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## MEDIA RELEASE

Olten, 11 November 2016

### Quarterly report as at 30 September 2016

### Swiss Prime Site continues on growth path – 2016 forecasts confirmed

- **Increase of 5.0% in operating income**
- **Vacancy rate cut to 6.2%**
- **Forecasts for full year 2016 confirmed**

Swiss Prime Site increased operating income by 5.0% to CHF 771.5 million in the first nine months of 2016. Hence, the largest Swiss real estate company continues to remain on course toward achieving the forecast growth and annual targets. The Real Estate business field reported a plus of 1.2% in rental income from properties by CHF 3.8 million to CHF 339.5 million. Revaluation gains on the real estate portfolio amounted to a favourable CHF 34.8 million (previous year: CHF 100.0 million). The Assisted Living business field succeeded in doubling income versus the previous year to CHF 238.9 million. Swiss Prime Investment Foundation turned in also a strong performance, increasing total assets under management to CHF 1.1 billion – or nearly twofold – as at end-September 2016.

Group profit amounted to CHF 199.3 million (previous year: CHF 249.8 million). The deviation from the previous year is attributable primarily to extraordinary effects (profit from sales of condominiums at «Maaghof») and higher revaluations in 2015. After factoring out revaluations and deferred taxes, profit amounted to CHF 186.8 million (previous year: CHF 203.7 million).

The shareholders' equity base was further strengthened by 0.9 percentage points year-on-year. The equity ratio amounted to a solid 45.8% as at 30 September 2016 (previous year: 44.9%). The return on equity (ROE) was 5.4% (previous year: 7.3%), and the total return on invested capital (ROIC) stood at 3.3% (previous year: 4.1%). Earnings per share (EPS) declined to CHF 2.84 due to the lower profit from sales and revaluation gains this year as well as the higher number of shares resulting from the capital increase from a convertible bond. EPS before revaluation effects (i.e. revaluations and deferred taxes) accordingly amounted to CHF 2.65. The average interest rate on borrowed capital was 1.9% (end-2015: 2.1%) and the average residual term to maturity of financial liabilities was 4.0 years (end-2015: 4.4 years) as at the balance sheet date.

In addition, Swiss Prime Site took advantage of the very attractive interest rate environment, successfully issuing a nine-year straight bond with a volume of CHF 250 million and interest rate of 0.50% in October 2016. This additional step has led to a decrease in the average interest rate on borrowed capital to 1.8% and increase in the average residual term to maturity of financial liabilities to 4.5 years (effective date: 10 November 2016).

### **Real Estate business field stages strong performance, cuts vacancy rate to 6.2%**

Swiss Prime Site was able to execute four attractive acquisitions to date in 2016 amid a challenging environment. These acquisitions ideally complement the existing portfolio and, at the same time, compensate for the properties divested in the previous year. For example, the Company acquired a property in Baar constructed in 2009/2010 with contemporary designed office space. The Schönbühl regional shopping centre in Lucerne was also acquired, which harbours interesting development potential as well. Acquisitions of another modern office building (construction date: 2012) located in Baar in addition to a mixed-use property at Rue des Alpes in Geneva were carried out after the balance sheet date. The four properties, with overall investment volume of roughly CHF 175 million, generate annual rental income totalling CHF 7.1 million and are 100% leased.

Swiss Prime Site took advantage of the attractive real estate transactions market and successfully divested the Rue de Rive 3 property in Geneva in August as well as two properties in Locarno in October at a profit. The transactions generated total cash inflow of CHF 75 million and therefore exceeded the estimated fair value by 25% on average. Swiss Prime Site will continue to exploit opportunities that emerge from real estate development projects, conversions and modernisations in the future as well. After the balance sheet date, the Company signed significant rental agreements with Bauhaus as anchor tenant (roughly 16 000 square metres) for the redevelopment of the A1 shopping centre in Oftringen as well as with Prizeotel and Coop for the conversion of «Schönburg» in Berne. And the construction application has been submitted for a multifunctional commercial/services building at the Siemens Site in Zurich Albisrieden.

The vacancy rate (Group) declined significantly from 6.9% in the comparable previous year's period to 6.2%. This favourable trend impressively reveals the high level of attractiveness of Swiss Prime Site's real estate portfolio.

Income from real estate services climbed to CHF 86.6 million (previous year: CHF 83.1 million) thanks to the new contracts gained. With the acquisition of immoveris and the opening of larger operations in locations such as Berne and Olten, Wincasa cleared a path for noticeably improving national penetration. Market opportunities were also sustainably enhanced by means of optimised processes, leading to the encouraging spurt in assets under management to CHF 62.7 billion.

The investment foundation's assets – managed by Swiss Prime Site – grew significantly to roughly CHF 1.1 billion, with the acquisition of the attractive «Leuenhof» property in Zurich in July 2016. Based on the expansion of the portfolio, the Foundation Board has decided to re-open SPIF Real Estate Switzerland for a second issue. The subscription period for authorised pension schemes extends until 22 November 2016.

