

SWISS PRIME SITE

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# SEMI-ANNUAL REPORT

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## 2019



# Contents

<b>3</b>	<b>Selected Group key figures</b>
<b>5</b>	<b>Report on the first half-year of 2019</b>
<b>10</b>	<b>Consolidated financial statements</b>
11	Consolidated income statement
12	Consolidated balance sheet
13	Consolidated cash flow statement
14	Consolidated statement of changes in shareholders' equity
15	Notes to the consolidated financial statements
<b>34</b>	<b>EPRA key figures</b>
<b>37</b>	<b>Five-year summary of key figures</b>
<b>40</b>	<b>Addendum</b>
40	Imprint
40	Disclaimer

## **Reporting structure**

Swiss Prime Site AG is the leading listed real estate company in Switzerland. The innovatively and sustainably managed real estate portfolio forms the Company's core business. The report consists of the semi-annual report and the short report available online (PDF download). For reasons of sustainability, only the short report is available as a printed version.

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# **SELECTED GROUP KEY FIGURES**

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# Selected Group key figures

Key financial figures	in	01.01.–	01.01.–	01.01.–
		30.06.2018	31.12.2018	30.06.2019
		or 30.06.2018	or 31.12.2018	or 30.06.2019
Rental income from properties	CHF m	240.9	479.4	239.3
Income from real estate developments	CHF m	25.0	72.8	34.7
Income from real estate services	CHF m	58.9	116.7	57.0
Income from retail	CHF m	59.6	131.3	57.2
Income from assisted living	CHF m	193.8	396.9	206.1
Income from asset management	CHF m	3.4	8.5	8.8
Total operating income	CHF m	585.3	1 214.1	607.7
Revaluation of investment properties, net	CHF m	35.0	67.6	85.2
Result from investment property sales, net	CHF m	6.3	18.4	5.6
Operating result (EBIT)	CHF m	232.9	478.6	286.1
Profit	CHF m	152.0	310.9	356.5
Cash flow from operating activities	CHF m	157.1	334.4	200.0
Shareholders' equity	CHF m	4 663.8	5 145.1	5 213.3
Equity ratio	%	41.2	43.9	43.6
Borrowed capital	CHF m	6 663.8	6 564.2	6 752.7
Return on equity (ROE)	%	6.4	6.4	13.8
Return on invested capital (ROIC)	%	3.4	3.4	6.6
NAV before deferred taxes per share <sup>1</sup>	CHF	81.80	83.40	82.71
NAV after deferred taxes per share <sup>1</sup>	CHF	65.25	67.74	68.64
Earnings per share (EPS)	CHF	2.13	4.27	4.69
<b>Financial figures excluding revaluations and all deferred taxes</b>				
Operating result (EBIT)	CHF m	197.8	411.1	200.8
Profit	CHF m	151.1	287.8	151.3
Return on equity (ROE)	%	6.4	5.9	6.1
Return on invested capital (ROIC)	%	3.4	3.2	3.2
Earnings per share (EPS)	CHF	2.11	3.95	1.99
<b>Real estate portfolio</b>				
Fair value of real estate portfolio	CHF m	10 819.1	11 204.4	11 467.8
of which projects/development properties	CHF m	483.8	576.8	789.9
Number of properties	number	189	190	192
Rental floor space	m <sup>2</sup>	1 572 456	1 567 288	1 567 723
Vacancy rate	%	4.7	4.8	4.7
Average discount rate	%	3.30	3.22	3.17
Net property yield	%	3.7	3.6	3.5
<b>Employees</b>				
Number of employees as at balance sheet date	persons	6 100	6 295	6 275
Full-time equivalents as at balance sheet date	FTE	4 937	5 115	5 188

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

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**REPORT ON THE  
FIRST HALF-YEAR  
OF 2019**

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# Report on the first half-year of 2019

Swiss Prime Site can look back on a successful first half-year of 2019. Compared with the previous year, operating income grew by 3.8% to CHF 607.7 million. Both the Real Estate and Services segments made a positive contribution to the satisfying growth. The core real estate business increased earnings by 2.9%. At the same time, real estate-related services increased their contribution by 4.3% year on year. The value of the property portfolio grew by 2.4% to CHF 11.5 billion compared with the end of 2018. The attractiveness of the portfolio is reflected in the unchanged low vacancy rate of 4.7% [4.7%] and the good net yield of 3.5% [3.7%] compared with the market. The profit rose to CHF 356.5 million [CHF 152.0 million]. This includes a one-off boost due to the release of deferred tax liabilities of CHF 158.1 million related to tax rate reductions at cantonal level. For 2019 as a whole and in the medium term, Swiss Prime Site expects to achieve the targets set.

The Swiss economy made a good start to the current year. In particular, companies benefited from rising domestic demand. The employment situation also improved. Uncertainties were mainly to be found at international level, in part due to trade disputes and issues in the European Union. The real estate market relevant to Swiss Prime Site performed well due to the renewed fall in interest rates and the strong transaction market for prime investment properties. Under these conditions, Swiss Prime Site can report good results for the first half-year of 2019.

The Real Estate segment enjoyed dynamic growth. In the first six months of 2019, Swiss Prime Site finalised new leases or lease renewals on around 61 000 m<sup>2</sup> (4% of the rental floor space). The Company divested a smaller retail property in Geneva. At the same time, Swiss Prime Site took advantage of good market momentum to launch the sale of another building from Espace Tourbillon, a major project in Plan-les-Ouates, in condominium ownership. The product proved to be very popular, so that more than 50% of the floor space was pre-booked in a short amount of time. Important leases were concluded for projects under construction worth around CHF 800 million. At the Stücki Park in Basel, 50% of the space has already been pre-let (8000 m<sup>2</sup>), and about 80% at the YOND in Zurich-Albisrieden. With around 130 of 142 residential properties and all commercial space let, the Schönburg project in Bern was also a success. Seven projects are currently being planned with an investment volume of around CHF 800 million. The Company expects to be able to submit the building application for the innovative new JED building on the former NZZ site in Schlieren in the second half of 2019. The design plan for the Usego site project in Olten was also made public. In the case of the two projects in Zurich West (Maag site) and in Meyrin that are furthest in the future, the Company began preparations for an architectural competition and a district plan procedure respectively. There is significant tenant interest for the projects in Lancy (Alto Pont-Rouge), Schlieren (JED new building) and Basel-Stadt (Stücki Park). The four projects in the assisted living sector in Olten, Paradiso, Monthey and Richterswil are 100% let to group company Tertianum.

The Services segment, consisting of real estate-related business fields, also performed well. With CHF 70 billion in real estate assets under management, Wincasa reached another milestone and stepped up its business model's efforts at transformation once more. Jelmoli is constantly expanding its range of services. With Pallas Kliniken, Jelmoli was able to attract an additional high-frequency major tenant besides innovative food concepts such as The Bakery and the opening of the first Breitling bar. As planned, Tertianum continues to grow strongly in the assisted living sector. Furthermore, the planning to expand important support systems and processes in French-speaking Switzerland was initiated after a successful introduction in German-speaking Switzerland. Swiss Prime Site Solutions increased its assets under management to CHF 2.2 billion.

## Operating income

in CHF m	01.01.– 30.06.2018	01.01.– 30.06.2019	Change in %
<b>Real Estate segment</b>	<b>244.8</b>	<b>251.9</b>	<b>2.9</b>
Rental income from properties	218.7	215.5	-1.5
Income from real estate developments	25.0	34.7	38.6
Other operating income	1.0	1.8	70.2
<b>Services segment</b>	<b>382.5</b>	<b>399.1</b>	<b>4.3</b>
Rental income from properties	50.8	52.0	2.4
Income from real estate services	71.5	71.1	-0.5
Income from retail	59.6	57.2	-4.1
Income from assisted living	193.8	206.1	6.4
Income from asset management	3.4	8.8	159.1
Other operating income	3.4	3.8	13.0
<b>Eliminations</b>	<b>-41.9</b>	<b>-43.3</b>	<b>3.1</b>
<b>Total group</b>	<b>585.3</b>	<b>607.7</b>	<b>3.8</b>

Swiss Prime Site's operating income increased by 3.8% to CHF 607.7 million in the first half of 2019. Both segments contributed to the positive result. Real Estate met expectations and generated operating income of CHF 251.9 million. The increase of CHF 7.1 million or 2.9% is due to the increase in income from real estate developments. Valuable contributions also came from dynamic vacancy management, acquisitions in the previous year and active and forward-looking new leases or lease renewals. The value of the property portfolio grew by 2.4% to CHF 11.5 billion compared with the end of 2018. As at 30 June 2019, the portfolio comprised a total of 192 properties [190 as at the end of 2018]. At 3.5% [3.7%], the net yield is slightly lower and at a good level in the market for prime investment properties. The vacancy rate of 4.7% is at a stable low level compared with the previous year.

The Services segment increased its operating income by 4.3% to CHF 399.1 million in the first half-year of 2019. Wincasa kept the income from real estate services of CHF 71.1 million (-0.5%) at the previous year's level. The transformation of the business model and the accompanying cultural change will be systematically implemented. The fair value of the real estate managed by Wincasa exceeded CHF 70 billion for the first time. Jelmoli – The House of Brands posted retail income of CHF 57.2 million [CHF 59.6 million] for the first half-year of 2019. The premium department store is responding to the challenging market environment with additional service and brand offerings. Tertianum is continuing its defined growth strategy and has 78 locations throughout Switzerland. The locations opened or expanded in 2018 contributed to the 6.4% growth in income from assisted living to CHF 206.1 million. Swiss Prime Site Solutions has further established itself as a real estate asset manager and significantly increased its income from asset management to CHF 8.8 million [CHF 3.4 million]. The dynamic service provider was able to conduct another capital increase for the Swiss Prime Investment Foundation and make significant acquisitions, thus increasing its assets under management from CHF 1.5 billion to CHF 2.2 billion.

## Operating result (EBIT)

in CHF m	01.01.– 30.06.2018	01.01.– 30.06.2019	Change in %
Real Estate segment	217.0	263.5	21.4
Services segment	15.9	22.6	42.6
<b>Total group</b>	<b>232.9</b>	<b>286.1</b>	<b>22.8</b>

In the first six months of 2019, Swiss Prime Site achieved an operating result (EBIT) of CHF 286.1 million [CHF 232.9 million]. The Real Estate segment contributed the lion's share to this good result with CHF 263.5 million (+21.4%). At CHF 85.7 million [CHF 35.6 million], the revaluations were significantly higher than in the previous year and are divided equally between prime investment and development properties. The average real discount rate was 3.17%, five basis points lower than at the end of 2018. Excluding revaluations, EBIT amounted to CHF 200.8 million [CHF 197.8 million]. The sold development projects in Plan-les-Ouates (Espace Tourbillon) and Bern (Weltpostpark) as well as a retail property in Geneva sold in the first half-year of 2019 generated pre-tax profits totalling CHF 12.6 million. Operating expenses in the Real Estate segment amounted to CHF 79.6 million and increased by CHF 10.1 million. The change is due in particular to expenses in connection with the property developments sold.

