

SWISS PRIME SITE

SHORT REPORT

First half-year

2017



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A man wearing a light-colored hat, a blue jacket, and light-colored pants is riding a bicycle on a city street. He is looking towards the right. In the background, there is a modern building with large glass windows and some greenery. The text "WE SHAPE THE FUTURE" is overlaid on the left side of the image, flanked by two red horizontal lines.

**WE SHAPE
THE FUTURE**

FOREWORD

Dear Shareholders,

Swiss Prime Site succeeded in presenting record-high operating income for the past financial year already in March 2017. The portfolio in the core real estate business reached the mark of CHF 10.1 billion and consolidated Swiss Prime Site's position as the largest and most innovative listed real estate company in Switzerland.

This achievement is largely based on solid foundations and the strategic aspiration of the management and Board of Directors to direct the Company's focus even more strongly on the market and clients. Based on this premise, Swiss Prime Site introduced a new, stringent organisational structure tailored to the needs of the market in spring 2017.

Swiss Prime Site reported its results according to Swiss GAAP FER accounting standards for the first time in the current half-year 2017 period. The previous year's figures were adjusted accordingly.

Favourable results in first half-year 2017

In 2017 – which promised considerable suspense on a geopolitical and national level, as well as for the real estate sector – Swiss Prime Site once again closed the first half-year with good results. Operating income reached a record high for the first

six months of a financial year with CHF 530.5 million, climbing by 6.7% versus 2016. The core real estate business as well as the real estate-related group companies contributed to the performance. The value of the real estate portfolio now amounts to CHF 10.3 billion. The vacancy rate – regarded as an indicator of the portfolio's attractiveness – continued to decline, reaching the level of 5.5%. Overall, Swiss Prime Site realised profit of CHF 141.0 million [CHF 145.9 million] or CHF 131.0 million [CHF 134.4 million] excluding revaluation effects. The change is attributable primarily to the fact that in 2017 the result from property sales will not be booked until the second half-year.

Pleasant performance in core real estate business

The Company's core business – revolving around investments in property development and new building projects, real estate acquisitions and sales as well as renovations/conversions of existing properties – turned in a very good performance. Amid a competitive overall market, Swiss Prime Site Immobilien succeeded in executing smaller acquisitions, concluding new rental contracts and carrying out a significant project divestment in Geneva. The positive effects will have an impact on the overall results in the second half-year 2017. With a reorganisation process within the core

business, Swiss Prime Site was able to considerably enhance its market profile and improve its customer focus. Furthermore, the Group's Board of Directors restructured the investment regulations, by adapting individual investment restrictions regarding real estate investments to the increased dimensions of the portfolio. The new investment regulations will go into effect on 1 October 2017.

Summary of all real estate-related business activities

The newly defined Services segment – comprising the real estate-related group companies Wincasa, Jelmoli, Tertianum and Swiss Prime Site Solutions – also reported impressive results. At the same time, Wincasa introduced new services, Jelmoli improved the attractiveness of its assortment and Tertianum expanded its network of locations. Swiss Prime Site Solutions, as the latest addition to the Services segment, has developed its organisation and established the structures for the future.

Confirmation of annual targets

Swiss Prime Site is clearly on the right track toward achieving its set targets for the financial year 2017. These targets include a boost in operating income and EBIT before revaluations. The target of reducing the vacancy rate to less than 6.0% was achieved already in the first half-year 2017.

The Company aims to forge ahead with achieving growth in the portfolio, with quality properties situated in prime locations offering lasting value. The achievement of all sub-targets again guarantees a stable, attractive distribution to the shareholders.



Hans Peter Wehrli

Hans Peter Wehrli
Chairman of the
Board of Directors



René Zahnd

René Zahnd
Chief Executive
Officer

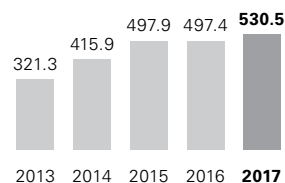
SWISS PRIME SITE AT A GLANCE

Swiss Prime Site AG is Switzerland's leading listed real estate company. The high-quality real estate portfolio is distinguished by its first-class locations and prestigious properties situated in preferred Swiss economic centres.

