

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-US PERSONS AND ADDRESSEES OUTSIDE OF THE US

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND, SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to review this Prospectus or make an investment decision with respect to the securities described herein, investors must not be a US Person (as defined in Regulation S under the Securities Act). You have been sent the attached Prospectus on the basis that you have confirmed to UBS Investment Bank, being the sender of the attached, (i) that you and any customers that you represent are not US Persons, (ii) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States or the District of Columbia (where "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (iii) that you consent to delivery by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. Also, there are restrictions on the distribution of the attached Prospectus and/or the offer or sale of Notes in the member states of the European Economic Area. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of UBS Investment Bank, the Syndicate Banks or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from UBS Investment Bank, if lawful.



Swiss Prime Site AG

CHF 300,000,000 1.75% Bonds 2014 – 2021 (the «Bonds»)

Issuer's Name and Registered Office:	Swiss Prime Site AG, Frohburgstrasse 1, 4601 Olten, Switzerland (the «Issuer»)
Interest Rate:	1.75% p.a., payable annually in arrears on 16 April, the first coupon is payable on 16 April 2015
Issue Price:	The Syndicate Banks mentioned below have purchased the Bonds at 100.268% of their nominal amount (before commission).
Placement Price:	The Placement Price of the Bonds will be fixed in accordance with supply and demand.
Issue Date:	16 April 2014
Maturity Date:	16 April 2021, redemption at par
Further Issues:	The Issuer reserves the right to reopen this issue according to the Terms of the Bonds.
Denominations:	CHF 5,000 nominal and multiples thereof
Form of the Bonds:	The Bonds will be issued as uncertificated securities (<i>Wertrechte</i>) in accordance with art. 973c of the Swiss Code of Obligations and, upon registration in the main register (<i>Hauptregister</i>) of SIX SIS Ltd, will constitute intermediated securities (<i>Bucheffekten</i>). Bondholders do not have the right to request the printing and delivery of definitive Bonds. Printing of definitive Bonds is excluded.
Covenants:	Pari Passu, Negative Pledge, Cross Default, Change of Control, each in accordance with the Terms of the Bonds.
Listing:	The Bonds have been provisionally admitted to trading on the SIX Swiss Exchange with effect from 14 April 2014 until 13 April 2021 and application will be made for the Bonds to be listed in accordance with the Standard for bonds on the SIX Swiss Exchange.
Governing Law and Jurisdiction:	The Bonds are governed by, and construed in accordance with Swiss law. Place of exclusive jurisdiction for the Bonds and all related contractual documentation shall be Zurich.
Selling Restrictions:	In particular U.S.A., U.S. persons, European Economic Area, United Kingdom, Canada, Japan, Australia, Italy
Security Number / ISIN / Common Code:	23.427.449 / CH0234274493 / 105066678

SELLING RESTRICTIONS

General

Save for having listed the Bonds at the SIX Swiss Exchange, no action has been or will be taken in any jurisdiction by the Issuer or the Syndicate Banks (as defined below) that would permit a public offering of the Bonds, or possession or distribution of any offering material in relation thereto, in or from any country or jurisdiction where action for that purpose is required. In addition to the specific selling restrictions set out below, each Syndicate Bank undertakes to comply with all applicable laws and regulations in each country or jurisdiction in which it purchases or in or from which it offers, sells or delivers the Bonds or has in its possession or distributes any offering material in respect of the Bonds.

United States of America

The Bonds are issued in bearer form and have not been and will not be registered under the U.S. Securities Act of 1933 (the «Securities Act») and may not be offered or sold within the United States of America (the «United States») or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

(A) The Issuer and the Syndicate Banks have offered or sold the Bonds, and will offer and sell the Bonds (i) as part of their distribution at anytime and (ii) acquired otherwise until 26 May 2014 (40 days after the Payment Date) (the «Restricted Period»), only in accordance with Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph (A) have the meanings given to them by Regulation S.

Accordingly, neither the Issuer, the Syndicate Banks and their affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds, and they have complied and will comply with the offering restrictions requirement of Regulation S. The said Syndicate Banks have agreed that, at or prior to confirmation of sale of the Bonds, they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the Restricted Period, a notice to substantially the following effect:

«The Bonds covered hereby have not been registered under the U.S. Securities Act of 1933 (the «Securities Act») and may not be offered or sold within the United States of America or to, or for the account or benefit of U.S. persons (i) as part of their distribution at any time and (ii) otherwise acquired until 26 May 2014 except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.»

(B) The Syndicate Banks have not entered and will not enter into any contractual arrangement (other than this Agreement) with respect to the distribution or delivery of the Bonds, except with their affiliates or with the prior written consent of the Issuer.

(C) In addition, the Syndicate Banks:

(1) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the «D Rules»), (a) have neither offered to sell nor sold, and during the restricted period will neither offer to sell nor sell, the Bonds in bearer form to a person who is within the United States or its possessions or to a U.S. person, and (b) have not delivered and will not deliver, within the United States or its possessions, any Bonds in definitive bearer form that may be sold during the Restricted Period;

(2) represent and agree that they have, and throughout the Restricted Period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling the Bonds in bearer form are aware that such Bonds may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions, or to a U.S. person, except as permitted by the D Rules;

(3) if the Syndicate Banks are a U.S. person, the Syndicate Banks represent that they are acquiring the Bonds in bearer form for the purposes of resale in connection with the original issuance of the Bonds and if it retains the Bonds in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6);

(4) represent and agree that the Bonds will be offered and sold in accordance with practices and documentation customary in Switzerland;

(5) will use reasonable efforts to sell the Bonds within Switzerland;

(6) represent and agree that more than 80% by value of the Bonds will be offered and sold to persons who are not distributors by distributors maintaining an office located in Switzerland;

(7) have not applied, and will not apply, for listing of the Bonds on any exchange outside Switzerland; and

(8) with respect to each affiliate that acquires from the Syndicate Banks the Bonds in bearer form for the purpose of offering or selling such Bonds during the Restricted Period, the Syndicate Banks repeat and confirm the representations and agreements contained in clauses (1) through (7) on behalf of such affiliate.

Terms used in this paragraph (C) have the meanings given to them by the U.S. Internal Revenue Code and the regulations thereunder, including the D Rules.

The Syndicate Banks agree that all offering materials and documents used in connection with offers and sales of the Bonds prior to the expiration of the Restricted Period shall include the following language:

«The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the «Securities Act»), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act.»

European Economic Area

This prospectus has not been and will not be registered with a competent authority in the European Economic Area and consequently, the Bonds may not be offered to the public in the territory of the EEA, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Prospectus Directive as amended.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a «Relevant Member State»), each Syndicate Bank has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this prospectus to the public in that Relevant Member State other than:

- (a) at any time to a legal entity which is a qualified investor as defined in the Prospectus Directive¹; or
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive², 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant bank or banks nominated by the company for any such offer; or
- (c) in any circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression «offer» in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

United Kingdom

Each Syndicate Bank represents and agrees that:

- (a) in relation to any Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the «FSMA») by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

¹ Prospectus Directive means Directive 2003/71/EC as amended by Directive 2010/73/EC.

² Amending Directive means Directive 2010/73/EC

FORWARD LOOKING STATEMENTS

This prospectus (the «Prospectus») contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as «anticipate», «believe», «could», «estimate», «expect», «intend», «may», «plan», «predict», «project», «will» and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding the Swiss Prime Site Group's (as defined below) business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Swiss Prime Site Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Swiss Prime Site Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the section «Information on the Issuer». This section includes more detailed descriptions of factors that might have an impact on the Swiss Prime Site Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Syndicate Banks assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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NOTICE TO INVESTORS

This Prospectus shall be read and construed on the basis that the annex hereto is deemed to be incorporated in, and to form part of, this Prospectus.

Each Syndicate Bank may have directly or indirectly participated, or may participate, in financing transactions and/or banking business with the Issuer, which are not disclosed herein. Specific information on funds payable to certain Syndicate Banks can be found in the section "Use of Net Proceeds" hereinafter.

Currently, all the Syndicate Banks are lenders to the Issuer. Loans granted to the Issuer might expire and thus be due for repayment prior to the maturity of the Bonds.

Investors are advised to familiarise themselves with the entire content of this Prospectus.

Documents available

Copies of this Prospectus are available at UBS AG, Prospectus Library, P.O. Box, CH-8098 Zurich, Switzerland, or can be ordered by telephone (+41-44-239 47 03), fax (+41-44-239 69 14) or by e-mail swiss-prospectus@ubs.com.

Prospectus

This Prospectus is available in English language only and provides information about the Issuer and the Bonds. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds.

No person has been authorised to give any information or make any representation in connection with the offering of the Bonds other than as stated herein and any other information or representation if given or made should not be relied upon as having been authorised by the Issuer or the Syndicate Banks. Neither the delivery of this Prospectus, nor the issue of the Bonds nor any sale thereof shall, in any circumstances, create any implication that there has been no material adverse change in the affairs of the Issuer since the date hereof.

INFORMATION ON THE BONDS

Authorisation

Pursuant to the resolutions of the Board of Directors of the Issuer dated 28 February 2014 and the Bond Purchase and Paying Agency Agreement dated 14 April 2014 between the Issuer and UBS AG, acting through its business division UBS Investment Bank («UBS AG»), Credit Suisse AG and Zürcher Kantonalbank (together with UBS AG the «Syndicate Banks»), the Issuer has decided to issue 1.75% Bonds of CHF 300'000'000 to be paid on 16 April 2014 and maturing on 16 April 2021.

Use of Net Proceeds

The net proceeds of the Bonds, being the amount of CHF 297'724'000 (the «Net Proceeds») will be used by the Issuer for general corporate purposes, including refinancing of part of the bank loans. Prospective investors should note that Syndicate Banks have bank loans outstanding.

None of the Syndicate Banks shall have any responsibility for or be obliged to concern itself with the application of the Net Proceeds of the Bonds.

Notices

All notices in relation to the Bonds will be published in electronic form on the internet site of the SIX Swiss Exchange under the section headed Official Notices («http://www.six-swiss-exchange.com/news/official_notices/search_en.html») or otherwise in accordance with the regulations of SIX Swiss Exchange, applicable law and/or regulatory requirements. In particular, the Issuer will publish and make available the annual report as well as any press releases on its website www.swiss-prime-site.ch. The website's content is not included by reference into this Prospectus.

Representation

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange, UBS AG has been appointed by the Issuer as representative to lodge the listing application with the SIX Swiss Exchange.

INFORMATION ON THE ISSUER

Name, Registered Office, Incorporation, Duration, Reporting and Notices

The Issuer is a company limited by shares (*Aktiengesellschaft*), incorporated under the laws of Switzerland for an unlimited duration and first registered on 11 May 1999 in the Commercial Register of the Canton of Solothurn, Switzerland. The Issuer is currently registered with the Commercial Register of the Canton of Solothurn, Switzerland, under the number CHE-101.080.841. Its registered office is Olten, Canton of Solothurn, Switzerland, and its principal corporate office is located at Frohburgstrasse 1, CH-4600 Olten, Canton of Solothurn, Switzerland. The Articles of Association in their current version are dated as of 27 June 2013. Statutory publications of the Issuer are made in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*); notices to holders of Shares may be given by such publication or by letter sent to a holder's home address as last notified to the Issuer.

The Shares have been listed in Switzerland on the SIX Swiss Exchange since April 2000, after its initial public offering. Article 24 of the Articles of Association provides that the Issuer's financial year is determined by the Board of Directors. Currently, the Issuer's financial year corresponds to the calendar year.

Purpose

Article 2 of the Articles of Association provides as follows (unofficial translation of the original German text):

«The purpose of the company is the direct or indirect participation in enterprises of all kind, primarily in enterprises based in Switzerland. The direct or indirect participation in enterprises based abroad is also encompassed by the purpose of the company. The company may establish enterprises in Switzerland and abroad, acquire majority or minority participations in existing enterprises, and finance such enterprises.

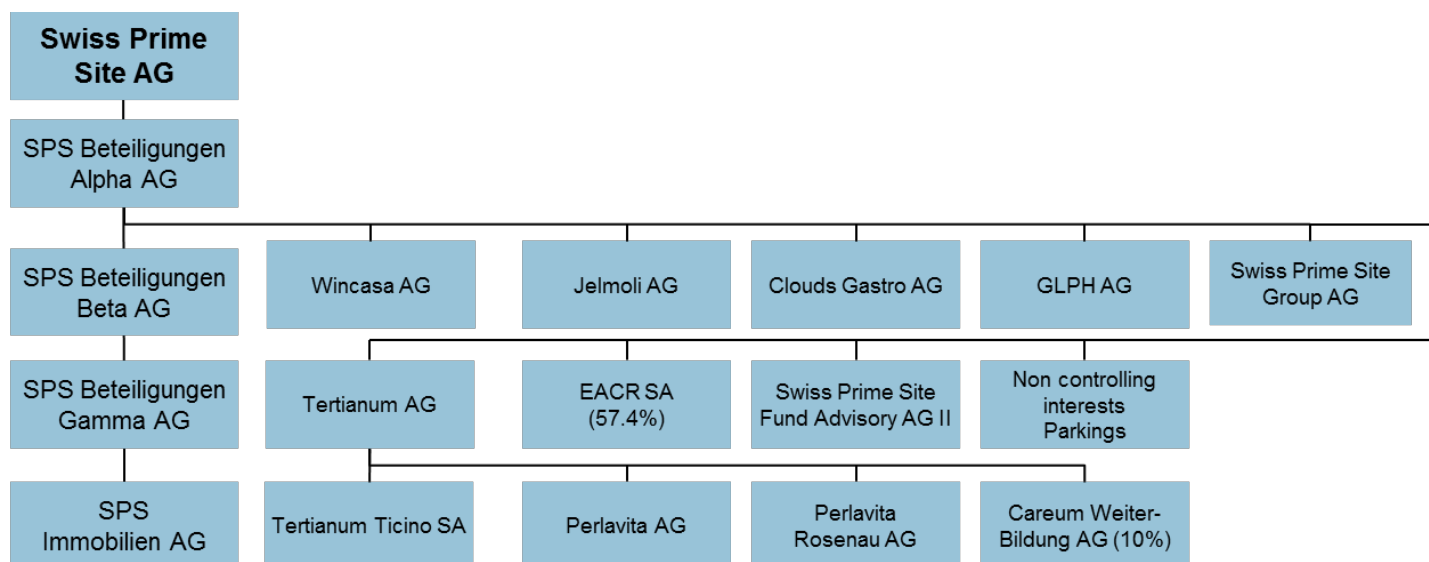
Further, the company may engage in all businesses and take all legal actions which are destined or suitable to develop the enterprise or to promote or facilitate the company's purpose. The company may also raise debt to promote its purpose.

The company may establish branches in Switzerland and abroad.»

The Swiss Prime Site Group

The Issuer is the parent company of the Swiss Prime Site Group. All its subsidiaries (except Careum Weiterbildung AG, shareholding of 10% and non controlling interests in three parkings – the latter valued according to the equity method) are fully consolidated in the Issuer's consolidated financial statements.

The Group structure currently presents itself as follows:



Board of Directors, Executive Board and Employees

Board of Directors

Name	Position	Committee Membership
Hans Peter Wehrli	Chairman of the Board	Member Compensation Committee
Thomas Wetzel	Vice Chairman of the Board	Chair Compensation Committee and Member Investment Committee
Christopher M. Chambers	Member	Member Audit Committee
Bernhard Hammer	Member	Member Audit Committee and Investment Committee
Rudolf Huber	Member	Chair Audit Committee
Mario F. Seris	Member	Member Audit and Compensation Committee
Klaus R. Wecken	Member	Member Investment Committee

For more details on the Board of Directors and its members please see pages 18 to 23 of the Annual Report 2013 attached hereto as Annex A. The members of the Board of Directors may be contacted at the registered office of the Issuer.

Executive Board (effective as per 1 March 2014)

Name	Position	Committee Membership
Markus Graf	Chief Executive Officer	Chair Investment Committee
Peter Wullschleger	Chief Financial Officer	
Peter Lehmann	Chief Investment Officer	
Franco Savastano	CEO of Jelmoli – The House of Brands	
Oliver Hofmann	CEO of Wincasa AG	
Luca Stäger	CEO Tertianum AG	

For more details on the Executive Board and its members please see pages 23 and 25 of the Annual Report 2013 attached hereto as Annex A. The members of the Executive Board may be contacted at the registered office of the Issuer.

In accordance with the new Swiss Ordinance Against Excessive Compensation in Listed Companies, members of the Board of Directors and its Chairman as well as Compensation Committee members are elected for a respective one-year term of office. Re-election is possible. The Board of Directors designates a chairman of the Board of Directors and a secretary, who does not need to be a member of the Board of Directors. The Board of Directors is quorate, if the majority of the members of the Board of Directors is present and passes resolutions with the majority of cast votes. No such quorum is necessary for amendment and establishment resolutions in connection with share capital increases and subsequent fulfillment of partial paid-in capital (*Nachliberierung*). In case of a tie vote, the chairman has the decisive vote. Resolutions may also be passed by way of telephone, or, in case no member of the Board of Directors requests a verbal debate, by way of circular resolutions in the form of letters, faxes, telegrams or e-mail. Such resolutions have to be included in the protocol of the Board of Directors' meetings. The signatory powers of the members of the Board of Directors follows the entry in the Commercial Register. Currently, the members of the Board of Directors have joint signatory powers.

Auditors

The Issuer's independent statutory auditors are KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland («KPMG»), since the Issuer's incorporation in 1999. KPMG has been re-elected for an additional term of one year at the Issuer's ordinary shareholders' meeting held in April 2013. The principle of rotation applies to the lead auditor. The current lead auditor is Jürg Meisterhans. Tertium Group was subject to an audit by OBT AG, Hardturmstrasse 120, 8005 Zurich, as at 31.12.2013.

Capital

Issued Share Capital

The Issuer has, as of the date of this Prospectus, a fully paid-up issued share capital of CHF 925,697,139.30 consisting of 60,503,081 registered shares with a nominal value of CHF 15.30 each. Subject to the transfer restrictions as provided by the Articles of Association (see «Section 2: Information on the Shares – Transfer Restrictions»), each Share carries one vote in the Issuer's meeting of shareholders. The voting rights of the treasury shares are suspended for as long as they are held by the Issuer. The Shares rank *pari passu* in all respects with each other, including with respect to dividends, to a share in the liquidation proceeds in case of a liquidation of the Issuer, and to subscription rights (*Bezugsrechte*).