The Services segment generated EBIT of CHF 22.6 million [CHF 15.9 million]. Tertianum and Swiss Prime Site Solutions were particularly impressive with their operational strength in real estate-related services. The expansion of the network and the operational efficiency gains were clearly evident at Tertianum. Swiss Prime Site Solutions benefited from the increased acquisition activity of its client Swiss Prime Investment Foundation and the commissions generated as a result. Real estate service provider Wincasa is currently in the middle of the transformation phase to digitalise its business model. The resulting costs can only be offset later by efficiency gains. Jelmoli held its ground in a challenging market environment and posted a slightly better result. The operating expenses of the Services segment amounted to CHF 376.0 million [CHF 366.2 million]. The increase of CHF 9.8 million is mainly due to higher personnel costs associated with the expansion of Tertianum. Swiss Prime Site Group employed a workforce totalling 6 275 persons [6 100] as at the balance sheet date.

## Profit

For the first six months of 2019, Swiss Prime Site generated a profit of CHF 356.5 million [CHF 152.0 million]. This was due in particular to the higher EBIT and the release of deferred tax liabilities amounting to CHF 158.1 million due to cantonal tax rate reductions (deferred tax liabilities as at 30 June 2019: CHF 1.1 billion). Financial expenses fell to CHF 36.6 million [CHF 38.3 million] owing to attractive refinancing and the capital increase implemented in the second half-year of 2018. Excluding revaluations and deferred taxes, the profit of CHF 151.3 million (+0.1%) matched the previous year's level. Earnings per share (EPS) for the first half-year of 2019 amounted to CHF 4.69 [CHF 2.13]. Excluding revaluations and deferred taxes, EPS was CHF 1.99 [CHF 2.11], including an increase of 6.2% in the weighted number of shares.

in CHF m	01.01.– 30.06.2018	01.01.– 30.06.2019	Change in %
Operating result (EBIT)	232.9	286.1	22.8
Financial expenses	–38.3	–36.6	–4.5
Financial income	0.6	1.2	85.5
Income tax expenses	–43.2	105.9	–345.0
Profit	152.0	356.5	134.6
Profit excluding revaluations and deferred taxes	151.1	151.3	0.1

## Balance sheet figures

In the second quarter of 2019, Swiss Prime Site Group placed an eight-year bond amounting to CHF 350 million with a coupon of 1.25%. The weighted average interest rate on financial liabilities remained unchanged at 1.4%. The weighted average residual term to maturity of interest-bearing financial liabilities was 4.3 years [4.4 years], marginally below the previous year. The comparison between the interest rate on financial liabilities of 1.4% and the net yield of 3.5% achieved on the property portfolio shows that the interest rate spread remains attractive at 2.1% [2.3%].

	in	30.06.2018	30.06.2019	Change in %
Equity ratio	%	41.2	43.6	5.8
Return on equity (ROE)	%	6.4	13.8	115.6
Net property yield	%	3.7	3.5	-5.4
Weighted average interest rate on financial liabilities	%	1.4	1.4	-
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.4	4.3	-2.3
Loan-to-value ratio of property portfolio (LTV)	%	47.7	46.6	-2.3
NAV before deferred taxes per share <sup>1</sup>	CHF	81.80	82.71	1.1
NAV after deferred taxes per share <sup>1</sup>	CHF	65.25	68.64	5.2

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

Swiss Prime Site's equity ratio as at the end of June 2019 was 43.6%, once again underlining the Company's solid funding. The loan-to-value ratio of the property portfolio was 46.6%, a slight fall on the previous year [47.7%]. NAV after deferred taxes rose to CHF 68.64 per share, exceeding the previous year's figure by 5.2% or by 1.3% in respect of the value as at 31 December 2018. This takes into account the withholding tax-free distribution of contribution reserves of CHF 3.80 per share as at 4 April 2019. Swiss Prime Site's annualised return on equity reached 13.8% [6.4%] and is thus above the Company's long-term target.

## Outlook

Swiss Prime Site believes that the targets set for 2019 can be achieved and confirms them. The Company expects stable results at income and profit level, excluding revaluations and deferred taxes. The positive effects from the release of deferred tax liabilities and revaluations will lead to a profit in 2019 significantly higher than in the previous year. Looking to 2020 and beyond, the implementation of the project pipeline in particular will provide significant impetus for growth. Swiss Prime Site will maintain an attractive dividend policy for its shareholders.

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**CONSOLIDATED  
FINANCIAL  
STATEMENTS**

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## Consolidated income statement

in CHF 1 000	Notes	01.01.– 30.06.2018	01.01.– 30.06.2019
Rental income from properties	4	240 904	239 315
Income from real estate developments	4/8	25 020	34 681
Income from real estate services	4	58 892	56 972
Income from retail	4	59 597	57 184
Income from assisted living	4	193 765	206 122
Income from asset management	4	3 390	8 784
Other operating income	4	3 716	4 673
<b>Operating income</b>		<b>585 284</b>	<b>607 731</b>
Revaluation of investment properties, net	9	35 020	85 238
Result from investments in associates		574	500
Result from investment property sales, net	5	6 310	5 573
Real estate costs	6	–70 221	–70 386
Cost of real estate developments		–18 245	–27 632
Cost of goods sold		–47 778	–48 357
Personnel costs		–218 620	–225 426
Depreciation on tangible assets		–8 125	–7 472
Amortisation on intangible assets		–1 962	–3 678
Other operating expenses		–29 381	–30 032
<b>Operating expenses</b>		<b>–394 332</b>	<b>–412 983</b>
<b>Operating result (EBIT)</b>		<b>232 856</b>	<b>286 059</b>
Financial expenses		–38 302	–36 574
Financial income		641	1 191
<b>Profit before income taxes</b>		<b>195 195</b>	<b>250 676</b>
Income taxes	7	–43 206	105 862
<b>Profit</b>		<b>151 989</b>	<b>356 538</b>
Attributable to shareholders of Swiss Prime Site AG		152 000	356 142
Attributable to non-controlling interests		–11	396
<b>Earnings per share (EPS), in CHF</b>	<b>12</b>	<b>2.13</b>	<b>4.69</b>
<b>Diluted earnings per share, in CHF</b>	<b>12</b>	<b>2.00</b>	<b>4.40</b>

The notes form an integral part of the consolidated financial statements.

## Consolidated balance sheet

in CHF 1 000	Notes	31.12.2018	30.06.2019
<b>Assets</b>			
Cash		184 534	154 146
Securities		487	520
Accounts receivable		83 004	89 997
Other current receivables		11 163	19 068
Inventories		33 412	33 378
Real estate developments	8	7 511	7 400
Accrued income and prepaid expenses		32 263	43 234
Assets held for sale	9	57 708	96 053
<b>Total current assets</b>		<b>410 082</b>	<b>443 796</b>
Investment properties	9	11 146 710	11 371 721
Tangible assets		69 589	68 433
Investments in associates		53 159	51 731
Deferred income tax assets		5 553	4 239
Other financial investments		8 395	6 725
Intangible assets		15 844	19 354
<b>Total non-current assets</b>		<b>11 299 250</b>	<b>11 522 203</b>
<b>Total assets</b>		<b>11 709 332</b>	<b>11 965 999</b>
<b>Liabilities and shareholders' equity</b>			
Current financial liabilities	11	963 440	943 142
Accounts payable		12 607	10 416
Other current liabilities		142 851	174 319
Real estate developments	8	–	4 208
Accrued expenses and deferred income		143 573	149 484
<b>Total current liabilities</b>		<b>1 262 471</b>	<b>1 281 569</b>
Non-current financial liabilities	11	4 112 964	4 402 320
Deferred tax liabilities		1 188 787	1 068 820
<b>Total non-current liabilities</b>		<b>5 301 751</b>	<b>5 471 140</b>
<b>Total liabilities</b>		<b>6 564 222</b>	<b>6 752 709</b>
Share capital		1 161 979	1 161 979
Capital reserves		608 218	320 288
Treasury shares		–47	–78
Retained earnings		3 374 742	3 730 487
<b>Shareholders' equity attributable to shareholders of Swiss Prime Site AG</b>		<b>5 144 892</b>	<b>5 212 676</b>
Non-controlling interests		218	614
<b>Total shareholders' equity</b>		<b>5 145 110</b>	<b>5 213 290</b>
<b>Total liabilities and shareholders' equity</b>		<b>11 709 332</b>	<b>11 965 999</b>

The notes form an integral part of the consolidated financial statements.

## Consolidated cash flow statement

in CHF 1 000	Notes	01.01.– 30.06.2018	01.01.– 30.06.2019
<b>Profit</b>		<b>151 989</b>	<b>356 538</b>
Depreciation		10 087	11 150
Revaluation of investment properties, net	9	–35 020	–85 238
Result from investment property sales, net	5	–6 310	–5 573
Result from investments in associates		–574	–500
Other non-cash items affecting net income		2 060	2 059
Financial expenses		38 302	36 574
Financial income		–641	–1 191
Income tax expenses	7	43 206	–105 862
Change in accounts receivable		–12 441	–6 672
Change in inventories and real estate developments		4 385	4 353
Change in other receivables and accrued income and prepaid expenses		–8 151	–17 396
Change in accounts payable		–7 895	–2 351
Change in other current liabilities and accrued expenses and deferred income		–6 662	32 339
Income tax payments		–15 225	–18 275
<b>Cash flow from operating activities</b>		<b>157 110</b>	<b>199 955</b>
Investments in investment properties	9	–136 812	–183 839
Divestments of investment properties	9	945	35 993
Investments in tangible assets		–5 615	–6 316
Acquisitions of group companies, less acquired cash		–14 295	–10 346
Investments in financial investments		–2 751	–410
Divestments of financial investments		–	1 690
Investments in intangible assets		–3 213	–7 188
Interest payments received		122	129
Dividends received		2 242	2 202
<b>Cash flow from investing activities</b>		<b>–159 377</b>	<b>–168 085</b>
Distribution from capital contribution reserves		–271 618	–288 591
Purchase of treasury shares		–1 645	–1 429
Issue of bond	11	–	352 284
Issue of convertible bond		296 615	–
Issuance/repayment of current financial liabilities		8 081	–89 566
Issuance/repayment of non-current financial liabilities		–5 982	–559
Interest paid		–35 444	–34 397
<b>Cash flow from financing activities</b>		<b>–9 993</b>	<b>–62 258</b>
<b>Change in cash</b>		<b>–12 260</b>	<b>–30 388</b>
Cash at beginning of period		159 148	184 534
<b>Cash at end of period</b>		<b>146 888</b>	<b>154 146</b>

The notes form an integral part of the consolidated financial statements.