Swiss Prime Site also operates in real estate-related business fields to strengthen and broaden the earnings base as well as to diversify risks. Swiss Prime Site Group employs a workforce of roughly 5700 persons.

Total operating income
in CHF m | as at 30.06.

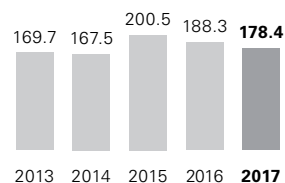
530.5



2013 2014 2015 2016 2017

Operating result (EBIT) before revaluations
in CHF m | as at 30.06.

178.4



2013 2014 2015 2016 2017

Preparation of the consolidated financial statements has been carried out in accordance with Swiss GAAP FER since the beginning of 2017. The previous year's figures were adjusted accordingly (restatement). The years 2013 to 2015 are presented according to IFRS.

SUMMARY OF KEY FIGURES

	in	30.06.2016	31.12.2016	30.06.2017
Fair value of real estate portfolio	CHF m	9 886.4	10 092.1	10 263.7
of which projects/development properties	CHF m	264.3	307.3	422.3
Rental income from properties	CHF m	225.5	453.0	231.1
Vacancy rate	%	6.4	6.1	5.5
Income from real estate services ¹	CHF m	54.8	115.6	57.8
Income from retail	CHF m	60.2	133.6	60.8
Income from assisted living ²	CHF m	151.9	328.2	175.9
Income from asset management	CHF m	2.6	13.2	2.2
Total operating income	CHF m	497.4	1 049.5	530.5
Revaluation of investment properties, net	CHF m	36.7	69.3	37.4
Result from investment property sales, net	CHF m	10.1	24.9	0.3
Operating result before depreciation and amortisation (EBITDA)	CHF m	235.2	483.4	223.3
Operating result (EBIT)	CHF m	225.0	459.4	215.8
Profit	CHF m	145.9	311.1	141.0
Cash flow from operating activities	CHF m	85.3	277.7	152.2
Shareholders' equity	CHF m	4 588.1	4 746.3	4 618.7
Equity ratio	%	44.3	45.0	43.1
Borrowed capital	CHF m	5 777.4	5 811.7	6 096.5
Return on equity (ROE)	%	6.4	6.7	6.0
Return on invested capital (ROIC)	%	3.7	3.8	3.4

