

PRIMETIMES

«NEW WORK» – FUTURE-ORIENTED THINKING

Multi-local, agile office environment

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GENEVA IS FLYING HIGH

Swiss Prime Site is developing four major projects

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SEMI-ANNUAL REPORT 2015

Key facts and figures

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SWISS PRIME SITE

EDITORIAL

Dear Reader

The Swiss Prime Site share has turned in an average annual performance of +7.1% since the Company's initial public offering in 2000, noticeably outperforming the +3.8% return of the Swiss Performance Index (SPI). To what is this better share-price trend attributable?

The decisive factors for this performance were our consistent focus on the core business of real estate investments and continuous confrontation with development projects that have an impact on the core business. This is reflected in our recent investments in office properties. With the SkyKey project in Zurich-North completed in 2014 as well as with the Swiss Post headquarters in Berne opening its doors in June 2015, the foundation for an innovative and state-of-the-art working environment has been created. We took into account and anticipated trends in developing these new building projects, as described from an expert's perspective in the Background article on the topic of «New Work» – future-oriented thinking.»

Learn how Swiss Prime Site is positioned to seize the growth opportunities in the Assisted Living segment, in the interview with Dr. Luca Stäger, CEO of Tertianum Group. With the acquisition of Tertianum Group, Swiss Prime Site has tapped a segment that diversifies the real estate portfolio through properties with high returns and promising development projects. We opened the first Vitadomo senior centre in Opfikon in April 2015. With the new Vitadomo brand, Tertianum Group will pro-

vide seniors throughout Switzerland with innovative residences and geriatric care offerings in the medium-price segment.

In the Focus section, we present the Geneva real estate market. Swiss Prime Site is directly participating in this dynamic development with several major projects and pursuing urban planning with the Masterplan PAV (Praille-Acacias-Vernets) up close and personal.

As usual, we report in our Prime Times magazine on the first half-year through our Group's financial performance as well as the changes in the market environment. The current financial year will be especially influenced by a successful development project: From the sales of condominiums in Maaghof in Zurich-West, Swiss Prime Site will realise an earnings contribution after tax of approx. CHF 30 million. The already nearly concluded marketing for the 137 Maaghof rental apartments confirms that the former industrial zone exerts unrelenting attractiveness, establishing itself as a sub-centre in Zurich.

I hope you thoroughly enjoy reading the publication and look forward to feedback.



MARKUS GRAF
CEO of Swiss Prime Site AG



COVER

The new building in the WankdorfCity district serves as Swiss Post headquarters/Majowa, Berne.



01

- BACKGROUND -

Office work is being subjected to a rapid sea change. Digitalisation, globalisation and new working hour models are shaping the realm of «New Work» and offer potential for office property landlords.

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- REAL ESTATE MARKET -

Expectations point to growing demand for office floor space in the next ten years, but part of that future demand is already fulfilled today.

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- LIFESTYLE -

Jelmoli Personal Shopping sets new standards. Personal shoppers provide a stylistically competent consulting service as well as a high-value experience.

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- INTERVIEW -

The Assisted Living segment harbours significant growth potential. Dr. Luca Stäger, CEO of Tertianum AG, explains how he is aiming to tap this potential and why he is banking on several brands.

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- PROPERTIES AND PROJECTS -

New building projects are playing an important role in Swiss Prime Site's portfolio management. At the same time, the process is pursued very selectively – for the benefit of the shareholders.

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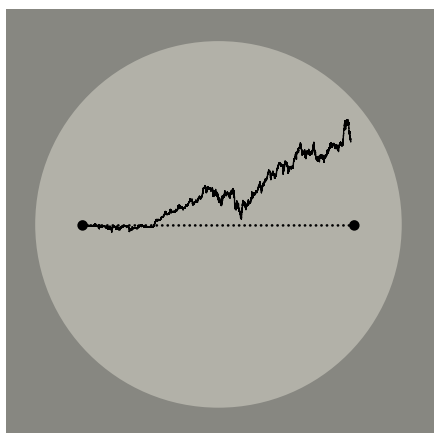


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- FOCUS -

Geneva is growing rapidly and has major urban development plans. Against this backdrop, Swiss Prime Site is on the front lines, pursuing four large-scale real estate projects.

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%

- REPORTING -

Excerpt from the Semi-Annual Report
as at 30 June 2015.

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% REPORTING

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01

BACKGROUND

ON THE PATH TOWARD
A MULTILOCAL,
AGILE OFFICE
ENVIRONMENT

“NEW WORK” – FUTURE-ORIENTED THINKING

AUTHOR | Dr. Jörg Kelter

More and more companies and employees are addressing the issue of how office work will develop in the future. Driven by digitalisation, globalisation and a mounting shortage of qualified specialists in an aging society, many experts predict that the «New Work» theme will experience a quantum leap in the coming ten years.

What can be done to enhance an employer's attractiveness amid the ever-emerging signs of a lack of skilled workers? And how can companies provide the best possible support in the future particularly regarding the performance and motivation of office and knowledge-based workers?

**FLEXIBILISATION
OF OUR WORKING
ENVIRONMENT AND
METHOD OF
OPERATIONS IN THE
PAST DECADE WAS
PRIMARILY DRIVEN
BY COMPANIES.**

The strategic focus on an increasingly digitalised and networked working environment should therefore rank at the very top of the agenda for employers and office architects as well as for tenants and owners of office properties.

DIGITALISATION AND MAXIMUM MEDIAL SUPPORT

The emerging new digital revolution ultimately means nothing more than even more far-reaching and highly networked communications. In a Delphi-Study* conducted at the Fraunhofer Institute for Ergonomics and Organisation IAO in Stuttgart, Germany, with various theses revolving around the future of office work, more than 80% of the experts surveyed anticipate that it will become common practice already by the year 2025 for us to visualise and process creative and complex correlations on widescreen, touch-sensitive digital surfaces. Hence, particularly walls that up to now have



SKYKEY, ZÜRICH-NORTH | Lounges have become an indispensable part of the day-to-day working environment at sole tenant Zurich Insurance Company Ltd. Switzerland.

been treated rather shabbily will in the future assimilate and assume far more functions.

On the other hand, the majority of experts do not anticipate that workspaces automatically attuned to personal working conditions and ambiance will be commonplace in the year 2025. Desk heights, lighting and climate settings that are individually adjusted to the user through sensor controls will seldom be seen as a reality by that time.

THE SECOND WAVE OF FLEXIBILISATION

Flexibilisation of our working environment and method of operations in the past decade was primarily driven by companies. Globalisation and dispersed value creation, innovative and competitive pressure as well as stepped-up market changes were the influencing factors

* Spath, Dieter (Hrsg.), Bauer, Wilhelm; Rief, Stefan; Kelter, Jörg; Haner, Udo-Ernst; Jurecic, Mitja: Working environment 4.0 – How we live and work in the future. Stuttgart: Fraunhofer-Publishing, 2012



SWISS POST HEADQUARTERS/MAJOWA, BERNE | The «New Work» approach calls for a broad assortment of various spatial modules, work opportunities and value-added offerings.

here, which led to increasingly more flexible forms of labour and organisation.

This trend will grow considerably stronger in the currently forthcoming second wave of flexibilisation, and this time round particularly driven by the needs of the workforce. Employees will self-consciously demand ideal working conditions in the interest of their well-being and productivity, but also with regard to autonomy and flexibility. Roughly 75% of the experts surveyed in the aforementioned Delphi Study anticipate that employees will demand significantly flexible forms of work already in 2025, especially

**DESK-SHARING IS
INTERPRETED AS
THE OPPORTUNITY
FOR «CAN» AND
NOT COMPELLINGLY
«MUST.»**

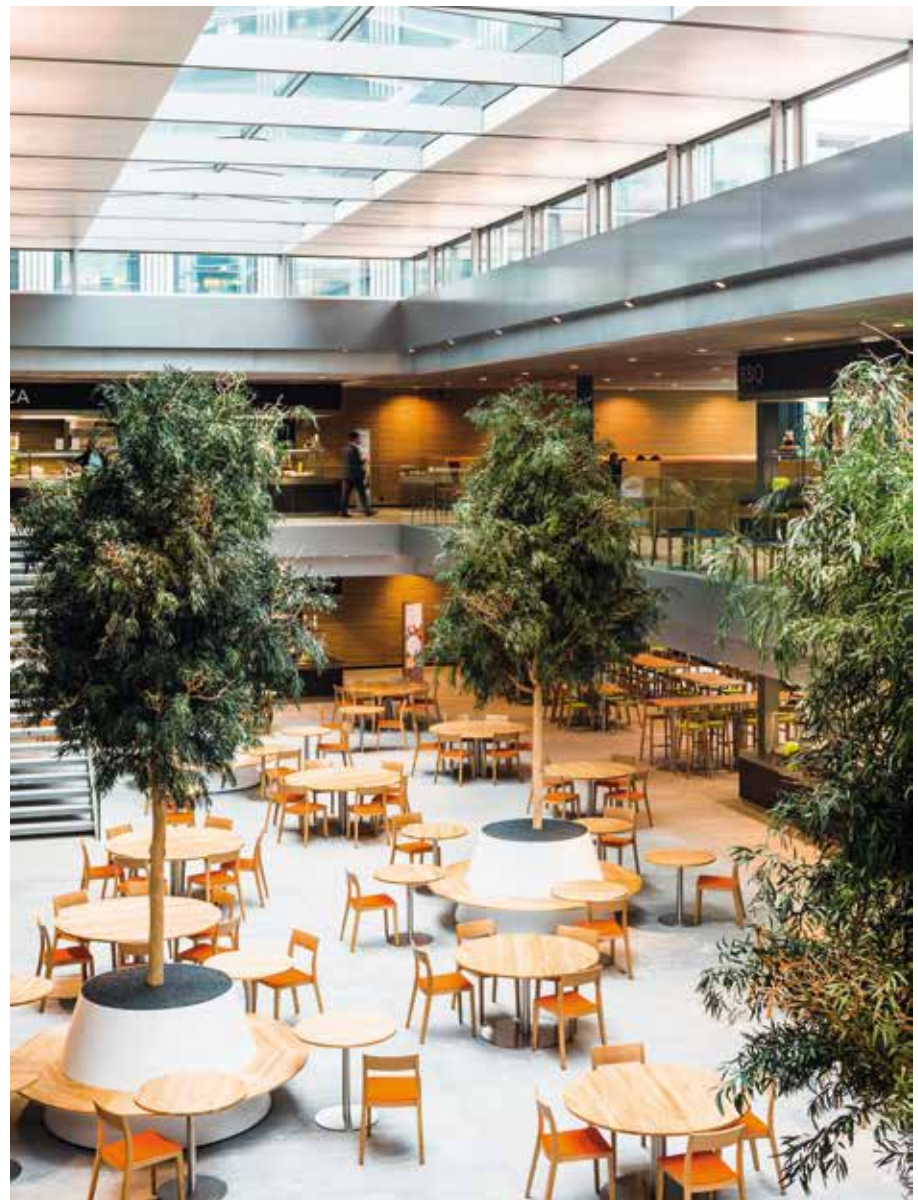
for the support, provision and care for older family members as well.

Moreover, around two-thirds of the experts predict that a high level of flexibility of choice of work location (either home,

office or co-working centre) will then be the rule of thumb. Accordingly, flexible working hours and locations, multi-local work activities will prevail extensively at the latest in the coming decade. This means that in the future many more office workers will take advantage of a variety of locations and various spatial working environments than is currently the case. Working from home will therefore become even more common practice for numerous people too. Office work will also increasingly be carried out via mobile operations or in the progressively emerging co-working centres in major cities.



PRIME TOWER, ZÜRICH | Acceptance of innovative workspace concepts depends particularly on a high-quality and emotional environment.



