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MEDIA RELEASE

Olten, 25 August 2016

Semi-Annual Report as at 30 June 2016

Swiss Prime Site reports strong operating result

- **Core real estate business continues to trend favourably; vacancies reduced anew**
- **Real estate services business strengthened by new contracts and immoveris acquisition**
- **Investments and growing customer frequency rates point to positive outlook for retail business**
- **Assisted living business doubles income**
- **Equity ratio climbs further**

The favourable performance turned in by Swiss Prime Site is manifested in the strong operating income of CHF 497.4 million, in the wake of the record year of 2015 (CHF 497.9 million). The core real estate business realised rental income of CHF 225.5 million (previous year: CHF 225.2 million) as well as a renewed revaluation gain of CHF 32.8 million (previous year: CHF 99.7 million). The Assisted Living business field doubled its income to CHF 151.9 million versus the comparable prior year's period (previous year: CHF 77.4 million). The Swiss Prime Investment Foundation managed by Swiss Prime Site is also trending on a favourable course, whose total assets increased to more than CHF 1 billion in the current financial year.

Due to higher revaluation gains in the first half-year 2015 as well as the substantial gains recorded in the prior year from property sales (primarily gross profit of CHF 29.5 million from the sale of condominiums at the Maag Site), group profit for the first half-year 2016 was comparatively lower at CHF 132.0 million (previous year: CHF 191.0 million). After adjusting for revaluation effects (i.e. revaluations and deferred taxes), profit amounted to CHF 120.3 million (previous year: CHF 133.4 million).

The shareholders' equity base was further strengthened year-on-year: The equity ratio amounted to 45.3% as at 30 June 2016 (previous year: 44.4%), the return on equity (ROE) was 5.4% (previous year: 8.9%) and the total return on invested capital (ROIC) stood at 3.3% (previous year: 4.5%).



Swiss Prime Site issued a convertible bond on 16 June 2016 amounting to CHF 250.0 million, with interest rate of 0.25% and term to maturity of seven years. The convertible bond of CHF 190.4 million also with maturity date of June 2016 was converted at a rate of roughly 80%, leading to an increase in shareholders' equity by the converted amount in the reporting period and redemption of the remaining sum of CHF 40.7 million.

Real Estate business field (segment)

Two properties were acquired in the reporting period that ideally complement the real estate portfolio, replacing the properties divested in the previous year and their rental income. For example, the Swiss headquarters of Partners Group in Baar was acquired, a fully leased property that was constructed in 2009/2010, with modernly designed office floor space. In addition, the regional Schönbühl shopping centre (also fully leased) in Lucerne was acquired. This acquisition paves the way for Swiss Prime Site to secure an interesting development site situated in an attractive location.

Swiss Prime Site also took advantage of the attractive real estate transactions market and divested the Rue de Rive 3 property in Geneva at a profit in August.

The vacancy rate (Group) declined considerably year-on-year from 7.4% to 6.4%, or from 6.7% as at 31 December 2015 to 6.4%. Swiss Prime Site also expects a renewed reduction in the vacancy rate.

Revaluation gains on prime properties once again contributed to the positive first half-year results. Income from real estate services climbed to CHF 54.9 million (previous year: CHF 52.7 million), particularly thanks to the Swisscom and Swisscanto contracts acquired by Wincasa AG. In addition, Wincasa acquired immoveris – a real estate services provider well anchored in the Berne and Fribourg regions – in order to expand its national coverage and strengthen its fields of expertise.

Retail business field (segment)

Swiss Prime Site has underpinned the retail business for a promising future through investments and executed significant growth initiatives: Jelmoli – The House of Brands launched a state-of-the-art online shop, opened the largest footwear department in Switzerland and provided attractive retail space for the renowned watch specialist Bucherer. In contrast to the overall decline in customer frequency levels in Zurich's city centre, Jelmoli – The House of Brands recorded an increase in the number of visitors, thereby confirming its adopted strategy.

Income from the retail business amounted to CHF 60.2 million as at 30 June 2016 (previous year: CHF 65.9 million as at mid-year 2015, including the Clouds Restaurant business in Prime Tower). Revenues from Jelmoli – The House of Brands on the Bahnhofstrasse in Zurich held steady at the previous year's level, despite the very challenging retail trade environment and lack of revenues from floor space that was temporarily unavailable for operations due to investments in shop construction.

Assisted Living business field (segment)

Tertianum Group doubled income from assisted living to CHF 152.0 million (previous year: CHF 77.9 million) thanks to acquisition- and project-related effects. The integration of SENIOcare (acquired at the beginning of October 2015) is largely concluded, while the integration of Boas-Yakhin Holding AG into the Assisted Living business field is proceeding according to plan (concluded at end-February 2016).



The two acquisitions pave the way for Swiss Prime Site to systematically forge ahead with its growth strategy in the Assisted Living business field, thereby further expanding Tertium Group's leading market position as well. Streamlining of the brands will be implemented in the second half year.

