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MEDIA RELEASE

18 March 2014
For immediate release

Annual Report as at 31 December 2013

Swiss Prime Site achieves strong annual results and continuity in dividend distribution

- **Boost in profit from CHF 311.3 million to CHF 343.9 million (+10.5%)**
- **Further diversification of the operating earnings sources with the acquisition of Tertianum, the leading company in the market for “assisted living” in Switzerland**
- **Secured growth in earnings in the coming years based on ongoing projects and existing development projects**
- **Continuity in distribution – a dividend of CHF 3.60 per share will be proposed to the Annual General Meeting**

Swiss Prime Site generated a 30.8% surge in operating income from CHF 584.6 million to CHF 764.7 million in the financial year 2013, of which the core real estate segment accounted for CHF 525.3 million. Rental income amounted to CHF 420.1 million (+2.8%), while income from real estate services totalled CHF 98.6 million (CHF 14.1 million). Income from retail and gastronomy was CHF 156.2 million (CHF 159.0 million), and income from assisted living reached CHF 85.7 million. Noteworthy in the comparison of results with the previous year is that the acquired companies Wincasa and Tertianum were included in the consolidation only from their respective acquisition dates of 25.10.2012 and 12.07.2013. Furthermore, the new accounting standards IFRS 13 and IAS 19 revised had an impact on the reporting, requiring a restatement.

Swiss Prime Site posted a 3.5% increase in operating profit (EBIT) from CHF 512.6 million to CHF 530.6 million, while profit climbed by 10.5% from CHF 311.3 million to CHF 343.9 million. Property revaluations affecting net income continued to hover in line with the high previous year's level at CHF 186.7 million (-0.3%). Excluding revaluation effects*, EBIT increased by 5.7% to CHF 343.9 million (CHF 325.4 million) and profit jumped by 12.4% to CHF 222.8 million (CHF 198.2 million).

Comprehensive income, which also included revaluations of owner-occupied properties and remeasurements of net defined benefit obligations, rose by 16.9% from CHF 323.5 million to CHF 378.2 million. "Swiss Prime Site has perpetuated its earnings strength even in the wake of the steps it has taken to achieve growth in recent years, thus fulfilling one of the most significant desires of the shareholders," declares CEO Markus Graf.

*revaluations and deferred taxes

Operating expenses increased by 62.8% from CHF 267.8 million to CHF 436.0 million as a result of acquisitions. The proportion of personnel costs rose from CHF 57.9 million to CHF 199.7 million, which was of course attributable to the surge in the number of employees to roughly 3 100 due to acquisitions. Higher depreciation charges resulted from write-downs on properties (CHF 6.8 million versus CHF 2.8 million in the previous year) as well as amortisation of intangible assets (CHF 5.8 million).

Real estate segment

The real estate segment, comprising property investments as well as real estate services, posted a 0.7% decline in rental income from CHF 427.4 million to CHF 424.2 million in 2013 due to property divestments. The vacancy rate edged up to 6.1% (4.8%), thus fluctuating within the expected range below the Swiss average rate. EBIT here grew from CHF 524.0 million to CHF 552.7 million.

As at end 2013, the real estate portfolio consisted of 193 (188) properties valued at CHF 9.3 billion (CHF 8.6 billion). The fair value increased by CHF 739.2 million or 8.6%. The increase in value was attributable primarily to value changes (including renovations/investments) in existing properties (CHF +253.0 million), acquisition of existing properties (CHF +428.5 million), acquisition of projects (CHF +12.4 million), various divestments (CHF -166.9 million), plots of building land (CHF +1.2 million), in addition to value changes and investments in projects (CHF +211.0 million). Of the 161 existing properties, 124 were valued higher and 37 lower than as at 01.01.2013. The first-time portfolio valuation according to IFRS 13 "Fair Value Measurement" – with the highest and best use concept – resulted in non-recurring added value of CHF 22.5 million in 2013.

Ten properties were divested in the reporting period at a total price tag of CHF 186.4 million. The sales proceeds exceeded the reported fair value of CHF 166.9 million at end 2012 by 11.7%. The divestments included a larger commercial property in Allschwil, a logistics building in Oberbüren and eight smaller properties. With the acquisition of Tertianum AG, the portfolio expanded in 2013 by 14 existing properties and the Vitadomo Bubenholz project in Opfikon. The fair value of the acquired Tertianum properties amounted to CHF 440.8 million at end 2013.

The ongoing development projects are proceeding according to plan. SkyKey in Zurich North will be completed on 01.07.2014. The Swiss Post headquarters/Majowa new building project located at Wankdorfallee in Berne will be completed and ready for occupancy this year as well. The deadline for completion of the rental apartments and condominiums at Maaghof North and East at Zurich's Maag Site is set for spring 2015, with 44 of the 83 condominiums already sold and two reserved.