SKYKEY, ZÜRICH-NORTH | The cafeteria and restaurant zone spanning two floors form a courtyard and foster direct communication.

THE OFFICE PLAYS A NEW ROLE

Flexible desk-sharing concepts will continue to expand, which means nothing more than exchanging some of the previously fixed-positioned desks with flexible-use workspaces. Such workplaces would be booked on an individual and temporary basis, offer adequate switching options among various working environments and be embedded in a harmonised IT and technological concept. Experience shows that changes among different workspaces are managed primarily on a task- and activity-relevant basis and consequently unnecessary every day or multiple times a day. In this context, the key word is always



Digital surfaces will be commonplace by the year 2025 (Photo: © Haworth, Bluescape).

«sharing» as the opportunity for «can» and not compellingly «must».

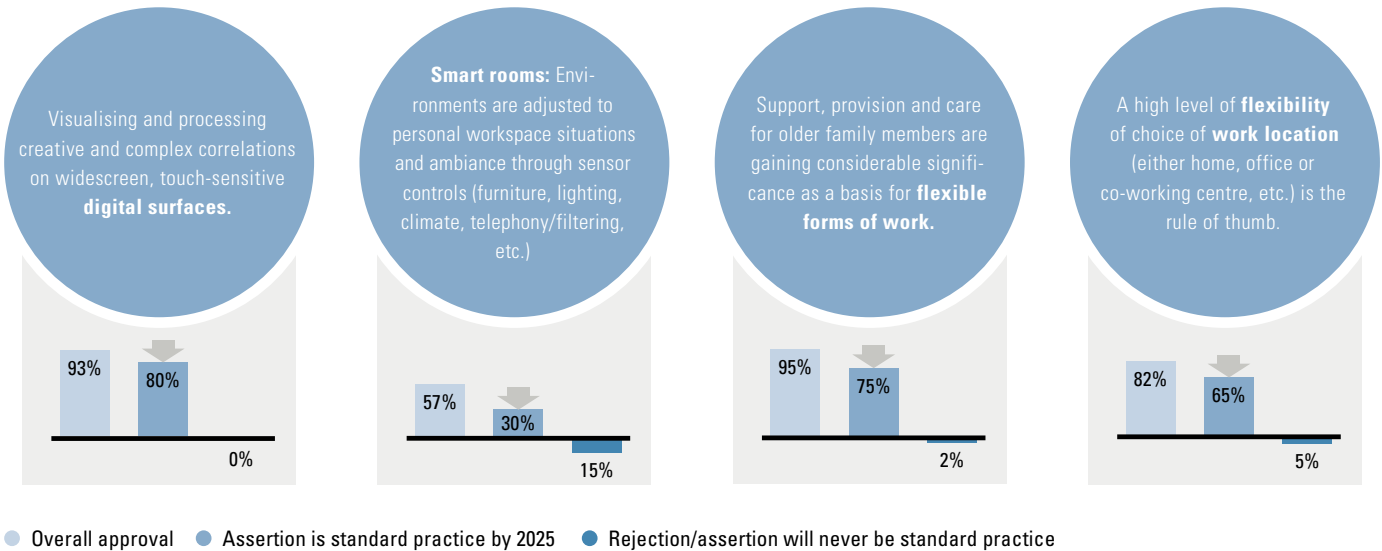
The acceptance of such concepts depends particularly on high-quality and emotional implementation. This may be achieved ideally based on the broadest possible assortment of varying space modules, work opportunities and a range of value-added offerings, for example, in the form of

CHANGING WORKSPACES IS PRIMARILY TASK-BASED.

quiet rooms, think-tanks, media-talk elements, meeting points, café-bars, lounges or library zones.

At the same time, it makes sense to define the firmly established zones per organisational unit and not to perceive the sharing concept as unbounded free seating through the entire building. Rather, noteworthy here is fostering encounters, closeness, transparency and interdisciplinary exchange of knowledge in the teams or departments through the appropriate interior design. Consequently,

THESES ON THE FUTURE WORKING ENVIRONMENT AND THEIR PROBABILITY OF OCCURRENCE
OFFICE 21® – Forecast 2025



offices of the future will increasingly be divided into various zones: spatial zones that differ considerably from one another and «intermediary» connecting zones that are available for common utilisation. Companies will be compelled to develop a business-relevant suitable mix of these

⋮ **«NEW WORK»** ⋮
⋮ **CONCEPTS ARE** ⋮
⋮ **A DISTINGUISHING** ⋮
⋮ **FEATURE OF PIO-** ⋮
⋮ **NEERING COMPANIES.** ⋮

spatial zones, because the requirements are so individualised as the firm itself. There is no single concept that applies to all companies.

Implemented «New Work» concepts are an innovative distinguishing feature of some trail-blazing companies already at present. The common factors for all the successful projects are imposing a comprehensive process of change and, at the same time, developing and implementing responses and solutions in five elementary spheres of activity:

- ⋮ > Clear vision and guidelines for the
- ⋮ «New Work» concept
- ⋮ > Reflection of internal corporate cul-
- ⋮ ture
- ⋮ > Change management for people, or-
- ⋮ ganisations and teams
- ⋮ > Adequate utilisation of digitalisation
- ⋮ and technology
- ⋮ > High-quality design of work loca-
- ⋮ tions, space and settings

In an overall context, we are merely at the outset of transferring and adapting the aforementioned developments and trends to operational reality. Hence, the next ten years should be incredibly fascinating. Favourable responses and high-quality solutions are essentially in demand and should be executed with strategic planning and the utmost agility.



SKYKEY | The new flagship headquarters of Zurich Switzerland officially opened its doors in 2014.



ABOUT DR. ING. JÖRG KELTER

Dr. Jörg Kelter is Project Leader in the Workspace Innovation Competence Centre at the Fraunhofer Institute for Ergonomics and Organisation IAO in Stuttgart. The focus of his activities is directed at the conception, implementation and evaluation of innovative and productivity enhancing working and office environments.

DR. ING. JÖRG KELTER | Fraunhofer Institute
for Ergonomics and Organisation IAO
Competence Centre Workspace Innovation

A photograph of a modern office interior, viewed through a glass wall. The office has a clean, minimalist design with white walls and ceiling. There are several red accents, including a red wall on the left, a red door in the center, and red chairs. The office is lit with warm, yellow lights. The glass wall is made of large panes held together by black metal frames. The overall atmosphere is professional and contemporary.

02

..... REAL ESTATE MARKET

**ONLY CONSISTENT
POSITIONING HELPS
IN THE LONG TERM**

OFFICE PROPERTIES REMAIN ATTRACTIVE

AUTHOR | Dr. rer. oec. Stefan Fahrländer

The situation on the various property markets in Switzerland paints a very heterogeneous picture. While separating the wheat from the chaff has been the nature of the office property market already for quite some time – problems arise with older buildings situated in unfavourable locations as well as poorly conceptualised new buildings in some cases – the residential rental property market is ailing especially in the upscale new building segment. Driven by ever lower interest rate expectations, market values are holding steady or trending on a positive course.

The demand for office properties is driven by three significant factors, taking into account the space: 1) general growth in employment, 2) the still growing share of strong value-creation segments of the services sector and 3) the increase in office-savvy departments and businesses from the manufacturing sector. Fahrländer Partner's (FPRE) base-case scenario forecasts that the additional demand for office floor space will amount to roughly 5.3 million square metres by the year 2025. This corresponds to around 10%

PROSPECTIVE BUYERS ANTICIPATE THAT DEVELOPMENT PROJECTS WILL REMAIN PROFITABLE DESPITE THE HIGH PRICES FOR BUILDING LAND.

of the current supply or about 400 000 square metres of floor space per year. In light of the massive investment pressure, in addition to the fact that large development zones typically exhibit mixed utilisation, this trend value has been noticeably exceeded in recent years. Consequently, part of the future demand has already been fulfilled at present, and corresponding vacancies have resulted. According to CSL Immobilien, these vacancies amount to roughly 2.2 million square metres of floor space nationwide, or 5.6% of supply. Accordingly, the situation is comfortable

for prospective tenants which are searching for properties that meet their needs. At the same time, the market situation is of course challenging for the landlords (see Figures Cyclical outlook for office properties and Trend in market rents for rental apartments and office floor space).

With the spatial expansion of residential areas, it is only natural that the office landscape changes as well. Consequently, new office and services clusters have emerged recently at transportation hubs in surrounding regions, which are being well absorbed overall. In contrast, vacancies have emerged in the cities and urban districts, with old, very large office buildings in particular exhibiting the most significant problems. Here, the issue that arises for investors is whether it would be more sensible to assess the possibility of modification or new building.

RESIDENTIAL MARKET AS OUTLET

The aforementioned forecasts for the demand for office properties are contingent on the base-case scenario of FPRE's

CYCLICAL OUTLOOK FOR OFFICE PROPERTIES

Office buildings (new construction) – Switzerland	Demand		Supply		Cash flow		Initial yields		Market values	
	2014	2015	2014	2015	2014	2015	2014	2015	2015	2016
Office	● →		● →		● →		● →		→ →	
Office buildings (new construction) – regional	Demand		Supply		Cash flow		Initial yields		Market values	
	2014	2015	2014	2015	2014	2015	2014	2015	2015	2016
Lake Geneva	● →		● →		● →		● →		→ →	
Jura	● →		● →		● →		● →		→ →	
Swiss plateau (Central Switzerland)	● →		● →		● →		● →		→ →	
Basel	● →		● →		● →		● →		→ →	
Zurich	● →		● →		● →		● →		→ →	
East Switzerland	● →		● →		● →		● →		→ →	
Alpine area	● →		● →		● →		● →		→ →	
Southern Switzerland	● →		● →		● →		● →		→ →	

All valuations are derived from owner/seller perspective. The circles depict the actual situation:

● Unproblematic situation ● Some problems ● Problematic situation

Arrows depict the forecast for the following 12 months:

➤ Expected improvement ➡ Stable ➤ Expected aggravation

Source: FPRE



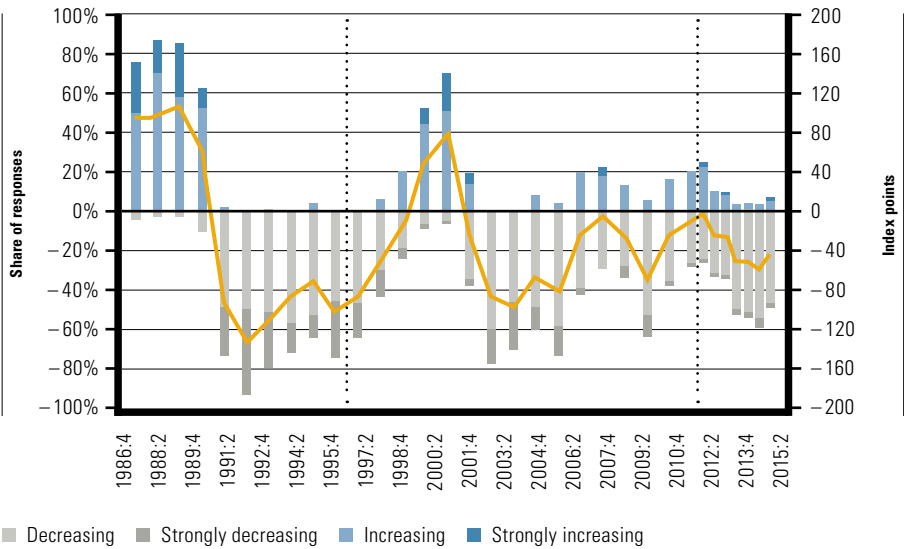
LUXURY APARTMENTS | Most of the vacant apartments situated in centralised locations at present are (excessively) spaciouly conceptualised and therefore too expensive.

prospective model, which is based on lower growth rates than those seen in recent years. This also applies to the residential property market, where the long-term trend for household development has also been noticeably exceeded for nearly ten years. Demand is driven by immigration, aging of the population and the rising number of single-person households and has markedly surpassed the respective long-term population scenarios issued by the Swiss Federal Statistical Office (SFSO). Despite significant production, shortages have therefore emerged on the residential property markets, leading to expansion of the agglomerations, rising prices for owner-occupied housing and climbing rents. Today, the peak has probably been reached – or even traversed – in the new building segment in particular. Although rents for new buildings are still edging up slightly nationwide, the strongly positive trend seems to be broken, and rent prices in the upscale segment are declining especially in the major centralized locations. The trend is attributable primarily to the fact that households plainly and simply do not have unlimited budgets and accordingly cannot always afford to pay higher rent prices. Vacant apartments situated in major centralised locations at present are typically (excessively) spaciouly conceptualised and therefore

overly expensive new residential buildings. On the other hand, the competition surrounding the centrally located old supply of properties is stepping up, because these are relatively inexpensive due to the smaller-scale floor plans and age. Here, FPRE currently foresees the most pronounced increase in rent prices.