Figures excluding revaluation effects³

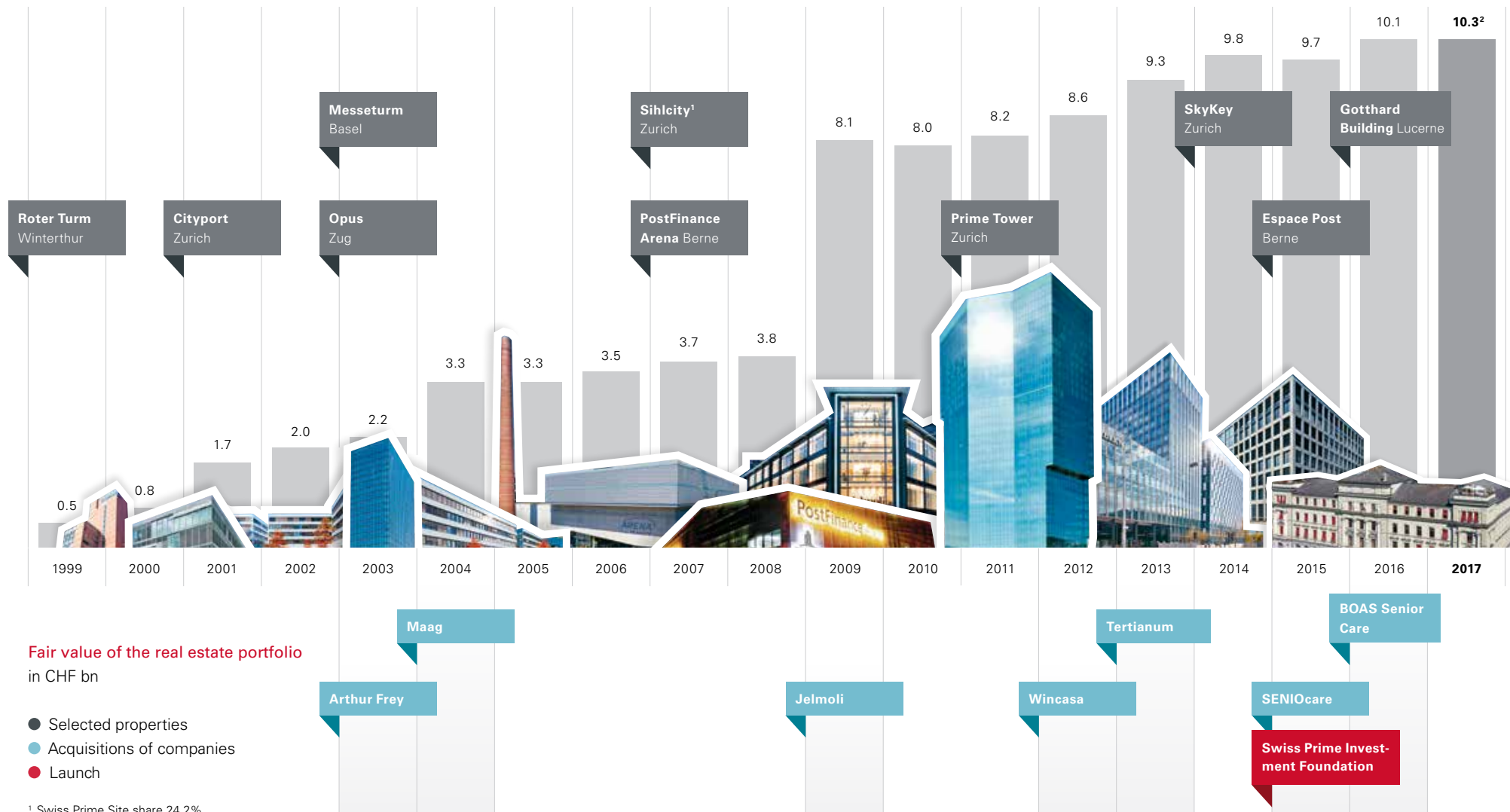
Operating result before depreciation and amortisation (EBITDA)	CHF m	198.4	414.0	185.9
Operating result (EBIT)	CHF m	188.3	390.1	178.4
Profit	CHF m	134.4	275.6	131.0
Return on equity (ROE)	%	5.9	5.9	5.6
Return on invested capital (ROIC)	%	3.5	3.5	3.2

¹ acquisition of immoveris ag and immoveris properties ag as at 27.05.2016

² acquisition of Résidence les Sources BOAS SA as at 01.07.2016 and BOAS Senior Care as at 29.02.2016

³ revaluations and deferred taxes

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Fair value of the real estate portfolio in CHF bn

- Selected properties
- Acquisitions of companies
- Launch

¹ Swiss Prime Site share 24.2%
² as at 30.06.2017

A man and a woman are sitting on a boat in a city harbor. The man is wearing a light blue shirt and sunglasses, and the woman is wearing a red and white striped dress. They are both smiling and looking towards the right. In the background, there are green trees and a large stone building with many windows. The sky is blue and clear.

**WE PROVIDE
ADDED VALUE**

BOARD OF DIRECTORS

Hans Peter Wehrli
Chairman



Mario F. Seris
Vice-Chairman



Elisabeth Bourqui
Board member



Christopher M. Chambers
Board member



Markus Graf
Board member



Rudolf Huber
Board member



Klaus R. Wecken
Board member



EXECUTIVE BOARD

René Zahnd
CEO Swiss Prime Site



Markus Meier
CFO Swiss Prime Site



Peter Lehmann
CEO Swiss Prime Site
Immobilien



Oliver Hofmann
CEO Wincasa



Franco Savastano
CEO Jelmoli



Luca Stäger
CEO Tertianum



VISION & MISSION

Vision

As the leading real estate company in Switzerland, we create more value and develop sustainable habitats – innovatively and passionately.

Mission

We set standards for real estate investments and investments in real estate-related business fields, with which we create sustainable added value for our stakeholder groups.