Conditional Share Capital

The conditional capital is divided into an amount of up to CHF 88.912 million (5,811,234 Shares) for exercising options and/or conversion rights granted with bonds or similar issues, and into an amount of up to CHF 23.103 million (1,510,000 Shares) for options rights granted to shareholders. The precise wording can be found in the Issuer's articles of association. In 2013, convertible bonds with a volume amounting to nominal CHF 34.880 million were converted into share capital.

Debt Capital Market Instruments

The Issuer

On 20 January 2010, the Issuer issued convertible bonds in the aggregate principal amount of CHF 300.000 million (the «2010 Bonds»). The 2010 Bonds have a coupon of 1.875% p.a. and are due 20 January 2015. The 2010 Bonds with denominations of CHF 5,000 are convertible into Shares at any time at the option of the holder up to and including 20 January 2015 or five (5) Trading Days prior to an early redemption. The conversion price of the 2010 Bonds is currently CHF 70.97 for each Share.

During 2013, conversions of the 2010 Bonds in the amount of CHF 34.880 million (491,470 registered shares) took place, resulting in an outstanding nominal amount of CHF 251.655 million as per 1 March 2014.

On 21 June 2011, the Issuer issued convertible bonds in the aggregate principal amount of CHF 190.350 million (the «2011 Bonds»). The 2011 Bonds have a coupon of 1.875% p.a. and are due 21 June 2016. The 2011 Bonds with denominations of CHF 5,000 are convertible into Shares at any time at the option of the holder up to and including 7 June 2016 or five (5) Trading Days prior to an early redemption. The conversion price of the 2011 Bonds is currently CHF 82.89 for each Share.

On 11 July 2013, the Issuer issued bonds in the aggregate principal amount of CHF 115.000 million (the «2013 Bonds»). The 2013 Bonds with denominations of CHF 5,000 have a coupon of 1.125% p.a. and are due 11 July 2018.

On 21 October 2013, the Issuer issued bonds in the aggregate principal amount of CHF 230.000 million (the «2013 II Bonds»). The 2013 II Bonds with denominations of CHF 5,000 have a coupon of 2.0% p.a. and are due 21 October 2020.

Business Activities and recent Business Performance

The Issuer is the leading listed Swiss real estate investment group acquiring, holding interests in, managing and selling real estate, as well as developing real estate projects. By focusing mainly on commercial real estate (i.e. selected industrial, commercial or mixed commercial-residential properties) in preferred locations in the economic centres of Switzerland, the Swiss Prime Site Group aims to achieve a long-term value increase.

Since the acquisition of the Jelmoli Group in 2009, Swiss Prime Site has been operating in two operating segments: «real estate» and «retail and gastronomy». The retail and gastronomy segment also includes the restaurant Clouds in the Prime Tower in Zurich.

Wincasa AG, which was acquired as at 25 October 2012, is part of the real estate segment.

Since the acquisition of Tertianum AG on 12 July 2013, Swiss Prime Site has been operating in three segments. The new segment "assisted living" comprises the operating business of Tertianum Group. Its properties have been transferred into the real estate segment.

For further information on recent developments, please also refer to the annual report in Annex A to this Prospectus.

Court, arbitral and administrative Proceedings

Except as disclosed in this Prospectus, the Issuer is not involved in court, arbitral or administrative proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the last twelve months from the date of this Prospectus, significant effects on the assets and liabilities or profit and losses of the Issuer.

Swiss Prime Site was involved in an unresolved difference of opinion with the Swiss Federal Tax Administration (FTA) at year-end 2013. Information regarding the circumstances is provided in the financial commentary as well in Note 32 the Annual Report 2013 in Annex A.

Own Equity Securities (Treasury Shares)

As of the date of this Prospectus, the Issuer holds directly or indirectly 2 767 of its own registered shares.

Dividends in the last five Years

For each of the business years 2009 to 2013 an ordinary dividend of CHF 3.50 to 3.60 per share was paid, in the form of income tax exempt nominal value reductions or distributions from capital contribution reserves, respectively.

Material Changes since the most recent Annual Financial Statements

In December 2013, a purchase agreement was concluded for acquiring an additional 26.4% of the shares in Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld. This purchase agreement was executed as at 01.01.2014, resulting in a shareholding interest of 57.4%.

On 27.01.2014, an agreement for the divestment of Permed AG was signed. The execution date of the agreement was as at 17.03.2014.

Except as disclosed in this Prospectus, there has been no material adverse change in the assets and liabilities, financial position and profits and losses of the Issuer since 31 December 2013, which would materially affect its ability to carry out its obligations under the Bonds.

TAXATION

Swiss Withholding Tax

Interest payments are subject to Swiss withholding tax of currently 35% on the interest nominal amount.

European Union Directive on Taxation of Savings Income

On 3 June 2003, the Council of the European Union adopted a directive (Directive 2003/48/EC) on the taxation of savings income (the «EU Savings Tax Directive»). Pursuant to the EU Savings Tax Directive, a member state of the European Union (the «EU») is required to provide to the tax authorities of other EU member states information regarding payments of interest (or other similar income) paid by a person within its jurisdiction to individual residents of such other EU member states, except that Luxembourg and Austria will instead operate a withholding tax system for a transitional period in relation to such payments (unless during this transitional period they elect otherwise; the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other non-EU countries).

The European Commission and the European Parliament have proposed certain amendments to the Directive 2003/48/EC, which may, if implemented, amend or broaden the scope of the requirements described above.

Prospective purchasers of these Bonds should consult their advisors concerning the impact of the EU Savings Tax Directive. Notwithstanding the above, for the avoidance of doubt, should the Issuer, the Principal Paying Agent or any institution where the Bonds are deposited be required to withhold any amount as a direct or indirect consequence of the EU Saving Tax Directive, then, there is no requirement for the Issuer to pay any additional amounts.

Bilateral Agreements Switzerland – United Kingdom and Austria

If the Bonds are held directly or indirectly by a relevant person resident in the United Kingdom or in Austria and payments are transferred by a Swiss paying agent, the bilateral agreement on cooperation in the area of taxation of Switzerland with the United Kingdom or with Austria apply (and not the European Union Directive on Taxation of Savings Income).

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for all information contained in this Prospectus and has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading, whether of fact or opinion.

Olten, 14 April 2014

Swiss Prime Site AG

TERMS OF THE BONDS

The following is the text of the Terms and Conditions of the Bonds which will govern the rights and obligations of the Issuer and of each Holder. Capitalised terms not otherwise defined in the Terms of the Bonds shall have the meanings ascribed to them in the Definitions section below.

The terms and conditions of the bonds (each a **Condition**, and together the **Terms of the Bonds**) issued by the Issuer are as follows:

1. Amount and Reopening, Form of the Bonds, Denomination, Custodianship and Transfer of the Bonds

- (a) The initial aggregate principal amounts to Swiss francs 300'000'000 (three hundred million Swiss francs, the **Aggregate Principal Amount**) and is divided into bonds (each a **Bond** and collectively the **Bonds**) with denominations of CHF 5'000 (five thousand Swiss francs) per Bond.

The Issuer reserves the right to reopen (the **Reopening**) and increase the Aggregate Principal Amount at any time and without prior consultation of or permission of the Holders (as defined below) through the issuance of further bonds which will be fungible with the Bonds (i.e. identical especially in respect of the Terms of the Bonds, security number, final maturity and interest rate).

- (b) The Bonds are issued as uncertificated securities (*Wertrechte*) in accordance with art. 973c of the Swiss Code of Obligations.

Such uncertificated securities will then be entered by the Principal Paying Agent into the main register (*Hauptregister*) of SIX SIS as recognised intermediary for such purposes by the SIX Swiss Exchange. The Bonds will remain in the book-entry system of SIX SIS until their final redemption. So long as the Bonds are Intermediated Securities (*Bucheffekten*), the Bonds may only be transferred by the entry of the transferred Bonds in a securities account of the transferee.

- (c) The records of SIX SIS will determine the number of Bonds held through each participant in SIX SIS. In respect of Bonds held in the form of Intermediated Securities (*Bucheffekten*), the holders of such Bonds (the **Holders** and, individually, a **Holder**) will be the persons holding the Bonds in a securities account (*Effektenkonto*) which is in their name, or in case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Bonds for their own account in a securities account (*Effektenkonto*) which is in their name.
- (d) The conversion of the uncertificated securities (*Wertrechte*) into a permanent global note (*Globalurkunde*) or individually certificated bonds (*Wertpapiere*) is excluded. Neither the Issuer nor the Holders nor the Principal Paying Agent nor any third party shall at any time have the right to effect or demand the conversion of the uncertificated securities (*Wertrechte*) into, or the delivery of a permanent global note (*Globalurkunde*) or individually certificated securities (*Wertpapiere*). No physical delivery of the Bonds shall be made.
- (e) Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of SIX SIS, the Bonds will constitute intermediated securities (*Bucheffekten*) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

2. Interest

The Bonds bear interest from 16 April 2014 (the **Payment Date**) at the rate of 1.75% per annum, payable annually on 16 April (the **Interest Payment Date**) in arrears.

When interest is required to be calculated for a period of less than one year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

Interest payments are subject to the Swiss withholding tax of currently 35%.

3. Redemption and Purchases

Unless previously redeemed or purchased and cancelled as provided below, the Issuer undertakes to repay all the Bonds at par on 16 April 2021.

Upon receipt of the funds in Switzerland and under the same conditions as received, the Principal Paying Agent will arrange for payment to the Holders.

The Issuer undertakes that payments shall be made in freely disposable Swiss Francs without collection cost to the Holders, and, unless otherwise provided for by applicable law, without any restrictions and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Holders and without requiring any affidavit or the fulfilment of any other formality, at the counters of the Principal Paying Agent in Switzerland.

The receipt by the Principal Paying Agent of funds in Swiss Francs in Switzerland from the Issuer shall release the Issuer from its obligations under the Bonds to the extent of the amounts received by the Principal Paying Agent.

Early Redemption at the Option of the Issuer

Subject to a period of not less than thirty (30) nor more than sixty (60) calendar days' prior notice to the Principal Paying Agent, the Issuer may redeem the Bonds at any time after the Payment Date and prior to the Maturity Date, in whole but not in part only, at the Aggregate Principal Amount plus accrued interest, if any, if less than 15 per cent in aggregate of the Aggregate Principal Amount of the Bonds are outstanding at the time of the notice. The Principal Paying Agent shall inform the Holders of any such notice in accordance with Condition 9 (Notices) below.

Purchases

The Issuer or any of its Subsidiaries may, either directly or indirectly, at any time purchase Bonds at any price, in the open market or otherwise. Any purchase shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation as set out below.

If purchases are made by public tender, such tender must be available to all Holders alike.

Cancellation

All Bonds which are redeemed or surrendered shall forthwith be cancelled. All Bonds so cancelled shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

4. Payments

Interest payments and amounts payable on the Bonds will be made available in good time in freely disposable Swiss Francs which will be placed with UBS AG (the **Principal Paying Agent**) in Switzerland on behalf of the Holders.

Upon receipt of the funds in Switzerland and under the same conditions as received, the Principal Paying Agent will arrange for payment to the Holders.

The Issuer undertakes that Bonds shall be payable upon their surrender in freely disposable Swiss Francs without collection cost to the Holders, without any restrictions and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Holders and without requiring any affidavit or the fulfilment of any other formality at the counters in Switzerland of the Principal Paying Agent.

The receipt of the funds by the Principal Paying Agent in Swiss Francs in Switzerland shall release the Issuer of its obligations under the Bonds to the extent of the amounts paid.

5. Change of Control

(a) "Change of Control" occurs when:

- i) an offer to acquire shares of the Issuer (the **Shares**), whether expressed as a public takeover offer, a merger or similar scheme with regard to such acquisition, or in any other way, is made in circumstances where (A) such offer is available to (aa) all holders of Shares, (bb) all holders of Shares other than the offer or and any persons acting in concert with such offeror, or (cc) all holders of Shares other than persons who are excluded from the offer by reason of being connected with one or more specific jurisdictions, and (B) such offer having become or been declared unconditional with respect to acceptances, the Issuer becomes aware that the right to cast more than fifty (50) per

cent of all the voting rights (whether exercisable or not) of the Issuer has become or will become unconditionally vested in the offeror and any persons acting in concert with the offeror; or

- ii) the Issuer consolidates with or merges into any other company, save where, following such consolidation or merger, shareholders of the Issuer immediately prior to such consolidation or merger, have the right to cast fifty (50) per cent or more of the voting rights (where exercisable or not) of such other company; or
- iii) the Issuer becomes aware that the right to cast more than fifty (50) per cent of all voting rights (where exercisable or not) of the Issuer has become unconditionally vested directly or indirectly in any person (or in persons acting in concert with each other); or
- iv) the legal or beneficial ownership of all or substantially all of the assets owned by the Issuer or a Subsidiary, either directly or indirectly, are acquired by one or more other persons.

(b) Upon a Change of Control

The Issuer shall give notice of the fact that a Change of Control occurred to the Holders (the **Change of Control Notice**) in the form set out in Condition 9 (Notices). The Change of Control Notice shall:

- i) inform the Holders of their right to require redemption of the Bonds pursuant to Condition 5(c) at par;
- ii) specify the date (the **Change of Control Redemption Date**), being not more than sixty (60) and not less than forty-one (41) calendar days after giving such notice on which the Bonds may be redeemed at the option of the Holders pursuant to Condition 5(c); and
- iii) provide details concerning the Change of Control.

(c) Early Redemption at the Option of Holders upon Change of Control

Upon the occurrence of a Change of Control, the Issuer will at the option of a Holder, redeem such Bond on the Change of Control Redemption Date at its principal amount plus accrued interest, if any, as of the Change of Control Redemption Date. To exercise such option, a Holder must present, by not later than ten (10) Trading Days prior to the Change of Control Redemption Date, at the Specified Office a duly completed Redemption Notice in a form satisfactory to the Principal Paying Agent (a **Change of Control Redemption Notice**), together with clearing instructions in a form satisfactory to the Principal Paying Agent allowing for the transfer of the relevant Bond(s) through SIX SIS to the Principal Paying Agent. No Change of Control Redemption Notice so deposited may be withdrawn without the consent of the Issuer.

6. Status of the Bonds and Negative Pledge

(a) Status

The Bonds constitute direct, unconditional, and (subject to Condition 6(b)), unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu* among themselves and with all other unsecured and unsubordinated obligations of the Issuer, except for such preferences as are provided for by any mandatorily applicable provision of law.

(b) Negative Pledge

So long as any Bonds remain outstanding, the Issuer will not and will procure that no Material Subsidiary will, create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest, other than a Permitted Security, upon the whole or any part of its assets or revenues, present or future, to secure any Relevant Debt or to secure any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and rateably therewith by such encumbrance or security interest or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be or, (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the Holder's Representative in its discretion.

For the purposes of this Condition, **Relevant Debt** means any present or future indebtedness of the Issuer and its Subsidiaries represented or evidenced by notes, bonds, debentures or other securities which are for the time being, or are capable of being quoted, listed or ordinarily dealt with on any stock exchange, over-the-counter-market or other securities market.

For the purposes of this Condition, a **Permitted Security** is a security (existing or to be created) in the form of any mortgage, charge, pledge, lien or other form of encumbrance or security interest created to secure Relevant Debt (whether or not also securing other indebtedness or obligations), provided, however, that the consolidated amount of the Relevant Debt secured by such Permitted Security may not exceed sixty-five (65) per cent of the market value of the real estate portfolio/investment properties as set out in the most recently published report (annual, semi-annual or quarterly) of the Issuer (the **Portfolio Value**).

7. Events of Default

If any of the following events (each event an **Event of Default**) shall have occurred and be continuing, UBS AG in its capacity as Holders' representative (the **Holders' Representative**) has the right, but not the obligation, on behalf of the Holders, to declare all outstanding Bonds immediately due and repayable at par plus accrued interest:

- (a) *Non payment:* the Issuer fails to pay any amount of principal in respect of the Bonds on the due date for payment thereof or fails to pay any amount of interest in respect of the Bonds on the due date for payment thereof, and such failure continues in the case of principal for a period of ten (10) Business Days; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other material obligations under or in respect of the Bonds and such default continues for a period of fifteen (15) calendar days following the service by the Holders' Representative on the Issuer of notice requiring such default to be remedied; or
- (c) *Cross Default of Issuer or Material Subsidiary:*
 - (i) any indebtedness of the Issuer or any Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period; or
 - (ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness, unless the relative indebtedness, either alone or when aggregated with other indebtedness relative to all, if any, other such events which shall have occurred and are continuing shall at any time have an outstanding nominal value of at least two (2) per cent of the Issuer's consolidated shareholders' equity attributable to shareholders of the Issuer (*Eigenkapital, den Aktionären der Swiss Prime Site AG zuzurechnen*) as set out in the most recently published audited consolidated annual accounts of the Issuer; or
 - (iii) any mortgage, lien or other encumbrance, present or future, created or assumed by the Issuer, or a Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) provided that the aggregate amount of the relevant indebtedness in respect of which such mortgage, lien or other encumbrance was created or permitted to subsist equals or exceeds two (2) per cent of the Issuer's consolidated shareholders' equity attributable to shareholders of the Issuer as set out in the most recently published audited consolidated annual accounts of the Issuer; or
 - (iv) the consolidated third party indebtedness of the Issuer and its Subsidiaries exceeds sixty-five (65) per cent of the Portfolio Value and such excess continues for a period of six (6) months, or without any grace period, if such indebtedness exceeds seventy (70) per cent of the Portfolio Value; or
- (d) *Insolvency, Standstill Agreement:* the Issuer or any Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes a stay of execution, or a postponement of payments (*Stillhaltervereinbarung*), a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium or postponement of payments is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any Material Subsidiary; or
- (e) *Bankruptcy, Liquidation, others:* the Issuer or a Material Subsidiary alters its legal or commercial structure through bankruptcy, liquidation, disposal of all or a substantial part of its assets, changes the objects of the company and/or commercial activities or merges, in so far as the relevant action has or may have a material adverse effect on the capacity of the Issuer to meet its obligations in connection with the Bonds now or in the future, unless in

the sole opinion of the Holders' Representative the situation of the Holders as a consequence of the securities created or other steps taken by the Issuer include adequate protection of the Holders; or

- (f) *Dissolution or Merger*: a dissolution or merger involving the Issuer as a result of which the Issuer is not the surviving company.