## Consolidated statement of changes in shareholders' equity

in CHF 1 000	Notes	Share capital	Capital reserves	Treasury shares	Retained earnings	Shareholders' equity attributable to shareholders of Swiss Prime Site AG	Non-controlling interests	Total shareholders' equity
<b>Total as at 01.01.2018</b>		<b>1 093 627</b>	<b>624 201</b>	<b>-3</b>	<b>3 060 212</b>	<b>4 778 037</b>	<b>-567</b>	<b>4 777 470</b>
Profit		-	-	-	152 000	152 000	-11	151 989
Acquisition of a majority shareholding with non-controlling interests		-	-	-	-	-	761	761
Compensation of negative goodwill from acquisitions of group companies		-	-	-	4 803	4 803	-	4 803
Distribution from capital contribution reserves on 05.04.2018		-	-271 618	-	-	-271 618	-	-271 618
Share-based compensation		-	440	1 620	-	2 060	-	2 060
Purchase of treasury shares		-	-	-1 645	-	-1 645	-	-1 645
<b>Total as at 30.06.2018</b>		<b>1 093 627</b>	<b>353 023</b>	<b>-28</b>	<b>3 217 015</b>	<b>4 663 637</b>	<b>183</b>	<b>4 663 820</b>
<b>Total as at 01.01.2019</b>		<b>1 161 979</b>	<b>608 218</b>	<b>-47</b>	<b>3 374 742</b>	<b>5 144 892</b>	<b>218</b>	<b>5 145 110</b>
Profit		-	-	-	356 142	356 142	396	356 538
Compensation of goodwill from acquisitions of group companies		-	-	-	-397	-397	-	-397
Distribution from capital contribution reserves on 04.04.2019		-	-288 591	-	-	-288 591	-	-288 591
Share-based compensation		-	661	1 398	-	2 059	-	2 059
Purchase of treasury shares		-	-	-1 429	-	-1 429	-	-1 429
<b>Total as at 30.06.2019</b>		<b>1 161 979</b>	<b>320 288</b>	<b>-78</b>	<b>3 730 487</b>	<b>5 212 676</b>	<b>614</b>	<b>5 213 290</b>

The notes form an integral part of the consolidated financial statements.

# Notes to the consolidated financial statements

## 1 Business activities

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 potential for value growth. The real estate portfolio is actively managed. Swiss Prime Site also operates in real estate-related business fields aimed at strengthening and broadening the earnings base, in addition to diversifying risks and exploiting synergies.

Further information regarding the individual business fields can be found in note 3 «Segment reporting».

## 2 Principles of consolidated reporting

The consolidated half-year financial statements were prepared in accordance with Swiss GAAP FER 31 «Complementary recommendations for listed companies» and correspond to article 17 of the Directive on Financial Reporting of the Swiss stock exchange (SIX Swiss Exchange). These half-year financial statements do not include all the information and disclosures as required in the annual consolidated financial statements. They should therefore be read in conjunction with the consolidated financial statements as at 31 December 2018. The consolidated financial statements comprise the holding company as well as its subsidiaries (hereinafter jointly referred to as «group companies»).

These consolidated financial statements were prepared in Swiss francs (CHF). All amounts, except for the figures per share, have been rounded to CHF 1 000. All group companies maintain their accounts in Swiss francs as well. Transactions denominated in foreign currencies are immaterial. The figures for the comparative period are shown in the text in brackets [ ].

### 3 Segment reporting

Swiss Prime Site is a group that primarily operates a real estate business (core business) comprising buying and selling, managing and developing investment properties. Swiss Prime Site also operates in real estate-related business fields.

The consolidated financial data are subdivided into the segments subject to mandatory reporting, as follows:

- Real Estate comprises the purchase, sale, lease and development of properties as well as central group functions
- Services consists of the real estate-related real estate services, assisted living and retail as well as asset management business

#### Segment income statement 01.01.–30.06.2019

in CHF 1 000	Real Estate segment	Services segment	Total segments	Eliminations	01.01.– 30.06.2019 Total group
Rental income from properties	215 467	52 049	267 516	–28 201	239 315
thereof from third parties	187 266	52 049	239 315	–	239 315
thereof from other segments	28 201	–	28 201	–28 201	–
Income from real estate developments	34 681	–	34 681	–	34 681
Income from real estate services	–	71 098	71 098	–14 126	56 972
Income from retail	–	57 188	57 188	–4	57 184
Income from assisted living	–	206 122	206 122	–	206 122
Income from asset management	–	8 784	8 784	–	8 784
Other operating income	1 766	3 830	5 596	–923	4 673
<b>Operating income</b>	<b>251 914</b>	<b>399 071</b>	<b>650 985</b>	<b>–43 254</b>	<b>607 731</b>
<b>Revaluation of investment properties, net</b>	<b>85 668</b>	<b>–430</b>	<b>85 238</b>	<b>–</b>	<b>85 238</b>
<b>Result from investments in associates</b>	<b>500</b>	<b>–</b>	<b>500</b>	<b>–</b>	<b>500</b>
<b>Result from investment property sales, net</b>	<b>4 934</b>	<b>–</b>	<b>4 934</b>	<b>639</b>	<b>5 573</b>
Real estate costs	–32 582	–79 686	–112 268	41 882	–70 386
Cost of real estate developments	–27 632	–	–27 632	–	–27 632
Cost of goods sold	–	–48 357	–48 357	–	–48 357
Personnel costs	–10 200	–215 395	–225 595	169	–225 426
Depreciation on tangible assets	–250	–7 222	–7 472	–	–7 472
Amortisation on intangible assets	–1 419	–2 259	–3 678	–	–3 678
Other operating expenses	–7 483	–23 113	–30 596	564	–30 032
<b>Operating expenses</b>	<b>–79 566</b>	<b>–376 032</b>	<b>–455 598</b>	<b>42 615</b>	<b>–412 983</b>
<b>Operating result (EBIT)</b>	<b>263 450</b>	<b>22 609</b>	<b>286 059</b>	<b>–</b>	<b>286 059</b>
Financial expenses					–36 574
Financial income					1 191
<b>Profit before income taxes</b>					<b>250 676</b>

Segment income statement 01.01.–30.06.2018

in CHF 1 000	Real Estate segment	Services segment	Total segments	Eliminations	01.01.– 30.06.2018 Total group
Rental income from properties	218 722	50 822	269 544	–28 640	240 904
thereof from third parties	190 082	50 822	240 904	–	240 904
thereof from other segments	28 640	–	28 640	–28 640	–
Income from real estate developments	25 020	–	25 020	–	25 020
Income from real estate services	–	71 481	71 481	–12 589	58 892
Income from retail	–	59 606	59 606	–9	59 597
Income from assisted living	–	193 765	193 765	–	193 765
Income from asset management	–	3 390	3 390	–	3 390
Other operating income	1 037	3 389	4 426	–710	3 716
<b>Operating income</b>	<b>244 779</b>	<b>382 453</b>	<b>627 232</b>	<b>–41 948</b>	<b>585 284</b>
<b>Revaluation of investment properties, net</b>	<b>35 590</b>	<b>–570</b>	<b>35 020</b>	<b>–</b>	<b>35 020</b>
<b>Result from investments in associates</b>	<b>574</b>	<b>–</b>	<b>574</b>	<b>–</b>	<b>574</b>
<b>Result from investment property sales, net</b>	<b>5 526</b>	<b>184</b>	<b>5 710</b>	<b>600</b>	<b>6 310</b>
Real estate costs	–32 435	–78 551	–110 986	40 765	–70 221
Cost of real estate developments	–18 245	–	–18 245	–	–18 245
Cost of goods sold	–	–47 778	–47 778	–	–47 778
Personnel costs	–9 952	–208 668	–218 620	–	–218 620
Depreciation on tangible assets	–335	–7 790	–8 125	–	–8 125
Amortisation on intangible assets	–141	–1 821	–1 962	–	–1 962
Other operating expenses	–8 363	–21 601	–29 964	583	–29 381
<b>Operating expenses</b>	<b>–69 471</b>	<b>–366 209</b>	<b>–435 680</b>	<b>41 348</b>	<b>–394 332</b>
<b>Operating result (EBIT)</b>	<b>216 998</b>	<b>15 858</b>	<b>232 856</b>	<b>–</b>	<b>232 856</b>
Financial expenses					–38 302
Financial income					641
<b>Profit before income taxes</b>					<b>195 195</b>

In the eliminations column, the revenues realised between the segments are eliminated.

## 4 Operating income

in CHF 1 000	01.01.– 30.06.2018	01.01.– 30.06.2019
Target rental income from investment properties	219 926	217 575
Rental income from additionally leased properties	31 216	31 961
Rent loss from vacancies	–10 238	–10 221
<b>Rental income from properties</b>	<b>240 904</b>	<b>239 315</b>
<b>Income from real estate developments</b>	<b>25 020</b>	<b>34 681</b>
<b>Income from real estate services</b>	<b>58 892</b>	<b>56 972</b>
Income from retail, gross	65 985	65 240
Rebates	–6 388	–8 056
<b>Income from retail</b>	<b>59 597</b>	<b>57 184</b>
<b>Income from assisted living</b>	<b>193 765</b>	<b>206 122</b>
<b>Income from asset management</b>	<b>3 390</b>	<b>8 784</b>
<b>Other operating income</b>	<b>3 716</b>	<b>4 673</b>
<b>Total operating income</b>	<b>585 284</b>	<b>607 731</b>

In the case of existing properties, neither target rental income nor rent loss from vacancies includes areas that are not usable on account of their complete refurbishment.

### Details on future income from existing rental agreements

The following table depicts the breakdown of the contractual end of the term of individual rental agreements, based on future net annual rental income and land lease income from investment properties (excluding properties under construction and development sites, and excluding additionally leased properties) as at 30 June 2019:

End of contract	30.06.2018 Future rental income in CHF 1000	Share in %	30.06.2019 Future rental income in CHF 1000	Share in %
Under 1 year <sup>1</sup>	46 653	10.6	39 911	9.1
Over 1 year	50 408	11.4	69 237	15.8
Over 2 years	49 988	11.4	45 378	10.3
Over 3 years	39 244	8.9	41 900	9.5
Over 4 years	43 203	9.8	37 861	8.6
Over 5 years	26 118	5.9	32 212	7.3
Over 6 years	20 181	4.6	13 031	3.0
Over 7 years	10 219	2.3	30 693	7.0
Over 8 years	29 808	6.8	18 134	4.1
Over 9 years	16 157	3.7	13 513	3.1
Over 10 years	108 368	24.6	97 280	22.2
<b>Total</b>	<b>440 347</b>	<b>100.0</b>	<b>439 150</b>	<b>100.0</b>

<sup>1</sup> includes all indefinite rental agreements (residential, parking facilities, commercial properties etc.)