We invest in and actively manage first-class properties, real estate projects, property sites, products and services.

We are the partner of choice for any stakeholder groups in our business fields.

We are committed to sustainability and assume responsibility for our actions, our environment and our society.



STRATEGY

Swiss Prime Site's strategic focus is directed at investments in high-quality Swiss properties harbouring a high return potential as well as long-term opportunities for achieving growth and boosting value. Investments in real estate-related business fields round out the strategic focus.

Swiss Prime Site's strategy is based on investments in high-quality properties situated in prime locations, primarily with commercially utilised floor space, as well as in development projects. The investment focal point is aimed at properties and projects with sustainable, attractive

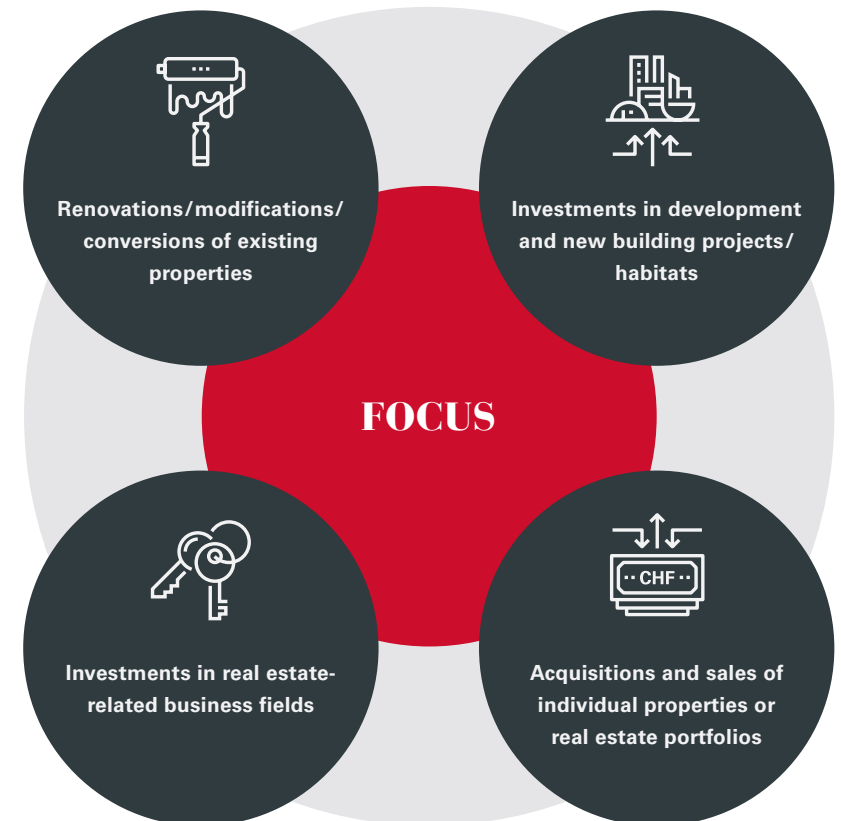
returns and long-term value-boosting potential. The real estate portfolio is actively managed. Swiss Prime Site also operates in complementary real estate-related business fields aimed at strengthening and broadening the earnings base, in addition to diversifying risks.