The Issuer has undertaken to inform the Holders' Representative without delay that any event mentioned under paragraphs (a) through (f) has occurred and to provide the Holders' Representative with all necessary documents. The Issuer accepts responsibility for the information contained in those documents.

If an Event of Default occurs, the Holders' Representative has the right, but not the obligation, to serve a written notice of default (a **Default Notice**) upon the Issuer, such notice having the effect that the Bonds shall become immediately due and repayable at the Aggregate Principal Amount plus accrued interest, if any, on the day the Default Notice is given.

Upon the occurrence of an Event of Default, the Holders' Representative may invite the Holders in accordance with art. 1157 seq. of the Swiss Code of Obligations to a Holders' meeting for the taking of a resolution on the serving of a Default Notice, provided the Holders' Representative has not served such Default Notice itself. The legally valid resolution of the Holders' meeting to serve a Default Notice, shall replace the right reserved by the Holders' Representative according to these Terms of the Bonds to serve a Default Notice on behalf of the Holders. If the Holders' meeting votes against the serving of a Default Notice, the right to serve such Default Notice shall revert to the Holders' Representative whereby the Holders' Representative shall not be bound by the resolution of the Holders' meeting if and to the extent that new circumstances arise or become known which require a revised assessment of the facts.

8. Substitution of the Issuer

The Issuer may without the consent of the Holders, at any time substitute itself in respect of all rights and obligations arising under or in connection with the Bonds with any Swiss Subsidiary of the Issuer (the **New Issuer**), provided that:

- (a) the New Issuer is in the opinion of the Holders' Representative in a position to fulfil all payment obligations arising from or in connection with the Bonds in freely convertible and transformable legal tender of Switzerland without any need to deduct or withhold any taxes or duties at source and to transfer without restriction all amounts required to be paid under the Bonds to the Principal Paying Agent,
- (b) the New Issuer has obtained all necessary governmental authorisations of the country of its domicile or its deemed residence for tax purposes, and
- (c) the Issuer has issued an irrevocable and unconditional guarantee as per art. 111 of the Swiss Code of Obligations in respect to the obligations of the New Issuer under the Bonds in form and content satisfactory to the Holders' Representative.

Any substitution shall be published in accordance with Condition 9 (Notices).

In the event of such substitution, any reference to the Issuer shall be deemed to refer to the New Issuer.

9. Notices

All notices regarding the Bonds shall be published by UBS AG on behalf and at the expense of the Issuer (i) on the internet site of the SIX Swiss Exchange (where notices are currently published under the address www.six-exchange-regulation.com/publications/published_notifications/official_notices_en.html) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange.

10. Prescription

Claims against the Issuer in respect of Bonds will become void unless presented for payment within a period of presently ten (10) years in the case of the principal and five (5) years in the case of interest from the relevant due date, by virtue of the statute of limitations of Swiss law.

11. Listing

The Issuer will use its reasonable efforts to have the Bonds listed on the SIX Swiss Exchange and to maintain such listing until (and including) three (3) Trading Days prior to the Maturity Date or in case of an early redemption of the Bonds to the date of the early redemption.

12. Governing Law and Jurisdiction

The Bonds and these Terms of the Bonds, shall in every respect (including without limitation questions of form, content and interpretation) be subject to and governed by Swiss law.

Any dispute which might arise based on the Terms of the Bonds and the Bonds shall be settled in accordance with Swiss law and shall fall within the jurisdiction of the Ordinary Courts of the Canton of Zurich, Switzerland, venue being Zurich 1.

The above-mentioned jurisdiction is also exclusively valid for the declaration of cancellation of Bonds.

13. Amendment to the Terms of the Bonds

The Terms of the Bonds may be amended by agreement between the Issuer and the Holders' Representative on behalf of the Holders provided that such amendment is of a formal, minor or technical nature, is made to correct a manifest error and is not prejudicial to the interests of the Holders. Notice of any such amendment shall be published in accordance with Condition 9 (Notices).

14. Role of UBS AG

UBS AG has been appointed by the Issuer as the Principal Paying Agent and as the Listing Agent with respect to the Bonds and it will or may also act on behalf of or for the benefit of the Holders as Holders' Representative, but only in such cases stated explicitly in these Terms of the Bonds. In any other cases, the Holders' Representative is not obliged to take or to consider any actions on behalf of or for the benefit of the Holders.

15. Severability

If at any time one or more of the provisions of the Terms of Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

16. Definitions

Business Day means any day (other than Saturday or Sunday) on which banks in Zurich are open for the whole day for business.

Material Subsidiary means any operating Subsidiary of the Issuer whose assets, net revenues, operating profit or profit after tax at any time, represent five (5) per cent or more of the consolidated assets, the consolidated sales, the consolidated operating profit or profit after tax, as the case may be, of the Issuer and its consolidated Subsidiaries at any time, and for this purpose:

- a) the assets, net sales, operating profit and profit after tax of any such Subsidiary shall be ascertained by reference to:
 - i) the financial statements of such Subsidiary at the date to which the last audited consolidated financial statements of the Issuer and its consolidated Subsidiaries have been prepared;
 - ii) if such corporate body becomes a Subsidiary of the Issuer after that date, the latest financial statements of such Subsidiary adjusted to take into account subsequent acquisitions and disposals or other changes in circumstances;
- b) the consolidated assets, consolidated net sales, consolidated operating profit and profit after tax of the Issuer shall be ascertained by reference to the last audited consolidated financial statements of the Issuer and its consolidated Subsidiaries; and

c) once a corporate body has become a Material Subsidiary, it shall be considered one until it has been demonstrated to the reasonable satisfaction of the Principal Paying Agent that it has ceased to be a Material Subsidiary, a written report from the Issuer's auditors to this effect being sufficient for this purpose.

SIX SIS means SIX SIS Ltd, the Swiss clearing and settlement organisation, Baslerstrasse 100, CH-4600 Olten, or any successor organisation accepted by the SIX Swiss Exchange.

SIX Swiss Exchange means SIX Swiss Exchange Ltd, Selnaustrasse 30, CH-8001 Zurich (P.O. Box 1758, CH-8021 Zurich) or any successor regulatory body.

Subsidiary of the Issuer means a company the financial statements of which are, in accordance with applicable law or generally accepted accounting principles, consolidated with those of the Issuer.

Specified Office means the office specified by the Principal Paying Agent for the servicing of the Bonds (*Zahlungsdienst*) under the Terms of the Bonds: UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, or any successor regulator body.

UBS AG means UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland (P.O. Box, CH-8098 Zurich, Switzerland).

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swiss prime insight

ANNUAL REPORT AS AT 31 DECEMBER 2013



SWISS PRIME SITE

SWISS PRIME INSIGHT AS AT 31 DECEMBER 2013

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SELECTED GROUP KEY FIGURES

	in	31.12.2013	Restated* 31.12.2012	Change in %
Investment properties at fair value**	CHF m	9 339.5	8 600.3	8.6
Rental income	CHF m	420.1	408.8	2.8
Income from real estate services***	CHF m	98.6	14.1	599.3
Income from retail and gastronomy	CHF m	156.2	159.0	(1.8)
Income from assisted living****	CHF m	85.7	–	–
Revaluation of investment properties, properties under construction and development sites (IAS 40)	CHF m	186.7	187.3	(0.3)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	CHF m	557.3	529.7	5.2
Earnings before interest and taxes (EBIT)	CHF m	530.6	512.6	3.5
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	343.9	311.3	10.5
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	378.2	323.5	16.9
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	4 107.3	3 913.9	4.9
Equity ratio	%	39.1	42.4	(7.8)
Borrowed capital	CHF m	6 404.9	5 323.1	20.3
Borrowed capital ratio	%	60.9	57.6	5.7
Total capital	CHF m	10 512.2	9 237.0	13.8
ROE (weighted)	%	9.1	8.9	2.2
ROIC (weighted)	%	4.6	4.8	(4.2)
Cash flow from operating activities	CHF m	(191.2)	94.8	(301.7)
Cash flow from investing activities	CHF m	(350.9)	(138.7)	153.0
Cash flow from financing activities	CHF m	544.0	119.1	356.8
Figures without revaluation effects*****				
Earnings before interest and taxes (EBIT)	CHF m	343.9	325.4	5.7
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	222.8	198.2	12.4
Earnings per share (weighted)	CHF	3.69	3.61	2.2
ROE (weighted)	%	6.1	5.9	3.4

* restatement due to IAS 19 rev.

** includes all properties, irrespective of their recognition in the balance sheet; trading properties are recognised at lower of cost or net realisable value.

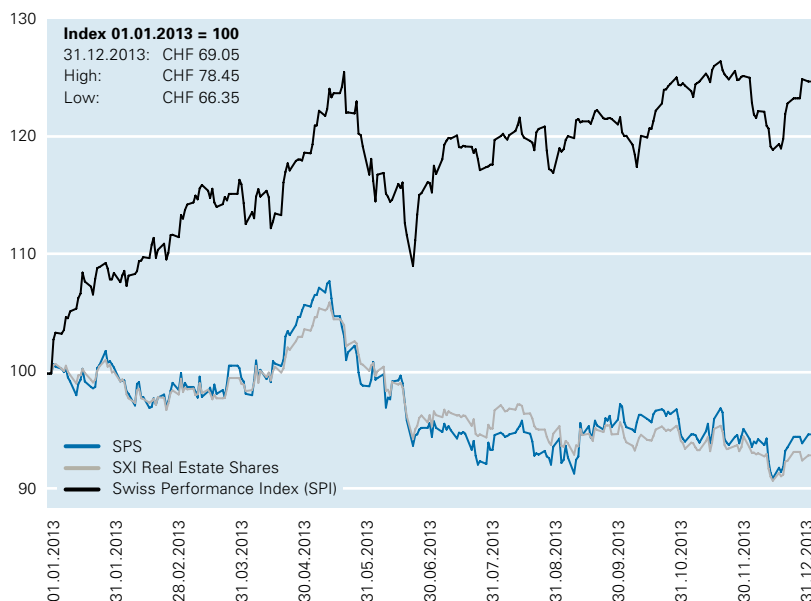
*** acquisition of Wincasa AG as at 25.10.2012

**** acquisition of Tertianum AG as at 12.07.2013

***** revaluations and deferred taxes

TREND OF THE SWISS PRIME SITE SHARE (REINVESTED), TOTAL RETURN

01.01.2013–31.12.2013



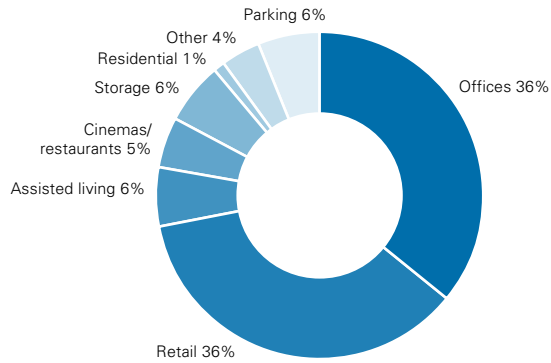
SHARE DETAILS

Share price (01.01.–31.12.2013)	31.12.2013	CHF 69.05
	Highest	CHF 78.45
	Lowest	CHF 66.35
Market capitalisation	31.12.2013	CHF m 4 177.7
NAV before deferred taxes	31.12.2013	CHF 82.65
	Restated* 31.12.2012	CHF 78.62
	Change	5.1%
NAV after deferred taxes	31.12.2013	CHF 67.91
	Restated* 31.12.2012	CHF 65.22
	Change	4.1%
Earnings per share (weighted)	31.12.2013	CHF 5.70
	Restated* 31.12.2012	CHF 5.67
	Change	0.5%
Share statistics	Total registered shares	60 503 081
	Securities no.	803 838
	ISIN no.	CH 000 803 838 9
	SIX symbol	SPSN
	First trading day	05.04.2000

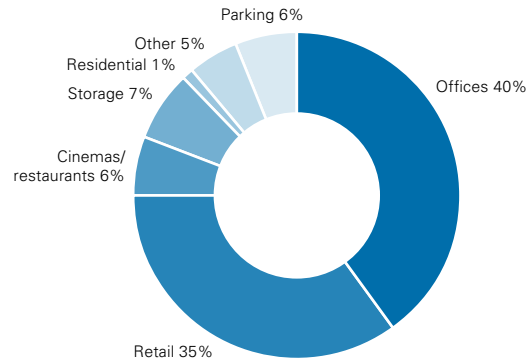
* restatement due to IAS 19 rev.

PORTFOLIO SPLIT BY TYPE OF USE

Based on net rental income as at 31.12.2013
Real estate segment

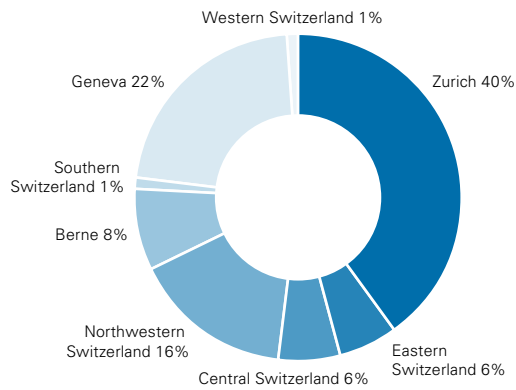


Based on net rental income as at 31.12.2012
Real estate segment

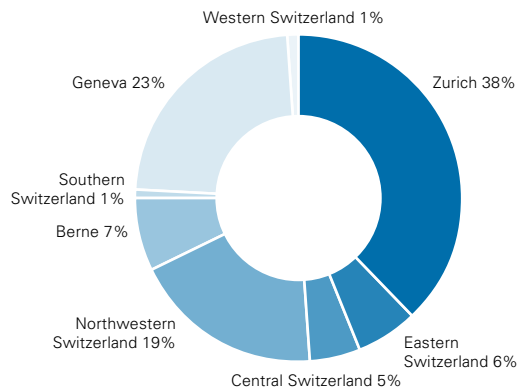


PORTFOLIO SPLIT BY REGION

Based on fair value as at 31.12.2013



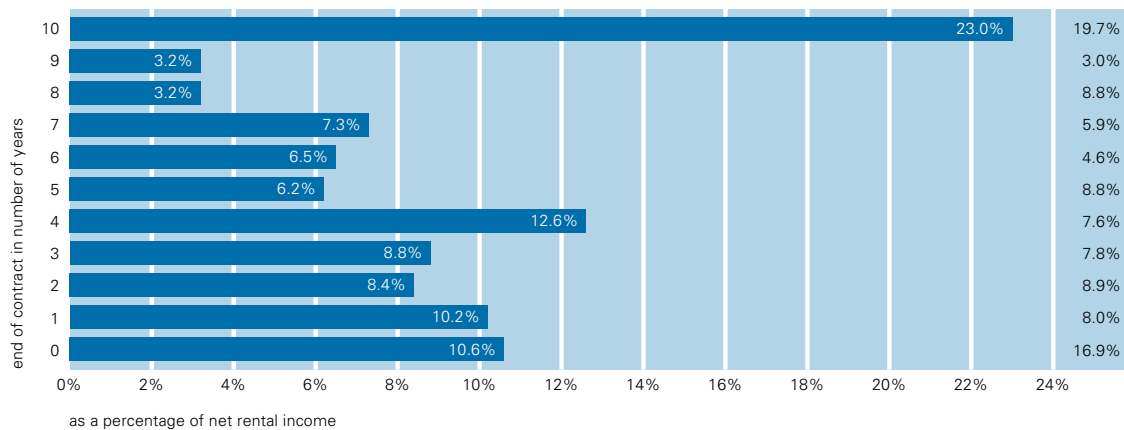
Based on fair value as at 31.12.2012



LEASE EXPIRY PROFILE

Based on net rental income as at 31.12.2013, real estate segment

31.12.2012



MULTI-YEAR SUMMARY OF KEY FIGURES

	in	31.12.2013	Restated* 31.12.2012	Restated* 31.12.2011	31.12.2010	31.12.2009
Group key figures						
Investment properties at fair value**	CHF m	9 339.5	8 600.3	8 165.1	8 020.3	8 081.6
Rental income	CHF m	420.1	408.8	410.8	417.3	251.7
Vacancy rate	%	6.4	5.0	4.6	4.2	4.0
Income from real estate services***	CHF m	98.6	14.1	–	–	–
Income from retail and gastronomy	CHF m	156.2	159.0	155.1	157.0	32.8
Income from assisted living****		85.7	–	–	–	–
Operating profit (EBIT)	CHF m	530.6	512.6	592.1	411.1	219.4
Key figures real estate segment						
Rental income from third parties	CHF m	376.7	391.0	393.6	399.4	246.9
Rental income from group companies	CHF m	47.5	36.4	36.4	34.9	5.8
Net yield on properties	%	4.2	4.5	4.8	4.9	4.9
Vacancy rate	%	6.1	4.8	4.4	4.1	4.0
Income from real estate services***	CHF m	98.7	14.1	–	–	–
Operating profit (EBIT)	CHF m	552.7	524.0	595.8	409.9	217.9
Key figures retail and gastronomy segment						
Income from retail and gastronomy	CHF m	156.4	159.1	155.1	157.0	32.8
Rental income	CHF m	18.0	17.8	17.3	17.9	4.9
Operating profit (EBIT)	CHF m	(6.5)	(1.1)	9.3	8.8	5.2
Key figures assisted living segment						
Income from assisted living services****	CHF m	85.7	–	–	–	–
Rental income from owner occupied properties	CHF m	11.4	–	–	–	–
Rental income from leased properties	CHF m	14.1	–	–	–	–
Operating profit (EBIT)	CHF m	5.0	–	–	–	–
Key financial figures						
EBITDA	CHF m	557.3	529.7	606.2	438.2	223.4
Operating profit (EBIT)	CHF m	530.6	512.6	592.1	411.1	219.4
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	343.9	311.3	355.1	235.0	187.4
Comprehensive income attributable to shareholders of Swiss Prime Site AG	CHF m	378.2	323.5	365.1	240.9	190.5
Shareholders' equity attributable to shareholders of Swiss Prime Site AG	CHF m	4 107.3	3 913.9	3 434.9	3 267.2	3 221.4
Equity ratio	%	39.1	42.4	39.9	39.3	37.7
Borrowed capital	CHF m	6 404.9	5 323.1	5 174.3	5 050.2	5 273.5
Borrowed capital ratio	%	60.9	57.6	60.1	60.7	61.8
Non-controlling interests	CHF m	–	–	–	–	33.8
Total shareholders' equity and borrowed capital	CHF m	10 512.2	9 237.0	8 609.2	8 317.4	8 528.7

* restatement due to IAS 19 rev. (2011 only shareholders' equity and borrowed capital)

** includes all properties, irrespective of their recognition in the balance sheet; trading properties are recognised at lower of cost or net realisable value.