MAJOR INVESTORS HOLD ADVANTAGE
While the supply of building land is still very tight – owners may expect future prices to be at least as high as the current levels –, the demand for building land is unrelentingly high. This means that prospective buyers also anticipate that development projects will remain profitable

TREND IN MARKET RENTS
FOR RENTAL APARTMENTS AND
OFFICE FLOOR SPACE



Note: Structural breaks in fourth quarter 1996 and second quarter 2012.

Source: HEV Schweiz/FPRE



ARTWORK | The flight to so-called secure assets such as artwork has caused the cash flow yields on real estate to look relatively more attractive.

despite the high prices for building land. Amid this market environment, major investors hold the advantage at present since they are practically the only ones that can absolutely manage large development projects – often brownfields in prime locations. In view of the high level of complexity as well as the preliminary activities and investments to be carried out, such zones are interesting insofar as only a comparatively limited number of highly professional players can make a purchase offer. Such development zones should not count among the primary losers even given a potential market correction, because they are typically situated in centralised, high-demand locations. In contrast, given a market correction, peripheral regions – where building land is currently being acquired at very high prices – are expected to see vacancies.

INVESTMENT PRESSURE DRIVES VALUES AND SHARE PRICES

The general investment crisis and stepped-up flight to so-called secure assets have caused bond yields to decline to practically zero, making the cash flow yields on real estate relatively more attractive. Accordingly, property values and prices are rising (see Figures Cyclical outlook for office properties), and the premiums in the area of indirect real estate investments are climbing, which

is reducing dividend yields from a very attractive level to a still appealing level.

Whether the return requirements increase again in the foreseeable future is still up in the air, because since 2008 one crisis after another has emerged. Hence, the current easing of the situation could pass. Should the return requirements rise again, this would probably mean that the economic picture in Europe

may brighten up considerably, that the Swiss franc exchange rate could decline, and accordingly the economic impetus would reach Switzerland. In such a case, negative effects on market values could be expected in terms of discount rates, but also improvements on the earnings front. And whatever happens: expectations indicate that real estate prices will remain high for the time being.



DR. RER. OEC. STEFAN FAHRLÄNDER | Partner and Chairman of the Board of Directors, Fahrländer Partner AG, Zurich

ABOUT

DR. RER. OEC. STEFAN FAHRLÄNDER

Following his studies in economics in Berne, Stefan Fahrländer worked at the German Institute for Economic Research (DIW Berlin). From 1998 to 2001 as well as from 2003 to 2005, he was employed as an analyst and project leader at Wüest & Partner in Zurich. In 2006, he completed his economic-econometric dissertation on the analysis of the Swiss markets for owner-occupied residential property, at the University of Berne.

In January 2006, he founded Fahrländer Partner Spatial Development – a quantitative-oriented consulting firm for spatial and real estate activities.

03

INTERVIEW

SUCCESSFUL
MULTI-BRAND
STRATEGY

“WE HAVE BECOME MORE AGILE”

Dr. Luca Stäger, CEO of Tertianum AG and member of the Executive Board of Swiss Prime Site, is convinced regarding the potential growth of the assisted living market segment. The status as a Swiss Prime Site Group company paves the way for excellent development prospects for Tertianum.

Dr. Stäger, what has changed for you since the acquisition of Tertianum Group by Swiss Prime Site?

On the one hand, the business prospects have expanded considerably thanks in part to Swiss Prime Site's strong capital base and market position. On the other, the transparency required by the stock-exchange listing has helped us to responsibly deal with these new prospects.

With the acquisition of Tertianum Group, real estate held by Tertianum AG valued at CHF 435 million was transferred to Swiss Prime Site. Do you regret relinquishing these properties?

We have a rental agreement with Swiss Prime Site that is ideal for our company and have become more agile through decoupling from our own properties.

“WE HAVE AN ENORMOUSLY STRONG BRAND WITH TERTIANUM.”

In which areas have the most significant synergies been realised to date?

We have achieved synergies with the acquisition of new projects as well as through collaboration with Wincasa.

What are the advantages of your multi-brand strategy?

We have an enormously strong brand with Tertianum with a clear connect to residences for elegant senior living. And we aim not to dilute this brand. With the



LUCA STÄGER | «We are very proud of our project pipeline.»

ABOUT LUCA STÄGER

Prior to assuming the position as CEO of Tertianum Group, Luca Stäger (1967) served as CEO of the Swiss Paraplegic Foundation in Nottwil. Previously, he held various positions including as a consultant at Price Waterhouse, as Deputy Project Leader at the Canton Zurich Healthcare Directorate, as CEO of Spital Lachen AG, Lachen, and as Director of Private Clinic Bethanien AG, Zurich. Luca Stäger earned his Doctorate in Economics (Dr. oec.) from the University of St. Gallen in 1994. He is Chairman of the Board of Directors of the Swiss Paraplegic Centre in Nottwil and member of other boards of directors as well as foundation boards.



The Perlavita facilities specialised in inpatient services form Tertianum Group's third pillar of operations. The Perlavita Neutal property is located in Berlingen, directly on the shores of the Untersee region of Lake Constance.

chosen multi-brand strategy, each brand is able to focus on its core competency as well as its distinguishing features.

Can Tertianum residences also be combined with Vitadomo facilities?

Yes, when the location harbours potential for both brands and the property is appropriate as well. But a certain local separation should be ensured: for example, the upper residential levels are reserved for residence guests, while the high-quality dining facilities are situated separately from the residence guests.

“ WE ANTICIPATE GROWTH IN DEMAND PARTICULARLY WITH VITADOMO.”

Tertianum Group currently operates 23 facilities in the German- and Italian-speaking regions of Switzerland, with an ambitious project pipeline. Can Tertianum cope with such robust growth?

We have therefore successfully pursued the strategic targets set by the Board of

Directors and Swiss Prime Site and are very proud of our project pipeline. Of course, we adapt our structures to the pace of growth on an ongoing basis.

What has been your experience with the first senior centre Vitadomo Bubenholz in Opfikon, which opened in April 2015?

Our expectations have been exceeded by far! The first tenants and geriatric care guests took up residence on 1 April 2015. Meanwhile, 85% of the residences and 90% of the geriatric care rooms are occupied. All procedures and processes have proceeded ideally, and feedback from the guests is very favourable.

Three Vitadomo projects are currently being executed in Ticino. What makes this market so interesting?

The fact that we were able to so swiftly develop the market straightaway in a relatively small region is attributable to special circumstances. Nothing like the Vitadomo model has ever been offered to date in Ticino, which desperately needs senior-oriented housing combined with geriatric care facilities. We succeeded in presenting an impressive concept at

the right time with Vitadomo. And we overwhelmed our competitors in the process.

On a personal note: How would you like to spend your twilight years?

First, I hope that my wife and I remain healthy for quite a while and have time for our three daughters and – who knows – grandchildren as well.

What type of person are you? More like the Vitadomo tenant or Tertianum guest?

Both concepts offer a high quality of life at the senior level. My wife and I would make such a selection according to our income and the location of the existing facilities at that time. But making this decision is still far on the horizon.

How would you assess the potential of senior citizens who wish to live within their own four walls?

The potential is very significant. We forecast growth in demand here, particularly for direct leasing of apartments with services rendered upon request: i.e. Vitadomo senior centres.

TRUST IN PRIVATE ENTERPRISE

Mr. Staffelbach, since 2014 the health insurance contributions relative to healthcare costs in a geriatric care facility have been limited to a uniform maximum amount of CHF 108. The residents pay CHF 21.60, and the public sector has to assume the difference to the effective costs. What does this problem entail for Tertianum Group and particularly for Perlavita, which is specialised in inpatient services?

The fact that we have three cost centres poses very significant challenges for the management of the business from an economic as well as accounting perspective. Thanks to the transparency required by stock exchange regulations and the size of our company, we have a considerable head start versus our smaller or even independently operating competitors. As market regulations become more and more complex, the advantages that large market players have over competitors become even greater and barriers to entry for new participants become higher.

Where would you apply leverage in order to dampen the rising costs in the healthcare and geriatric care sectors?

We should not think that such a feat could be achieved simply with government or political market intervention. I have trust in actions taken by the private and corporate sectors. In particular, our Vitadomo concept proves that a private services provider with innovations can contribute to cost-cutting in the assisted living segment and, at the same time, enhance autonomy and in turn improve the quality of life at the senior level. With our concept featuring variable services on demand, we meet the individual needs of our guests as well as ensure cost-effective, long-term autonomy within their own four walls. Concurrently, these seniors benefit at all times from a feeling of security, receiving assistance on site and the assurance of obtaining a space in the same facility, given any severe geriatric care needs.

TERTIANUM GROUP BUSINESS UNITS

TERTIANUM	VITADOMO	PERLAVITA
		
		
Residential living with comprehensive services in the premium segment and geriatric care.	Assisted living and geriatric care with security, featuring à-la-carte services in the medium-price segment.	Inpatient services revolving around senior healthcare issues.



DANIEL STAFFELBACH | Attorney-at-law and member of the Board of Directors of Tertianum AG

ABOUT DANIEL STAFFELBACH

Daniel Staffelbach (1966) is attorney-at-law and partner at law firm Walder Wyss AG, Zurich, where he provides consulting services and executes proceedings primarily for clients in the healthcare, life sciences and insurance sectors. Following his studies at the University of Berne, he held various positions, including in the benefits department of an insurance group and as head of legal services for a leading health insurance company. Daniel Staffelbach also held a secondary position as judge on the Swiss Federal Court.



04

..... FOCUS

GENEVA
IS FLYING HIGH

MASTERPLAN PAV PAVES THE WAY



View of the visualisation of Praille-Acacias-Vernets (PAV) with the three planned high-rise buildings at Place de L'Etoile (© Pierre-Alain Dupraz Architecte ETS FAS & Gonçalo Byrne Arquitectos LDA).

With a 22% share of total portfolio value, Geneva is Swiss Prime Site's second most important regional real estate market after Zurich (with a 41% share). Geneva is also distinguished by its robust growth momentum. Urban planning in Geneva therefore plays a significant role for Swiss Prime Site and is pursued and underpinned very attentively, as CIO Peter Lehmann accentuates.

Swiss Prime Site's existing real estate portfolio includes, for example, the property with a department store located on the legendary Rue du Rhône as well as the neighbouring commercial building situated at Place du Molard and the La Praille shopping centre in Grand-Lancy, with the multiplex cinema constructed in 2014. At the same time, the Company holds an attractive pipeline of land parcels and development projects (see the article titled «Swiss Prime Site builds on Geneva's future», on page 20).