Focusing on real estate competencies

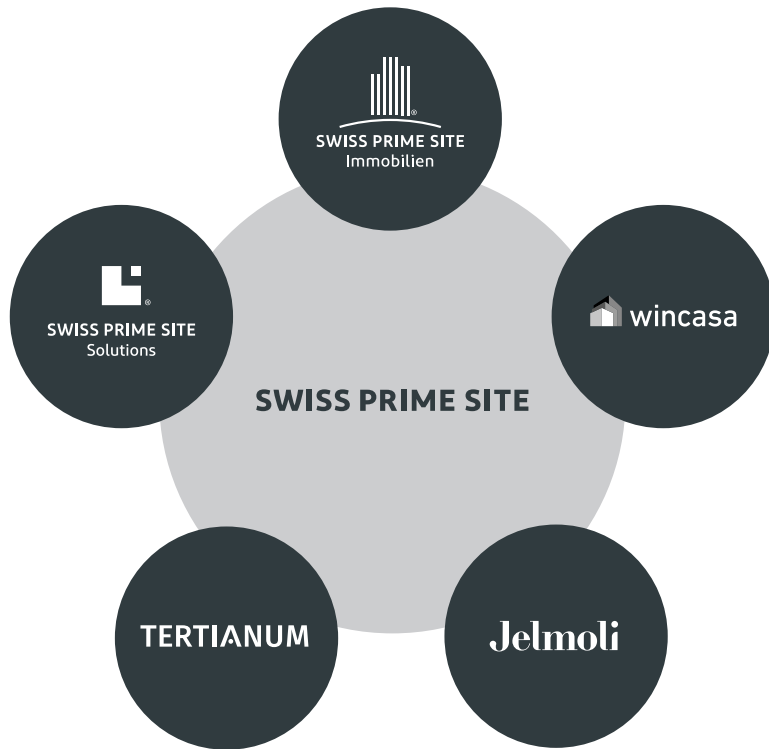
- Portfolio management
- Asset management
- Real estate acquisitions and sales
- Real estate development/development of habitats
- Property management
- Finance and controlling
- Business field management
- Transaction management
- Real estate research

Outsourcing of supporting real estate activities

- Construction
- Facility management
- Property valuations
- Macroeconomic analyses



GROUP COMPANIES



Group ●
Group company ●

Swiss Prime Site Immobilien

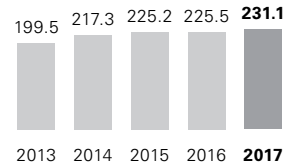
The investment focus of the core real estate business is on investment in high-quality properties in prime locations. These properties are mainly used by commercial tenants. Other key activities within this business field include conversion, development and modernisation of entire sites.

Wincasa

Wincasa is the leading integrated real estate services provider in Switzerland. Its innovative services portfolio encompasses the entire life cycle of properties. Total assets under management amount to around CHF 65 billion. Wincasa is regarded as a «first mover» in terms of digitalisation (tenants' portal «My Wincasa») in the real estate sector.

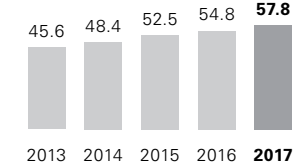
Rental income from properties¹ in CHF m | as at 30.06.

231.1



Income from real estate services in CHF m | as at 30.06.

57.8



Fair value of real estate portfolio in CHF bn | as at 30.06.

10.3

Assets under management in CHF bn | as at 30.06.

65

¹ of which CHF 29.4 million from additionally leased properties

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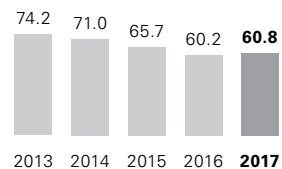
Jelmoli

The business field consists of Switzerland's leading premium department store, Jelmoli –The House of Brands in Zurich. Roughly half the retail floor space of 23800 square metres generates sales from third parties according to the shop-in-shop model. The rest of the floor space is self-managed by Jelmoli. A new branch at Zurich airport opens in 2019.

Income from retail²

in CHF m | as at 30.06.

60.8



Retail floor space

in m² | as at 30.06.

23 800

² from the floor space operated by Jelmoli

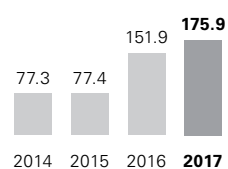
Tertianum

Tertianum Group is the leading provider in the assisted living and geriatric care sector in Switzerland. Quality-conscious living and the accompanying autonomy, individual services, security as well as care and support are at the heart of Tertianum. The company operates 73 residences as well as residential and geriatric care centres throughout Switzerland.

Income from assisted living

in CHF m | as at 30.06.

175.9



Business operations

number | as at 30.06.

73

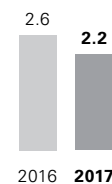
Swiss Prime Site Solutions

Swiss Prime Site Solutions is an asset management company specialising in the real estate sector. The business field develops tailor-made services and investment products for third-party clients. The objective is aimed at generating solid and attractive earnings with low risk, regardless of the yield environment.

Income from asset management

in CHF m | as at 30.06.

2.2



Assets under management

in CHF bn | as at 30.06.