*** acquisition of Wincasa AG as at 25.10.2012

**** acquisition of Tertianum AG as at 12.07.2013

MULTI-YEAR SUMMARY OF KEY FIGURES

	in	31.12.2013	Restated* 31.12.2012	31.12.2011	31.12.2010	31.12.2009
Interest-bearing financial liabilities	CHF m	5 066.7	4 144.7	4 188.7	4 192.1	4 440.1
Interest-bearing financial liabilities in % of balance sheet total	%	48.2	44.9	48.7	50.4	52.1
Loan-to-value ratio of property portfolio (LTV)	%	54.1	48.0	51.0	52.1	54.6
Weighted average interest rate on financial liabilities	%	2.2	2.6	2.8	2.8	2.8
Weighted average residual term to maturity of interest-bearing financial liabilities	years	4.0	4.5	4.5	3.9	3.4
ROE (weighted)	%	9.1	8.9	10.6	7.2	10.0
ROIC (weighted)	%	4.6	4.8	5.8	4.3	4.3
Cash flow from operating activities	CHF m	(191.2)	94.8	200.5	130.9	109.7
Cash flow from investing activities	CHF m	(350.9)	(138.7)	113.2	109.7	(180.0)
Cash flow from financing activities	CHF m	544.0	119.1	(196.9)	(321.2)	159.0
Key financial figures excluding revaluation effects**						
Operating profit (EBIT)	CHF m	343.9	325.4	413.9	324.7	165.4
Profit attributable to shareholders of Swiss Prime Site AG	CHF m	222.8	198.2	250.8	171.7	117.1
ROE (weighted)	%	6.1	5.9	7.7	5.4	6.5
ROIC (weighted)	%	3.4	3.5	4.5	3.6	3.2
Key figures per share						
Share price at end of period	CHF	69.05	76.35	70.55	69.75	58.00
Share price, highest	CHF	78.45	82.95	74.60	72.25	59.90
Share price, lowest	CHF	66.35	69.30	65.85	58.00	41.80
Earnings per share (weighted)	CHF	5.70	5.67	6.53	4.34	6.09
NAV before deferred taxes	CHF	82.65	78.62	76.72	72.11	71.22
NAV after deferred taxes	CHF	67.91	65.22	63.34	60.14	59.52
Distribution/nominal value reduction from previous year	CHF	–	–	–	–	3.50
Distribution from capital contribution reserves from previous year	CHF	3.60***	3.60	3.60	3.50	–
Cash yield on closing price of the previous year	%	5.2***	4.7	5.1	5.0	6.0

* restatement due to IAS 19 rev.

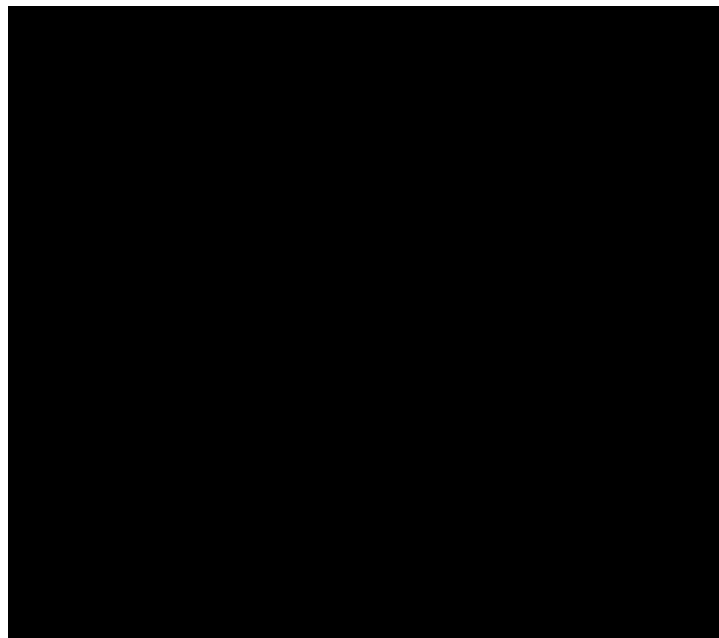
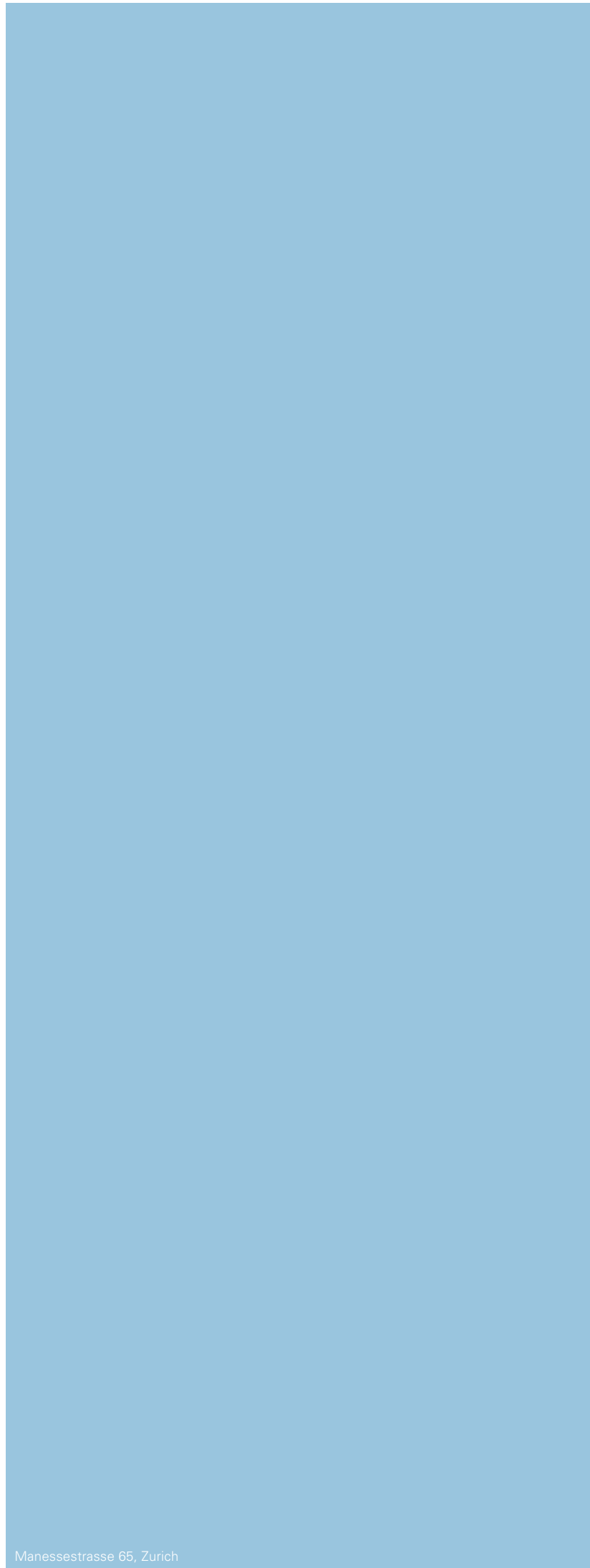
** revaluations and deferred taxes

*** according to proposal to Annual General Meeting

MULTI-YEAR SUMMARY OF KEY FIGURES

	in	31.12.2013	Restated* 31.12.2012	31.12.2011	31.12.2010	31.12.2009
Key figures per share						
Share performance (TR) p.a. in the last 12 months	%	(5.1)	14.9	6.1	27.1	22.0
Share performance (TR) p.a. in the last 3 years	%	5.0	15.7	18.0	13.1	(2.4)
Share performance (TR) p.a. in the last 5 years	%	12.4	12.0	4.6	8.5	6.0
Premium/(discount)	%	1.7	17.1	11.4	16.0	(2.6)
Market capitalisation						
	CHF m	4 177.7	4 581.9	3 835.7	3 792.2	3 153.4
Employees						
Number of employees	People	3 115	1 462	771	602	876
Full-time equivalents	FTE	2 465	1 239	547	468	675
Share statistics						
Shares issued	Number	60 503 081	60 011 611	54 368 714	54 368 714	54 368 714
Average treasury shares held	Number	(5 847)	(4 369)	(36 117)	(173 262)	(1 465 828)
Average outstanding shares	Number	60 368 821	54 873 552	54 332 597	54 195 452	30 751 332
Treasury shares held	Number	(18 916)	(4 828)	(4 244)	(44 037)	(245 982)
Outstanding shares	Number	60 484 165	60 006 783	54 364 470	54 324 677	54 122 732

* restatement due to IAS 19 rev.





Foreword by the Chairman of the Board of Directors

FOREWORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders,
Dear ladies and gentlemen,

Swiss Prime Site turned in a favourable and dynamic performance once again in the financial year 2013. With the acquisition of Tertianum, the market leader in the assisted living sector, the Group broadened its earnings base and initiated development of a market harbouring significant growth potential.

Swiss Prime Site's operating result (EBIT) climbed by 3.5% to CHF 530.6 million and profit jumped by 10.5% to CHF 343.9 million in the reporting period. Comprehensive income increased to CHF 378.2 million. Revaluations of properties of CHF 186.7 million were nearly in line with the previous year's level. Excluding revaluation effects, EBIT and profit rose by 5.7% to CHF 343.9 million and by 12.4% to CHF 222.8 million, respectively.

Swiss Prime Site was involved in an unresolved difference of opinion with the Swiss Federal Tax Administration (FTA) at year-end 2013. Information regarding the circumstances is provided in the financial commentary as well as the notes to the consolidated financial statements.

At end 2013, the real estate portfolio comprised 193 properties with a fair value of CHF 9.3 billion, corresponding to an increase of CHF 739 million. The vacancy rate edged up from 5.0% to 6.4%, thus hovering below the Swiss average. Within the scope of portfolio optimisation, ten properties were divested in the reporting period with a total fair value of CHF 167 million as at 31.12.2012. With the acquisition of Tertianum in summer, the portfolio grew by 14 existing properties and one development project with overall value of CHF 441 million as at year-end.

The current development projects were proceeding according to plan. Two major and fully leased building projects will have been completed in 2014: SkyKey in Zurich Oerlikon and Swiss Post headquarters (Majowa) in Berne. The Maaghof North and East building complex, featuring rental apartments and condominiums in Zurich, will be concluded in spring 2015.

Wincasa, acquired at the end of 2012, generated income of CHF 98.6 million from real estate services in the reporting year, thus underpinning the Group's earnings base within the expected scope.

The new assisted living segment, comprising the operating services of Tertianum Group, generated income from the assisted living business of CHF 85.7 million as well as rental income of CHF 25.4 million since the acquisition date on 12.07.2013. Swiss Prime Site will offer new residential housing facilities in Opfikon starting from May 2015 under the Vitadomo brand, featuring an integrated geriatric care station and focusing on seniors with average incomes and financial situations. Additional Vitadomo projects are on the drawing board.

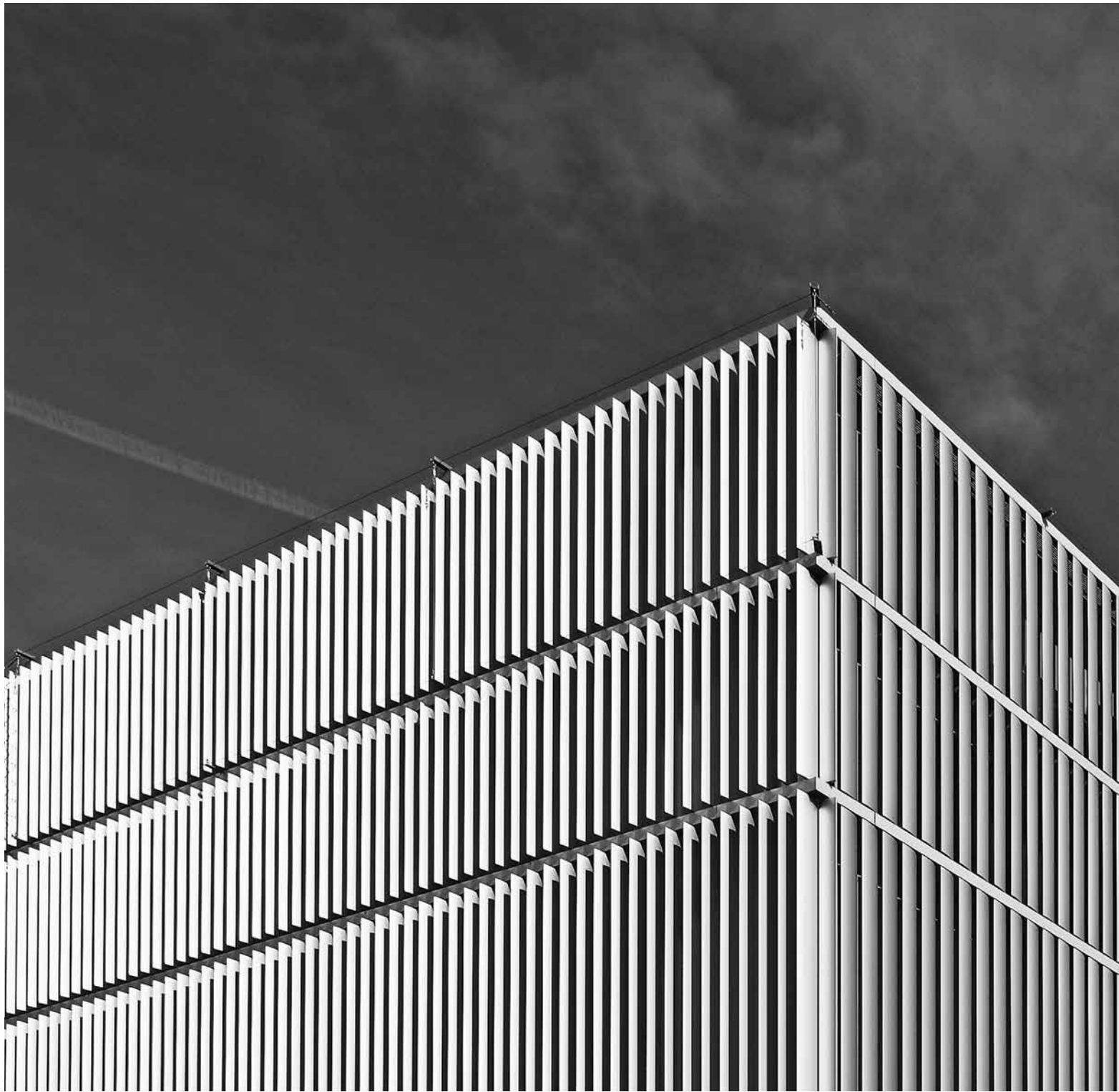
The retail and gastronomy segment realised turnover of CHF 156.4 million from the retail trade, restaurant and hotel business, which was nearly in line with the previous year's level. The operating business of Hotel Ramada Encore in Geneva was divested at the end of 2013.

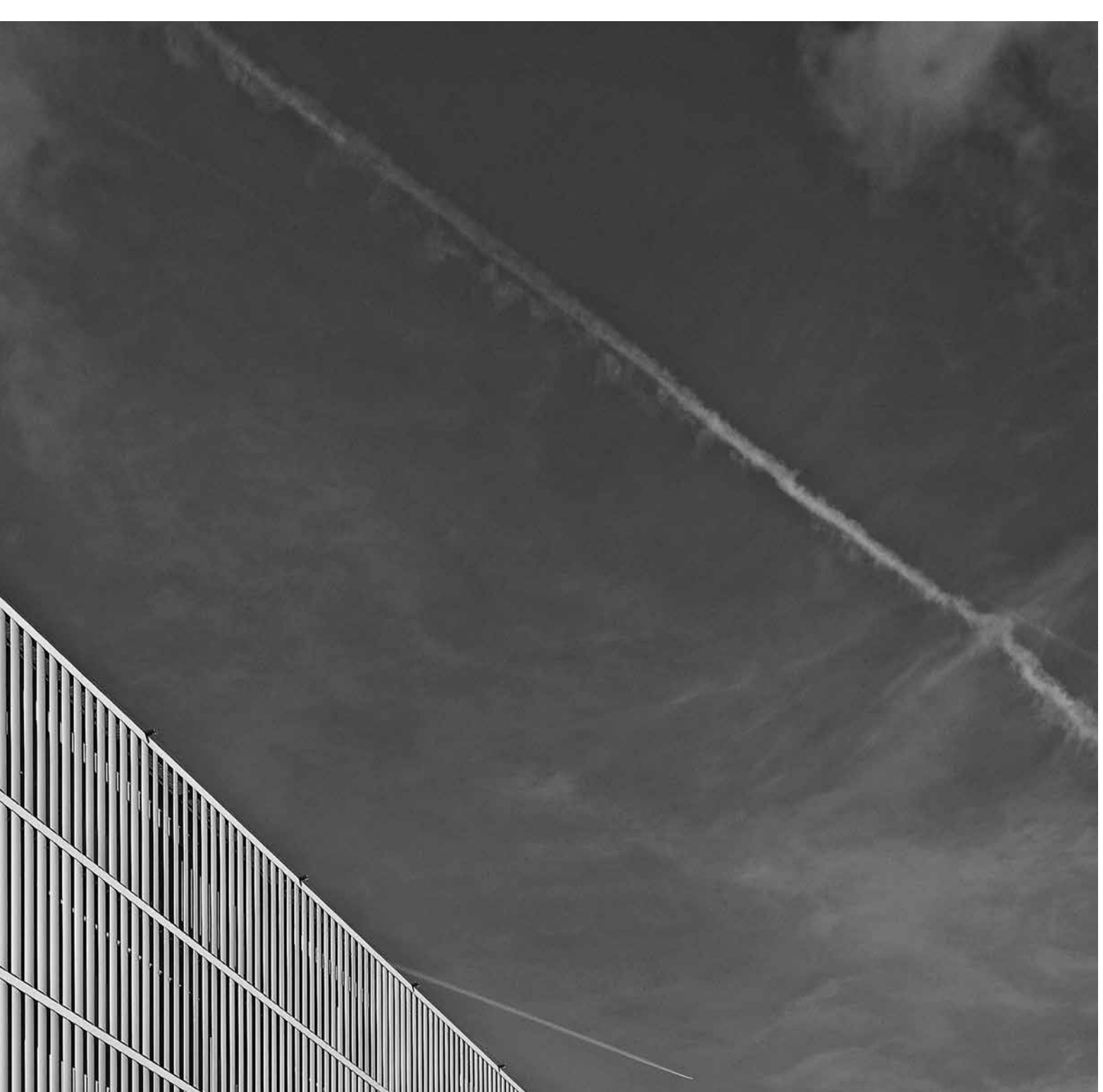
The Swiss Prime Site share turned in a performance of -5.1% in the reporting year, thus slightly outperforming the SXI Real Estate Shares Index (-6.9%).

