF	0.86	0.79	- 8.1
NAV before deferred taxes per share	CHF	83.74	85.07	1.6
NAV after deferred taxes per share	CHF	68.82	69.94	1.6
Figures without revaluation effects ²				
Earnings before interest and taxes (EBIT)	CHF m	84.1	86.7	3.1
Profit	CHF m	58.1	54.5	- 6.2
of which attributable to non-controlling interests	CHF m	-	- 0.0	100.0
Comprehensive income	CHF m	58.1	54.6	- 6.0
Earnings per share, weighted	CHF	0.96	0.86	- 10.4
ROE, weighted	%	5.7	5.1	- 10.5

¹ Sale of Permed AG as at 17.03.2014

² Revaluations and deferred taxes; the entire portfolio is re-valued as at each period ending 30.06. and 31.12.

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Swiss Prime Site

Swiss Prime Site AG is Switzerland's largest listed real estate investment company. The Group's portfolio is valued at CHF 9.8 billion and comprises 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 (until mid-2015). The Assisted Living segment comprises the senior residences and geriatric care facilities provided by Tertianum Group.

Swiss Prime Site is distinguished by its experienced management team, stable earnings power and attractive risk/return profile. The Company has been listed on the SIX Swiss Exchange since 2000 and had a market capitalisation of CHF 5.4 billion as at 31 March 2015.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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