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## MEDIA RELEASE

19 March 2013  
For immediate release

### Annual report as at 31 December 2012

### Swiss Prime Site reaffirms its earnings strength

**Olten, 19 March 2013 – Swiss Prime Site expanded its real estate portfolio by 5.3% to CHF 8.6 billion and extended its earnings base as well as spectrum of expertise with the acquisition of Wincasa in the financial year 2012. Factoring out the one-time effects in the previous year, EBIT edged up by 2.3% to CHF 519.1 million and profit climbed by 9.6% to CHF 316.3 million. The Board of Directors is proposing an unchanged distribution of CHF 3.60 per share.**

Swiss Prime Site took advantage of the financial year 2012 in order to underpin its core business of real estate investments as well as develop new sources of revenues. Due to the one-time effects in the prior year, EBIT declined by 12.3% to CHF 519.1 million (CHF 592.1 million) and profit dipped by 10.9% to CHF 316.3 million (CHF 355.1 million). The most significant one-time effect that noticeably affected the previous year's comparable base is the income realised from property divestments of CHF 77.5 million in 2011. Factoring out the one-time effects resulted in increases in EBIT and profit of 2.3% and 9.6%, respectively. Property revaluations amounted to CHF 187.3 million (CHF 178.1 million). "We continued to tread on the right track toward achieving strong earnings growth and are convinced that we set a significant strategic course in the financial year 2012 with our acquisitions," declares Swiss Prime Site CEO Markus Graf.

Rental income edged down by 0.8% year-on-year to CHF 407.4 million (CHF 410.8 million). The decline was attributable primarily to the elimination of rents from properties that were divested in 2011 as well as to higher vacancy rates and rent default-related losses incurred mainly from building modifications and repositionings. The decrease was offset to a large extent by rental income realised from newly constructed buildings completed in 2011 such as Prime Tower and Platform. The loss of earnings rate amounted to 5.4% (4.6%), thus once again hovering considerably below the average for office and retail properties in Switzerland.

Total operating income decreased under the effects of the one-time factors, falling by 8.5% to CHF 591.7 million (CHF 646.8 million). This figure includes CHF 14.1 million from real estate services provided by Wincasa AG, which was acquired in the reporting year as part of the real estate segment and consolidated starting from 25 October 2012.

### **Real estate segment**

The real estate portfolio comprised a total of 188 (186) properties at end-2012, with the value growing by 5.3% from CHF 8.2 billion to CHF 8.6 billion. The increase was attributable to value changes and investments in existing properties (CHF +253.4 million), the acquisition of Riverside Business Park in Solothurn/Zuchwil (CHF +92.8 million), as well as to the divestments of two commercial buildings located in St. Gallen and Zurich (CHF -33.5 million), and plots of building land (CHF +2.3 million), in addition to value changes and investments relating to the Maaghof North and East project (CHF +13.7 million), SkyKey in Zurich (CHF +66.2 million) and Swiss Post headquarters/Majowa in Berne (CHF +40.3 million).

Riverside Business Park, acquired in November 2012, is situated on a roughly 170 000-square-metre property site with commercial, office and warehouse floor space, most of which is leased. The site's substantial land reserves harbour development potential for a vast array of uses in the medium to longer term. Residential use of the site is being considered as well. Swiss Prime Site succeeded in acquiring the Swiss Post headquarters new building project located in WankdorfCity in Berne already in April 2012. The building comprises roughly 33 700 square-metres of rental floor space with capacity for around 1 800 workplaces. Completion of the project is slated for the autumn of 2014.

The split of the real estate portfolio according to region changed just slightly. Zurich with 38% (39%) as well as Geneva and Northwestern Switzerland with unchanged shares of 23% and 19%, respectively, continued to dominate. Office properties with 40% (41%) and retail properties with an unchanged proportion of 35% accounted for the highest share of rental income.

The weighted average real discount rate of 4.16% declined by 0.22 percentage points year-on-year (4.38%). Assuming an unchanged inflation rate of 1.0% (1.0%), this corresponded to a nominal discount rate of 5.20% (5.42%). The loan-to-value (LTV) ratio for the real estate portfolio amounted to 48.0% (51.0%).

### **Project development progress**

The ongoing development projects are progressing according to plan. The SkyKey commercial services building in Zurich North, comprising roughly 40 000 square-metres of office floor space and 2 400 workplaces, is leased to Zurich Insurance Company Ltd. as at 1 July 2014. At the Maag Site in Zurich West, the laying of the foundation stone ceremony took place in November 2012 for the construction of the Maaghof North and East project. Swiss Prime Site is building rental apartments and condominiums at the site, consisting of residential floor space of around 21 800 square-metres and roughly 2 200 square-metres designated for social and commercial uses, to be completed by early summer 2014. Sales of the 83 condominiums have already kicked off, and leasing of the rental apartments will begin in the spring of 2014.

The new building and modification project located at Rue du Temple Neuf in Neuchâtel, featuring a new retail complex for the primary tenant, Zara, will be completed in the spring of 2014. The property comprises 3 600 square-metres of high-quality retail floor space as well as 2 900 square-metres of office and residential space. The new multiplex cinema situated in the La Praille shopping centre in Carouge near Geneva will also open its doors in early summer of 2014.