Income from real estate services generated by Wincasa AG amounted to CHF 98.7 million in the financial year 2013. Wincasa was acquired in October 2012 and consolidated for just two months in the previous year (CHF 14.1 million).

Retail and gastronomy segment

The retail and gastronomy segment realised income of CHF 156.4 million (CHF 159.1 million). The decrease of 1.7% was attributable to a reduction in turnover in the hotel and restaurant businesses. Jelvoli – The House of Brands in Zurich generated retail trade turnover of CHF 136.9 million (CHF 136.4 million) as well as rental income of CHF 18.0 million (CHF 17.8 million). The operating business of Hotel Ramada Encore in Geneva was divested at end 2013.

Assisted living segment

The assisted living segment comprises the business operations of Tertianum Group. Since the acquisition date of 12.07.2013 up until year-end 2013, the assisted living segment generated income from services of CHF 85.7 million as well as rental income of CHF 25.4 million. Tertianum Group is treading on a growth path in the market for senior residences and geriatric care services, providing primarily residential housing under the Vitadomo brand, featuring integrated care facilities and established in the medium-price segment.

Distribution of CHF 3.60 per share

Profit attributable to shareholders after revaluations of CHF 343.9 million (CHF 311.3 million) resulted in earnings per share of CHF 5.70 (CHF 5.67). Net asset value (NAV) before deferred taxes amounted to CHF 82.65 on 31.12.2013, thus surpassing the previous year's level of CHF 78.62 by 5.1%. NAV after deferred taxes increased by 4.1% from CHF 65.22 to CHF 67.91.

The Board of Directors will propose an unchanged distribution of CHF 3.60 per share to the Annual General Meeting of 15.04.2014. The payout will be effected through a withholding tax-exempt distribution from capital contribution reserves. The proposed distribution corresponds to an attractive cash yield of 5.2% (4.7%), based on the closing share price of CHF 69.05 (CHF 76.35) at year-end 2013.

Amid a challenging environment for real estate investments, the Swiss Prime Site share turned in a performance (-5.1%) in 2013 that slightly surpassed its benchmark – the SXI Real Estate Shares Index (-6.9%).

Outlook

As a broad-based Group, Swiss Prime Site aims to resolutely seize investment and growth opportunities, while continuing to further expand its position as the leading listed real estate investment company in Switzerland. Swiss Prime Site maintains an optimistic view towards the current year, with a forecast calling for a marginally higher vacancy rate as well as EBIT and profit (before revaluation and one-time effects) on previous year's levels.

Selected Group key figures

	Figures in	31.12.2013	31.12.2012 restated ¹	Changes in %
Investment properties	CHF m	9 339.5	8 600.3	8.6
Net rental income	CHF m	420.1	408.8	2.8
Vacancy rate	%	6.4	5.0	28.0
Income from real estate services ²	CHF m	98.6	14.1	599.3
Income from retail and gastronomy	CHF m	156.2	159.0	-1.8
Income from assisted living ³	CHF m	85.7	-	-
Earnings before interest, taxes depreciation and amortisation (EBITDA)	CHF m	557.3	529.7	5.2
Earnings before interest and taxes (EBIT)	CHF m	530.6	512.6	3.5
Revaluation of investment properties, properties under construction and development sites	CHF m	186.7	187.3	-0.3
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	343.9	311.3	10.5
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	378.2	323.5	16.9
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	4 107.3	3 913.9	4.9
Equity ratio	%	39.1	42.4	-7.8
Borrowed capital	CHF m	6 404.9	5 323.1	20.3
Borrowed capital ratio	%	60.9	57.6	5.7
ROE (weighted)	%	9.1	8.9	2.2
ROIC (weighted)	%	4.6	4.8	-4.2
Earnings per share (weighted)	CHF	5.70	5.67	0.5
NAV before deferred taxes per share	CHF	82.65	78.62	5.1
NAV after deferred taxes per share	CHF	67.91	65.22	4.1
Figures without revaluation effects*				
Earnings before interest and taxes (EBIT)	CHF m	343.9	325.4	5.7
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	222.8	198.2	12.4
Earnings per share (weighted)	CHF	3.69	3.61	2.2
ROE (weighted)	%	6.1	5.9	3.4

¹ restatement due to IAS 19 revised

² acquisition of Wincasa AG as at 25.10.2012

³ acquisition of Tertianum AG as at 12.07.2013

* revaluations and deferred taxes



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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 9.3 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 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 4.2 billion.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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