Future rental income has been presented from the Real Estate segment perspective and is based on the rental agreements of the group's properties as at 30 June 2019 [30 June 2018].

### Largest external tenants

As at the balance sheet date, the five largest external tenants accounted for 21.7% [19.9%] of future annual rental income and land lease income (Real Estate segment perspective). The individual tenants have a good credit rating. The relevant groups were as follows:

in %	30.06.2018	30.06.2019
Migros	5.3	5.8
Coop	6.2	5.8
Swisscom	3.0	5.2
Zurich Insurance Group	2.7	2.5
Die Schweizerische Post	n.a.	2.4
Inditex	2.7	n.a.

According to Swiss GAAP FER 13, rental agreements represent leasing transactions. The rental agreements are generally indexed; in the case of retail property, additional turnover-based rents are sometimes agreed. Rental agreements are normally concluded for a term of five to ten years, often with a five-year extension option.

## 5 Result from investment property sales

in CHF 1000	01.01.– 30.06.2018	01.01.– 30.06.2019
Gains from sales of properties	–	5 573
Gains from sales of properties held for sale	6 310	–
<b>Total result from investment property sales, net</b>	<b>6 310</b>	<b>5 573</b>

In the reporting period, one [two] property was sold.

## 6 Real estate costs

in CHF 1000	01.01.– 30.06.2018	01.01.– 30.06.2019
Property expenses	–24 627	–25 110
Third-party rents	–38 254	–37 814
Expenses for third-party services	–3 166	–2 387
Expenses for real estate services	–1 421	–2 341
Land lease expenses	–2 753	–2 734
<b>Total real estate costs</b>	<b>–70 221</b>	<b>–70 386</b>

## 7 Income taxes

in CHF 1000	01.01.– 30.06.2018	01.01.– 30.06.2019
Current income taxes of the reporting period	–8 802	–13 435
Adjustments for current income taxes of other accounting periods	–255	–710
<b>Total current income taxes</b>	<b>–9 057</b>	<b>–14 145</b>
Deferred taxes resulting from revaluation and depreciation	–33 567	–41 956
Deferred taxes resulting from real estate developments (long-term contracts)	–1 637	–1 239
Deferred taxes resulting from the sale of investment properties	–	6 421
Deferred taxes resulting from tax rate changes	–	158 085
Deferred taxes resulting from losses carried forward	767	–1 304
Other deferred taxes	288	–
<b>Total deferred taxes</b>	<b>–34 149</b>	<b>120 007</b>
<b>Total income taxes</b>	<b>–43 206</b>	<b>105 862</b>

The changes in corporate income tax rates approved in the reporting period in the cantons of Basel-Stadt, St. Gallen, Neuchâtel and Geneva resulted in a reversal of deferred tax liabilities amounting to CHF 158.085 million.

## 8 Real estate developments

in CHF 1000	31.12.2018	30.06.2019
Income from current projects since start of construction	124 511	159 192
Advance payments received	–117 000	–156 000
<b>Real estate developments, net</b>	<b>7 511</b>	<b>3 192</b>
of which real estate developments, assets	7 511	7 400
of which real estate developments, liabilities	–	–4 208
Income from real estate developments of the period	72 763	34 681

The balance sheet line item contains two real estate developments. Firstly, when the Espace Tourbillon development project in Geneva was partially sold, two of the total of five buildings under construction were sold. The turnkey transfer of the two buildings will be carried out in the years 2020 and 2021, respectively, following completion. Secondly, the Weltpost Park apartment complex currently under construction in Bern was sold in the previous year. The three-building complex is expected to be transferred to the buyer in the first quarter of 2020.

## 9 Investment properties

### Change in investment properties

in CHF 1 000	Undeveloped properties	Properties	Properties under con- struction/ develop- ment sites	Total investment properties	Properties held for sale	Total
<b>Total as at 01.01.2018</b>	<b>25 447</b>	<b>10 179 529</b>	<b>412 850</b>	<b>10 617 826</b>	<b>15 224</b>	<b>10 633 050</b>
Purchases	–	–	27 102	27 102	–	27 102
Follow-up investments	81	46 118	57 960	104 159	12 202	116 361
Capitalised borrowing costs	–	–	1 149	1 149	109	1 258
Additions from acquisitions	–	26 930	–	26 930	–	26 930
Reclassifications	–	42 950	–42 950	–	–	–
Disposal by sale	–	–	–	–	–20 635	–20 635
Positive fair value adjustment	–	94 695	34 859	129 554	–	129 554
Negative fair value adjustment	–61	–86 987	–7 129	–94 177	–357	–94 534
<b>Fair value adjustment</b>	<b>–61</b>	<b>7 708</b>	<b>27 730</b>	<b>35 377</b>	<b>–357</b>	<b>35 020</b>
<b>Total as at 30.06.2018</b>	<b>25 467</b>	<b>10 303 235</b>	<b>483 841</b>	<b>10 812 543</b>	<b>6 543</b>	<b>10 819 086</b>
Purchases	–	360 568	4 350	364 918	–	364 918
Follow-up investments	298	98 435	108 198	206 931	–	206 931
Capitalised borrowing costs	–	–	1 470	1 470	–	1 470
Additions from acquisitions	–	–	–	–	–	–
Reclassifications	–	–35 491	–22 217	–57 708	57 708	–
Disposal by sale	–	–213 618	–	–213 618	–6 900	–220 518
Positive fair value adjustment	2	106 069	2 610	108 681	–	108 681
Negative fair value adjustment	–294	–74 748	–1 465	–76 507	357	–76 150
<b>Fair value adjustment</b>	<b>–292</b>	<b>31 321</b>	<b>1 145</b>	<b>32 174</b>	<b>357</b>	<b>32 531</b>
<b>Total as at 31.12.2018</b>	<b>25 473</b>	<b>10 544 450</b>	<b>576 787</b>	<b>11 146 710</b>	<b>57 708</b>	<b>11 204 418</b>
Follow-up investments	62	72 655	115 274	187 991	427	188 418
Capitalised borrowing costs	–	–	2 790	2 790	–	2 790
Additions from acquisitions	–	17 330	–	17 330	–	17 330
Reclassifications	–	–93 356	55 329	–38 027	38 027	–
Disposal by sale	–	–30 420	–	–30 420	–	–30 420
Positive fair value adjustment	1	108 945	39 673	148 619	354	148 973
Negative fair value adjustment	–140	–63 130	–2	–63 272	–463	–63 735
<b>Fair value adjustment</b>	<b>–139</b>	<b>45 815</b>	<b>39 671</b>	<b>85 347</b>	<b>–109</b>	<b>85 238</b>
<b>Total as at 30.06.2019</b>	<b>25 396</b>	<b>10 556 474</b>	<b>789 851</b>	<b>11 371 721</b>	<b>96 053</b>	<b>11 467 774</b>
Actual costs as at 31.12.2018	17 111	7 884 725	523 544	8 425 380	49 749	8 475 129
Actual costs as at 30.06.2019	17 173	7 824 250	720 446	8 561 869	110 252	8 672 121
Difference between fair value and actual costs as at 31.12.2018	8 362	2 659 725	53 243	2 721 330	7 959	2 729 289
Difference between fair value and actual costs as at 30.06.2019	8 223	2 732 224	69 405	2 809 852	–14 199	2 795 653

The book value of the investment properties recognised through finance leases amounts to CHF 14.840 million [CHF 15.270 million].

Further details on investment properties

in CHF 1 000	Undeveloped properties	Properties	Properties under con- struction/ develop- ment sites	Total investment properties	Properties held for sale	Total
<b>Fire insurance values<sup>1</sup></b>						
On 01.01.2018	2 067	6 781 310	237 513	7 020 890	12 694	7 033 584
On 01.01.2019	1 956	6 846 615	467 697	7 316 268	79 705	7 395 973
<b>On 30.06.2019</b>	<b>1 959</b>	<b>6 749 850</b>	<b>519 290</b>	<b>7 271 099</b>	<b>149 954</b>	<b>7 421 053</b>
<b>Net rental income<sup>2</sup></b>						
01.01.– 30.06.2018	67	209 395	21	209 483	205	209 688
<b>01.01.– 30.06.2019</b>	<b>67</b>	<b>205 305</b>	<b>65</b>	<b>205 437</b>	<b>1 917</b>	<b>207 354</b>
<b>Vacancy rate in %</b>						
01.01.– 30.06.2018	–	4.7	–	4.7	16.7	4.7
<b>01.01.– 30.06.2019</b>	<b>–</b>	<b>4.5</b>	<b>–</b>	<b>4.5</b>	<b>21.2</b>	<b>4.7</b>

<sup>1</sup> there were no building insurance values for properties under construction. For building projects, respective builders' liability insurance policies were concluded

<sup>2</sup> generated with own investment properties

The properties are valued on a semi-annual basis by an external, independent and qualified valuation expert: Wüest Partner AG, Zurich. The Executive Board, in consultation with the Board of Directors, is responsible for selecting the valuation experts and assigning the mandate for the valuation on an annual basis. The results of the valuations and individual valuation assumptions are verified by the Executive Board and discussed in detail with the respective valuation experts.

On the balance sheet date, the discount rates used for the valuation of properties ranged from 2.1% to 5.05% [2.1% to 5.1% as at 31 December 2018]. The weighted average real discount rate was 3.17% [3.22% as at 31 December 2018].

