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## **MEDIA RELEASE**

9 September 2010  
For immediate publication

**Interim report as of 30 June 2010**

### **Sustained momentum**

**Olten, 9 September 2010 – In the first half of 2010, Swiss Prime Site AG increased rental income by 99.6% to CHF 211.4 million and EBIT by 84.4% to CHF 204.5 million. Profit attributable to shareholders rose by 53.8% to CHF 108.0 million. Over the year to date, the value of the property portfolio increased by CHF 4.2 billion to CHF 8.1 billion. The impressive growth rates are mostly a result of the acquisition of Jelmoli Group. The Swiss Prime Site share will be included in the mid-cap index SMIM of SIX Swiss Exchange as of 20 September 2010.**

The first half of 2010 was dominated by the integration of Jelmoli Group, which for the first time was fully consolidated for the whole six-month period. The year-back period only included the equity valuation of the minority shareholding of 28.3% for around one month.

Rental income reached CHF 211.4 million, an increase of 99.6% on the year-back figure of CHF 105.9 million. During the period under review, the loss of earnings rate edged up by a minimal 0.3 percentage point to 4.0% (3.7%), which is still well below the Swiss average. The net return on the property portfolio remained unchanged at 5.0%.

Total operating income amounted to CHF 295.9 million (CHF 107.4 million). This figure included the turnover of the self-managed areas of the department store Jelmoli – The House of Brands on Zurich's Bahnhofstrasse (CHF 66.6 million). Despite the permanent closure of 15% to 20% of retail floorspace for conversion work, the department store generated total turnover of CHF 134.2 million, which represented a slight decline of 5.9% compared to the previous period. The redesigned departments in particular posted very good results, as did most tenants. Total operating income also included the operating income of the Hotel Ramada Encore in Geneva (CHF 4.7 million) and Jelmoli Bonus Card Ltd. (CHF 6.8 million), as well as proceeds from the sale of investments amounting to CHF 4.4 million. As an operation not forming part of the core business, Jelmoli Bonus Card Ltd. was sold to the Swiss banking group Valartis in May.

After revaluations, earnings before interest and taxes (EBIT) rose by 84.4% from CHF 110.9 million to CHF 204.5 million. EBIT net of revaluation effects grew 99.0% to CHF 164.2 million (CHF 82.5 million). Before revaluations, profit attributable to shareholders was increased by 68.8% to CHF 84.9 million (CHF 50.3 million). After revaluations, weighted earnings per share came to CHF 2.00 (CHF 2.89). The average weighted interest rate for all financial liabilities was at 2.8% (3.1%). Their average residual term was 3.9 years (4.1 years as of 30 June 2009).

"The performance of Swiss Prime Site AG once again showed very strong momentum, which benefited shareholders in particular", stated CEO Markus Graf.

### **Share gains in impetus and weight**

After taking into account the nominal value reduction of CHF 3.50 (CHF 3.40) from CHF 18.80 to CHF 15.30, the net asset value (NAV) per share before deferred taxes stood at CHF 69.64 (CHF 71.22 as of 31 December 2009). The NAV after deferred taxes came to CHF 57.74 (CHF 59.52). Measured against the price of the share on 31 December 2009, the distribution was equivalent to a cash yield of 6.0%.

During the first six months of 2010, the Swiss Prime Site share posted a gain of 12.8% on the Swiss Exchange, thereby significantly outperforming both the Swiss Performance Index SPI (-3.9%) and the Swiss real estate index SXI Real Estate Shares (10.7%). The same period saw the Company's market capitalisation increase from CHF 3.2 billion to CHF 3.6 billion. The trading volume per day rose by 74% to CHF 8.8 million. Swiss Prime Site shares have a weighting of nearly 10% in the composite SXI Swiss Real Estate index and more than 41% in the SXI Swiss Real Estate Shares. SIX Swiss Exchange will include the Swiss Prime Site share in the mid-cap index SMIM as of 20 September 2010. This move will further raise Swiss Prime Site's public profile and expand the community of potential investors.