1.1

SHARE INFORMATION

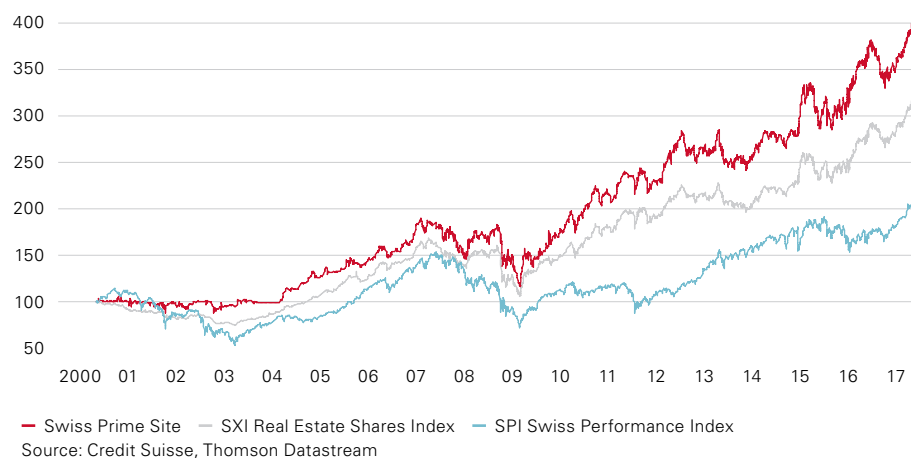
The Swiss Prime Site AG share's closing price on 30 June 2017 was CHF 87.10. Including the distribution on 20 April 2017 (value date) of CHF 3.70 per share, a performance (total return) of +9.0% was achieved in the first half of 2017. The share therefore realised a performance similar to that of the sector (SXI Real Estate Shares Index: +9.4%). The Swiss Performance Index (SPI) advanced by 13.0% in the same period.

The share price reached its peak of CHF 91.00 on 7 June 2017. On 3 January 2017, the share closed at CHF 82.25, the lowest level in the first half of 2017. The average daily trading volume amounted to CHF 14.2 million.

The average annual performance (total return) of the Swiss Prime Site share since the IPO was +8.1% and therefore clearly exceeded the sector (SXI Real Estate Shares Index: +6.7%) as well as the overall market (SPI: +4.1%).

Performance of Swiss Prime Site share since IPO

from 05.04.2000 to 30.06.2017 (indexed)



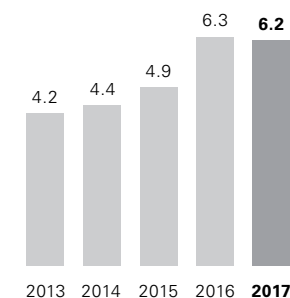
Key figures per share

	in	30.06.2016	30.06.2017	Change in %
Earnings per share (EPS)	CHF	2.09	1.97	-5.7
Earnings per share excluding revaluation effects	CHF	1.93	1.83	-5.2
NAV per share after deferred taxes ¹	CHF	64.20	64.63	0.7
NAV per share before deferred taxes ¹	CHF	78.97	79.94	1.2
Distribution per share	CHF	3.70	3.70	-
Cash yield	%	4.7	4.4	-6.4
Share price as at balance sheet date	CHF	88.20	87.10	-1.2
Share price, highest	CHF	88.20	91.00	3.2
Share price, lowest	CHF	74.95	82.25	9.7
Average trading volume per day	CHF m	15.4	14.2	-7.6
Market capitalisation	CHF m	6304.4	6225.8	-1.2

¹ Services segment (real estate-related business fields) included at book values only

Market capitalisation

in CHF bn | as at 30.06.



Performance (total return)

in % | as at 30.06.

9.0

With a performance (total return) of 9.0% in the first half of 2017, the value of the share has grown by 41.3% in the last five years.

A man and a woman are walking away from the camera on a paved path that winds through tall, golden-brown grasses. They are looking out over a vast cityscape that stretches to the water's edge of a large fjord. In the distance, mountains are visible under a hazy sky. A prominent, tall, dark blue glass skyscraper stands out on the right side of the city. The overall scene is bright and airy, suggesting a high-quality living environment.