Details of the real estate portfolio  
(15 largest properties by value)

Property details as at 30.06.2019					Overview of type of use						
City/address	Ownership status	Built	Year of renovation	Site area m <sup>2</sup>	Total m <sup>2</sup> commercial units, excluding parking	Retail %	Offices, medical practice premises, etc. %	Hotels and restaurants %	Assisted living %	Storage facilities %	Other %
Basel, Hochbergerstrasse 70/ Stücki Park (Shopping)	sole ownership	2009	2019/ 2020	46416	29233	27.9	18.2	39.9	-	11.9	2.1
Basel, Messeplatz 12/Messeturm	sole ownership partial land lease	2003		2137	24024	0.7	54.1	41.8	-	3.2	0.2
Bern, Wankdorfallee 4/EspacePost	sole ownership land lease	2014		5244	33647	-	94.2	-	-	4.9	0.9
Geneva, Place du Molard 2-4	sole ownership	1690	2002	1718	7215	39.0	56.2	-	-	4.0	0.8
Geneva, Rue du Rhône 48-50	sole ownership	1921	2002	5166	33288	44.6	33.6	7.2	-	9.0	5.6
Grand-Lancy, Route des Jeunes 10/ CCL La Praille	sole ownership land lease	2002		20597	36093	52.2	0.9	28.5	-	16.3	2.1
St. Gallen, Zürcherstrasse 462-464/ Shopping Arena	sole ownership parking 73/100 co-ownership	2008		33106	39653	58.0	9.6	11.4	-	19.5	1.5
Winterthur, Theaterstrasse 15a-c, 17	sole ownership	1999/ 2000/ 2004		15069	37239	-	71.1	0.5	-	15.4	13.0
Zug, Zählerweg 8, 10/ Dammstrasse 21, 23/Opus 2	sole ownership	2003		8981	20169	-	91.3	-	-	8.7	-
Zurich, Affolternstrasse 54, 56/ Cityport	sole ownership	2001		9830	23600	-	91.7	-	-	8.0	0.3
Zurich, Brandschenkestrasse 25	sole ownership	1910	2015- 2017	3902	17164	-	-	70.6	-	20.4	9.0
Zurich, Hagenholzstrasse 60/ SkyKey	sole ownership	2014		9573	41251	0.3	85.7	9.8	-	4.2	-
Zurich, Hardstrasse 201/ Prime Tower	sole ownership	2011		10416	48138	0.7	87.3	5.5	-	6.4	0.1
Zurich, Maagplatz 1/Plattform	sole ownership	2011		5942	20310	2.1	91.1	0.5	-	4.9	1.4
Zurich, Seidengasse 1/ Jelmöli – The House of Brands	sole ownership	1898	2010	6514	36770	64.6	3.7	13.3	-	12.8	5.6

## Current development and new building projects

### Basel, Hochbergerstrasse 60: Stücki Park

Project description	In the north of Basel city, a new centre will be developed by 2023 for innovation, leisure, health, gastronomy and shopping: a holistic concept to meet the needs of over 4 000 people who will be working at the site, living in the neighbourhood, or simply visiting during their leisure time. The current Business Park is being extended laterally with four new buildings. With 27 000 square metres of new space, there will be over 60 000 square metres of office and laboratory areas. In the building complex on Hochbergerstrasse 70, where the mall currently stands, the retail space is being reduced and added value provided in the form of attractive service and leisure options, such as a multiplex cinema. Completion of the first construction phase was in autumn 2018 with the opening of the Village in Stücki Park – a meeting zone with an enticing variety of services, offices and practices. A pedestrian bridge over the Badenstrasse is being constructed in order to connect the business zone with the services, shops and entertainment zone. The «Stücki Park» will represent a future-oriented attraction with appeal for the entire Basel region.
Project status	Construction of the four new buildings will be carried out in two phases (2020/2023). The first phase – with an office building and a laboratory building – is already under construction and will be completed by autumn 2020.
Occupancy rate <sup>1</sup>	Discussions with various interested tenants regarding office floor and laboratory space are ongoing. A long-term rental agreement has been signed with Lonza for an entire laboratory building.
Completion	The individual buildings will be ready for occupancy at staggered dates in two phases by autumn 2020 and summer 2023, respectively.

### Bern, Viktoriastrasse 21, 21a, 21b: Schönburg

Project description	The former headquarters of Swiss Post impresses with its prominent location with a view of Bern's Old Town and the Alps. The property is being redeveloped for new future-oriented utilisation. 142 high-quality rental apartments are being constructed, spanning eight upper floors. The apartments will be ready for occupancy from late 2019. The German design hotel Prizeotel will establish its Swiss market entry in Schönburg with 180 rooms and Coop will be opening a store and introducing Update Fitness – a new fitness concept. The retail floor space and the fitness facilities will be opened in the fourth quarter of 2019 and the hotel in the first quarter of 2020.
Project status	The shell construction work has been mostly completed. The interior finishing of the apartments and commercial areas as well as the facade work are highly advanced.
Occupancy rate <sup>1</sup>	A rental agreement for a state-of-the-art business hotel has been concluded with Hamburg-based hotel operator Prizeotel, as well as with Coop for a retail store comprising roughly 1 000 square metres, in addition to an Update Fitness brand fitness studio. Interest in the attractive apartments is very high; more than 130 apartments have already been leased.
Completion	From autumn 2019, the apartments will be handed over to the tenants in staggered stages. Afterwards, the retail floor space, the fitness centre and the hotel will be put into operation in staggered stages by the end of the year.

### Lancy, Esplanade de Pont-Rouge 5, 7, 9: Alto Pont-Rouge

Project description	The Esplanade 4 plot in the Esplanade de Pont-Rouge urban development area, situated next to Lancy-Pont-Rouge station, Geneva is to have a 15-storey-high modern services building erected on it between 2020 and 2023. The building will have around 28 000 square metres of innovative, flexible spaces. Pont-Rouge is the first major construction stage in Geneva's significant development project Praille-Acacias-Vernets (PAV), where a new district is emerging across an area of 230 hectares. In 20 years' time, around 50 000 people will be living and working here. The new Lancy-Pont-Rouge railway station was inaugurated in December 2017, laying the foundation stone for the regeneration of this area. The Léman Express will add the station as a calling point in 2019, offering a direct train service five times per hour – to Geneva central station in one direction, and France in the other. It takes just six minutes to reach the centre of Geneva. The Esplanade de Pont-Rouge project is transforming the former industrial area into a mixed-use urban centre.
Project status	The underlying design plan is legally validated. The building application for the building on the plot of Swiss Prime Site Immobilien was submitted in mid-November 2018. The legally validated building permit is expected by the end of 2019, so that construction activity can commence at the beginning of 2020. Following completion in 2022, the superstructure will comprise leasable space of roughly 28 000 square metres.
Completion	A modern services building complex with 15 upper floors as well as innovative and flexible floor space will emerge on the acquired parcel of land in the years 2020–2023.

<sup>1</sup> occupancy rate and sales status as at 30.06.2019

**Monthey, Rue de Venise 5–7/Avenue de la Plantaud 4**

Project description	In Monthey in the canton of Valais, Swiss Prime Site Immobilien is planning to build a mixed-use building. It will comprise a residential and care centre and be operated by Assisted Living specialists Tertianum Group. The new construction, located in central Monthey, will have over 50 beds plus 39 apartments.
Project status	The building permit is expected for the third quarter of 2019.
Occupancy rate <sup>1</sup>	The property is fully let to the Tertianum Group.
Completion	Completion is scheduled for the third quarter of 2021.

**Oftringen, Spitalweidstrasse 1: Shopping centre a1**

Project description	The a1 shopping centre on Spitalweidstrasse in Oftringen was built in 2005. It's located in a prime location directly on the A1 expressway. The property is currently being redeveloped as a specialty retail centre.
Project status	The deconstruction work started in summer 2018; the basic construction will be handed over to the tenants for individual design in stages from autumn 2019.
Occupancy rate <sup>1</sup>	With Bauhaus as anchor tenant along with Media Markt, Aldi, Gidor and Mobilezone, the occupancy is complete and the re-development as a specialty retail centre has been successful.
Completion	The property will be completed by end of 2020. The grand opening is planned for the first quarter 2021.

**Paradiso, Riva Paradiso 3, 20: Tertianum Residence Du Lac**

Project description	The total of five plots of land are situated directly on the lake shore in a location roughly 1.5 kilometres from the historic old city centre of Lugano. The plot on the lake side was the site of the Hotel du Lac, which ceased operations in 2011. On the mountain side of the lake separated by the Seestrasse stands a villa without any retainable structure. Both buildings will be demolished within the course of the new construction project. Swiss Prime Site Immobilien and Tertianum Group will develop the site to create exclusive accommodation for senior residents, with a comprehensive range of services. Two new buildings will be constructed (on the mountain side and the lake side) comprising a total of 60 apartments and a geriatric care facility with 40 beds. The lakeside building will offer high-end apartments with views of the lake. This building will also house a restaurant with its own terrace, various meeting areas, the reception and a wellness area. The mountain-side building will house the geriatric care centre, additional apartments, a doctor's practice and underground car park. The two buildings will be linked by a subterranean corridor.
Project status	The building application was submitted in late June 2017, but not published by the municipality until 31 October 2018 due to required revisions and subsequent submissions. As part of the lake shore design plan and for a public road, parts of the property, either on the lake and on the mountain side, must be assigned to the municipality. Four objections were received during the approval procedure, two of them are pending adjudication. Rejection is requested for the others. The building permit is expected in autumn 2019.
Occupancy rate <sup>1</sup>	The two buildings are fully leased to the Tertianum Group.
Completion	Due to the delay in the building permit approval process as a result of the objections, demolition is not expected to begin before the end of 2019. The occupancy of the residence is expected in the first quarter 2022.

**Plan-les-Ouates, Chemin des Aulx: Espace Tourbillon**

Project description	Swiss Prime Site Immobilien's largest real estate development project at present, Espace Tourbillon, is characterised by five above-ground building structures that are to be constructed on a common, three-floor subterranean level. The flexible commercial buildings featuring a subterranean optimal logistics infrastructure for trucks are oriented toward the needs of major industrial and retail tenants. The upper floor is ideally suitable for high-tech firms, biotechnology and clean-tech companies, as well as for R&D and commercial, retail or office use. Total rentable floor space amounts to 95 000 square metres. Two buildings were sold to the Hans Wilsdorf Foundation. Swiss Prime Site Immobilien will transfer ownership of the buildings to the Hans Wilsdorf Foundation in fully developed and turnkey condition. The buyer will provide the floor space to the canton of Geneva for important social institutions. The Espace Tourbillon major development project enables Swiss Prime Site Immobilien to provide the rapidly growing Geneva region with space for an additional 4 000 workplaces.
Project status	Construction is currently in full swing and proceeding according to plan.
Occupancy rate <sup>1</sup>	Two buildings were sold to the Hans Wilsdorf Foundation in October 2017. Swiss Prime Site Immobilien will transfer the more than 36 000 square metres of usable floor space on the upper and subterranean floors to the buyer in turnkey condition by 2020/2021. Marketing activities for the remaining three buildings are in full swing, and several rental contracts have been concluded. Swiss Prime Site Immobilien is offering additional buildings or floor units for sale and is thus responding to the demand for commercial space.
Completion	Completion is scheduled for 2021.

<sup>1</sup> occupancy rate and sales status as at 30.06.2019

**Richterswil, Gartenstrasse 7/17, 15: Tertianum residential and care centre Etzelblick**

Project description	In Richterswil, a new building is replacing the current residential and care centre. The new residential and care centre Tertianum Etzelblick comprises 26 age-adapted apartments and 64 care places including dementia care on the ground floor. The redesign will create attractive meeting zones as well as a practical and modern infrastructure for residents, guests and neighbours. The services and nursing care for the municipality of Richterswil will still be provided by the Tertianum Group. Hence, Swiss Prime Site Immobilien together with Tertianum Group have guaranteed coverage of the additional need for geriatric care facilities in the Richterswil community.
Project status	The building permit was given in March 2019 and the corresponding certificate of legal validity has been issued. Construction start of is planned for 1 November 2019.
Occupancy rate <sup>1</sup>	The properties are fully leased to the Tertianum Group.
Completion	Completion and handover is planned for November 2021.