Swiss Prime Investment Foundation

The assets of the Swiss Prime Investment Foundation (launched in the autumn of 2015) managed by Swiss Prime Site / Real Estate Investment Management grew to roughly CHF 603 million as at 30 June 2016. With the acquisition of the Leuenhof property in July 2016 – one of the most distinctive buildings on Zurich's Bahnhofstrasse – the Swiss Prime Investment Foundation achieved total assets of more than CHF 1 billion already prior to closing out the first financial year.

Coupled with Swiss Prime Site's own portfolio, total assets under management thus amount to roughly CHF 11 billion.

Share

The Swiss Prime Site share's closing price on 30 June 2016 amounted to CHF 88.20. The performance (i.e. total return) of +29.8% over the past 12 months clearly beat the SXI Real Estate Shares Index (+22.1%) as well as the SPI Swiss Performance Index (-2.9%). The distribution of CHF 3.70 per share approved by the Annual General Meeting and paid out on 19 April 2016 corresponded to an attractive cash yield of 4.7%, based on the closing share price at year-end.

Earnings per share (EPS) declined to CHF 1.89 before revaluation effects (i.e. revaluations and deferred taxes) or accordingly to CHF 1.72, due to the lack of development project gains this year and the higher number of shares resulting from the capital increases.

Outlook

In the current attractive sales market, Swiss Prime Site will continue to carry out further divestments of investment properties in the second half-year 2016, within the scope of ordinary portfolio management. At the same time, the Company is exploiting the opportunities offered in the realm of development projects, conversions and modernisations.

Following conclusion of the ongoing integration phase in the Assisted Living business field, Swiss Prime Site will have laid the cornerstone for achieving further profitable growth, in the real estate portfolio as well as in the operating business.

With further growth of the Swiss Prime Investment Foundation, earnings from Real Estate Investment Management should trend on a positive path.

Swiss Prime Site's forecast for 2016 continues to call for rising rental income and total operating income that surpasses the previous year's level. The Company also expects a renewed reduction in the vacancy rate. Swiss Prime Site continues to remain well positioned for securing sustainable returns with its high-quality portfolio and real estate-related business fields.

SELECTED KEY FIGURES

	in	30.06.2014	30.06.2015	30.06.2016
Group key figures				
Investment properties at fair value	CHF m	9 558.0	9 904.9	9 886.4
Rental income from properties	CHF m	217.3	225.2	225.5
Vacancy rate	%	6.8	7.4	6.4
Total operating income	CHF m	415.9	497.9	497.4
Revaluation of investment properties, properties under construction and development sites	CHF m	53.6	99.7	32.8
Result from investment property sales, net	CHF m	3.9	-	10.1
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	CHF m	236.0	315.9	226.3
Earnings before interest and taxes (EBIT)	CHF m	221.1	300.2	207.0
Profit	CHF m	137.2	191.0	132.0
Key figures Real Estate business field (segment)				
Rental income from properties	CHF m	211.2	220.0	207.7
Income from sale of trading properties	CHF m	-	74.4	-
Income from real estate services	CHF m	48.7	52.7	54.9
Key figures Retail business field (segment)¹				
Income from retail	CHF m	71.1	65.9	60.2
Rental income from properties	CHF m	9.0	8.5	7.6
Key figures Assisted Living business field (segment)²				
Income from assisted living	CHF m	77.3	77.9	152.0
Rental income from properties	CHF m	25.5	24.0	37.1
Group key financial figures				
Shareholders' equity	CHF m	4 026.0	4 776.8	4 948.6
Equity ratio	%	39.2	44.4	45.3
Return on equity (ROE)	%	6.8	8.9	5.4
Return on invested capital (ROIC)	%	3.6	4.5	3.3
Earnings per share (EPS) ⁴	CHF	2.25	2.96	1.89
NAV before deferred taxes per share	CHF	81.65	82.92	83.66
NAV after deferred taxes per share	CHF	66.52	68.56	69.24
Group key figures excluding revaluation effects				
Earnings before interest and taxes (EBIT)	CHF m	167.5	200.5	174.2
Profit	CHF m	107.0	133.4	120.3
Earnings per share (EPS) ⁴	CHF	1.77	2.06	1.72
Return on equity (ROE)	%	5.4	6.3	4.9

¹ transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015

² acquisition of SENIOcare Group as at 01.10.2015 and Boas Senior Care as at 29.02.2016

³ revaluations and deferred taxes

⁴ Weighted average number of shares as at 30.06.2014: 60 493 316, as at 30.06.2015: 64 606 788 and as at 30.06.2016: 70 085 251



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Link to Presentation of the interim results as at 30.06.2016

http://www.swiss-prime-site.ch/downloads/bilanzmedienkonferenz/en/bpk_2016-08-25_e.pdf

Swiss Prime Site

Swiss Prime Site AG is Switzerland's leading listed real estate company. The Group's portfolio is valued at CHF 9.9 billion and comprises 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 group company Wincasa AG, make up the Real Estate business field. The Retail business field consists of Jelmoli – The House of Brands premium department store. The Assisted Living business field comprises the senior residences and geriatric care facilities provided by Tertianum Group.

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 6.3 billion as at the last balance sheet date.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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