**WE CREATE
LIVING SPACES**

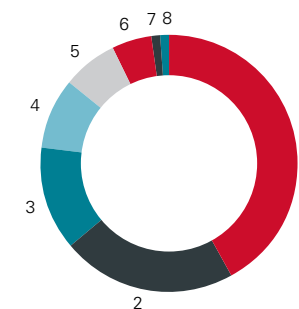
PORTFOLIO AT A GLANCE



Portfolio split by region

Basis: fair value as at 30.06.2016 | 30.06.2017

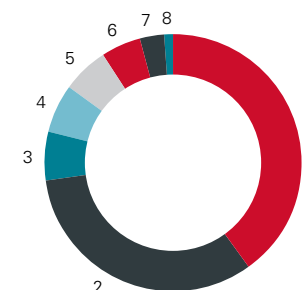
1 Zurich	42%	42%
2 Geneva	22%	22%
3 Northwestern Switzerland	14%	13%
4 Berne	9%	9%
5 Central Switzerland	6%	7%
6 Eastern Switzerland	5%	5%
7 Southern Switzerland	1%	1%
8 Western Switzerland	1%	1%



Portfolio split by type of use¹

Basis: net rental income as at 30.06.2016 | 30.06.2017

1 Office	40%	40%
2 Retail	33%	33%
3 Assisted living	6%	6%
4 Cinema/restaurant	6%	6%
5 Parking	6%	6%
6 Storage	5%	5%
7 Other	3%	3%
8 Residential	1%	1%



¹ Real Estate business field

ZURICH REGION

Fair value	CHF 4034.1 m
Rental income	CHF 75.4 m
Net yield	3.5%
Floor space	496 502 m ²
Vacancy rate	4.8%

BERNE REGION

Fair value	CHF 803.3 m
Rental income	CHF 20.5 m
Net yield	4.4%
Floor space	211 420 m ²
Vacancy rate	4.5%

GENEVA REGION

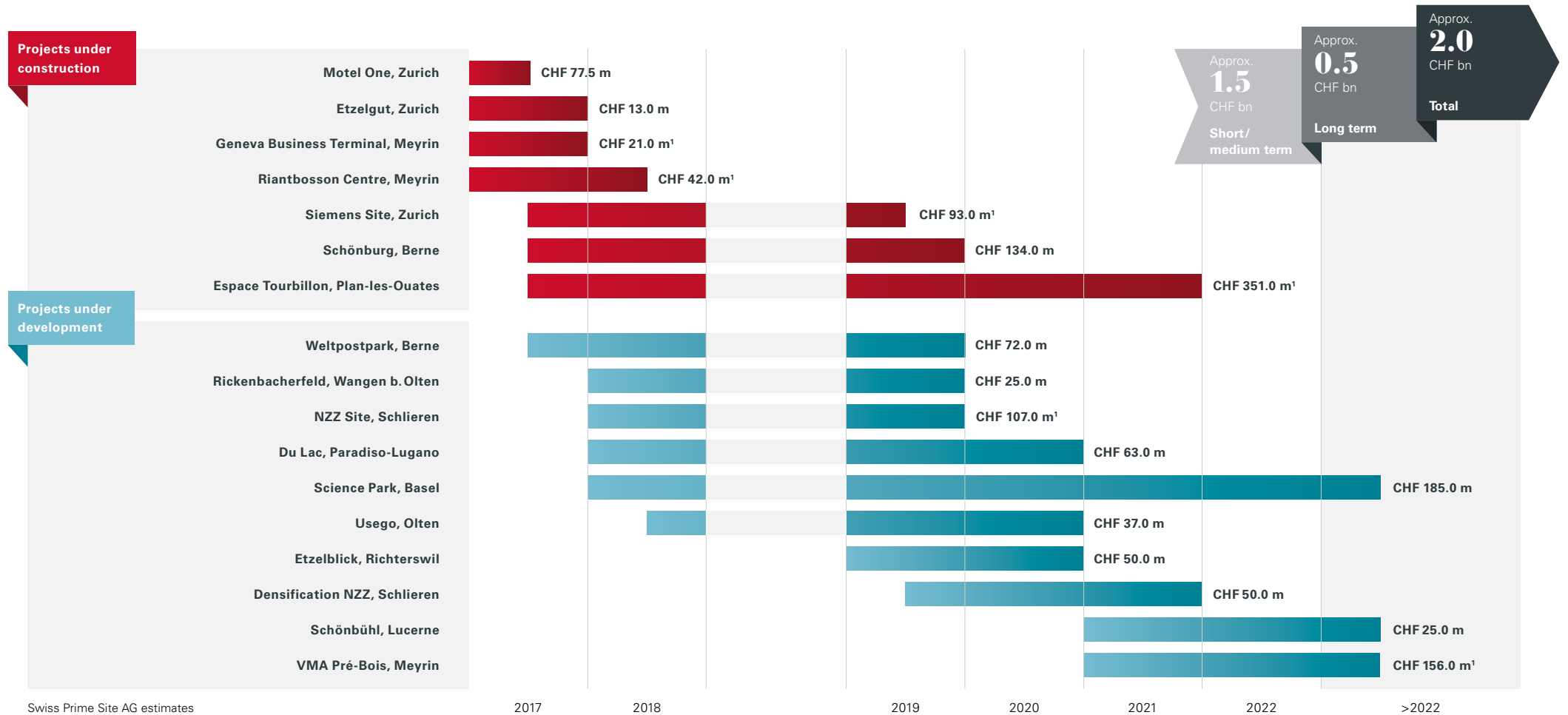
Fair value	CHF 2 169.4 m
Rental income	CHF 45.3 m
Net yield	3.6%
Floor space	252 243 m ²
Vacancy rate	5.0%