**Schlieren, Zürcherstrasse 39: «JED – Join. Explore. Dare.**

Project description	JED is evolving as a centre for knowledge transfer, innovation and entrepreneurship. In Schlieren, medium-sized and large companies are coming together to create a variety of synergies. This unique location combines attractive industrial architecture with modern workplaces. With its special atmosphere and generous spatial experience, JED also offers the right environment for the workspace of the future. People from various industries will come together to form their own ecosystem. Co-working spaces, permeable and private working environments, meeting zones in the interior and exterior spaces, combined with a large event location and a catering and leisure area will round off the offer. The location and structure of the former printing centre of the NZZ newspaper are excellently suited for this purpose.
Project status	In September 2018, the reconstruction began with the dismantling work. The existing buildings will be preserved as far as possible, rebuilt or partly extended or raised. In the former printing hall, the existing volume is recomparted by means of intermediate floors.
Occupancy rate <sup>1</sup>	In addition to the internationally active company Zühlke, another well-known anchor tenant, Halter, has been acquired for JED. This means that around 70% of the available floor space in the existing building has already been successfully leased. Negotiations with a restaurant and event operator are well-advanced and discussions with other interested parties are ongoing.
Completion	Conversion of existing building: staggered from the second quarter of 2020 New building: starting from the first quarter of 2022

**Zurich, Albisriederstrasse/Rütiwiesweg: YOND**

Project description	The YOND development project is creating an environment for small-, medium- and large-scale service providers and business owners. With its versatile building structure, YOND sets new standards in terms of impact, flexibility and simplicity. The project is conceptualised around tenants' needs from the ground up, offering just the right space they actually need through two-storey spatial structures in which a user-specific mezzanine level can be incorporated. Workspaces are newly defined as spatial experiences, paving the way for companies to individually design workplaces and working environment. The spatial flexibility also facilitates reorganisation of work processes as well as infrastructure. The services on offer feature structurally and technically optimised, flexible-use floor space that is immediately available and adaptable at attractive prices. No other site in Zurich brings together manufacturing companies and small-scale workshops in this way. The project provides the logical response to the increasing interconnections between the industrial and service sectors.
Project status	The environmental work is currently being completed and various tenant finishing works are being carried out.
Occupancy rate <sup>1</sup>	The occupancy rate is 80%.
Completion	The shell was completed in May 2019.

**Zurich, Vulkanstrasse 114, Juchstrasse 3: West-Log**

Project description	The West-Log project in Zurich-Altstetten is developing a new urban logistics building. The total usable area of the property is around 17 500 square metres. West-Log is located right by the Zurich-Altstetten railway station, the tram line and the A1 motorway. On the first floor and immediately above it, two extra-high storeys are being built, which will become home to various automated storage facilities, retail spaces and showrooms. The upper levels have been designated as office space. The topmost floor has an area of around 2 400 square metres. There will be 102 parking spaces in an underground car park. At ground level, four lorry bays, twelve delivery vehicle loading points and 24 visitor parking spaces are under construction.
Project status	The construction activities commenced in June 2018. The shell will soon be completed and the finishing and facade work can be started.
Occupancy rate <sup>1</sup>	More than 85% of the floor space is leased to EM Elektromaterial AG. The remaining third-party floor space of around 2 400 square metres has been marketed since spring 2019.
Completion	The building will be ready for turnkey transfer in October 2020.

<sup>1</sup> occupancy rate and sales status as at 30.06.2019

## 10 Goodwill

Goodwill resulting from acquisitions is set off against shareholders' equity as at the time of acquisition. Theoretical recognition of goodwill would have the following effects on the consolidated financial statements, taking into account a useful life of five years:

### Theoretical statement of changes in goodwill

in CHF 1 000	31.12.2018	30.06.2019
Cost as at 01.01.	451 715	447 501
Additions	-4 214	397
Cost as at reporting date	447 501	447 898
Cumulative amortisation as at 01.01.	319 798	377 060
Additions	57 262	26 410
Cumulative amortisation as at reporting date	377 060	403 470
Theoretical net book value as at reporting date	70 441	44 428

### Theoretical effect on shareholders' equity

in CHF 1 000	31.12.2018	30.06.2019
Shareholders' equity according to balance sheet	5 145 110	5 213 290
Theoretical recognition of net book value of goodwill in the balance sheet	70 441	44 428
Theoretical shareholders' equity including net book value of goodwill	5 215 551	5 257 718

### Theoretical effect on profit

in CHF 1 000	01.01.– 30.06.2018	01.01.– 30.06.2019
Profit according to income statement	151 989	356 538
Theoretical amortisation of goodwill	-30 873	-26 410
Theoretical profit including amortisation of goodwill	121 116	330 128

## 11 Financial liabilities

in CHF 1 000	31.12.2018	30.06.2019
Mortgage-backed loans	762 000	742 229
Bonds	199 769	199 890
Other loans	1 671	1 023
<b>Total current financial liabilities</b>	<b>963 440</b>	<b>943 142</b>
Mortgage-backed loans	2 233 000	2 169 438
Convertible bonds	542 411	543 169
Bonds	1 317 544	1 670 096
Non-current loans	17 085	16 655
Other non-current financial liabilities	2 924	2 962
<b>Total non-current financial liabilities</b>	<b>4 112 964</b>	<b>4 402 320</b>
<b>Total financial liabilities</b>	<b>5 076 404</b>	<b>5 345 462</b>

Swiss Prime Site AG issued a bond as at 2 April 2019, amounting to CHF 350.000 million with a term to maturity of eight years and an interest rate of 1.25%.

Non-current financial liabilities of CHF 4 402.320 million [CHF 4 112.964 million] were recognised in the balance sheet at amortised cost, which generally corresponded to the nominal value. There were no unusual debt covenants for loans secured by real estate or for bonds. The contractual limits are continually monitored and were complied with by the company.

Financial liabilities include current lease obligations of CHF 0.546 million [CHF 0.538 million] and non-current lease obligations of CHF 8.295 million [CHF 8.569 million].

To secure the financial liabilities, various credit line agreements were concluded under market conditions (at arm's length). Within the scope of the general credit lines, the respective maximum credit available is determined and adjusted by the banks on the basis of the valuation of the land mortgage rights transferred to them as security. Increasing credit lines or individual loans, redemption of existing loans and refinancing are carried out continuously on the basis of the liquidity plan.

As at the balance sheet date, the loan-to-value ratio of the real estate portfolio amounted to 46.6% [45.3% as at 31 December 2018].

### Bonds

		CHF 200 m 2019	CHF 230 m 2020	CHF 300 m 2021	CHF 190 m 2024
Issuing volume, nominal	CHF m	200.000	230.000	300.000	190.000
<b>Book value as at 30.06.2019</b>	<b>CHF m</b>	<b>199.890</b>	<b>229.825</b>	<b>299.416</b>	<b>189.881</b>
Book value as at 31.12.2018	CHF m	199.769	229.759	299.255	189.870
Interest rate	%	1.0	2.0	1.75	1.0
Term to maturity	years	5	7	7	6
Maturity	date	10.12.2019	21.10.2020	16.04.2021	16.07.2024
Securities number		25 704 216 (SPS141)	21 565 073 (SPS131)	23 427 449 (SPS14)	39 863 325 (SPS181)
<b>Fair value as at 30.06.2019</b>	<b>CHF m</b>	<b>200.560</b>	<b>235.865</b>	<b>308.700</b>	<b>195.700</b>
Fair value as at 31.12.2018	CHF m	201.680	236.670	309.150	190.475

## Bonds

		CHF 100 m 2024	CHF 250 m 2025	CHF 250 m 2026	CHF 350 m 2027
Issuing volume, nominal	CHF m	100.000	250.000	250.000	350.000
<b>Book value as at 30.06.2019</b>	<b>CHF m</b>	<b>99.546</b>	<b>249.937</b>	<b>249.276</b>	<b>352.215</b>
Book value as at 31.12.2018	CHF m	99.505	249.932	249.223	0.000
Interest rate	%	2.0	0.5	0.825	1.25
Term to maturity	years	10	9	9	8
Maturity	date	10.12.2024	03.11.2025	11.05.2026	02.04.2027
Securities number		25 704 217 (SPS142)	33 764 553 (SPS161)	36 067 729 (SPS17)	41 904 099 (SPS19)
<b>Fair value as at 30.06.2019</b>	<b>CHF m</b>	<b>109.300</b>	<b>251.250</b>	<b>255.875</b>	<b>369.075</b>
Fair value as at 31.12.2018	CHF m	105.150	240.250	241.875	0.000

Bonds are redeemed at their nominal value.

## Convertible bonds

		CHF 250 m 2023	CHF 300 m 2025
Issuing volume, nominal	CHF m	250.000	300.000
Nominal value as at 30.06.2019	CHF m	250.000	300.000
<b>Book value as at 30.06.2019</b>	<b>CHF m</b>	<b>245.852</b>	<b>297.317</b>
Book value as at 31.12.2018	CHF m	245.334	297.077
Conversion price	CHF	104.24	100.51
Interest rate	%	0.25	0.325
Term to maturity	years	7	7
Maturity	date	16.06.2023	16.01.2025
Securities number		32 811 156 (SPS16)	39 764 277 (SPS18)
<b>Fair value as at 30.06.2019</b>	<b>CHF m</b>	<b>249.625</b>	<b>297.450</b>
Fair value as at 31.12.2018	CHF m	244.250	285.900

## Conversion price and number of possible shares given 100% conversion

	31.12.2018 Conversion price in CHF	Number of possible shares	30.06.2019 Conversion price in CHF	Number of possible shares
<b>Convertible bonds</b>				
0.25%-convertible bond 16.06.2016–16.06.2023, CHF 250.000 million	104.41	2 394 406	104.24	2 398 311
0.325%-convertible bond 16.01.2018–16.01.2025, CHF 300.000 million	100.67	2 980 033	100.51	2 984 777
<b>Total number of possible shares</b>		<b>5 374 439</b>		<b>5 383 088</b>