20 000 NEW WORKPLACES, 11 000 NEW APARTMENTS

The three magical letters associated with Geneva's urban development are PAV, which stands for Praille-Acacias-Vernets, in addition to the Masterplan for a quarter comprising roughly 230 hectares in the region of the Geneva (Vernets district), Carouge and Lancy. The Masterplan was developed by the canton together with Geneva, Carouge and Lancy and adopted by the city council on 1 April 2015. Mark Muller, former city council chairman of the republic and canton Geneva, describes PAV as «the most am-

bitious project since the demolition of Geneva's city fortification.»

PAV foresees in the coming decades a surge in the number of jobs here from the current 20 000 to 40 000 as well as the construction of up to 11 000 new apartments. Geneva has for years suffered from unsatisfactory residential building production. The law governing the demolition, transformation and renovation of residential buildings (Loi sur les démolitions, transformations et renovations, LDTR) in particular has proven to be a hindrance for investors. The law severely restricts rent price structures and aims to protect tenants from speculative real estate owners. Nevertheless, Geneva's voters on 14 June 2015 approved the easing of the LDTR and future possible transformation of office floor space into residential property. The extent to which this change will affect the supply of residential property cannot be assessed at the present time.

PAV also envisages constructing apartments primarily in the Acacias and Groselin zones. However, PAV does not involve applying the principle of wiping the slate clean, as the responsible parties of the Masterplan state more precisely. The growing urban economic and social structures in particular form the foundation on which the development is based. Indeed, evolutionary, rolling planning is called for. Still, this cannot occur without some distinctive signs of breaking new ground and a fresh start. What would be more suitable in this context

than high-rise buildings? Three 175-metre-high towers are to be constructed in the L'Etoile business district comprising 400 000 square metres of space. Swiss Prime Site declared its intentions in June 2015 to construct one of the three towers. The trio of high-rise structures should be supplemented by smaller buildings with commercial floor space, a hotel and apartments. In addition, Geneva city council member Antonio Rodgers recently introduced the idea of constructing a new justice building in this zone.

“ SWISS PRIME SITE
CAN OFFER PRO-
DUCTION AND COM-
MERCIAL FLOOR
SPACE IN ESPACE
TOURBILLON IN
PLAN-LES-OUATES
THAT WOULD BE VERY
SUITABLE FOR ANY
OF THE BUSINESSES
LOCATED IN PAV. ”

SYLVÈRE BERNEY

Swiss Prime Site AG, Geneva

COMMERCIAL STRUCTURES POSE A CHALLENGE

Construction of the new business district poses a challenge for the development in La Praille, where today the area is dominated by 160 industrial firms and commercial businesses that would not relinquish their central locations unnecessarily. Many of these companies have concluded land lease agreements with canton Geneva that are still valid until 2060. Without any equally valued alternatives, the business owners may be unwilling to relocate their operations and entrust their land to the speculation of urban planners. «In this regard, Swiss Prime Site holds a trump card here, since the Company can offer production and commercial floor space in the proposed Espace Tourbillon in Plan-les-Ouates that would be very suitable for any of the businesses located in PAV», explains Sylvère Berney, who is Head of Swiss Prime Site's Geneva office.

SWISS PRIME SITE BUILDS ON GENEVA'S FUTURE

Swiss Prime Site is actively engaged in Geneva as partner for the city's urban development and for investments in new building projects. The focal point is directed at future-oriented major projects with commercial utilisation. Details on the four development zones can be found on page 22.

02

PRÉ-BOIS/VMA

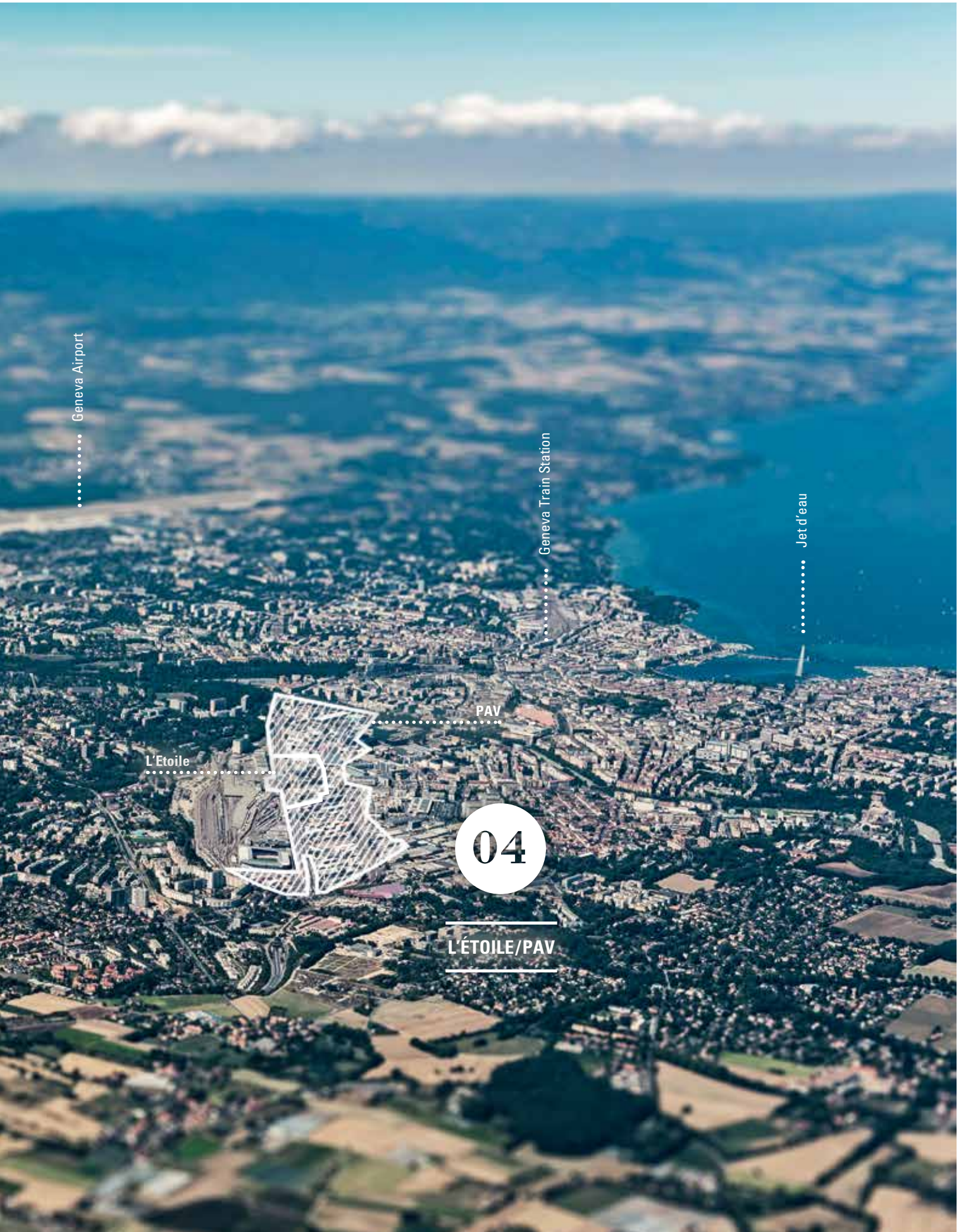
01

RIANTBOSSON

AI expressway

03

ESPACE TOURBILLON
PLAN-LES-OUATES





The three PAV sectors

01

RIANTBOSSON

Swiss Prime Site has invested in a parcel of land comprising 4 414 square metres via the public limited company EACR, located at Chemin de Riantbosson and situated directly on the northwest edge of the airport grounds. The parcel is located in the industrial zone of Riantbosson, where numerous retailers and commercial businesses reside. The unrelenting robust demand for retail space has prompted Swiss Prime Site to develop a new building project spanning roughly 7 500 square metres of retail, office, commercial and warehouse space as well as 120 subterranean parking places. Based on the prerequisite that the building permit is issued by the end of 2015 as expected, the retail and commercial centre could open its doors in the autumn of 2017.

03

ESPACE TOURBILLON PLAN-LES-OUATES

The Espace Tourbillon major project in Plan-les-Ouates harbours enormous potential that Swiss Prime Site aims to realise in two phases. The project consists of five buildings that are connected to one another via subterranean passageways for logistical development and comprises useable space of 78 000 square metres. The floor space is designated for industrial and commercial utilisation as well as for offices. With Espace Tourbillon, Swiss Prime Site strives to deliberately appeal to a broad spectrum of commercial tenants, so floor space already starting from 100 square metres will be offered. Solely leasing an entire building starting from 8 000 square metres is also an option. «The concept even allows the façade of a building to be adapted to a company's image», accentuates Sylvère Berney. Swiss Prime Site is engaged in talks with various interested parties. The Company is sole owner of a 28 429-square-metre parcel of land.

www.espacetourbillon.ch

02

PRÉ-BOIS/VMA

Swiss Prime Site holds a parcel of land spanning 7 631 square metres as sole owner and another parcel comprising 2 156 square metres under land lease situated on the Route du Pré-Bois, which is located on the southeast edge of Geneva Airport. A subterranean garage is currently located on the smaller parcel of land. Swiss Prime Site plans to construct a contemporary services building in the future. The Pré-Bois zone belongs to the Vernier-Meyrin-Airport (VMA) major project, which extends over 180 hectares on both sides of the A1 expressway Geneva–Lausanne. The entire space is an urban development zone that will be expanded, modernised and compacted in the coming years with a view toward achieving higher-quality living standards. A «Demande de Renseignement» (request for information) will be submitted by the end of 2015 in the Pré-Bois zone, which Swiss Prime Site shares with seven other property owners. Swiss Prime Site aims to round out the existing land through the acquisition of a parcel held by a private property owner and a land lease from the canton, where the Company plans to execute a building project with an investment volume of roughly CHF 200 million. «The Pré-Bois project looks extraordinarily interesting thanks to its location directly near the airport and excellent links to the transportation network», declares Sylvère Berney.

04

L'ÉTOILE/PAV

The construction of three high-rise buildings with mixed utilisation is planned in the L'Étoile zone of the Praille-Acacias-Vernets (PAV) Masterplan. The towers should extend up to 175 metres skyward, thus representing a landmark for the new city suburb. Swiss Prime Site has signed a letter of intent for the acquisition of one of the parcels of land and construction of the first tower in June 2015. Execution of the project is not expected before 2025.





Place du Molard with view of both Swiss Prime Site's historic properties

GENEVA – WORLD RENOWN CITY

Even though the population of Geneva is only 200 000, the city has an enviable global appeal, thanks to the approximately 20 international organisations and multinational companies in the fields of life sciences, high-tech, commodities trading and financial services. With the Biotech Campus in Sécheron, for instance, Geneva upholds its reputation as a leading location for science, research and development. The campus was founded at the site of the former company headquarters of Merck Serono. While there are currently 600 people working there, the workforce may increase to 1 200 by 2018. The Biotech Campus is supported by the Ecole Polytechnique Fédérale de Lausanne (EPFL), the University of Geneva, entrepreneur Hansjörg Wyss and the Bertarelli family.

ROBUST POPULATION GROWTH

At the end of 2014, the population of canton Geneva amounted to approximately 483 000, of which 41% were foreigners who were responsible for last year's demographic growth of 1.8% – the highest population influx rate since the 1960s. With a surface area of just 282 square kilometres, Geneva is practically a city-canton. However, together with the bordering communities in canton Vaud and France, it amounts to a catchment surface area of around 2 000 square kilometres with a population of almost a million.