Based on the favourable results with earnings per share of CHF 5.70 and positive prospects for the current financial year, as well as the quite promising projects, the Board of Directors will propose an unchanged distribution of CHF 3.60 per share to the Annual General Meeting of 15.04.2014. The payout corresponds to a cash yield of 5.2% based on the closing share price of CHF 69.05 at year end.

In conclusion, I would like to thank the Board of Directors, the Executive Board and all the employees for their constructive collaboration, considerable commitment and common success. At the same time, I wish to express my appreciation to the shareholders for the confidence they have placed in our Company.

Hans Peter Wehrli





Corporate Governance

INVESTMENTS IN SUBSIDIARIES

Fully consolidated investments in subsidiaries with a shareholding interest (direct or indirect) of 100%

Subsidiaries	Purpose	31.12.2013 Share capital in CHF 1 000	31.12.2012 Share capital in CHF 1 000
Clouds Gastro AG, Zurich	Restaurant business	500	500
GLPH SA, Lancy*	Inactive company [hotel business]	100	100
Jelmoli AG, Zurich	Retail company	6 600	6 600
Perlavita AG, Zurich**	Services provider in the residential sector, particularly assisted living	100	–
Perlavita Rosenau AG, Kirchberg**	Operation of private senior residence and care facility with related services	300	–
Permed AG, Zurich**	Personnel services provider in the healthcare industry	100	–
SPS Beteiligungen Alpha AG, Olten	Investment company	650 000	650 000
SPS Beteiligungen Beta AG, Olten	Investment company	450 000	450 000
SPS Beteiligungen Gamma AG, Olten	Investment company	300 000	300 000
SPS Immobilien AG, Olten	Real estate company	50 000	50 000
Swiss Prime Site Group AG, Olten***	Services company	100	–
Tertianum AG, Zurich**	Services provider in the residential sector, particularly assisted living	9 562	–
Tertianum Ticino SA, Muralto**	Management of senior residences	100	–
Wincasa AG, Winterthur****	Real estate services company	1 500	1 500

* Operating business was sold end 2013.

** acquired as at 12.07.2013

*** founded as at 25.11.2013

**** acquired as at 25.10.2012

During the reporting year, the Group implemented the following changes:

- acquisition of Tertianum AG, Zurich, as at 12.07.2013
- foundation of Swiss Prime Site Group AG, Olten, as at 25.11.2013
- disposal the operating activities of GLPH SA, that is to say the operation of the hotel Ramada Encore, at the end of November in 2013

All investments in subsidiaries are unlisted companies. These companies are consolidated on the basis of their shareholding interest. The registered shares of the holding company itself – Swiss Prime Site AG with headquarters in Olten, Switzerland – are listed on the SIX Swiss Exchange under the securities number 803 838 and ISIN number CH 000 803 838 9. Swiss Prime Site AG reported market capitalisation of CHF 4 177.7 million [CHF 4 581.9 million] as at 31.12.2013.

Investments in associates valued according to the equity method

Investments in associates	Purpose	31.12.2013 Share capital in CHF 1 000	31.12.2012 Share capital in CHF 1 000
Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld, shareholding of 31.0%	Real estate company	1 000	1 000
Parkgest Holding SA, Geneva, shareholding of 38.8%	Parking	4 750	4 750
Parking Riponne S.A., Lausanne, shareholding of 27.1%	Parking	5 160	5 160

Additional shareholding interests in Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld, were acquired in January 2014, resulting in a shareholding interest of 57.4%.

OPERATING SEGMENTS

According to IFRS 8, Swiss Prime Site is divided into three operating segments: real estate, retail and gastronomy as well as assisted living. The major subsidiaries were allocated to these operating segments as follows:

Swiss Prime Site Group		
Real estate segment	Retail and gastronomy segment	Assisted living segment
Swiss Prime Site AG, Olten	Jelmoli AG, Zurich	Tertianum AG, Zurich
SPS Beteiligungen Alpha AG, Olten	Clouds Gastro AG, Zurich	Perlavita AG, Zurich
SPS Immobilien AG, Olten	GLPH SA, Lancy	Perlavita Rosenau AG, Kirchberg
Swiss Prime Site Group AG, Olten		Permed AG, Zurich
Wincasa AG, Winterthur		Tertianum Ticino SA, Muralto

SHAREHOLDER STRUCTURE AS AT 31.12.2013

Shareholder structure by number of shares

Number of shares	Registered shareholders		Registered shares	
	Number	%	Number	% *
1 to 5 000	7 427	93.8	4 596 497	7.6
5 001 to 50 000	358	4.5	5 337 758	8.8
50 001 to 500 000	118	1.5	16 730 379	27.7
500 001 to 1 815 092	12	0.2	10 705 169	17.7
1 815 093 and above	2	–	6 737 616	11.1
Total registered shareholders/shares	7 917	100.0	44 107 419	72.9
Unregistered shares			16 395 662	27.1
Total shares issued			60 503 081	100.0

* as % of shares issued

Shareholder structure by countries/regions

Countries/regions	Registered shareholders		Registered shares	
	Number	%	Number	%
Switzerland	7 457	94.2	31 884 774	72.3
Europe (excluding Switzerland)	351	4.4	8 732 657	19.8
Other countries	109	1.4	3 489 988	7.9
Total registered shareholders/shares	7 917	100.0	44 107 419	100.0

Shareholder structure by shareholder categories

Shareholder categories	Registered shareholders		Registered shares	
	Number	%	Number	%
Natural persons	6 991	88.3	7 373 939	16.7
Legal entities	385	4.9	14 427 089	32.8
Pension funds	198	2.5	9 394 900	21.3
Insurance companies	34	0.4	1 906 213	4.3
Funds	158	2.0	7 385 539	16.7
Other	151	1.9	3 619 739	8.2
Total registered shareholders/shares	7 917	100.0	44 107 419	100.0

As at the balance sheet date, the Company acknowledged the following major shareholders:

Major shareholders (shareholding interest >3.0%)	31.12.2013	31.12.2012
	Shareholding interest* in %	Shareholding interest* in %
Credit Suisse Funds AG, Zurich	5.3	5.5
BlackRock Investment Management (UK) Ltd, London	5.1	5.1
Wecken Klaus R., Bürgenstock	n/a	3.4
State Street Corporation, Boston	3.1	n/a

* according to entry in the register of shareholders or the notifications received by the Company

CROSS-INVESTMENTS

As at the balance sheet date, there were no cross-investments.

CAPITAL STRUCTURE AS AT 31.12.2013

Capital	Number of registered shares	Nominal per share in CHF	Total in CHF 1 000
Share capital	60 503 081	15.30	925 697
Conditional capital	7 321 234	15.30	112 015

All outstanding shares are voting- and dividend-entitled shares. There are no preferred rights.

Conditional capital

The conditional capital is divided into an amount of up to CHF 88.912 million [CHF 96.431 million] (5 811 234 [6 302 704] shares) for exercising options and/or conversion rights granted with bonds or similar issues, and into an amount of up to CHF 23.103 million [CHF 23.103 million] (1 510 000 [1 510 000] shares) for option rights granted to shareholders. The precise wording can be found in the Company's articles of association. In 2013, convertible bonds with a volume amounting to nominal CHF 34.880 million [CHF 13.465 million] were converted into share capital. Further details can be found in the section «Convertible bonds».

SHARE CAPITAL CHANGES OVER THE LAST THREE YEARS

Changes	Number of registered shares	Nominal per share in CHF	Nominal value in CHF 1 000
Share capital as at 31.12.2010	54 368 714	15.30	831 841
Share capital as at 31.12.2011	54 368 714	15.30	831 841
Conversion of 2 693 units of the CHF 300 million convertible bond (2010–2015)	187 296	15.30	2 866
Capital increase as at 05.12.2012	5 455 601	15.30	83 471
Share capital as at 31.12.2012	60 011 611	15.30	918 178
Conversion of 6 976 units of the CHF 300 million convertible bond (2010–2015)	491 470	15.30	7 519
Share capital as at 31.12.2013	60 503 081	15.30	925 697

More details on the changes to the share capital can be found in Note 31 «Shareholders' equity». Swiss Prime Site AG has only registered shares outstanding.

RESTRICTIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Pursuant to Article 5 of the articles of association, every shareholder and usufructuary may request to be registered in the share register. Only those persons whose names appear in the share register and who have acquired shares in their own name and on their own account are registered as shareholders or usufructuaries by the Company. The Company recognises only one beneficiary per share.

Each share is entitled to a vote at the Annual General Meeting. The Board of Directors is authorised to reject foreign purchasers of registered shares as shareholders with voting rights insofar as and as long as their recognition can prevent the Company from providing the verification governing the composition of its shareholders, that is required by federal law. Otherwise, there are no restrictions on registration or voting rights.

CONVERTIBLE BONDS

On 20.01.2010, Swiss Prime Site AG issued a convertible bond with the following key data:

Issue volume	CHF 300.000 million
Volume on balance sheet date	CHF 251.655 million
Interest rate	1.875% p.a., payable annually on 20.01., starting on 20.01.2011
Term to maturity	5 years (20.01.2010–20.01.2015)
Conversion price	CHF 70.97 [CHF 70.97] (CHF 71.89 on issue)
Listing	SIX Swiss Exchange
Securities number	10 877 415 (SPS10)

Each individual bond with a nominal value of CHF 5 000 can be converted into registered shares of the Company at any time. The new shares to be issued are secured by conditional capital.

In 2013, conversions took place with a volume amounting to nominal CHF 34.880 million [CHF 13.465 million] of this convertible bond, resulting in an increase in share capital of CHF 7.519 million [CHF 2.866 million], or 491 470 [187 296] registered shares, and addition to capital contribution reserves of CHF 26.557 million [CHF 10.375 million].

On 21.06.2011, Swiss Prime Site AG issued a convertible bond with the following key data:

Volume	CHF 190.350 million
Interest rate	1.875% p.a., payable annually on 21.06., starting on 21.06.2012
Term to maturity	5 years (21.06.2011–21.06.2016)
Conversion price	CHF 82.89 [CHF 82.89] (CHF 83.97 on issue)
Listing	SIX Swiss Exchange
Securities number	13 119 623 (SPS11)

Each individual bond with a nominal value of CHF 5 000 can be converted into registered shares of the Company at any time. The new shares to be issued are secured by conditional capital.

BONDS

On 11.07.2013, Swiss Prime Site AG issued a bond with the following key data:

Issuing volume	CHF 115.000 million
Interest rate	1.125% p.a., payable annually on 11.07., starting on 11.07.2014
Term to maturity	5 years (11.07.2013–11.07.2018)
Listing	SIX Swiss Exchange
Securities number	21 564 566 (SPS13)

On 21.10.2013, Swiss Prime Site AG issued a bond with the following key data:

Issuing volume	CHF 230.000 million
Interest rate	2.0% p.a., payable annually on 21.10., starting on 21.10.2014
Term to maturity	7 years (21.10.2013–21.10.2020)
Listing	SIX Swiss Exchange
Securities number	21 565 073 (SPS131)

BOARD OF DIRECTORS

Hans Peter Wehrli (1952), Zurich

Prof. Dr. oec. publ.

Chairman of the Board of Directors

Non-executive member of the Board of Directors

Member since: 29.04.2002

Elected until: Annual General Meeting 2014

Education: Hans Peter Wehrli graduated in 1977 with a degree in business management studies from the University of Zurich, received a PhD (Dr. oec. publ.) in 1980, with various study visits to American universities.

Professional activity: Hans Peter Wehrli has been professor of business management studies and has held the chair for marketing at the University of Zurich since 1993.

In addition to his role as Chairman of the Board of Directors of Swiss Prime Site AG, on 31.12.2013 Hans Peter Wehrli also held seats on the boards of directors of the following companies: Belimo Holding AG, Hinwil (chairman of board of directors), and Datacolor AG, Lucerne.

Thomas Wetzel (1956), Küsnacht

Dr. iur. solicitor

Vice-Chairman of the Board of Directors

Non-executive member of the Board of Directors

Member since: 11.05.1999

Elected until: Annual General Meeting 2014

Education: Thomas Wetzel graduated with a degree in law from the University of Zurich in 1981, dissertation at the University of Basel in 1983, admitted to the bar of the Canton of Schaffhausen in 1985

Professional activity: Thomas Wetzel has been a partner at the law office Wenger Plattner, Basel, Zurich and Berne since 2003. Prior to that, he worked as a legal consultant and solicitor for several law offices and served as secretary to the Court of Appeals of the canton of Schaffhausen. From 1988 to 1997 he was a member of the management board, and in recent years, deputy chairman of Intershop Holding AG, Zurich. Thomas Wetzel lectures at the Institute for Banking and Finance/CUREM (Center for Urban & Real Estate Management) at the University of Zurich, Zurich.

In addition to his role as Vice-Chairman of the Board of Directors of Swiss Prime Site AG, as at 31.12.2013, Thomas Wetzel also held seats on the boards of directors of the following companies: Brandenberger + Ruosch AG, Dietlikon (chairman of board of directors), EBV Immobilien AG, Urdorf (chairman of board of directors), VERIT Investment Management AG, Zurich (chairman of board of directors), Caretta + Weidmann Baumanagement AG, Zurich, Erdgas Zurich AG, Zurich, and Geschäftshaus City AG Dübendorf, Dübendorf. In addition, he had the following position: Swiss Foundation for International Real Estate Investments (AFIAA), Zurich (chairman of investment committee).

Christopher M. Chambers (1961), London, UK

Non-executive member of the Board of Directors

Member since: 22.10.2009

Elected until: Annual General Meeting 2015

Professional activity: Christopher M. Chambers began his professional career in investment banking, before becoming chief executive officer of global hedge fund Man Investments, from which he departed in 2005.

In addition to his role as board member at Swiss Prime Site AG, as at 31.12.2013, Christopher M. Chambers held positions on bodies in the following companies, among others: Cembra Money Bank AG, Zurich (vice-chairman of board of directors), Berenberg Bank (Switzerland) Ltd, Zurich (member of board of directors), Lonrho Ltd, London, UK (executive chairman), and Pendragon Plc, Nottingham, UK (member of board of directors).

Bernhard Hammer (1950), Kammersrohr

Dr. iur. attorney-at-law and notary

Non-executive member of the Board of Directors

Member since: 29.04.2002

Elected until: Annual General Meeting 2014

Education: He received his PhD in law (Dr. iur.) in 1978 from the University of Zurich, and qualified as an attorney and notary in 1979.

Professional activity: From 1987 to 1997, Bernhard Hammer was chief executive officer of Stuag Holding, Berne, and from 1997 to 1999 member of the board of directors and steering committee of Batigroup AG, Basel. In addition, he was chairman of the board of directors of Comet Holding Ltd, Wünnewil-Flamatt, from 1990 to 2007.

In addition to his role as board member at Swiss Prime Site AG, as at 31.12.2013 Bernhard Hammer also held seats on the boards of directors of the following companies, among others: BASo Holding SA, Fribourg, Flumroc Ltd, Flums, PeterS AG, Zurich, Sasolim Holding AG, Solothurn, Sofisa SA, Fribourg, and VINCI Energies Switzerland Ltd, Zurich. In addition, he held the following positions: Bill de Vigier Foundation, Solothurn (chairman of foundation board), and Theodora Foundation, Lonay (member of the foundation board).

Rudolf Huber (1955), Pfäffikon, SZ

Dr. oec. publ.

Non-executive member of the Board of Directors

Member since: 29.04.2002

Elected until: Annual General Meeting 2015

Education: PhD in business management studies in 1982 and doctorate in business management studies in 1985 from the University of Zurich

Professional activity: Rudolf Huber worked in the financial department of various industrial companies, including from 1992 to 2004 as member of the executive board and chief financial officer of the Geberit group, Rapperswil-Jona. He currently works as an independent business consultant and guest lecturer at the School of Business at the Lucerne University of Applied Sciences and Arts and has a teaching position at the University of St. Gallen. Since 2006, he has been chairman of the CFO Forum Switzerland – CFOs.

In addition to his role as board member at Swiss Prime Site AG, on 31.12.2013 Rudolf Huber also held seats on the boards of directors of the following listed companies: Looser Holding AG, Arbon (chairman of board of directors), Georg Fischer Ltd, Schaffhausen, and Repower AG, Poschiavo. He also held additional seats on the boards of directors of the following unlisted companies, among others: Hoerbiger Holding AG, Zug, Wicor Holding AG and Fageb Verwaltungen AG, both in Rapperswil-Jona.

Mario F. Seris (1955), Zurich

lic. phil. I

Non-executive member of the Board of Directors

Member since: 27.04.2005

Elected until: Annual General Meeting 2014

Education: Mario F. Seris graduated with a degree in English and education from the University of Zurich in 1981.

Professional activity: From 1978 to the beginning of 2013, Mario F. Seris held various national and global management positions at Credit Suisse AG, including from 2002 to 2005 as chief executive officer of Credit Suisse Asset Management, Switzerland. From 2005 to 2010, he was global head of Real Estate Asset Management at Credit Suisse AG. From 2011 to 2012, he represented Credit Suisse AG as senior adviser on various boards of directors and investment committees in the real estate and fund sectors. Since March 2013, has been an independent advisor.