Overview of future contractual cash outflows (including interest) from all financial liabilities

in CHF 1 000	30.06.2019 Book value	Contractual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation
Current financial liabilities	943 142	950 278	6 183	827 737	843	115 515	–	–	–	–	–	–
Accounts payable	10 416	10 416	–	10 416	–	–	–	–	–	–	–	–
Other current liabilities	174 319	174 319	–	174 319	–	–	–	–	–	–	–	–
Non-current financial liabilities (without derivatives)	4 399 358	4 706 544	33 469	–	33 469	–	58 039	1 001 818	112 899	1 047 371	62 575	2 356 904
<b>Total non-derivative financial liabilities</b>	<b>5 527 235</b>	<b>5 841 557</b>	<b>39 652</b>	<b>1 012 472</b>	<b>34 312</b>	<b>115 515</b>	<b>58 039</b>	<b>1 001 818</b>	<b>112 899</b>	<b>1 047 371</b>	<b>62 575</b>	<b>2 356 904</b>
Derivatives with negative fair value	2 962	2 873	–	494	–	488	–	751	–	460	–	680
<b>Total derivative financial liabilities</b>	<b>2 962</b>	<b>2 873</b>	<b>–</b>	<b>494</b>	<b>–</b>	<b>488</b>	<b>–</b>	<b>751</b>	<b>–</b>	<b>460</b>	<b>–</b>	<b>680</b>
<b>Total financial liabilities</b>	<b>5 530 197</b>	<b>5 844 430</b>	<b>39 652</b>	<b>1 012 966</b>	<b>34 312</b>	<b>116 003</b>	<b>58 039</b>	<b>1 002 569</b>	<b>112 899</b>	<b>1 047 831</b>	<b>62 575</b>	<b>2 357 584</b>

in CHF 1 000	31.12.2018 Book value	Contractual cash flows	<6 months		6 to 12 months		1 to 2 years		2 to 5 years		>5 years	
			Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation	Interest	Amortisation
Current financial liabilities	963 440	974 414	5 916	416 247	4 827	547 424	–	–	–	–	–	–
Accounts payable	12 607	12 607	–	12 607	–	–	–	–	–	–	–	–
Other current liabilities	142 851	142 851	–	142 851	–	–	–	–	–	–	–	–
Non-current financial liabilities (without derivatives)	4 110 040	4 377 112	28 632	–	28 632	–	53 952	564 869	86 258	1 415 666	59 552	2 139 551
<b>Total non-derivative financial liabilities</b>	<b>5 228 938</b>	<b>5 506 984</b>	<b>34 548</b>	<b>571 705</b>	<b>33 459</b>	<b>547 424</b>	<b>53 952</b>	<b>564 869</b>	<b>86 258</b>	<b>1 415 666</b>	<b>59 552</b>	<b>2 139 551</b>
Derivatives with negative fair value	2 924	3 205	–	486	–	453	–	847	–	366	–	1 053
<b>Total derivative financial liabilities</b>	<b>2 924</b>	<b>3 205</b>	<b>–</b>	<b>486</b>	<b>–</b>	<b>453</b>	<b>–</b>	<b>847</b>	<b>–</b>	<b>366</b>	<b>–</b>	<b>1 053</b>
<b>Total financial liabilities</b>	<b>5 231 862</b>	<b>5 510 189</b>	<b>34 548</b>	<b>572 191</b>	<b>33 459</b>	<b>547 877</b>	<b>53 952</b>	<b>565 716</b>	<b>86 258</b>	<b>1 416 032</b>	<b>59 552</b>	<b>2 140 604</b>

Due to the contractual maturities, the weighted average residual term to maturity of all interest-bearing financial liabilities was 4.3 years [4.3 years as at 31 December 2018].

### Current and non-current financial liabilities categorised by interest rate

in CHF 1000	31.12.2018 Total nominal value	30.06.2019 Total nominal value
Financial liabilities up to 1.00%	1 562 396	1 575 896
Financial liabilities up to 1.50%	1 131 000	1 491 000
Financial liabilities up to 2.00%	874 600	877 935
Financial liabilities up to 2.50%	1 057 400	997 400
Financial liabilities up to 3.00%	431 068	380 800
Financial liabilities up to 3.50%	–	–
Financial liabilities up to 4.00%	20 079	20 080
Financial liabilities up to 4.50%	6 176	5 220
Financial liabilities up to 5.00%	1 038	1 014
<b>Total financial liabilities</b>	<b>5 083 757</b>	<b>5 349 345</b>

The weighted average interest rate for all interest-bearing financial liabilities amounted to 1.4% [1.4% as at 31 December 2018]. The loans were obtained at fixed interest rates.

### 12 Key figures per share

Profit used to calculate earnings per share or diluted earnings per share was the reported profit attributable to shareholders of Swiss Prime Site AG.

#### Basis for calculation of diluted earnings per share

in CHF 1000	01.01.– 30.06.2018	01.01.– 30.06.2019
Profit attributable to shareholders of Swiss Prime Site AG	152 000	356 142
Interests on convertible bonds, amortisation of proportional costs and tax effects	1 840	1 558
<b>Relevant profit for calculation of diluted earnings per share</b>	<b>153 840</b>	<b>357 700</b>

#### Weighted average number of shares

	01.01.– 30.06.2018	01.01.– 30.06.2019
Shares issued as at 01.01.	71 478 917	75 946 349
Average number of treasury shares (180 days)	–380	–1 019
<b>Total weighted average number of shares 01.01.–30.06. (180 days)</b>	<b>71 478 537</b>	<b>75 945 330</b>
Highest possible number of shares that can be issued on conversions	5 331 027	5 383 088
<b>Basis for calculation of diluted earnings per share</b>	<b>76 809 564</b>	<b>81 328 418</b>

#### Earnings and net asset value (NAV) per share

in CHF	01.01.– 30.06.2018	01.01.– 30.06.2019
Earnings per share (EPS)	2.13	4.69
Diluted earnings per share	2.00	4.40
Shareholders' equity per share (NAV) before deferred taxes <sup>1</sup>	81.80	82.71
Shareholders' equity per share (NAV) after deferred taxes <sup>1</sup>	65.25	68.64

<sup>1</sup> non-controlling interests recognised in shareholders' equity were not included in the calculation of the NAV. Services segment (real estate-related business fields) included at book values only

### 13 Future obligations and contingent liabilities

in CHF 1 000	31.12.2018	30.06.2019
2019	371 419	217 440
2020	155 763	244 390
2021	37 724	47 180
2022	–	7 200
<b>Total future obligations based on total contractor agreements</b>	<b>564 906</b>	<b>516 210</b>

Swiss Prime Site concluded agreements with various total contractors for the construction of new and modified buildings within the scope of new construction activities as well as restructuring and renovation of existing properties. The due dates for the respective residual payments for these total contractor agreements are shown in the table above. The relevant properties were as follows:

Properties	Planned completion	31.12.2018 Outstanding payments in CHF 1 000	30.06.2019 Outstanding payments in CHF 1 000
Basel, Hochbergerstrasse 60/Stücki Park	2023	57 334	75 000
Basel, Hochbergerstrasse 70/Stücki Park (Shopping)	2020	39 575	53 600
Bern, Viktoriastrasse 21, 21a, 21b/Schönburg	2019	73 938	35 100
Bern, Weltpoststrasse 1–3/Weltpost Park	2020	30 844	31 200
Oftringen, Spitalweidstrasse 1/shopping centre a1	2021	53 000	37 500
Plan-les-Quates, Chemin des Aulx/Espace Tourbillon	2021	171 683	179 110
Schlieren, Zürcherstrasse 39/JED	2020	57 254	54 800
Zurich, Albisriederstrasse/Rütiwiesweg/YOND	2019	37 448	24 000
Zurich, Vulkanstrasse 114, Juchstrasse 3/West-Log	2020	43 830	25 900
<b>Total future obligations based on total contractor agreements</b>		<b>564 906</b>	<b>516 210</b>

## 14 Group companies and associates

Swiss Prime Site AG holds the following investments:

### Fully consolidated investments in group companies (direct or indirect)

	Field of activity	31.12.2018 Capital in CHF 1 000	Shareholding in %	30.06.2019 Capital in CHF 1 000	Shareholding in %
EMS Le Martagon SA, Les Ponts-de-Martel <sup>1</sup>	Assisted living	–	–	500	100.0
Hôtel Résidence Bristol SA, Montreux	Assisted living	100	100.0	100	100.0
immoveris ag, Bern	Real estate services	200	100.0	200	100.0
Jelmoli AG, Zurich	Retail	6 600	100.0	6 600	100.0
La Fontaine SA, Court	Assisted living	100	100.0	100	100.0
Leben im Alter AG, Zurich	Assisted living	100	100.0	100	100.0
Le Manoir AG, Gampelen	Assisted living	100	100.0	100	100.0
Leora S.à r.l., Villeneuve	Assisted living	140	100.0	140	100.0
Les Tourelles S.à r.l., Martigny	Assisted living	20	100.0	20	100.0
Quality Inside SA, Crissier	Assisted living	150	100.0	150	100.0
Résidence Bel-Horizon Sàrl, Ecublens	Assisted living	20	100.0	20	100.0
Résidence de la Jardinerie SA, Delémont	Assisted living	100	100.0	100	100.0
Résidence du Bourg SA, Aigle	Assisted living	50	100.0	50	100.0
Résidence Joli Automne SA, Ecublens	Assisted living	100	100.0	100	100.0
Résidence le Pacific SA, Etoy	Assisted living	150	100.0	150	100.0
Résidence l'Eaudine SA, Montreux	Assisted living	100	100.0	100	100.0
SPS Beteiligungen Alpha AG, Olten	Investments	450 000	100.0	450 000	100.0
streamnow ag, Zurich	Real estate services	100	100.0	100	100.0
Swiss Prime Site Finance AG, Olten <sup>2</sup>	Financial services	100	100.0	100	100.0
Swiss Prime Site Immobilien AG, Olten	Real estate	50 000	100.0	50 000	100.0
Swiss Prime Site Management AG, Olten	Services	100	100.0	100	100.0
Swiss Prime Site Solutions AG, Zurich	Asset management	1 500	100.0	1 500	100.0
Tertianum AG, Zurich	Assisted living	9 562	100.0	9 562	100.0
Tertianum Gruppe AG, Zurich	Investments	50 000	100.0	50 000	100.0
Tertianum Management AG, Zurich	Services	500	100.0	500	100.0
Tertianum Romandie Management SA, Crissier	Services	100	100.0	100	100.0
Wincasa AG, Winterthur	Real estate services	1 500	100.0	1 500	100.0
Wohn- und Pflegezentrum Salmenpark AG, Rheinfelden	Assisted living	1 000	51.0	1 000	51.0
Zentrum Schönberg AG, Bern	Assisted living	1 000	51.0	1 000	51.0
Zimmermann Vins SA, Carouge <sup>3</sup>	Real estate	–	–	350	100.0

<sup>1</sup> acquisition as at 30.04.2019

<sup>2</sup> rebranded from Swiss Prime Site Fund Advisory AG II to Swiss Prime Site Finance AG as at 14.06.2019

<sup>3</sup> acquisition as at 24.06.2019

### Investments in associates valued according to the equity method

	Field of activity	31.12.2018 Capital in CHF 1 000	Shareholding in %	30.06.2019 Capital in CHF 1 000	Shareholding in %
Parkgest Holding SA, Geneva	Parking	4 750	38.8	4 750	38.8
Parking Riponne S.A., Lausanne	Parking	5 160	27.1	5 160	27.1

## 15 Major shareholders

	31.12.2018 Shareholding interest in %	30.06.2019 Shareholding interest in %
<b>Major shareholders (shareholding interest &gt;3%)</b>		
BlackRock Inc., New York	>10.0	>10.0
Credit Suisse Funds AG, Zurich	4.1	4.6
State Street Corporation, Boston	3.6	3.8
UBS Fund Management (Switzerland) AG, Basel	3.2	3.2

## 16 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on 31 July 2019.

On a strategic level, the Executive Board and Board of Directors have decided to initiate a sales process for the Tertianum group.