103 KILOMETRE BORDER WITH FRANCE

With the ambition to establish and coordinate various infrastructure projects within the agglomerations of Geneva and Carouge, the Grand Genève platform (www.grand-geneve.org) was founded in 2008. Its 24 representatives of the city of Geneva and surrounding communities are committed to achieving long-term regional development of the metropolitan area and a higher quality of life for its residents. The challenges are significant in the face of the mass population influx of roughly 250 000 people from 1990 until 2014, climbing to the current level of nearly 950 000 residents. Because the canton's border extends only 4.5 kilometres adjacent to Switzerland, but 103 kilometres to France, in most cases these challenges necessitate cross-border solutions.

One of the most significant projects is the Cornavin–Eaux-Vives–Annemasse (CEVA) railway connection – a new regional train between Hochsavoyen and Geneva. The kick-off for the expansion of the 230-kilometre rail network with 40 train stations took place on 19 May 2015. Geneva Cornavin and Annemasse will be connected during peak times at ten minute intervals after completion of the project in 2019/2020. The journey will then take merely 20 minutes.



SYLVÈRE BERNEY | Head of Geneva Office, Swiss Prime Site AG

ABOUT SYLVÈRE BERNEY

Born in Geneva in 1953, Sylvère Berney is Head of Swiss Prime Site's Geneva office since the outset of 2015. He boasts years of extensive experience in the Swiss retail sector and real estate market, including his employment with C&A and Coop Geneva and as member of the General Directorate of EPA. Thereafter, he held the position as Head of Jelmoli Immobilier Suisse Romande. With the acquisition of Jelmoli by Swiss Prime Site, Sylvère Berney became a member of the Wincasa Management Board (also a Swiss Prime Site Group company since 2012).

A man in a dark suit and red tie stands in a modern clothing store, looking at a display. The store has large glass windows and a clean, minimalist design. The man is positioned on the left side of the frame, looking towards the right. The background shows a well-lit interior with a white wall and a dark curtain. The floor is covered in a patterned carpet. The overall atmosphere is professional and sophisticated.

05

..... LIFESTYLE

**JELMOLI
PERSONALISES CUSTOMER
FRIENDLINESS**

JELMOLI PERSONAL SHOPPING – THE COMFORTABLE WAY TO SHOP

Do you urgently need something new to wear, but time is short? Or are you searching for a gift, but lack an idea? Then you are in good hands with the Jelmoli Personal Shopping team. The style consultants offer advice especially suited to your style and wishes.

Personal Shopping is enjoying growing popularity worldwide. The less time people have, the more open they are to the personal shopper's services. Stylists and fashion designers with further education in style consultation ideally fulfil the requirements to approach any type of customer and bring out the best in his/her personal style into the limelight.

„JELMOLI PERSONAL SHOPPING IS SUITABLE FOR ANY STYLE-CONSCIENCE CUSTOMER.“

Jelmoli is among one of the first to offer this service in Switzerland and with tremendous success. Customers at Jelmoli are greeted at the specially designed VIP lounge. There, a personal shopper prepares an initial selection upon request, based on a questionnaire that the customer completes before hand, followed by fittings taking place in a relaxing environment.

SPANNING EFFICIENCY AND EXPERIENCE

Jelmoli Personal Shopping is suitable for any fashion-conscious client. Some customers appreciate the service due to the honest and competent consulting, taking a personalised discreet approach that saves time. While shopping for others is a pleasant leisure activity with a high-quality experience. The expectations for both client profiles are suitably fulfilled at Jelmoli Personal Shopping.

Jelmoli does not offer «before/after consulting». It is possible that a client is actually looking for a new style, but most of the clientele already know their style quite well. Jelmoli personal shoppers per-



Type-appropriate consultation is guaranteed.

ceive their role as assembling the appropriate personalised fashion for the client from a wide assortment of selections.

Personal Shopping at Jelmoli is not just limited to fashion. The experts also provide support to clients in the realms of fragrance, interior decorating and choosing the right gift. Customers can even drop off their shopping list at the Food Market and have the products delivered to their home.

Jelmoli card holders can benefit from this one-of-a-kind service free of charge, otherwise a minimum purchase of CHF 500 is required.

JELMOLI PERSONAL SHOPPING REGISTRATION

Telephone +41 44 220 47 47
E-mail personal.shopping@jelmoli.ch



Jelmoli Personal Shopping is efficient and saves time.

A modern, multi-story building with a facade of large, rectangular windows and grey panels. The building is situated behind a courtyard area. In the foreground, there are several trees with green foliage. A paved area with gravel patches contains several bicycles parked. In the lower right, there is an outdoor seating area with several tables and white, lattice-style chairs. The overall scene is bright and modern.

06

... PROPERTIES AND PROJECTS ...

INVESTING
IN TOMORROW'S
POTENTIAL

AT THE HEART OF THE MARKET AND WELL-DIVERSIFIED

Swiss Prime Site subjects dozens of projects and project ideas to a thorough review each year, although only a few correspond to the required return profile and investment guidelines and are further pursued. This very selective investment strategy has proven successful for the shareholders.

The most important criteria for Swiss Prime Site in the acquisition of properties and execution of projects include the quality of location, economic development prospects, architectural concept and design standard, flexibility of use as well as sustainability of the building. In any case, the objective is the realisation of an attractive return and creation of long-term potential for enhancing value.

What is simple to read and write is not always easy to implement in practice. Low interest rates have led to a strong surge in demand for real estate and, in some cases, resulted in prices that no longer facilitate achieving an adequate return. «We have never participated in this battle over



SkyKey in Zurich-North provides 2 400 people with a future-oriented workplace environment.

existing real estate and instead forged ahead with our own development projects and renovations of properties in the portfolio», declares CIO Peter Lehmann.

INVESTMENT VOLUME OF CHF 228 MILLION

CHF 228 million is currently earmarked for investments in building modification and renovation projects. A year ago, when new building projects such as SkyKey and Maaghof in Zurich or Swiss Post headquarters/Majowa in Berne were still in the execution phase and not yet classified as existing properties, investment volume amounted to CHF 700 million.

Investments in new building projects are an expression of the kind of active portfolio management pursued by Swiss Prime Site. Each property is subject to a regular review in order to ensure that these still comply with the Company's investment strategy and harbour the potential to boost value. If the requirements are not fulfilled, the relevant property is designated as released for divestment. Three properties were divested in the reporting period with total proceeds of CHF 44.2 million.

DEVELOPMENT SITES



WELTPOSTPARK

Address	Berne, Weltpoststrasse 1–3 Weltpostpark
Project idea	Building complex with approx. 175 apartments
Planned execution phase	2017–2018



SIEMENS-AREAL

Address	Zurich, Albisrieder- strasse 203/Siemens Site
Project idea	Office and commercial building complex with approx. 20 000 square metres of rentable commercial floor space
Planned execution phase	2017–2019



PRÉ-BOIS

Address	Geneva Airport, Route de Pré-Bois A
Project idea	Building complex with approx. 2 600 square metres of rentable commercial floor space
Planned execution phase	2016–2017



RIANTBOSSON

Address	Meyrin, Chemin de Riantbosson
Project idea	Retail and commercial centre with approx. 6 500 square metres of rentable commercial floor space
Planned execution phase	from 2016



MAAGHOF | The spacious park-like grounds at Maaghof provide ample space for relaxation.

MAAGHOF, ZURICH

In the wake of a construction period of roughly three years, the Maaghof building complex was completed in April 2015, comprising 220 residential units and 2 200 square metres of services floor space. The L-shaped property situated on the Maag Site (Maaghof North and East) consists of 83 condominiums with 2½ to 5½ rooms and 137 rental apartments with 1½ to 4½ rooms. At end June 2015, more than 92% of the condominiums had been sold and over 93% of the rental apartments already leased. Swiss Prime Site anticipates income after tax of around CHF 30 million from the sale of the condominiums in the current year.

The successful marketing process is attributable to the impressive quality of the property offered as well as to the market-oriented price structure, in addition to the attractiveness of the location. The Maag Site is located directly next to one of the most heavily frequented railway stations in Switzerland: Hardbrücke. A spacious park-like inner courtyard with abundant green spaces for relaxation and sports activities is situated right at the doorstep of Maaghof. While the apartments are spread over the nine upper floors, the ground floor is reserved for commercial and service floor space.

BRIEF NEWS	
Address	Naphtastrasse 4–10, Maschinenstrasse 21–23, Hardstrasse 219, Turbinenstrasse 21, Zurich
Completion date	April 2015
Investment volume	approx. CHF 140 million
Information	www.maaghome.ch – for condominiums www.maag-ich.ch – for rental apartments

SWISS POST HEADQUARTERS/MAJOWA, BERNE

The «golden key to success» that CEO Markus Graf handed over to Susanne Ruoff, Chief Executive Officer of Swiss Post, on 26 June 2015 symbolises the crowning conclusion of an outright successful building project and the beginning of a ground-breaking headquarters concept for Swiss Post. The new site in WankdorfCity (project name: Majowa) combines six Swiss Post Berne locations together under one roof. The lion's share of the workforce has already taken up residence, and the relocation will be concluded in late autumn 2016. At that time, the new headquarters building will be home to roughly 2 000 employees.

Peter Hasler, Chairman of the Board of Directors of Swiss Post, kicked off the opening celebration amid numerous guests from the economic and political sectors, acknowledging the close collaboration with Swiss Prime Site as investor, Losinger Marazzi as total general contractor and Berne City, on behalf of which Mayor Alexander Tschäppät conveyed greetings.

“ROUGHLY NINE PERCENT OF OUR PROPERTIES ARE LOCATED IN THE BERNE REGION.”

MARKUS GRAF

CEO of Swiss Prime Site AG

Susanne Ruoff clearly exhibited her delight at the sustainability of the new property, which is the first office building in Switzerland to obtain the international Gold Certificate from the German Sustainable Building Council (GSBC). The GSBC quality label was adopted by the Swiss Sustainable Building Council (SSBC) for Switzerland and values buildings and urban districts according to criteria that evaluate environmental and economic standards, in addition to technical, functional and social aspects as well as planning, construction and implementation processes.

Markus Graf referred in his speech to the traditionally significant role that the economic region of Berne plays for Swiss Prime Site: «Roughly 9% of our proper-



The reception area at Swiss Post headquarters has an inviting and brightening effect thanks to the abundance of natural daylight.

ties are located in the Berne region, as measured by total portfolio value of CHF 9.9 billion. This also includes the PostFinance-Arena, which we modernised and expanded in 2009.»

Swiss Prime Site has invested roughly CHF 148 million in the new building. The property is distinguished by its high-quality features, which very closely reflect the Company's strict investment criteria. First of all, noteworthy is the location in Berne's up-and-coming WankdorfCity urban district. The building is situated just a short walking distance away from the Berne-Wankdorf railway station. Second, the floor space is leased under a long-term agreement to a tenant with the highest credit rating, which ensures the generation of reliable revenues. The long-term feature of the property is also underscored by the investments on the part of Swiss Post in the interior design

and structure of an innovative workplace concept based on desk-sharing. This concept enables the freedom of choice of workspace for employees, whereby the selection is dependent on the type of activity to be performed. Hence, employees can choose between zones for concentration or interaction, while a third zone provides space for regeneration.

Majowa comprises rental floor space of 33 700 square metres and is already the second corporate building that Swiss Prime Site has constructed for Swiss Post, following the PostFinance-Arena office building that opened its doors in 2009.

BRIEF NEWS

Address	Wankdorfallee 4, Berne
Completion date	November 2014, interior design April 2015
Investment volume	approx. CHF 148 million



The Vitadomo senior centre is located right near the heart of Opfikon/Glattbrugg.