### **Property portfolio**

As a result of the acquisition, the property portfolio grew to CHF 8.1 billion, representing an increase of 111.4% compared with 30 June 2009. During the six months of the period under review, its value increased by CHF 55.9 million. This year's changes result, on the one hand, from the sale of ten properties which were not in line with strategy and, on the other hand, from progress on current construction projects as well as refurbishments and increases in the value of existing investment properties. As of 30 June 2010, the portfolio consisted of 220 (106) properties, including 16 (17) plots of building land.

The integration of the Jelmoli properties made it possible to further broaden the diversification of the portfolio. The proportion accounted for by the Zurich region decreased from 46% to 38%, while Geneva's share increased from 9% to 22%. In the second half of the year, further progress will be made on streamlining the portfolio, which should result in the sales proceeds of CHF 300 to 400 million which the Group is aiming to generate for the 2010 financial year as a whole.

The topping-out ceremony for Prime Tower and the Platform commercial building was held on the Maag site in Zurich West in July 2010. There are plans for the tower to be certified according to the Swiss greenproperty sustainability rating and the international certification system LEED (Leadership in Energy and Environmental Design). Prime Tower, the two annex buildings Cubus and Diagonal, and the Platform building will be completed in May 2011. Tenants can take up occupancy of the first units as of summer 2011. The occupancy rate currently stands at 75%. The investment costs for all four buildings amount to CHF 355 million.

### **Outlook**

Swiss Prime Site is not experiencing any signs of falling demand for floorspace. Given the attractive locations, the high quality of its buildings, its long-term and mostly indexed rental agreements and its favourable financing, Swiss Prime Site is confident that it will be able to match or exceed its very good 2009 result (excluding one-off factors) in the 2010 financial year. The loss of earnings rate should fluctuate between 4.5% and 5.0%.

## Selected key figures

	Figures in	30.06.2010	30.06.2009	Change in %
Investment properties	CHF m	8 137.5	3 848.6	111.4
Rental income	CHF m	211.4	105.9	99.6
Loss of earnings rate	%	4.0	3.7	8.1
Retail trade turnover	CHF m	71.3	-	100.0
EBITDA	CHF m	217.3	110.9	95.9
EBIT	CHF m	204.5	110.9	84.4
Change in fair value of real estate (IAS 40)	CHF m	40.4	28.3	42.8
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	108.0	70.2	53.8
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	110.5	70.2	57.4
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	3 136.7	1 673.0	87.5
Equity ratio	%	36.8	37.8	-2.6
Borrowed capital	CHF m	5 387.0	2 746.7	96.1
Borrowed capital ratio	%	63.2	62.2	1.6
ROE (weighted)	%	6.8	9.9	-31.3
ROIC (weighted)	%	4.3	5.0	-14.0
Earnings per share (weighted)	CHF	2.00	2.89	-30.8
NAV before deferred taxes	CHF	69.64	64.93	7.3
NAV after deferred taxes	CHF	57.74	58.85	-1.9
<b>Figures net of revaluation effects*</b>				
EBIT	CHF m	164.2	82.5	99.0
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	84.9	50.3	68.8
Earnings per share (weighted)	CHF	1.57	2.07	-24.2
ROE (weighted)	%	5.4	7.2	-25.0

\* Change in fair value (IAS 40) and deferred taxes



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## **Internet broadcast**

The live internet broadcast of the financial results press conference in German and English can be found at: [www.swiss-prime-site.ch/pressconference](http://www.swiss-prime-site.ch/pressconference)

Video recordings will be available under "Media" at [www.swiss-prime-site.ch](http://www.swiss-prime-site.ch) from around 2 p.m.

## **Swiss Prime Site AG**

Swiss Prime Site AG is Switzerland's leading real estate investment company. Its portfolio of around CHF 8.1 billion is structured according to the real estate-picking strategy and consists of first-class commercial properties at selected Swiss business locations. Swiss Prime Site has been listed since April 2000 on the SIX Swiss Exchange and has a stock market capitalisation of around CHF 3.6 billion. The Company is characterised by its crisis-resistant portfolio with low vacancy rates and rent default risk, professional management with streamlined structures and low costs, high earnings and capital potential and an outstanding risk/return profile.

SIX Swiss Exchange / symbol SPSN / securities number 803 838

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