### **Retail and gastronomy segment**

The retail and gastronomy segment generated operating income of CHF 178.2 million (CHF 175.0 million) in financial year 2012, of which CHF 159.1 million (CHF 155.1 million) was attributable to turnover from the proprietary-managed floor space in Jelmoli – The House of Brands department store in Zurich, Clouds Gastro AG and Hotel Ramada Encore in Geneva. CHF 17.8 million (CHF 17.3 million) was realised from leasing shops in the Jelmoli department store.

### **Unchanged attractive distribution of CHF 3.60 per share**

Profit attributable to shareholders after revaluation effects\* of CHF 316.3 million resulted in earnings per share of CHF 5.76 (CHF 6.53). Net asset value (NAV) before deferred taxes amounted to CHF 78.77 on 31 December 2012, thus surpassing the previous year's level of CHF 76.72 by 2.7%. NAV after deferred taxes increased by 3.2% to CHF 65.38 (CHF 63.34).

The Board of Directors will propose an unchanged distribution of CHF 3.60 per share to the Annual General Meeting of 16 April 2013. The payout should be effected, as in the previous year, through a withholding tax-exempt distribution from capital contribution reserves. The proposed distribution of CHF 3.60 (CHF 3.60) per share corresponds to an attractive cash yield of 4.7% (5.1%), based on the closing share price of CHF 76.35 (CHF 70.55) at year-end.

The Swiss Prime Site share turned in an outperformance – with a total performance of +14.9% in 2012 – versus the SXI Real Estate Shares Index (+12.3%) as well as the SXI Swiss Real Estate Shares Index (+13.1%). The stock holds weightings of 37.8% and 41.4% in the overall SXI Real Estate Shares Index and SXI Swiss Real Estate Shares Index, respectively. The Swiss Prime Site share was also listed on the index basket of the Swiss Leader Index (SLI) of the SIX Swiss Exchange, as well the Stoxx Global Select Dividend 100 and Stoxx Europe Select Dividend 30 indices in the reporting year. The Stoxx Global Select Dividend 100 index represents the top 100 companies with the highest distributions. Swiss Prime Site stock's average daily trading volume amounted to CHF 11.0 million in 2012 (CHF 8.9 million).

### **Outlook**

Swiss Prime Site aims to continue optimising its real estate portfolio and systematically exploiting the potential emanating from the acquisition of Wincasa AG. The process of strengthening the Company's organisational structure already announced in the spring of 2012 was accomplished as at 1 January 2013. In the course of this transformation, Swiss Prime Site AG directly employed the management and other real estate specialists that had been previously engaged by Real Estate Asset Management as employees of Credit Suisse AG on behalf of Swiss Prime Site. The management agreement with Credit Suisse AG that has proven to be effective will continue to remain in effect in a revised form. Following the boost to shareholders' equity of roughly CHF 339 million from the successful capital increase in December 2012, Swiss Prime Site is well positioned financially too for taking further steps on the growth path.

For 2013, the Company forecasts a loss of earnings rate of 5.5% to 7.0% as well as EBIT and profit figures (before revaluation\* and one-time effects) that are roughly in line with the respective previous year's levels. This favourable forecast is based on the high quality of the real estate holdings, privileged locations of the properties and long-term rental agreements, as well as the advantageous diversification of the portfolio by use and region.

\* revaluations (IAS 40) and deferred taxes

## Selected key figures

	Figures in	31.12.2012	31.12.2011	Change in %
Investment properties	CHF m	8 600.3	8 165.1	5.3
Net rental income	CHF m	407.4	410.8	-0.8
Loss of earnings rate	%	5.4	4.6	17.4
Income from retail and gastronomy, net	CHF m	159.0	155.1	2.5
Income from real estate services	CHF m	14.1	-	-
Earnings before interest, taxes depreciation and amortisation (EBITDA)	CHF m	536.2	606.2	-11.5
Earnings before interest and taxes (EBIT)	CHF m	519.1	592.1	-12.3
Revaluation of investment properties (IAS 40)	CHF m	187.3	178.1	5.2
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	316.3	355.1	-10.9
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	324.2	365.1	-11.2
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	3 923.4	3 443.7	13.9
Equity ratio	%	42.4	40.0	6.0
Borrowed capital	CHF m	5 323.0	5 168.6	3.0
Borrowed capital ratio	%	57.6	60.0	-4.0
ROE (weighted)	%	9.1	10.6	-14.2
ROIC (weighted)	%	4.9	5.8	-15.5
Earnings per share (weighted)	CHF	5.76	6.53	-11.8
NAV before deferred taxes per share	CHF	78.77	76.72	2.7
NAV after deferred taxes per share	CHF	65.38	63.34	3.2
<b>Figures without revaluation effects*</b>				
Earnings before interest and taxes (EBIT)	CHF m	331.8	413.9	-19.8
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	204.6	250.8	-18.4
Earnings per share (weighted)	CHF	3.73	4.62	-19.3
ROE (weighted)	%	6.1	7.7	-20.8

\* 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](http://www.swiss-prime-site.ch/pressconference)

### **Swiss Prime Site**

Swiss Prime Site AG is Switzerland's leading real estate investment company. The Company's portfolio is valued at CHF 8.6 billion and comprises first-class, value-retaining commercial and retail properties situated in prime locations. The real estate investments, coupled with the real estate services provided by the subsidiary Wincasa AG, make up the real estate segment. The retail and gastronomy segment comprises primarily Jelmoli – The House of Brands department store and Clouds Restaurant in Prime Tower, Zurich. 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 around CHF 4.6 billion.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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