VITADOMO BUBENHOLZ, OPFIKON

On 1 April 2015, the first Vitadomo senior centre opened its doors. On the very first day of opening, the Vitadomo team was steadfast, greeting the first guests to arrive at their apartments and geriatric care facilities and assisting with their move – every aspect of which ran smoothly. The official opening ceremony on 24 April 2015 was attended by government officials, business partners and Swiss Prime Site representatives. Peter Lehmann, CIO of Swiss Prime Site, Paul Remund, Mayor of Opfikon, and Marianne Häuptli, COO of Vitadomo Senior Centres, greeted the roughly 120 invited guests, who thoroughly enjoyed the hospitality of the highly dedicated catering team.

Bubenholz presented itself to the broad public at an open-door event on 9 May. More than 1 000 interested visitors took advantage of the opportunity to view the model residences. Interest had been strong in the 59 unobstructed-access apartments already months before their completion. Roughly 85% of the residences are leased at present. All but a few of the residential units feature an all-seasons room.

Vitadomo Bubenholz also consists of 43 single geriatric care rooms, 95% of which are leased, a gymnastics room, hair salon, bistro/restaurant with multi-purpose hall as well as a traditional Chinese medi-

cine (TCM) practice. The property is situated just 200 metres from the Opfikon/Glattbrugg city centre. Proximity to the city centre is a major positive factor for the residents and additionally enhances the attractiveness of the location.

BRIEF NEWS	
Address	Müllackerstrasse 2/4, Opfikon
Completion date	May 2015
Investment volume	CHF 39 million
Information	www.vitadomo.ch/haeuser/bubenholz-opfikon

CLOUDS, PRIME TOWER, ZURICH



CLOUDS KITCHEN | The restaurant opened its doors again on 17 August 2015 following a brief modification phase.

Following a successful three-year build-up phase, Swiss Prime Site transferred the responsibility for the operating business of Clouds to Candrian Catering AG as at 1 July 2015. The family-owned enterprise, which operates roughly 50 restaurant and catering businesses with around 1 000 employees, has in the interim realigned Clouds and carried out some conceptual adjustments.

Under the new name Clouds Kitchen, the restaurant is now focusing on the «open-kitchen» concepts that have emerged in major cities such as New York, Hong Kong or London. The buffet for the newly launched Sunday brunch is integrated into the open kitchen concept. Director Martin Mannes and his team as well as renowned head chef Sylvain Momberger attend to the well-being of the guests.

After opening its doors in December 2011, Clouds quickly established itself at the pinnacle of Zurich's restaurant scene and has since served as a major attraction and beacon of light for the up-and-coming urban district of Zurich-West.

BRIEF NEWS

Address	Maagplatz 5, Zurich
Information	www.clouds.ch



STÜCKI BASEL

The first Playport (indoor playground for children) in Switzerland comprising roughly 2 500 square metres is being constructed on the first upper floor of the Stücki shopping centre in Basel. The family-managed company with headquarters in Dresden already operates a Playport at Dresden Airport and in Moscow. Gym fitness centre is another new tenant that will open its doors at the end of 2015. Fitness enthusiasts will find everything their heart desires situated amid the 1 500 square metres of training floor space.

Both businesses are accessible directly and comfortably via the subterranean garage. The new offerings expand Stücki's mix of utilisation and enhance the attractiveness too.

Address	Hochbergstrasse 70, Basel
Modification of first upper floor	until August 2015
Information	www.stuecki-shopping.ch www.playport-dresden.de



VITADOMO TURRITA BELLINZONA

Construction of the Vitadomo Turrta in Bellinzona senior centre is proceeding according to plan. The opening is scheduled for April 2016. The property comprises three buildings that are connected via a subterranean passageway. The offering consists of 71 unobstructed-access apartments (16 1½-room, 47 2½-room, 8 3½-room units), 30 single geriatric care rooms, bistro/restaurant and multi-purpose hall as well as doctor and physical therapy practices and a Pro Senectute (the technical/services organisation for seniors) day-care centre. The Vitadomo Turrta Bellinzona senior centre is located just outside the city centre, with a bus stop right next door.

Address	Via San Gottardo 99–99b, Bellinzona
Completion date	April 2016
Investment volume	CHF 38 million
Information	www.vitadomo.ch/haeuser/turrta-bellinzona

SWISS PRIME SITE – DESIGNATED CEO, RENÉ ZAHND



RENÉ ZAHND | Designated CEO of Swiss Prime Site

René Zahnd will become Swiss Prime Site AG's new Chief Executive Officer (CEO). The Swiss citizen (age 49) succeeds Markus Graf (1949), who has held the CEO position at the Company since 2000 and is departing due to age reasons. René

Zahnd has an educational background in the field of law and graduated with a degree as an attorney. He garnered his practical experience in the construction and real estate industry as, among other positions, project development leader at general contractor Losinger/Marazzi and Implenia. In March 2010, he became Head of Implenia Real Estate and thus a member of group management. Since February 2014, he served as Head of Implenia's Modernisation & Development business. René Zahnd will assume the CEO position at Swiss Prime Site AG as at 1 January 2016.

«René Zahnd is distinguished by an excellent track record at the strategic and operating levels», declares Hans Peter Wehrli, Chairman of the Board of Directors of Swiss Prime Site AG. «He provides all the necessary prerequisites for the successful future development of Swiss Prime Site.»

SWISS PRIME SITE – NEW CFO, MARKUS MEIER

Markus Meier (1964) has held the positions of Chief Financial Officer (CFO) and member of the Executive Board of Swiss Prime Site AG since 1 June 2015. He had assumed this position on an interim



MARKUS MEIER | New CFO of Swiss Prime Site

basis already as at end-2014 following the departure of former CFO Peter Wullschleger. Markus Meier is a business economist (FH) and certified public accountant. After years of employment at Arthur Andersen (today Ernst & Young) as Group Controller at BZ Group, he held positions as Head of Corporate Accounting and Tax at Ascom as well as Chief Financial Officer at Mobimo AG and Jelmoli AG. Markus Meier has been employed at Swiss Prime Site since the acquisition of Jelmoli AG and responsible for the areas of Finance, Accounting and Investor Relations.

«With his high level of expertise and proven sector know-how, Markus Meier is the ideal person for the CFO position and valuable addition to the Executive Board», declares Hans Peter Wehrli, Chairman of the Board of Directors of Swiss Prime Site AG.

DIGITALISED CHANGE OF TENANT

Wincasa utilises mobile end-devices for changes in tenants. The fully fledged work stations can also be deployed as mobile tablets. The devices provide detailed digital data regarding the status of the relevant rental property on site. At the same time, a new intuitively designed app renders support to the property manager in preparing efficient and standardised documentation of the tenant changeover. Tenants are able to sign the changeover report with a digital signature directly on the tablet and promptly receive the document via e-mail upon request. The information is archived at Wincasa on a legally compliant basis, forming the foundation for the subsequent documentation. This new app provides support to Wincasa in handling the roughly 20 000 tenant changeovers per year, enabling the company to execute the underlying processes in a more efficient and tenant-friendly way.

www.wincasa.ch

JELMOLI – HOME OF FASHION

Jelmoli – The House of Brands is a unique fashion destination with its outstandingly organised men's fashion department for style-conscious males. The procurement team is constantly on the lookout for bringing new products to Zurich from around the world with fascinating background stories. Hence, the range of brands has thus multiplied in recent years to include more succinct labels. In the world of men's fashion, new Italian labels will be featured at the kick-off of the autumn season:

- > Jacob Cohën, the jeans of the hour, renowned for the launch of «Denim Couture» and «Casual Elegance».
- > Stone Island, informal clothing with a high level of functionality – the company has been researching fibres, materials, refinements and dyes for 30 years.
- > Perceived as the antithesis to «fast fashion», the Milanese Slowear Brands (Intotex, Zanone, Montedoro, Glanshirt) store is expanding.

Additional men's fashion highlights include Boss Orange and Hugo Boss new concept stores. It's worth the visit.

www.jelmoli.ch



..... REPORTING

**COMMENTARY ON
THE FIRST
HALF-YEAR 2015**

SWISS PRIME SITE WITH STRONG EARNINGS GROWTH

Swiss Prime Site succeeded in achieving a boost in operating profit (EBIT) by 35.8% to CHF 300.2 million and a surge in profit by 39.2% to CHF 191.0 million in the first half-year 2015. The favourable earnings strength reveals that the Company's investment strategy has proven successful even amid an adverse environment, providing the shareholders with an attractive return.

Swiss Prime Site turned in a very successful performance in the first half-year 2015, which is manifested in, among other things, the double-digit growth rates in key financial figures. Operating profit (EBIT) after revaluations surged by 35.8% versus the previous year's period to CHF 300.2 million, while profit jumped by 39.2% to CHF 191.0 million. Revaluations amounted to CHF 99.7 million (previous year CHF 53.6 million). EBIT excluding revaluations and deferred taxes climbed by 19.7% to CHF 200.5 million, while the relevant profit figure increased by 24.7% to CHF 133.4 million.

The equity ratio improved from 39.2% to 44.4%. The increase is attributable to conversions of the CHF 300 million convertible bond (conversion rate of more than 90%) with maturity date of 20 January 2015, as well as to the capital increase by CHF 413.3 million on 29 May 2015.

SHARE AND SHARE CAPITAL

Earnings per share (EPS) surged by 31.6% from CHF 2.25 to CHF 2.96 and before revaluation effects by 16.4% from CHF 1.77 to CHF 2.06. Net asset value (NAV) before deferred taxes rose from CHF 81.65 to CHF 82.92 and after deferred taxes from CHF 66.52 to CHF 68.56 versus 30 June 2014.

The closing price of the Swiss Prime Site share on 30 June 2015 was CHF 70.95, resulting in a performance (total return) of +2.8% in the first half-year 2015. By comparison, the Swiss Performance Index (SPI) and SXI Real Estate Shares Index turned in performances of +0.7% and +1.0%, respectively. The cash yield of 5.1% based on the closing share price at year-end, resulting from the distribution of CHF 3.70 per share effected on

21 April 2015, makes the Swiss Prime Site AG share an above-average attractive dividend-yielding stock.

REAL ESTATE SEGMENT

The Real Estate segment boosted rental income from investment properties by

“SWISS PRIME SITE'S INVESTMENT STRATEGY HAS PROVEN SUCCESSFUL EVEN AMID AN ADVERSE ENVIRONMENT, PROVIDING THE SHAREHOLDERS WITH AN ATTRACTIVE RETURN.”

MARKUS GRAF

CEO of Swiss Prime Site AG

4.2% to CHF 220.0 million. At the same time, the projects completed in 2014 – SkyKey in Zurich and Swiss Post headquarters/Majowa in Berne – had a positive effect on the results. The vacancy rate of the segment amounted to 7.2% (6.5%).

Income from real estate services generated by Wincasa increased by 8.2% to CHF 52.7 million. Operating income in the Real Estate segment reached CHF 348.5 million (CHF 260.7 million). EBIT soared by 45.6% from CHF 227.5 million to CHF 331.3 million, with the sharp surge in revaluations and income from sale of trading properties having a favourable impact.