There were no other events occurring between 30 June 2019 and the date of publication of these consolidated financial statements that would result in adjustment of the carrying amounts of the group's assets and liabilities as at 30 June 2019, or which would need to be disclosed at this point.

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# **EPRA KEY FIGURES**

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## EPRA key figures (European Public Real Estate Association)

### EPRA earnings and EPRA earnings per share

in CHF 1000	01.01.– 30.06.2018	01.01.– 30.06.2019
<b>Earnings per consolidated income statement</b>	<b>151 989</b>	<b>356 538<sup>1</sup></b>
Excluding:		
Revaluations of investment properties	–35 020	–85 238
Result from real estate developments	–6 775	–7 049
Result from investment property sales	–6 310	–5 573
Tax on profits on disposals	1 358	1 346
Negative goodwill/goodwill impairment	n.a.	n.a.
Changes in fair value of financial instruments	–262	11
Transaction costs on acquisitions of group companies and associated companies	35	50
Deferred taxes in respect of EPRA adjustments	9 322	17 761
Adjustments in respect of associated companies	n.a.	n.a.
Adjustments in respect of non-controlling interests	n.a.	n.a.
<b>EPRA earnings</b>	<b>114 337</b>	<b>277 846</b>
Average number of outstanding shares	71 478 537	75 945 330
<b>EPRA earnings per share in CHF</b>	<b>1.60</b>	<b>3.66</b>

<sup>1</sup> positive impact from the reversal of deferred tax liabilities due to cantonal tax rate reductions

### EPRA net asset value (NAV)

in CHF 1000	31.12.2018	30.06.2019
<b>NAV as per consolidated balance sheet</b>	<b>5 144 892</b>	<b>5 212 676</b>
Dilution effects from exercise of options, convertibles and other equity instruments	542 411	543 169
<b>Diluted NAV, after the exercise of options, convertibles and other equity instruments</b>	<b>5 687 303</b>	<b>5 755 845</b>
Including:		
Revaluation of investment properties <sup>2</sup>	n.a.	n.a.
Revaluation of properties under construction <sup>2</sup>	n.a.	n.a.
Revaluation of other non-current investments	n.a.	n.a.
Revaluation of tenant leases held as finance leases	n.a.	n.a.
Excluding:		
Fair value of derivative financial instruments	2 924	2 962
Deferred taxes	1 183 234	1 064 581
Goodwill as a result of deferred taxes	n.a.	n.a.
Adjustments in respect of associated companies	n.a.	n.a.
<b>EPRA NAV</b>	<b>6 873 461</b>	<b>6 823 388</b>
Number of outstanding shares (diluted)	81 320 249	81 328 519
<b>EPRA NAV per share in CHF</b>	<b>84.52</b>	<b>83.90</b>

<sup>2</sup> if FER 18 cost option is used

## EPRA triple net asset value (NNNAV)

in CHF 1 000	31.12.2018	30.06.2019
EPRA NAV	6 873 461	6 823 388
Excluding:		
Fair value of derivative financial instruments	-2 924	-2 962
Revaluation of financial debts	-74 355	-141 346
Deferred taxes	-1 178 029	-1 054 687
<b>EPRA NNNAV</b>	<b>5 618 153</b>	<b>5 624 393</b>
Number of outstanding shares (diluted)	81 320 249	81 328 519
<b>EPRA NNNAV per share in CHF</b>	<b>69.09</b>	<b>69.16</b>

## EPRA net yield on rental income (NIY)

in CHF 1 000	31.12.2018	30.06.2019
Investment properties - wholly owned	11 204 418	11 467 774
Investment properties - share of joint ventures/funds	n.a.	n.a.
Less properties under construction and development sites, building land and trading properties	-602 260	-815 247
<b>Value of completed property portfolio</b>	<b>10 602 158</b>	<b>10 652 527</b>
Allowance for estimated purchasers' costs	n.a.	n.a.
<b>Gross up value of completed property portfolio</b>	<b>A 10 602 158</b>	<b>10 652 527</b>
Annualised rental income	450 373	438 444
Property outgoings	-59 961	-55 529
<b>Annualised net rental income</b>	<b>B 390 412</b>	<b>382 915</b>
Add: notional rent expiration of rent-free periods or other lease incentives	4 227	4 516
<b>Topped-up net annualised rental income</b>	<b>C 394 639</b>	<b>387 431</b>
<b>EPRA NIY</b>	<b>B/A 3.7%</b>	<b>3.6%</b>
<b>EPRA topped-up NIY</b>	<b>C/A 3.7%</b>	<b>3.6%</b>

## EPRA vacancy rate

in CHF 1 000	31.12.2018	30.06.2019
Estimated rental value of vacant space	20 513	19 746
Estimated rental value of the whole portfolio	473 783	458 147
<b>EPRA vacancy rate</b>	<b>4.3%</b>	<b>4.3%</b>

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**FIVE-YEAR  
SUMMARY OF  
KEY FIGURES**

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## Five-year summary of key figures

	in	IFRS			Swiss GAAP FER	
		30.06.2015	30.06.2016	30.06.2017	30.06.2018	30.06.2019
Fair value of real estate portfolio	CHF m	9904.9	9886.4	10263.7	10819.1	11467.8
Rental income from properties	CHF m	225.2	225.5	231.1	240.9	239.3
Vacancy rate	%	7.4	6.4	5.5	4.7	4.7
Net property yield	%	4.0	3.9	3.7	3.7	3.5
Income from sale of trading properties	CHF m	74.4	–	–	–	–
Income from real estate developments	CHF m	–	–	–	25.0	34.7
Income from real estate services	CHF m	52.5	54.8	57.8	58.9	57.0
Income from retail	CHF m	65.7	60.2	60.8	59.6	57.2
Income from assisted living	CHF m	77.4	151.9	175.9	193.8	206.1
Income from asset management	CHF m	–	2.6	2.2	3.4	8.8
Total operating income	CHF m	497.9	497.4	530.5	585.3	607.7
Operating result before depreciation and amortisation (EBITDA)	CHF m	315.9	235.2	223.3	242.9	297.2
Operating result (EBIT)	CHF m	300.2	225.0	215.8	232.9	286.1
Profit	CHF m	191.0	145.9	141.0	152.0	356.5
Shareholders' equity	CHF m	4776.8	4588.1	4618.7	4663.8	5213.3
Equity ratio	%	44.4	44.3	43.1	41.2	43.6
Borrowed capital	CHF m	5975.9	5777.4	6096.5	6663.8	6752.7
Borrowed capital ratio	%	55.6	55.7	56.9	58.8	56.4
Total shareholders' equity and borrowed capital	CHF m	10752.7	10365.5	10715.2	11327.6	11966.0
Interest-bearing financial liabilities	CHF m	4487.8	4469.3	4716.1	5160.0	5342.5
Interest-bearing financial liabilities in % of balance sheet total	%	41.7	43.1	44.0	45.6	44.6
Loan-to-value ratio of property portfolio (LTV)	%	45.3	45.2	46.0	47.7	46.6
Weighted average interest rate on financial liabilities	%	2.2	1.9	1.7	1.4	1.4
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.7	4.2	4.7	4.4	4.3
Return on equity (ROE)	%	8.9	6.4	6.0	6.4	13.8
Return on invested capital (ROIC)	%	4.5	3.7	3.4	3.4	6.6
Cash flow from operating activities	CHF m	154.8	85.3	152.2	157.1	200.0
Cash flow from investing activities	CHF m	–33.0	–210.0	–94.0	–159.4	–168.1
Cash flow from financing activities	CHF m	–149.9	50.6	–78.6	–10.0	–62.3
<b>Key financial figures excluding revaluations and all deferred taxes</b>						
Operating result (EBIT)	CHF m	200.5	188.3	178.4	197.8	200.8
Profit	CHF m	133.4	134.4	131.0	151.1	151.3
Return on equity (ROE)	%	6.3	5.9	5.6	6.4	6.1
Return on invested capital (ROIC)	%	3.4	3.5	3.2	3.4	3.2

## Five-year summary of key figures

Key figures per share	in	IFRS			Swiss GAAP FER	
		30.06.2015	30.06.2016	30.06.2017	30.06.2018	30.06.2019
Share price at end of period	CHF	70.95	88.20	87.10	91.15	85.25
Share price, highest	CHF	87.80	88.20	91.00	94.30	88.20
Share price, lowest	CHF	70.95	74.95	82.25	85.50	80.20
Earnings per share (EPS)	CHF	2.96	2.09	1.97	2.13	4.69
Earnings per share (EPS) excluding revaluations and deferred taxes	CHF	2.06	1.93	1.83	2.11	1.99
NAV before deferred taxes <sup>1</sup>	CHF	82.92	78.97	79.94	81.80	82.71
NAV after deferred taxes <sup>1</sup>	CHF	68.56	64.20	64.63	65.25	68.64
Distribution from capital contribution reserves	CHF	3.70	3.70	3.70	3.80	3.80
Cash yield on closing price of the previous year	%	5.1	4.7	4.4	4.2	4.8
Share performance (TR) p.a. in the last 12 months	%	2.1	29.8	9.0	9.1	-1.5
Share performance (TR) p.a. in the last 3 years	%	1.9	13.7	10.9	13.4	3.5
Share performance (TR) p.a. in the last 5 years	%	8.2	9.5	7.2	10.6	8.0
Market capitalisation	CHF m	4941.8	6304.4	6225.8	6515.3	6474.4
<b>Employees</b>						
Number of employees	people	3 183	5 346	5 696	6 100	6 275
Full-time equivalents	FTE	2 444	3 976	4 589	4 937	5 188
<b>Share statistics</b>						
Shares issued	number	69 651 534	71 478 917	71 478 917	71 478 917	75 946 349
Average treasury shares held	number	-10 274	-2 488	-1 956	-380	-1 019
Average outstanding shares	number	64 606 788	70 085 251	71 476 961	71 478 537	75 945 330
Treasury shares held	number	-2 721	-1 744	-	-302	-918
Outstanding shares	number	69 648 813	71 477 173	71 478 917	71 478 615	75 945 431

<sup>1</sup> non-controlling interests recognised in shareholders' equity were not included in the calculation of the NAV. Services segment (real estate-related business fields) included at book values only

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