Klaus R. Wecken (1951), Bürgenstock

Non-executive member of the Board of Directors

Member since: 22.10.2009

Elected until: Annual General Meeting 2015

Education: studies in economics at the University of Freiburg in Breisgau

Professional activity: From 1974, Klaus R. Wecken was founder, partner and chairman of various companies in Germany and Switzerland. From 1984, he was co-founder and director of KHK Software AG, Frankfurt am Main, which he sold to SAGE Group, Newcastle, UK, in 1997. From 1999, he was co-founder and principal shareholder of the real estate company Tivona AG, Basel, which was integrated through Jelmoli Holding Ltd, Zurich, into Swiss Prime Site Group in 2009. From 2001 to 2002, he was member of the board of directors of Jelmoli Holding Ltd, Zurich. Since 2007, Klaus R. Wecken has established more than 40 stakes focused on fields such as the Internet, software and medical technology as well as real estate, through his family office Wecken & Cie, Basel. Wecken & Cie is major shareholder in Westgrund AG, Berlin, Germany, as well as prominent shareholder in Adler Real Estate, Hamburg, Germany, and Estavis AG, Berlin, among other firms. All three real estate companies are stock exchange-listed firms in Germany.

In addition to his role as board member at Swiss Prime Site AG, on 31.12.2013 Klaus R. Wecken also held positions in the following companies: Bockstecherhof Immobilien AG, Basel (chairman of board of directors), Care4 Ltd, Basel (chairman of board of directors), FAIRRANK Swiss AG, Basel (chairman of board of directors), SIC invent Ltd, Basel (member of board of directors), W & W Immobilien GmbH, Weil am Rhein, Germany, as well as other associated real estate companies (chief executive officer), and member of the advisory committee of some of his investment companies.

All members of the Board of Directors were Swiss Nationals, except for Klaus R. Wecken (German national). The Board of Directors consists entirely of non-executive members who have not served on the Management Board of Swiss Prime Site AG or another group company within the past three years. With the exception of business relationships (see management contract and Note 34 «Transactions with related parties»), the Company has no other significant business relations with Credit Suisse Group.

Departures during the reporting period

None

Elections and period of office

In accordance with the new Swiss Ordinance Against Excessive Compensation in Listed Companies, members of the Board of Directors and its Chairman as well as Compensation Committee members are elected for a respective one-year term of office.

Members of the Board of Directors shall submit their resignation at the ordinary Annual General Meeting in the year in which they reach the age of 65.

Regulation of the powers and duties of the Board of Directors

The Board of Directors is responsible for the general management of the Company and the supervision and monitoring of the Executive Board. The Board of Directors makes the fundamental decisions that determine the activity of the Company. Within the framework of its activities, the Board of Directors ensures profit-focused and competent management of the Company by its Executive Board according to the provisions of the articles of association, the regulations and the applicable legislation.

The Board of Directors acts as a joint body. If needed, it can form committees from among its members and allocate powers to these committees in separate sets of regulations or by amending the existing organisational regulations.

The Board of Directors acts as a collective body. Unless otherwise provided in the resolutions of the Board of Directors and the organisational regulations, its members shall have no personal authority over the Company, and for this reason cannot issue any instructions of their own accord.

The Board of Directors delegates all executive management activities to the Executive Board unless otherwise provided by law, the articles of association or the organisational regulations. It issues directives on the business and investment policy and keeps itself regularly informed of course of business.

The Board of Directors can delegate the preparation and implementation of all resolutions or the monitoring of activities to one or more committees or to individual members or the Executive Board. It shall ensure appropriate reporting to its members.

The Board of Directors can entrust executive management tasks to third parties on a contractual basis.

During the reporting period, six meetings and two conference calls of the Board of Directors took place.

On the basis of the organisational regulations, the Board of Directors currently has three committees (Audit Committee, Compensation Committee and Investment Committee) that are described in detail in the following sections.

AUDIT COMMITTEE

The functions, duties and powers of the Audit Committee are set out in separate rules and essentially comprise the following areas:

The Audit Committee monitors the Executive Board of Swiss Prime Site with respect to financial reporting, compliance with legislation, requirements, internal rules and guidelines, as well as with respect to risk management and monitoring external corporate activities.

The Audit Committee monitors and assesses the independence, the work, the auditing costs, the scope of audit and the findings of the external auditors, the quality, implementation and disclosure of the accounting principles and the adequacy of the financial control mechanisms.

The Audit Committee monitors and assesses the independence and the work of the valuation experts and the valuation principles.

The Audit Committee has the right to give instructions and obtain information with regard to the internal audit. The Audit Committee proposes the internal audit charter, which determines the organisation and operation of Swiss Prime Site's internal audit, to the full Board of Directors.

During the reporting period, five meetings and two conference calls of the Audit Committee took place.

Every year, at least one meeting with the external auditors is held. On the basis of this meeting, the Audit Committee forms an in-depth picture of the activities of the auditors and informs the Board of Directors about its findings.

The Audit Committee acts as a joint and collective body. Its members have no personal authority over the Company, and for this reason cannot issue instructions of their own accord. The Audit Committee has a right of proposal to the Board of Directors.

The Audit Committee reports regularly to the Board of Directors about its activities and submits the necessary proposals.

The Audit Committee comprises the following members:

Rudolf Huber, chairman
Christopher M. Chambers, member
Bernhard Hammer, member
Mario F. Seris, member

COMPENSATION COMMITTEE

Swiss Prime Site's Compensation Committee acts as the relevant body in accordance with the Ordinance Against Excessive Compensation in Listed Companies and the articles of association to be amended based on this Ordinance.

The functions, duties and powers of the Compensation Committee are set out in separate rules and essentially comprise the following areas:

The Compensation Committee prepares the guidelines and proposals for the nomination (including authority to sign) for the compensation payable to the Board of Directors, the Executive Board, the employees of Swiss Prime Site and its subsidiaries, the real estate asset manager, the property/facility managers, related persons and the external valuation experts.

The Compensation Committee monitors compliance with the compensation and nomination policy determined by the Board of Directors, the Committee itself and the Executive Board.

The Compensation Committee acts as a joint and collective body. Its members have no personal authority over the Company, and for this reason cannot issue instructions of their own accord. The Compensation Committee has the right to submit proposals to the full Board of Directors.

During the reporting period, four meetings of the Compensation Committee took place.

The Compensation Committee reports to the Board of Directors about its activities and submits the necessary proposals.

The Compensation Committee comprises the following members:

Thomas Wetzel, chairman
Mario F. Seris, member
Hans Peter Wehrli, member

INVESTMENT COMMITTEE

The functions, duties and powers of the Investment Committee are defined in the investment regulations and include the following main tasks:

The Investment Committee monitors compliance with the investment guidelines defined in the investment regulations.

The Investment Committee reviews the acquisition and divestment of properties and submits the proposal for the purchase or sale of properties to the Executive Board and the Board of Directors.

The Investment Committee exercises its powers as a joint and collective body. Its members have no personal authority over the Company, and for this reason cannot issue instructions of their own accord. The Investment Committee has the right to submit proposals to the Executive Board or the Board of Directors.

During the reporting period, eight meetings of the Investment Committee took place.

The Investment Committee reports on its activities to the Board of Directors and the Executive Board and submits the necessary proposals.

The Investment Committee comprises the following members:

Markus Graf, chairman
Bernhard Hammer, member
Klaus R. Wecken, member
Thomas Wetzel, member

EXECUTIVE BOARD

Markus Graf (1949), Feldbrunnen
Member of the Executive Board
Chief Executive Officer

In this function since: 01.12.2000

Education: graduated as HTL/STV architect

Professional activity: Markus Graf is Chief Executive Officer of Swiss Prime Site since 2000. He was head of Real Estate Asset Management, Credit Suisse AG, Zurich (managing director) from 1995 to 30.11.2012. Prior to that, he held management positions with several construction and real estate companies.

As at 31.12.2013, Markus Graf was chairman of the board of directors of the following companies of Swiss Prime Site Group: Clouds Gastro AG, Zurich, GLPH SA, Lancy, Jelmoli Ltd, Zurich, SPS Beteiligungen Alpha AG, Olten, SPS Beteiligungen Beta AG, Olten, SPS Beteiligungen Gamma AG, Olten, SPS Immobilien AG, Olten, Swiss Prime Site Group AG, Olten, Tertianum AG, Zurich, and Wincasa AG, Winterthur. In addition, he held a seat on the board of directors of the following companies: Bekon-Koralle AG, Dagmersellen, Credit Suisse Funds AG, Zurich, Feriendorf Schlüsselacker AG, Obergoms, and Société Internationale de Placements SA, Basel.

Peter Wullschleger (1965), Oftringen

Member of the Executive Board

Chief Financial Officer

In this function since: 11.05.1999

Education: Swiss certified accountant since 1992

Professional activity: Peter Wullschleger is Chief Financial Officer of Swiss Prime Site and was head of finance & controlling of Real Estate Asset Management, Credit Suisse AG, Zurich (managing director) up until 31.12.2012. He began his career with Credit Suisse AG in the finance & controlling department in 1986. Prior to that, he was head accountant at Devo AG, Olten.

As at 31.12.2013, Peter Wullschleger held a seat on the board of directors of the following companies of Swiss Prime Site Group: Clouds Gastro AG, Zurich, Ensemble artisanal et commercial de Riantbosson S.A. (EACR), Frauenfeld, GLPH SA, Lancy, Jelmoli Ltd, Zurich, SPS Beteiligungen Alpha AG, Olten, SPS Beteiligungen Beta AG, Olten, SPS Beteiligungen Gamma Ltd, Olten, SPS Immobilien AG, Olten, Swiss Prime Site Group AG, Olten, Tertianum AG, Zurich, and Wincasa AG, Winterthur (vice-chairman of the board of directors). In addition, he held positions on bodies in the following companies: City Markt Aarau AG, Aarau (member of the board of directors), Arthur Frey AG Supplementary Foundation, Olten (foundation board representative), SPS and Jelmoli Pension Fund, Zurich (foundation board member), Arthur Frey AG Personnel Pension Plan Foundation, Olten (foundation board member), and SPS and Jelmoli Welfare Foundation, Zurich (foundation board member).

Peter Lehmann (1958), Wilen bei Wollerau

Member of the Executive Board

Chief Investment Officer

In this function since: 01.03.2002

Education: graduated as construction planner from GIB Solothurn in 1978

Professional activity: Peter Lehmann is Chief Investment Officer of Swiss Prime Site and was senior advisor of Real Estate Asset Management, Credit Suisse AG, Zurich (managing director) up until 31.12.2012. He began his career with Credit Suisse AG in 1991 as head of construction and acquisition Switzerland and from 2004 to 2009 as head of development. Prior to his positions at Credit Suisse AG, he was a regional manager for construction for the fund management arm of Schweizerische Volksbank and an architectural project manager at W. Thommen AG, Trimbach.

As at 31.12.2013, Peter Lehmann held a seat on the board of directors of the following companies of the Swiss Prime Site Group: Clouds Gastro AG, Zurich, GLPH SA, Lancy, Jelmoli Ltd, Zurich, SPS Beteiligungen Alpha AG, Olten, SPS Beteiligungen Beta AG, Olten, SPS Beteiligungen Gamma AG, Olten, SPS Immobilien AG, Olten, Swiss Prime Site Group AG, Olten, Tertianum AG, Zurich, and Wincasa AG, Winterthur.

Oliver Hofmann (1970), Horgen

Member of Executive Board

Chief Executive Officer of Wincasa AG

In this function since: 01.06.2013

Education: banking studies, bachelor in economics and business administration, master of science in real estate of CUREM (University of Zurich)

Professional activity: Oliver Hofmann has held the positions of chief executive officer of real estate services company Wincasa AG since 01.01.2013 as well as member of the Executive Board of Swiss Prime Site since 01.06.2013. In addition to spending a few years of his professional career in the finance department at IBM (Switzerland) Ltd, he previously worked at UBS Inc. for more than 15 years with other intermittent activities (investment advisor in wealth management, corporate finance, build-up of Swiss real estate advisory services). From 2007 to 2012, he held the position of head of real estate advisory Switzerland at UBS Inc. From 2010 to September 2013, Oliver Hofmann served as chairman of RICS Switzerland – Royal Institution of Chartered Surveyors. He is also a member of the «G15 – Group of Fifteen».

Oliver Hofmann held a seat on the board of directors of the following company on 31.12.2013: Siegmund & Hofmann AG, Basel.

Franco Savastano (1965), Stallikon

Member of the Executive Board

Chief Executive Officer of Jelmoli – The House of Brands

In this function since: 01.04.2012

Education: 1984 retail business diploma in men's fashion sales, 1986 business school degree types R and S from the Limania commercial school in Baden; 1989 advanced degree in economics from the Kaufmännischen Lehrinstitut Zurich

Professional activity: Franco Savastano has been chief executive officer of Jelmoli – The House of Brands department store in Zurich since 01.04.2012 and member of the Swiss Prime Site Executive Board. From 2001 to 2012, he held the position of director of the Grieder fashion stores in German-speaking Switzerland, as well as procurement director for Grieder throughout Switzerland. From 1997 to 2001, Mr. Savastano held positions as head of the creative teams for the fashion labels Strellson and Tommy Hilfiger Clothing. From 1988 to 1996, he worked as procurement director at Fein-Kaller Uomo and Donna; and from 1986 to 1988, as assistant to the director of sales at Hugo Boss Switzerland Ltd.

In addition, Franco Savastano had the following mandates on 31.12.2013: SPS and Jelmoli Pension Fund, Zurich (foundation board member), SPS and Jelmoli Welfare Foundation, Zurich (foundation board member), and chairman of the Zurich Bahnhofstrasse Association, Zurich.

New members after the balance sheet date

Dr. Luca Stäger, chief executive officer of Tertianum AG since 01.03.2010, was elected to the Executive Board by the Board of Directors as at 01.01.2014.

Departures during the reporting period

None

All members of the Executive Board were Swiss nationals.

PRINCIPLES OF THE DISTRIBUTION OF POWERS BETWEEN THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The basic principles and the separation of the functions and powers between the Board of Directors and Executive Board are regulated in detail in the organisation and competence regulations.

The Board of Directors is responsible for the general management, the supervision and monitoring of the Company's Executive Board. It issues directives on the business and investment policy and keeps itself regularly informed of the course of business.

The Executive Board is responsible for the operational management of the Group and represents the Group relative to third parties. As representative of the Executive Board, the Chief Financial Officer also participates in the meetings

of the Audit Committee and the Compensation Committee. In addition, the external auditors participate in the Audit Committee meeting in spring.

Members of the Executive Board are invited to attend the meetings of the Board of Directors.

ARRANGEMENT OF THE INFORMATION AND CONTROL INSTRUMENTS APPLIED TO THE BOARD OF DIRECTORS

The Executive Board informs the Board of Directors regularly (at least quarterly) in detail on the course of business by means of a standardised reporting system. By means of this reporting system, the Board of Directors can monitor the Executive Board and its actions. The Audit Committee, the Compensation Committee and the Investment Committee report to the Board of Directors regarding their activities during the regular meetings.

COMPENSATION, INVESTMENTS AND LOANS TO MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Compensation to the Board of Directors

Function in the BoD	Compensation in CHF 1 000	Expense allowance in CHF 1 000
Chairman of the Board of Directors	344	6
Vice-Chairman of the Board of Directors	204	6
Member of the Board of Directors	174–184	6–12
Secretary to the Board of Directors	–	–

Elements of the Board of Directors' compensation

Members of the Board of Directors receive fixed compensation and a lump-sum expense allowance for their activity. Fixed compensation includes remuneration for the activities of members of the Board of Directors as members on committees of the Board of Directors and members of the board of directors of subsidiaries. This regulation replaces the system of basic fees in effect up until 2012 and additional compensation for the activity on Board of Directors' committees.

A percentage of the compensation (50%) is mandatorily effected in the form of Swiss Prime Site AG shares. Members of the Board of Directors had 2013 the option to select an increased percentage of shares to 75% or 100%. If they had chosen this option, they must have notified the Company of their decision in each case no later than ten days following the annual media conference. The shares are allocated at the end of the financial year on the basis of the market price at the beginning of the financial year, less a 10% discount. The delivered shares are subject to blocking for a period of four years; the latter allows a tax reduction on the issue price, but does not include any obligation to forfeit or expiration e.g. given withdrawal during the blocking period.

The allocation metric can result in the value of the share-based compensation deviating from the aforementioned percentages.

Compensation of members of the Board of Directors was adjusted in 2013 compared to the previous year. The raise was paid in cash.

Elements of the Executive Board's compensation

Members of the Executive Board receive fixed annual compensation as well as performance- and profit-based variable compensation.

The performance- and profit-based variable compensation for members of the Executive Board is based on the quantitative and individual targets to be re-determined annually by the Board of Directors, in the long-term interests of the Company and shareholders.

The variable compensation of the members of the Executive Board employed by Swiss Prime Site Group AG is paid partially in cash and partially in Swiss Prime Site AG shares, according to the regulations.

The variable compensation for members of the Executive Board employed by Swiss Prime Site Group AG was determined in 2013 according to the bonus regulations adopted by the Board of Directors, as follows:

Variable compensation (bonus) in percentage terms amounts to a maximum 50%, minimum 0% of fixed compensation. The stipulated targets include quantitative and individual targets and are always based on the current financial year. The targets for the members of the Executive Board employed by Swiss Prime Site Group AG comprise the following elements and are weighted as follows:

– NAV after deferred taxes	30%
– earnings per share before revaluation effects/deferred taxes	40%
– individual targets	30%
– total	100%

The specific metrics for the target bonus as well as the range between maximum and minimum bonus are determined by the Board of Directors as recommended by the Compensation Committee, within the scope of the budget process.

Achievement of the quantitative targets is calculated based on the definitive annual result following the close of the financial year. Achievement of the individual targets is determined by the Board of Directors as recommended by the Compensation Committee, by means of weighting of the designated evaluation criteria.