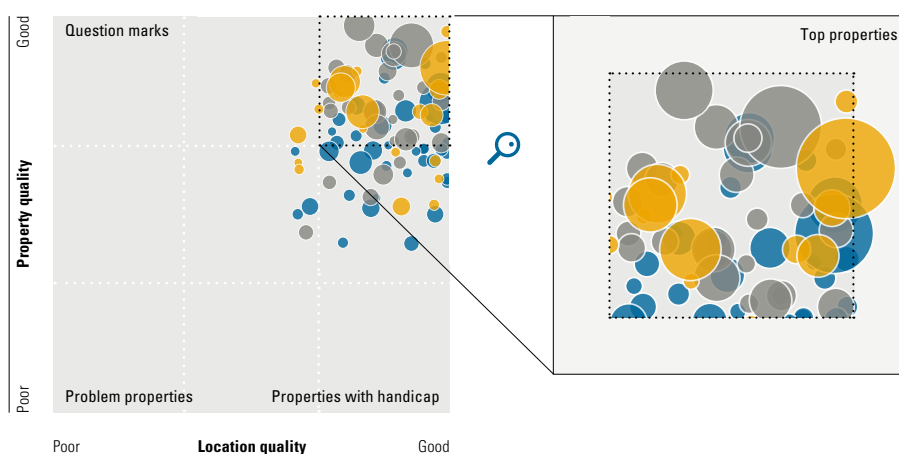
The real estate portfolio consisted of 188 (190 as at 31 December 2014) properties on 30 June 2015, with a fair value of CHF 9.9 billion (CHF 9.8 billion). The increase in fair value of CHF 119.9 million in the first half-year 2015 resulted primarily from value increases (including renovations/investments) related to

PORTFOLIO QUALITY

Market matrix

30.06.2015

Enlargement



- Properties with office use > 60%: fair value > CHF 20 m
- Properties with retail use > 60%: fair value > CHF 20 m
- Properties with mixed use: fair value > CHF 20 m

Source: Wüest & Partner AG



SKYKEY, ZURICH-NORTH | Completed and fully leased projects have a positive impact on the earnings trend.

existing properties (CHF + 164.1 million) and divestments (CHF - 43.8 million). Of the total 171 existing properties, 134 were valued higher and 35 valued lower than at 1 January 2015, with 2 properties valued the same.

“ EARNINGS PER SHARE (EPS) SURGED BY 31.6% FROM CHF 2.25 TO CHF 2.96. ”

MARKUS MEIER

CFO of Swiss Prime Site AG

RETAIL AND GASTRONOMY SEGMENT

Income from retail and gastronomy declined by 7.3% to CHF 65.9 million. The trend in net retail turnover was negatively affected by the abolition of the Swiss franc/euro minimum exchange rate at the outset of 2015 and generally cautious stance on the part of consumers. Jelmoli – The House of Brands in Zurich succeeded in maintaining its position as the leading premium department store in Switzerland amid this adverse environment, strengthening its appeal especially to tourists through systematic marketing activities.

The Clouds Restaurant operating business in Prime Tower was transferred as planned to Candrian Catering AG as at mid-year.

ASSISTED LIVING SEGMENT

Tertianum Group generated a slight spurt in income from assisted living to CHF 77.9 million although Permed AG (specialist in providing outpatient care) was divested in March 2014. The first Vitadomo senior centre in Opfikon opened its doors on 1 April 2015. Nearly all of the apartments and the geriatric care rooms have been leased. Tertianum Group currently operates 23 facilities in German- and Italian-speaking Switzerland and boasts an ambitious project pipeline.

KEY FIGURES

as at 30.06.2015

REAL ESTATE PORTFOLIO in CHF m

9904.9

Increase by 3.6% versus 30.06.2014

FAIR VALUE BY AGE CATEGORY in %

75

of the real estate portfolio has building structures newer than 1990

OPERATING PROFIT (EBIT) BEFORE REVALUATIONS in CHF m

200.5



PROFIT AFTER REVALUATION EFFECTS in CHF m

191.0

Increase by 39.2% year-on-year

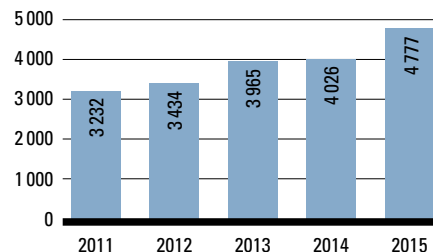
QUALITY OF LOCATION AND PROPERTY in %

77.2

Properties with fair value > CHF 20 million in top segment distinguished by prime locations and high quality

SHAREHOLDERS' EQUITY in CHF m

4 776.8

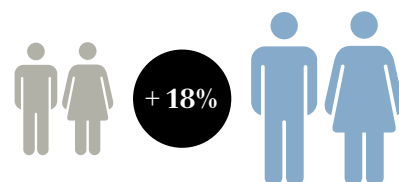


WORKFORCE



Number of employees

31.12.2014	30.06.2015
3 097	3 183



Of which apprentices

30.12.2014	30.06.2015
205	242



JELMOLI – THE HOUSE OF BRANDS | The premium department store succeeded in maintaining its leading position despite the adverse environment.

GROUP KEY FIGURES

Key financial figures	in	30.06.2014	30.06.2015	Change in %
Net rental income	CHF m	217.3	225.2	3.6
Income from sale of trading properties	CHF m	–	74.4	100.0
Income from real estate services	CHF m	48.4	52.5	8.5
Income from retail and gastronomy	CHF m	71.0	65.7	–7.5
Income from assisted living ¹	CHF m	77.3	77.4	0.1
EBITDA	CHF m	236.0	315.9	33.9
Operating profit (EBIT)	CHF m	221.2	300.2	35.8
Profit	CHF m	137.2	191.0	39.2
Comprehensive income	CHF m	134.6	197.4	46.7
Shareholders' equity	CHF m	4 026.0	4 776.8	18.6
Equity ratio	%	39.2	44.4	13.2
Borrowed capital	CHF m	6 237.0	5 975.9	–4.2
Return on equity (ROE)	%	6.8	8.9	30.9
Return on invested capital (ROIC)	%	3.6	4.5	25.0

Financial figures without revaluation effects²

EBITDA	CHF m	182.5	216.1	18.4
Operating profit (EBIT)	CHF m	167.5	200.5	19.7
Profit	CHF m	107.0	133.4	24.7
Return on equity (ROE)	%	5.4	6.3	16.7

¹ sale of Permed AG as at 17.03.2014; acquisition of Sternmatt Pflegewohngruppe as at 05.01.2015

² revaluations and deferred taxes

OUTLOOK

Swiss Prime Site anticipates an economic cooldown in Switzerland in 2015. However, demand for first-class commercial properties should be underpinned by the stable domestic economy and persistently high level of net migration. The Company believes that it is well-positioned to continue on the growth path toward strengthening earnings, with its high percentage of modern properties situated in urban, excellently developed locations as well as supplementary real-estate-related segments.

For the current year, Swiss Prime Site forecasts rental income, operating profit (EBIT) and net profit figures that surpass the respective previous year's levels. The Company estimates an earnings contribution after tax of roughly CHF 30 million from the sale of condominiums at the Maaghof Site. The vacancy rate is expected to hover slightly above the target range of 6.5% to 7.0%.

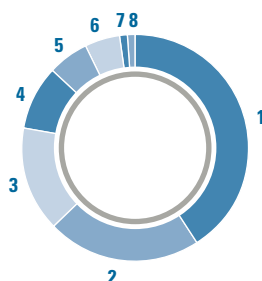


VITADOMO BUBENHOLZ, OPFIKON | Nearly all apartments and geriatric care rooms are already rented.

PORTFOLIO SPLIT BY REGION

Fair value as at 30.06.2015 [30.06.2014]

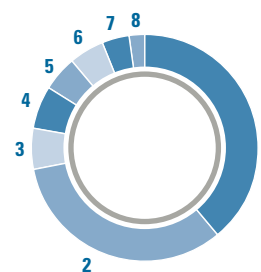
1 Zurich	41%	[41%]
2 Geneva	22%	[22%]
3 Northwestern Switzerland	15%	[16%]
4 Berne	9%	[8%]
5 Central Switzerland	6%	[5%]
6 Eastern Switzerland	5%	[6%]
7 Southern Switzerland	1%	[1%]
8 Western Switzerland	1%	[1%]



PORTFOLIO SPLIT BY TYPE OF USE (Real Estate segment)

Net rental income as at 30.06.2015 [30.06.2014]

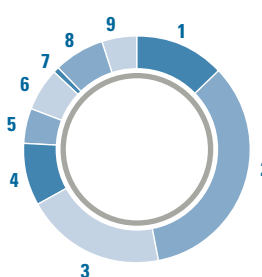
1 Office	39%	[37%]
2 Retail	33%	[35%]
3 Cinema/restaurant	6%	[6%]
4 Storage	6%	[6%]
5 Parking	5%	[6%]
6 Assisted living	5%	[5%]
7 Other	4%	[4%]
8 Residential	2%	[1%]



RENTAL FLOOR SPACE BY AGE CATEGORY¹

Year of construction/renovation at 30.06.2015 [30.06.2014]

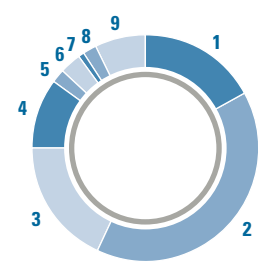
1 Newer than 2010	13%	[9%]
2 2000–2010	34%	[36%]
3 1990–2000	20%	[21%]
4 1980–1990	9%	[10%]
5 1970–1980	5%	[3%]
6 1960–1970	6%	[7%]
7 1950–1960	1%	[1%]
8 1940–1980	7%	[8%]
9 Older than 1940	5%	[5%]



FAIR VALUE BY AGE CATEGORY¹

Year of construction/renovation at 30.06.2015 [30.06.2014]

1 Newer than 2010	17%	[11%]
2 2000–2010	40%	[43%]
3 1990–2000	18%	[20%]
4 1980–1990	10%	[10%]
5 1970–1980	2%	[2%]
6 1960–1970	3%	[2%]
7 1950–1960	1%	[1%]
8 1940–1980	2%	[2%]
9 Older than 1940	7%	[9%]



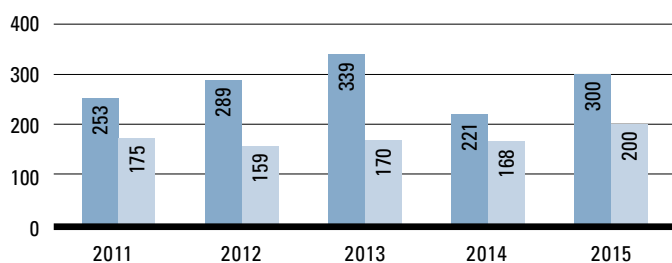
¹ excluding development properties, properties under construction and building land



PLATFORM, ZÜRICH | With its high percentage of modern properties situated in excellently developed locations, Swiss Prime Site believes that it is ideally positioned for the future as well.

OPERATING PROFIT (EBIT)

in CHF m as at 30.06.

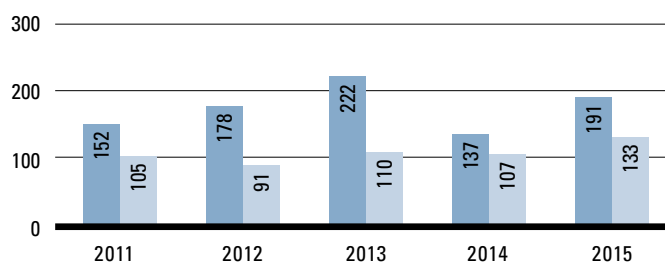


■ EBIT including RVE¹ ■ EBIT excluding RVE¹

¹ revaluation effects: revaluations and deferred taxes

PROFIT

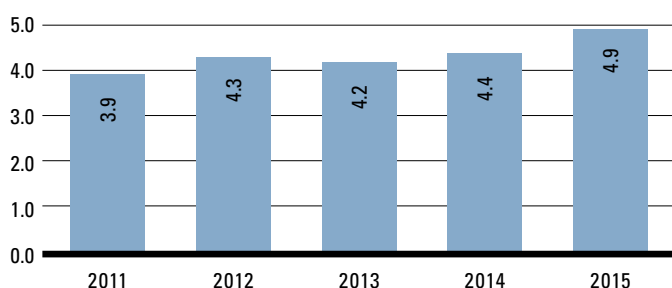
in CHF m as at 30.06.