NORTHWESTERN SWITZERLAND

Fair value	CHF 1 384.7 m
Rental income	CHF 33.7 m
Net yield	3.9%
Floor space	285 408 m ²
Vacancy rate	10.6%

PROJECT PIPELINE

Swiss Prime Site's project pipeline underpins its development expertise and vision of crafting the habitats of the future.



Swiss Prime Site AG estimates
¹ including land



MOTEL ONE

The former office property at Brandschenkestrasse 25 was converted into a hotel with 394 rooms. The conversion of the four buildings on the site covering 3900 square metres took place while largely preserving its distinctive and partially listed architecture. The excellent city centre location close to Bahnhofstrasse and the space offered by the property are ideal for a hotel constructed in accordance with the Motel One Group's operating and design concept.

Key data

Address	Brandschenkestrasse 25, Zurich
Fair value	CHF 160.8 m
Construction date	2015–July 2017
Floor space	approx. 13 000 m ²
Use	Hotel
Investment	approx. CHF 77.5 m





ESPACE TOURBILLON

Swiss Prime Site's largest current real estate project consists of an ensemble of five buildings (of which two have already been sold) with seven storeys above ground and three below ground, in each case with integrated logistics. Future tenants will be offered flexible, ultra-modern space here. The project plan envisages construction of properties with floor space totalling 95 000 square metres in one stage up to 2021.

Key data	
Address	Chemin des Aulx, Plan-les-Ouates
Fair value	CHF 29.8 m
Construction date	2017–2021
Floor space	approx. 95 000 m ²
Use	Commercial
Investment	approx. CHF 351.0 m





SIEMENS SITE

The development project interprets the atmosphere and values of highly flexible, powerful and stylish spaces in an intelligent and persuasive manner. It will provide a range of space for small, medium-sized and larger service providers and traders, which sets new standards in terms of expression, flexibility and simplicity within a versatile building structure.

Key data	
Address	Albisriederstrasse / Rütliwiesweg, Zurich
Fair value	CHF 35.4 m
Construction date	2017–2019
Floor space	approx. 20 000 m ²
Use	Services, commercial
Investment	approx. CHF 93.0 m





**WE PROVIDE
PERSPECTIVES**

FINANCIAL CALENDAR

Key events

	Date	Location
Annual Report as at 31.12.2017 with financial results press conference	1 March 2018	Zurich
Annual General Meeting financial year 2017	27 March 2018	Olten

Online

Swiss Prime Site's Semi-Annual Report is available for download as PDF via the website www.sps.swiss.

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