### **Terianum Group doubles income**

Tertianum Group doubled its income to CHF 238.9 million (previous year: CHF 118.4 million) through acquisitions and new projects. The integration of SENIOcare, acquired at the outset of October 2015, has been successfully concluded. Initial integration measures for acquired firm Boas Senior Care (closing end-February 2016) have been initiated. The «Letzipark» senior residence and geriatric care centre in Zurich opened its doors at the beginning of October 2016. Hence, Tertianum Group now operates 70 facilities at locations all throughout Switzerland. Indeed, the two acquisitions and planned opening of an additional 18 new facilities by 2020 pave the way for Swiss Prime Site to continue on course at the operating and strategic levels in the assisted living sector.



### **Jelmoli defies challenges with stable performance**

Retail revenues amounted to CHF 92.8 million as at 30 September 2016 (previous year: CHF 96.5 million, including the Clouds restaurant business in Prime Tower up until July 2015). Hence, Jelmoli – The House of Brands managed to hold revenues on the self-operated spaces steady at the previous year's level, amid a very challenging and shrinking retail trade environment and despite significant renovations. The initiatives commenced in the current year provided a contribution to this performance, including the launch of an online shop, opening of the largest shoe department in all of Switzerland and new retail space of watch specialist Bucherer.

### **Outlook**

Swiss Prime Site closed out the first nine months of 2016 with favourable results. The Company confirms the already communicated targets for the full year 2016 and expects to achieve these goals. Swiss Prime Site forecasts a vacancy rate at the lower end of the published range. The Company plans to execute further acquisitions of attractive investment properties in compliance with its strategy thanks to the solid capital base. Furthermore, new development projects should contribute to a further sustainable boost in the Group's profitability. Swiss Prime Site remains in an excellent pole position to achieve rising returns in the long term thanks to its high-quality portfolio and earnings from real estate-related business fields, despite the challenging market environment and political uncertainties.

## SELECTED KEY FIGURES

	in	30.09.2014	30.09.2015	30.09.2016
<b>Group key figures</b>				
Investment properties at fair value	CHF m	9 634.0	9 931.0	<b>9 882.2</b>
Rental income from properties	CHF m	330.6	335.6	<b>339.5</b>
Vacancy rate	%	6.6	6.9	<b>6.2</b>
Total operating income	CHF m	627.2	734.6	<b>771.5</b>
Revaluation of investment properties, properties under construction and development sites	CHF m	59.5	100.0	<b>34.8</b>
Result from investment property sales, net	CHF m	4.0	-	<b>20.0</b>
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	CHF m	339.2	421.3	<b>340.9</b>
Earnings before interest and taxes (EBIT)	CHF m	316.4	397.6	<b>312.1</b>
Profit	CHF m	189.3	249.8	<b>199.3</b>
<b>Key figures Real Estate business field (segment)<sup>1</sup></b>				
Rental income from properties	CHF m	321.2	327.1	<b>311.3</b>
Income from sale of trading properties	CHF m	-	96.5	<b>-</b>
Income from real estate services	CHF m	76.3	83.1	<b>86.6</b>
<b>Key figures Retail business field (segment)<sup>2</sup></b>				
Income from retail	CHF m	104.6	96.5	<b>92.8</b>
Rental income from properties	CHF m	13.8	12.5	<b>11.5</b>
<b>Key figures Assisted Living business field (segment)<sup>3</sup></b>				
Income from assisted living	CHF m	113.3	118.4	<b>238.9</b>
Rental income from properties	CHF m	38.4	36.5	<b>57.0</b>
<b>Group key financial figures</b>				
Shareholders' equity	CHF m	4 076.7	4 839.5	<b>5 018.6</b>
Equity ratio	%	39.1	44.9	<b>45.8</b>
Return on equity (ROE)	%	6.2	7.3	<b>5.4</b>
Return on invested capital (ROIC)	%	3.4	4.1	<b>3.3</b>
Earnings per share (EPS) <sup>4</sup>	CHF	3.11	3.77	<b>2.84</b>
NAV before deferred taxes per share	CHF	82.76	84.01	<b>84.66</b>
NAV after deferred taxes per share	CHF	67.36	69.47	<b>70.22</b>
<b>Group key figures excluding revaluation effects<sup>5</sup></b>				
Earnings before interest and taxes (EBIT)	CHF m	257.0	297.6	<b>277.3</b>
Profit	CHF m	169.8	203.7	<b>186.8</b>
Earnings per share (EPS) <sup>4</sup>	CHF	2.81	3.07	<b>2.65</b>
Return on equity (ROE)	%	5.6	6.0	<b>5.0</b>

<sup>1</sup> acquisition of immoveris ag and immoveris properties ag as at 27.05.2016

<sup>2</sup> transfer of the restaurant operating business of Clouds Gastro AG to Candrian Catering AG as at 01.07.2015

<sup>3</sup> acquisition of Boas Senior Care as at 29.02.2016 and SENIOcare Group as at 01.10.2015

<sup>4</sup> weighted average number of shares as at 30.09.2014: 60 495 649, as at 30.09.2015: 66 287 462 and as at 30.09.2016: 70 549 225

<sup>5</sup> revaluations and deferred taxes



**Should you have any questions, please contact:**

- **Markus Waeber, Investor Relations**  
Tel. +41 58 317 17 64, [markus.waeber@swiss-prime-site.ch](mailto:markus.waeber@swiss-prime-site.ch)
- **Mladen Tomic, Media Relations**  
Tel. +41 58 317 17 42, [mladen.tomic@swiss-prime-site.ch](mailto:mladen.tomic@swiss-prime-site.ch)

**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 6.1 billion as at the last balance sheet date.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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