The performance- and profit-based variable compensation for members of the Executive Board employed by Swiss Prime Site Group AG is paid at 50% in cash and 50% in Swiss Prime Site AG shares. The shares are allocated in March of the subsequent year on the basis of the market price at the beginning of the financial year, less a 10% discount. The delivered shares are subject to blocking for a period of three years; the latter allows a tax reduction on the issue price, but does not include any obligation to forfeit or expiration e.g. given withdrawal during the blocking period.

The allocation metric can result in the value of the share-based compensation exceeding 50% of fixed compensation.

A different and diverse bonus program is applied to members of the Executive Board who are not employed by Swiss Prime Site Group AG directly, but rather by the operating subsidiaries, in the context of an adequate incentive system. Individual and quantitative targets are also stipulated here; the latter include net revenue and EBITDA targets, for example. Bonuses are paid out 100% in cash.

One member of the Executive Board was on the Investment Committee and another member of the Executive Board also served as secretary to the Board of Directors. No separate fees are paid for these functions since compensation is included in the fixed compensation.

Further information about compensation and shareholdings of the Board of Directors and the Executive Board can be found in Note 34 «Transactions with related parties» and in Note 9 of the separate financial statements of Swiss Prime Site AG «Compensation, participations and loans to members of the Board of Directors and the Executive Board» as well as in the Compensation Report.

Options

There were no options outstanding or allocated as at the balance sheet date.

Additional fees and compensation

No additional compensations were paid in 2013.

Loans to governing bodies

There were no outstanding loans to governing bodies as at the balance sheet date.

SHAREHOLDER PARTICIPATION RIGHTS

The current articles of association can be found on the homepage at www.swiss-prime-site.ch under the heading company/corporate governance. The following are references to selected articles:

- share register and registration provisions (article 5)
- powers of General Meeting (article 8)
- convening/agenda of the General Meeting (article 10)
- voting rights and adoption of resolutions (article 12)
- special quorums (article 13)

CHANGE OF CONTROL AND DEFENCE MEASURES

Anyone who directly, indirectly or in joint agreement with third parties acquires shares and, together with the shares already in their possession, exceeds the limit of 33 ⅓% of the voting rights, whether exercisable or not, must submit an offer for all listed shares of the Company. There are no other provisions, agreements or plans.

STATUTORY AUDITOR

Duration of the mandate and period of office of the auditor in charge

Since the Company was founded (1999), the statutory auditor of Swiss Prime Site has been KPMG Ltd, Badenerstrasse 172, 8004 Zurich. KPMG Ltd also acts as independent auditor for all fully consolidated subsidiaries to date, except the former Tertianum Group was subject to an audit by OBT AG, Hardturmstrasse 120, 8005 Zurich, as at 31.12.2013. The auditors are elected each year by the Annual General Meeting.

The auditor in charge has been in this role since 01.01.2013. The auditor's period of office ends with the financial year 2020.

Fee

For the current reporting period, audit fees in the amount of CHF 0.897 million [CHF 0.916 million] and CHF 0.006 million for other consulting services were booked [CHF 0.283 million for services in relation to the capital increase].

MANAGEMENT CONTRACTS

Up until 31.12.2012, Swiss Prime Site had transferred the asset management functions to Credit Suisse AG, Real Estate Asset Management, Zurich. All details were regulated in the management agreement dated August 2001.

Swiss Prime Site adapted its organisational structure as at 01.01.2013 to the Group's robust growth as well as the increasingly more complex challenges presented by real estate investments. Significant management services that had previously been provided by Credit Suisse AG, Real Estate Asset Management, up until 31.12.2012 based on a management agreement were integrated into Swiss Prime Site Group. The management agreement with Credit Suisse AG has remained in effect in a reduced form.

Starting from 01.01.2013, Swiss Prime Site has mandated Credit Suisse AG to carry out various activities, particularly providing services in the areas of property asset management, construction, value-added tax, controlling and reporting for Swiss Prime Site's real estate portfolio.

Up until 31.12.2012, Swiss Prime Site had mandated Credit Suisse AG to implement, monitor and supervise the financial activities of the Group, as well as the administrative and technical management and the controlling of the properties. Credit Suisse AG assisted, advised, prepared proposals and handled the property transactions within the framework of the investment regulations of Swiss Prime Site.

Management fee (basic compensation)

Starting from 01.01.2013, the management fee amounts to 0.105% of total assets (i.e. total of all valued consolidated assets, at the beginning of each quarter).

Up until 31.12.2012, the management fee per year had amounted to 0.14% to 0.31% (on a graduated basis) of total assets (i.e. total of all valued consolidated assets, at the beginning of each quarter):

until 31.12.2012	in CHF bn	in %
Share of total assets up to	1.5	0.31
Next share of total assets up to	3.0	0.29
Next share of total assets up to	4.5	0.22
Next share of total assets up to	6.0	0.21
Next share of total assets up to	7.5	0.20
Next share of total assets up to	10.0	0.17
Next share of total assets up to	12.5	0.16
Next share of total assets up to	15.0	0.15
Next share of total assets from	15.0	0.14

Construction management fee (construction trustee, builder representative)

Starting from 01.01.2013, the following conditions apply to construction management by Credit Suisse AG:

- 2.0% of the total construction costs for renovations and restructuring < CHF 25.0 million
- 0.5% to 1.5% of the total construction costs for new building construction and large-scale restructuring > CHF 25.0 million
- due diligence services are remunerated according to expense

Up until 31.12.2012, the commission for construction management amounted to 2.0% of the respective total construction costs (construction of buildings, comprehensive renovations and modification of buildings).

Purchase and sales commission

Starting from 01.01.2013, the following conditions apply to the purchase and sales of properties by Credit Suisse AG:

- Credit Suisse AG broker mandate:
0.5% to 5.0% of the purchase/sales price plus 0.25% (depending on separate agreement) for preparing documentation; separate conditions apply for large transactions
- third-party broker mandate:
0.25% of the purchase/sales price for preparing documentation according to separate agreement

Up until 31.12.2012, these commissions had amounted to 1.5% to 5.0% of the purchase or sales price (excluding purchase or sale costs) of each property acquired, contributed or sold by Swiss Prime Site:

until 31.12.2012	in CHF m	in %
Purchase and sales price under	1.0	5.0
Purchase and sales price under	3.0	3.0
Purchase and sales price from	3.0	1.5

For large transactions, for example, purchases of blocks of properties or company acquisitions, the parties reached a separate compensation agreement.

Compensation paid to the asset manager in the previous year is listed in Note 34 «Transactions with related parties». Since 01.01.2013, Credit Suisse AG is no longer regarded as a related party.

INFORMATION POLICY

Frequency

The Group publishes a semi-annual magazine («Prime Times») with information about the events of the preceding six months. The financial reporting occurs in the form of semi-annual and annual reports, complemented by quarterly press releases of selected key figures, in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB).

Other information media

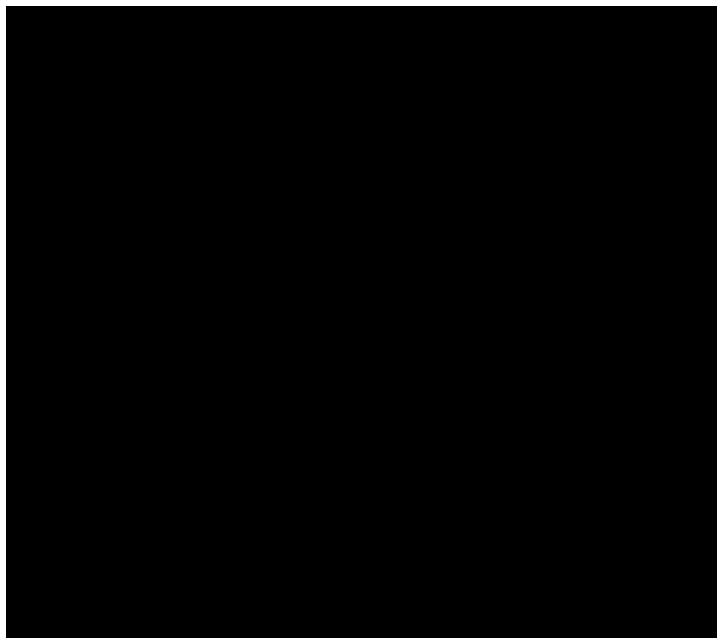
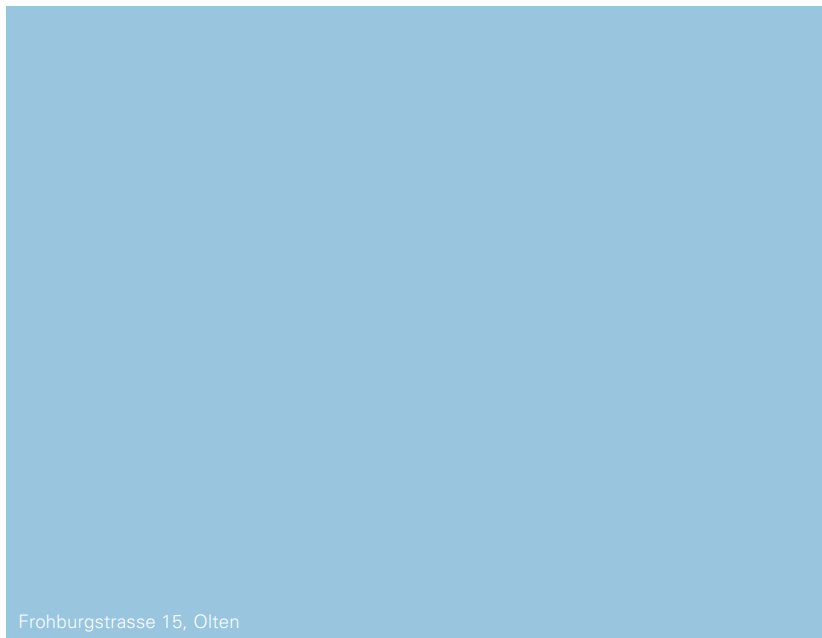
Further information about the Group can be found on the website www.swiss-prime-site.ch.

SIGNIFICANT CHANGES SINCE THE BALANCE SHEET DATE

In December 2013, a purchase agreement was concluded for an additional 26.4% of the shares of Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld, which was executed as at 01.01.2014. The company will be fully consolidated from 01.01.2014 (with a current equity interest of 57.4%). The company holds one property/project, and no operating business was acquired.

On 27.01.2014, an agreement was signed for the divestment of Permed AG, with execution date as at 17.03.2014. The divestment will have no significant effect on the income statement.

No further significant changes have taken place since the balance sheet date.





Compensation Report 2013 Swiss Prime Site AG

COMPENSATION REPORT 2013 OF SWISS PRIME SITE AG

In accordance with the Ordinance Against Excessive Compensation in Listed Companies of 20.11.2013

1. Introduction

Swiss Prime Site is immediately implementing new reporting requirements in accordance with the Swiss Ordinance Against Excessive Compensation in Listed Companies (hereinafter referred to as «Ordinance»), in the context of achieving the utmost transparency and straight-forward adaptation to the broader guidelines for ensuring proper corporate governance.

Accordingly, an optional compensation report has been compiled for the financial year 2013, in accordance with the aforementioned Ordinance, and submitted to the Annual General Meeting for approval on a consultative basis. The Company has waived an audit by the statutory auditor this year, referring in this regard to the report of the statutory auditor on the Swiss Prime Site 2013 consolidated financial statements and separate financial statements of Swiss Prime Site AG, which also include the essential contents of this compensation report.

The effected compensation is disclosed according to the accrual accounting principle: i.e. all compensation is reported in the respective period (i.e. financial year) in which it is recorded in the financial statements.

The Executive Board comprises the members of the Executive Board of Swiss Prime Site AG (Group holding company) and Swiss Prime Site Group AG (Group services company) respectively as well as chief executive officers of operating subsidiaries. The term Executive Board corresponds to «Management Board» according to the articles of association of Swiss Prime Site AG and the Ordinance.

2. Swiss Prime Site's compensation policy

Compensation to members of the Board of Directors and the Executive Board should conform to market conditions, correspond appropriately to performance and responsibility, and correlate to the size of the Company. Swiss Prime Site aims for further growth amid a risk-optimised performance.

3. Principles and elements as well as authority and determination of compensation

3.1 Elements of the Board of Directors' compensation

Members of the Board of Directors receive fixed compensation and a lump-sum expense allowance for their activity. Fixed compensation includes remuneration for the activities of members of the Board of Directors as members on committees of the Board of Directors and members of the board of directors of subsidiaries. This regulation replaces the system of basic fees in effect up until 2012 and additional compensation for the activity on Board of Directors' committees.

A percentage of the compensation (50%) is mandatorily effected in the form of Swiss Prime Site AG shares. Members of the Board of Directors had 2013 the option to select an increased percentage of shares to 75% or 100%. If they had chosen this option, they must have notified the Company of their decision in each case no later than ten days following the annual media conference. The shares are allocated at the end of the financial year on the basis of the market price at the beginning of the financial year, less a 10% discount. The delivered shares are subject to blocking for a period of four years; the latter allows a tax reduction on the issue price, but does not include any obligation to forfeit or expiration e.g. given withdrawal during the blocking period.

The allocation metric can result in the value of the share-based compensation deviating from the aforementioned percentages.

Compensation of members of the Board of Directors was adjusted in 2013 compared to the previous year. The raise was paid in cash. The details are presented in section 4.1.

3.2 Elements of the Executive Board's compensation

Members of the Executive Board receive fixed annual compensation as well as performance- and profit-based variable compensation.

The performance- and profit-based variable compensation for members of the Executive Board is based on the quantitative and individual targets to be re-determined annually by the Board of Directors, in the long-term interests of the Company and shareholders.

The variable compensation of the members of the Executive Board employed by Swiss Prime Site Group AG is paid partially in cash and partially in Swiss Prime Site AG shares, according to the regulations (see section 4.2).

3.2.1 Variable compensation of the Executive Board

The variable compensation for members of the Executive Board employed by Swiss Prime Site Group AG was determined in 2013 according to the bonus regulations adopted by the Board of Directors, as follows:

Variable compensation (bonus) in percentage terms amounts to a maximum 50%, minimum 0% of fixed compensation. The stipulated targets include quantitative and individual targets and are always based on the current financial year. The targets for members of the Executive Board employed by Swiss Prime Site Group AG comprise the following elements and are weighted as follows:

– NAV after deferred taxes	30%
– earnings per share before revaluation effects/deferred taxes	40%
– individual targets	30%
– total	100%

The specific metrics for the target bonus as well as the range between maximum and minimum bonus are determined by the Board of Directors as recommended by the Compensation Committee, within the scope of the budget process.

Achievement of the quantitative targets is calculated based on the definitive annual result following the close of the financial year. Achievement of the individual targets is determined by the Board of Directors as recommended by the Compensation Committee, by means of weighting of the designated evaluation criteria.

The performance- and profit-based variable compensation for members of the Executive Board employed by Swiss Prime Site Group AG is paid at 50% in cash and 50% in Swiss Prime Site AG shares. The shares are allocated in March of the subsequent year on the basis of the market price at the beginning of the financial year, less a 10% discount. The delivered shares are subject to blocking for a period of three years; the latter allows a tax reduction on the issue price, but does not include any obligation to forfeit or expiration e.g. given withdrawal during the blocking period.

The allocation metric can result in the value of the share-based compensation exceeding 50% of fixed compensation.

A different and diverse bonus program is applied to members of the Executive Board who are not employed by Swiss Prime Site Group AG directly, but rather by the operating subsidiaries, in the context of an adequate incentive system. Individual and quantitative targets are also stipulated here; the latter include net revenue and EBITDA targets, for example. Bonuses are paid out 100% in cash.

3.3 Authority and determination of compensation

Swiss Prime Site's existing Compensation Committee acts as the relevant body in accordance with the Ordinance Against Excessive Compensation in Listed Companies and the articles of association subject to revision in accordance with the afore-mentioned Ordinance.

The Compensation Committee prepares the recommendations submitted to the full Board of Directors for compensation for the Board of Directors and the Executive Board.

The Compensation Committee comprises at least three members of the Board of Directors. Members of the Compensation Committee are elected on an individual basis – according to the provisions of the articles of association subject to revision in accordance with the afore-mentioned Ordinance – by the Annual General Meeting for a period of one year until the conclusion of the subsequent ordinary Annual General Meeting. Re-elections are permitted.

The Board of Directors determines the chairman of the Compensation Committee from among its members and issues regulations that define the responsibilities of this committee, taking into account Swiss law and the Company's articles of association.

The Compensation Committee has the following responsibilities, subject to the authority of the Annual General Meeting:

- preparing recommendations submitted to the Board of Directors for determining the principles, performance targets and evaluation criteria for fixed and variable compensation, within the scope of the provisions of Swiss law and the Company's articles of association
- evaluating the achievement of targets for the calculation of variable compensation
- preparing recommendations submitted to the Board of Directors for determining the total amounts of fixed compensation – to be proposed to the Annual General Meeting – for members of the Board of Directors as well as the fixed and variable compensation for members of the Executive Board
- reviewing compliance with the principles of compensation, in accordance with Swiss law, the articles of association and relevant regulations, in addition to the resolutions of the Annual General Meeting relating to compensation
- providing proposals for compiling the compensation report
- executing any other activities that are assigned to it within the scope of Swiss law, the articles of association or relevant regulations

The fixed compensation of the Board of Directors and the fixed and variable compensation of the Executive Board are subject to authorisation by the Annual General Meeting starting from 2015.

3.4 Additional information regarding terms of employment of the Executive Board

3.4.1 Employment contracts of members of the Executive Board

The employment contracts of members of the Executive Board are indefinite and contain termination notices of three to twelve months. The contracts contain no exceptional provisions, especially no severance payments or special clauses in the case of change of control of the Company.

3.4.2 Summary of the Executive Board pension plans

Members of the Executive Board are covered by the respective pension plans of the relevant group companies as employer. These plans contain no provisions for members of the Executive Board that deviate from the regulations valid for all employees. There are three pension plans within the SPS and Jelmoli pension funds for employees of Swiss Prime Site Group AG, Jelmoli Ltd and Wincasa AG. There are upper limits to pension contributions (maximum insurable salary) of CHF 0.3 to 0.5 million. The employer contributions fluctuate according to age, on a graduated basis in ranges of 10% to 14%.