■ Profit including RVE¹ ■ Profit excluding RVE¹

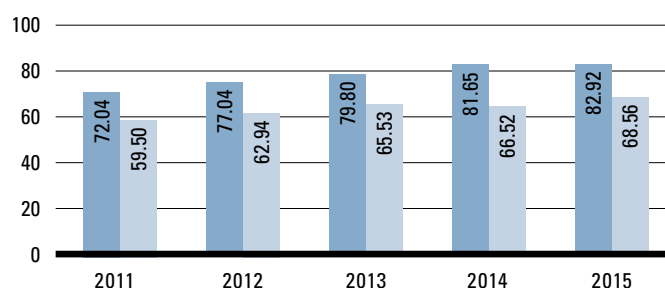
MARKET CAPITALISATION

in CHF bn as at 30.06.



NAV PER SHARE

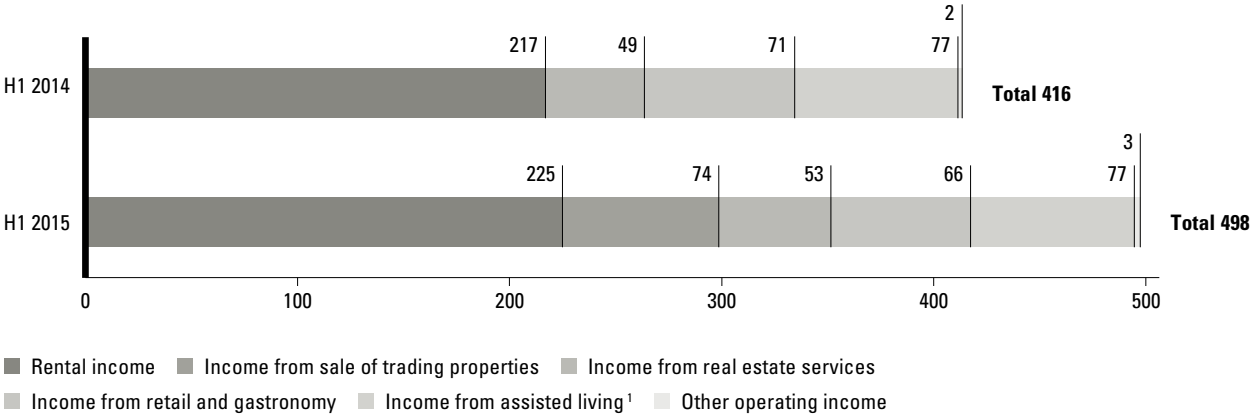
in CHF as at 30.06.



■ NAV after deferred taxes ■ NAV before deferred taxes

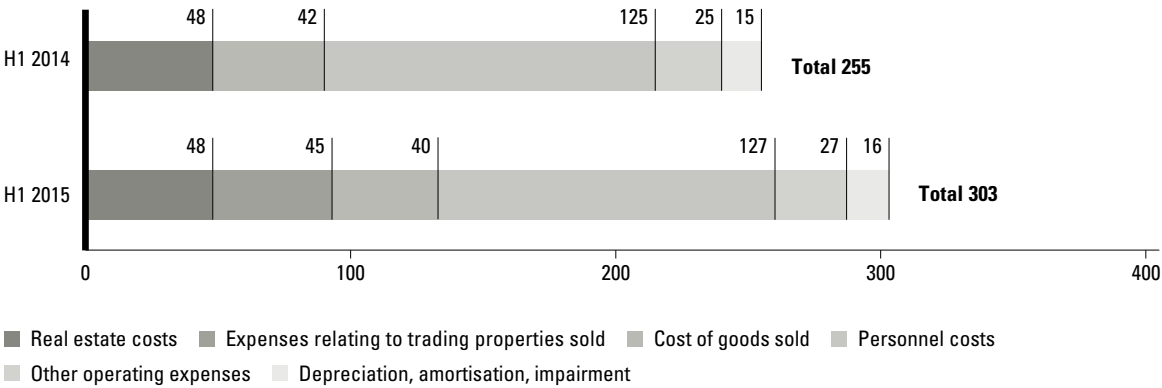
OPERATING INCOME

in CHF m



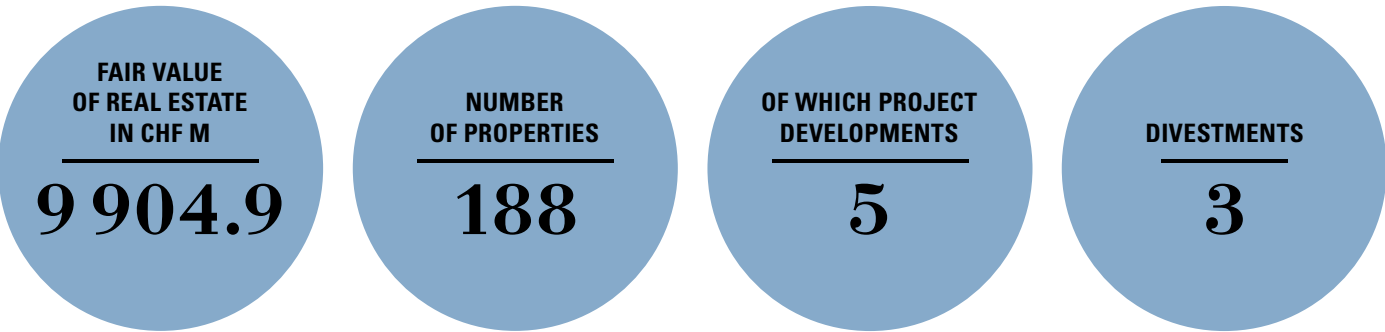
OPERATING EXPENSES

in CHF m



PORTFOLIO

as at 30.06.2015



SHARE



MARKET CAPITALISATION		
30.06.2015	CHF m	4 941.8

NAV BEFORE DEFERRED TAXES ¹		
30.06.2015	CHF	82.92
31.12.2014	CHF	84.77
Change		-2.2%

NAV AFTER DEFERRED TAXES ¹		
30.06.2015	CHF	68.56
31.12.2014	CHF	69.06
Change		-0.7%

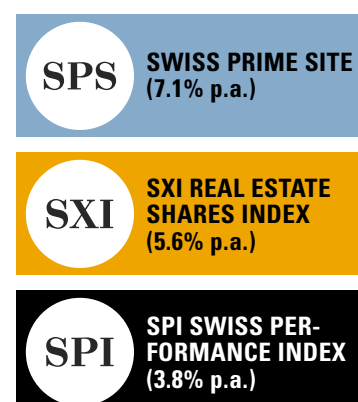
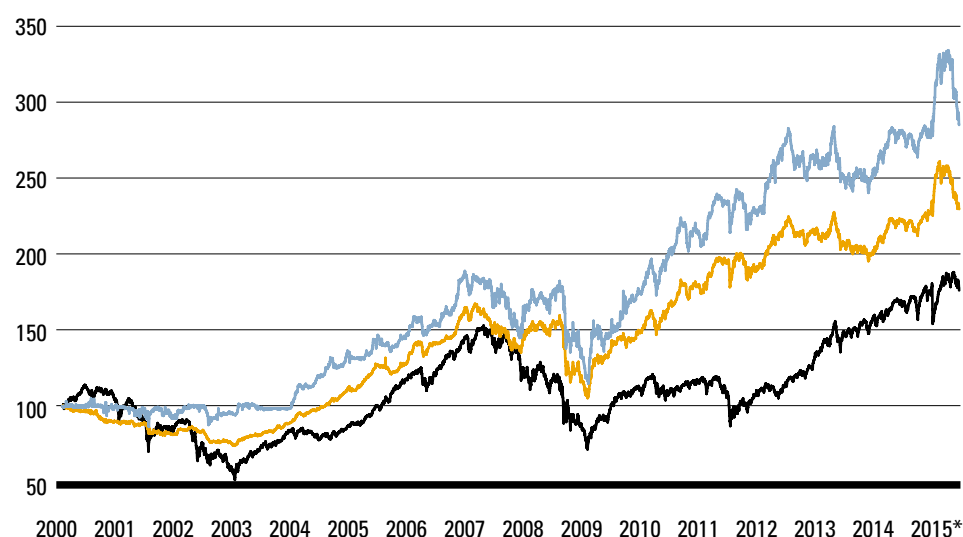
EARNINGS PER SHARE (EPS)		
30.06.2015	CHF	2.96
30.06.2014	CHF	2.25
Change		31.6%

SHARE STATISTICS	
Total registered shares	69 651 534
Securities number	803 838
ISIN number	CH 000 803 838 9
SIX symbol	SPSN
Number of shareholders	8 453
Average trading volume/day	CHF m 17.7

¹ Non-controlling interests reported in shareholders' equity were not taken into account in the NAV calculation.

PERFORMANCE 2001–2015*

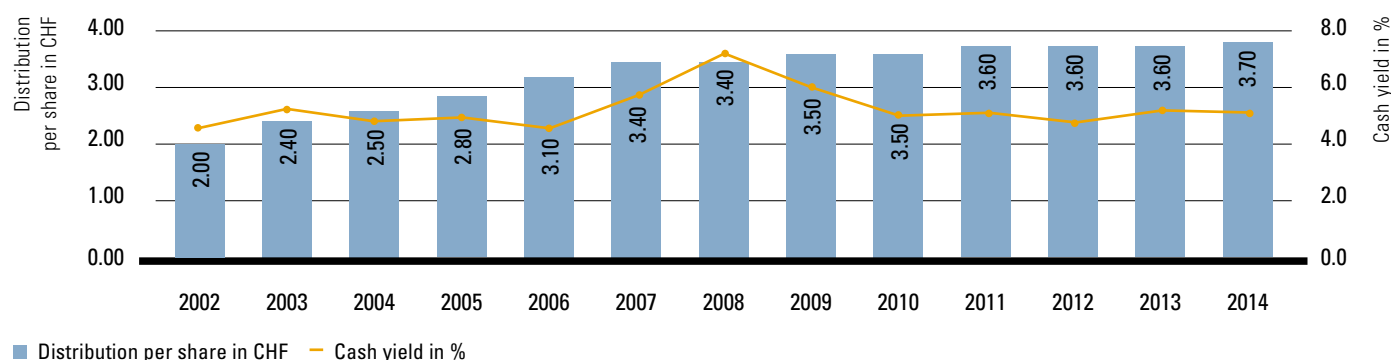
INDEX 05.04.2000 = 100



Source: Datastream

* 30.06.2015

DISTRIBUTION PER SHARE



THE GROUP

REAL ESTATE



Swiss Prime Site AG, Olten, is Switzerland's largest listed real estate investment company, with a high-quality portfolio of properties valued at CHF 9.9 billion. The real estate holdings are optimised by dynamic portfolio management on an ongoing basis and expanded through value-enhancing project developments and earnings-boosting acquisitions.



Wincasa is the leading real estate services provider in Switzerland, with 23 locations and 215 000 properties under management valued at CHF 57 billion.

RETAIL



Jelmoli – The House of Brands on the Bahnhofstrasse in Zurich is Switzerland's leading premium department store.

ASSISTED LIVING



Tertianum Group boasts a leading position in the assisted living market segment in Switzerland and a presence with three brands:



Tertianum Residences stand for residential housing with comprehensive services and geriatric care in the premium category. Vitadomo facilities cover the medium-price segment, focusing on seniors that aim to live independently in their twilight years too, as well as access services and geriatric care assistance according to needs. Perlavita is specialised in stationary services revolving around senior healthcare issues.

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FINANCIAL CALENDAR

Media release

11.2015 – 1st to 3rd quarters

Financial results press conference

15.03.2016 – Annual Report as at 31.12.2015

Annual general meeting

12.04.2016 – financial year 2015

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