4. Compensation, loans and credit to the Board of Directors, Executive Board and related persons

The following tables show gross figures of the compensation, i.e. including employer contributions.

4.1 Compensation to the Board of Directors

in CHF 1 000	Compensation in cash	Share-based compensation *	Other compensation components**	Employer social security contributions	Gross compensation	Expense allowance
01.01.–31.12.2013						
Prof. Dr. Wehrli Hans Peter, Chairman of the BoD	157	182	6	28	373	6
Dr. Wetzel Thomas, Vice-Chairman of the BoD	141	61	6	18	226	6
Chambers Christopher M., member of the BoD	92	80	6	15	193	6
Dr. Hammer Bernhard, member of the BoD	119	53	6	15	193	6
Dr. Huber Rudolf, member of the BoD	74	107	6	15	202	6
Seris Mario F., member of the BoD	64	106	6	14	190	6
Wecken Klaus R., member of the BoD	–	–	6	–	6	12
Total compensation to the Board of Directors 2013, gross	647	589	42	105	1 383	48

* The shares are subject to blocking for four years.

** services and benefits in kind (provision of Swiss federal railways (SBB) general pass, gross)

The compensation of the members of the Board of Directors was amended in 2013 in comparison with the prior year. They receive a fixed compensation and a lump-sum expense allowance. The fixed compensation component included remuneration for activities of members of the Board of Directors on the Board's committees and subsidiaries' boards. This regulation replaces the system of basic fees and additional compensation for activities on the Board's committees that had been in effect up until 2012.

in CHF 1 000	Compensation in cash	Share-based compensation *	Audit Committee fee	Compensation Committee fee	Investment Committee fee	Other compensation components**	AVS/Invalidity Insurance contributions	Gross compensation	Expense allowance
01.01.–31.12.2012									
Prof. Dr. Wehrli Hans Peter, Chairman of the BoD	125	146	–	15	–	5	10	301	6
Dr. Wetzel Thomas, Vice-Chairman of the BoD	63	73	–	20	20	5	12	193	6
Chambers Christopher M., member of the BoD	55	64	20	–	–	5	10	154	6
Dr. Hammer Bernhard, member of the BoD	55	65	20	–	20	5	11	176	6
Dr. Huber Rudolf, member of the BoD	55	64	30	–	–	5	17	171	6
Seris Mario F., member of the BoD	55	64	20	15	–	5	10	169	6
Wecken Klaus R., member of the BoD	–	–	–	–	–	5	–	5	12
Total compensation to the Board of Directors 2012, gross	408	476	90	50	40	35	70	1 169	48

* The shares are subject to blocking for four years.

** services and benefits in kind (provision of Swiss federal railways (SBB) general pass, gross)

No compensation other than that reported here was paid in 2013.

No additional compensation for any services rendered beyond the activity as Board of Directors' member was paid in 2013.

4.2 Compensation to the Executive Board

in CHF 1 000	Total Executive Board	of which Markus Graf (CEO)
01.01.–31.12.2013		
Fixed compensation in cash, gross	3 640	1 400
Variable compensation in cash, gross	985	336
Share-based variable compensation*	686	338
Other compensation**	17	6
AVS/invalidity insurance contributions	382	95
Other social security contributions	367	100
Total compensation to the Executive Board 2013, gross	6 077	2 275
Expense allowance	29	–

* The shares are subject to blocking for three years.

** includes all compensation components not separately reported according to Art. 14, para. 2 of the Swiss Ordinance Against Excessive Compensation in Listed Companies, e.g. provision of Swiss federal railways (SBB) general pass, gross

Calculation of the share-based compensation component (i.e. percentage of variable compensation) was based on the closing price of the Swiss Prime Site AG share of 31.12.2013. Payment is not effected until the end of March 2014.

Comparison with the previous year is not relevant due to the organisational structure existing up until 31.12.2012 (as at 01.01.2013, revised and reduced form of management agreement with Credit Suisse AG, Real Estate Asset Management, Zurich). Members of the Executive Board had no business relationships with group companies before 01.01.2013.

No compensation other than that reported here was paid in 2013.

4.3 Loans and credit to the Board of Directors and the Executive Board

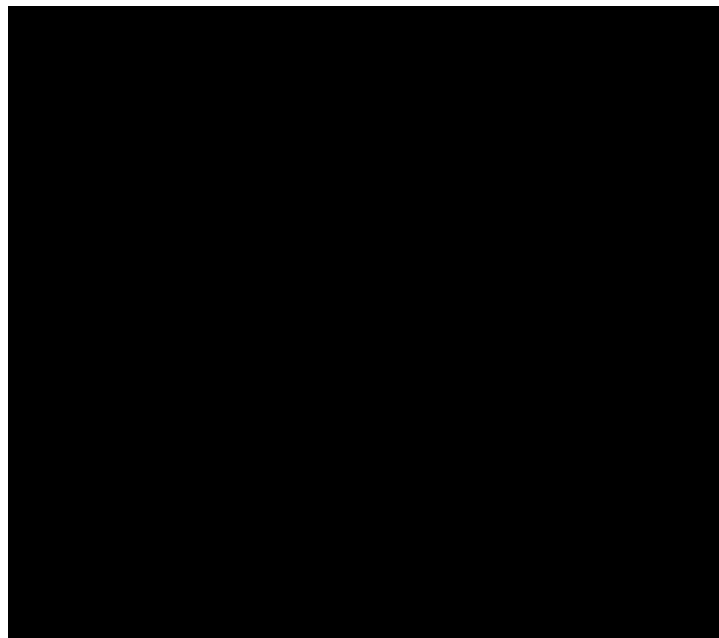
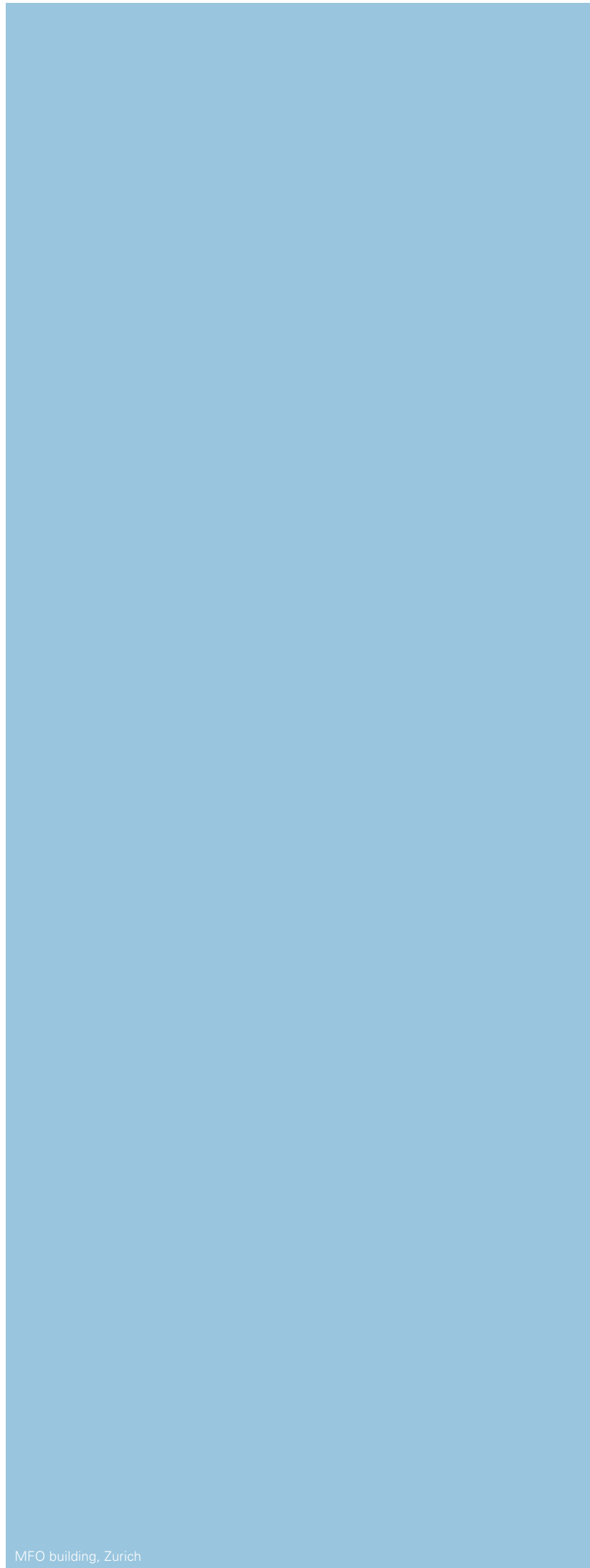
No loans or credit were granted to present or past members of the Board of Directors or the Executive Board in 2013, and there were none outstanding as at year-end 2013.

4.4 Compensation, loans and credit to related parties

No compensation was paid, nor loans or credit granted, to related parties under non-market conditions in 2013, and there were none outstanding as at year-end 2013.

5. Additional information and comments

Dr. Luca Stäger, chief executive officer of Tertianum AG, is a member of the Executive Board from 01.01.2014.





Sustainability report

SUSTAINABILITY REPORT OF SWISS PRIME SITE AG

For Swiss Prime Site, sustainability means responsibility and future orientation. As the largest listed real estate company in Switzerland with a portfolio valued at CHF 9.3 billion, Swiss Prime Site assumes a special responsibility toward shareholders, tenants, employees and other stakeholders.

Since the Company was founded in 1999, Swiss Prime Site has pursued a sustainability-oriented corporate strategy focusing on longevity and preservation of value. The recent acquisitions of Wincasa and Tertianum have paved the way for further expanding the range of real estate services. Consequently, the number of employees has quadrupled to a workforce of around 3 100 in the past two years.

Swiss Prime Site operates in a dynamic environment. New regulatory regulations resulting from the Swiss federal government’s Energy Strategy 2050 raise the demands for the real estate industry. In addition, the demand on the part of tenants and investors for sustainability-relevant properties is increasing. Swiss Prime Site is very well-positioned already at the present time, with its project developments meeting the qualifications for the Swiss Minergie and greenproperty labels, as well as for LEED Gold, LEED Platinum (Leadership in Energy and Environmental Design) and DGNB Gold (Deutsche Gesellschaft für Nachhaltiges Bauen) certificates, thus achieving the highest international standards. Furthermore, the Company is underscoring its pioneering role and innovative activity in the fields of energy controlling and operational optimisation. In collaboration with Credit Suisse, Siemens and Wincasa, energy consumption and CO₂ emissions data for the largest properties are systematically recorded and reported.

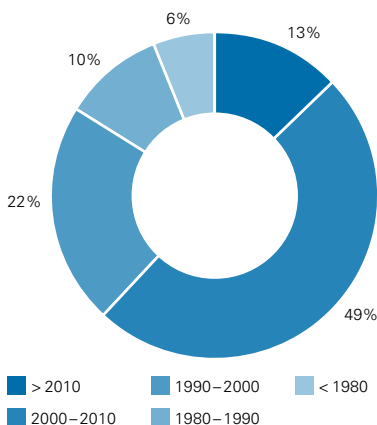
Swiss Prime Site follows the European Public Real Estate Association (EPRA) international reporting standards as well as Global Reporting Initiative (GRI) guidelines in order to provide a comprehensive and further professionalised sustainability report. According to the three-pillar model, sustainability appropriately comprises any activities that incorporate economic, ecological and social aspects, constituting the prerequisite for Swiss Prime Site’s long-term success.

SUSTAINABILITY PROFILE

Swiss Prime Site’s core competency lies in the field of real estate investments. The Group’s portfolio comprises primarily retail and commercial properties located in the Swiss economic centres of Zurich, Basel, Berne, Lausanne and Geneva.

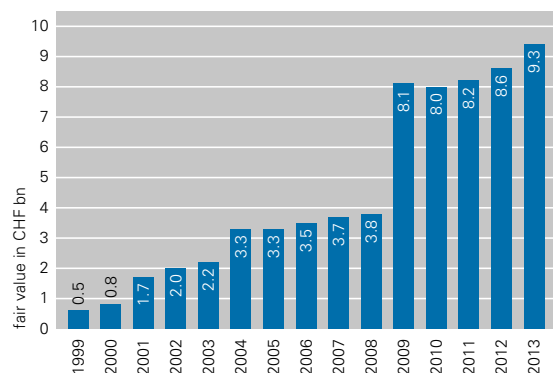
Shareholders benefit from a sustainability-oriented investment strategy that has resulted in one of the most successful and well-balanced real estate portfolios in Switzerland. Swiss Prime Site’s enduring success story is manifested in the fair value growth of the portfolio since its foundation. The age of the properties is an additional indicator of a sustainability-relevant real estate portfolio. Based on floor space, more than 60% of the properties were constructed after 2000, while more than 90% of the properties were constructed or restructured after 1980 – so the portfolio is relatively modern overall. Roughly 85 000 square metres of floor space have been certified with a sustainability label, while an additional 180 000 square metres are in the certification process. Of the properties that are not older than ten years, one-third have already been certified.

Age of portfolio (based on space)*



*including restructurings

Fair value of portfolio

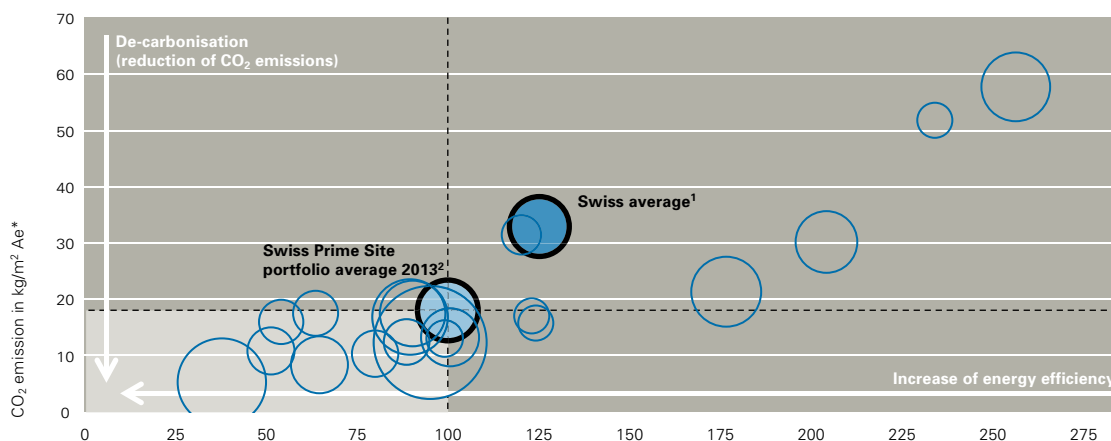


This sustainability report includes the first-time publication of energy consumption and CO₂ emissions data, according to the European Public Real Estate Association (EPRA) standards. The following data for 2013 have been derived based on the imputed consumption figures:

– properties with energy data	109
– total area	1 012 000 m ²
– thermal energy consumption	99.2 kWh/m ²
– CO ₂ emissions	17.8 kg CO ₂ /m ²

The CO₂ emissions amounting to 17.8 kg CO₂/m² as well as thermal energy consumption averaging 99.2 kWh/m² are relatively low compared with the Swiss mean of roughly 33 kg CO₂/m². The analysis of energy consumption and CO₂ emissions data can be used to compile the following energy emissions diagram, which shows the extent of energy efficiency of Swiss Prime Site's 19 most significant properties. The size of circles depicted corresponds to the respective property dimensions (energy reference space in square metres). The lower the thermal energy consumption and CO₂ emissions levels, the higher the portfolio's energy efficiency. As a comparative figure, the energy consumption of an average property in Switzerland and average Swiss Prime Site property are also depicted.

Energy emission chart



*CO₂ emissions are based on imputed equivalent figures

This energy analysis provides favourable prerequisites for further optimisation of the real estate portfolio. Furthermore, the statistics pave the way for making assertions regarding the development of trends in the coming years. In fact, the evidence reveals that Swiss Prime Site boasts a disproportionately energy-efficient portfolio already at the present time.

Energy controlling and operational optimisation

In order to record and systematically control energy consumption and CO₂ emissions on a target-oriented basis, Swiss Prime Site is participating in the energy controlling and operational optimisation (EC/OO) project. Hence, real energy consumption data is available for the first time. Moreover, CO₂ emissions for existing properties should be systematically reduced – without investing in structural measures – within the scope of a five-year plan. An average of roughly 10% of CO₂ emissions for the overall portfolio should be scaled back in the coming five years. Pilot projects in the German- and French-speaking regions of Switzerland reveal that an average of around 15% or more of CO₂ emissions could even be scaled back.*

The EC/OO project currently consists of 130 Swiss Prime Site properties, including 23 large- and 107 medium-sized properties. Siemens will activate the large properties online via a web-based platform, whereby only the owner will have access to the site. The project leader for operational optimisation is able to monitor the energy consumption of the 23 large properties online around the clock and evaluate the data on a detailed and property-specific basis virtu-

* Credit Suisse together with WWF compiled a de-carbonisation study of the Swiss real estate sector to provide a comprehensive understanding of investments in the reduction of CO₂ emissions. The report evaluates the CO₂ reduction potential of the real estate sector and is available at: <https://www.credit-suisse.com/responsibility/de/environment/cleantech/research.jsp>

ally at the push of a button. The effective consumption figures for medium-sized properties are recorded annually based on the ancillary cost accounts. The portfolio management therefore has access to the desired energy-efficiency data. Given any deviations from the defined target consumption figures, corrective intervention and other measures can be undertaken. Another advantage is derived from the fact that a comparison can be drawn among all the properties in the portfolio. Properties that are especially energy efficient can serve as a benchmark, while the need to take action is easily discernable for those properties with greater potential for optimisation. Consequently, the available resources can be used specifically for properties exhibiting the greatest need for optimisation. Overall, operational optimisation is an innovative technique for Swiss Prime Site to achieve efficient and sustainability-relevant portfolio management.

La Praille pilot project in Geneva – investing in sustainability

The area south of Rive Bleue – formerly an industrial site – is currently Geneva's largest urban development project and home to one of the most spectacular city reconstruction schemes in Switzerland, where Geneva's second city centre is emerging: Praille – Acacias – Vernet (PAV). And the La Praille shopping centre is located right in the heart of the site. In fact, it is an actual urban entertainment centre: shopping, relaxation, leisure and sports facilities comprising an area roughly 33 400 square metres of floor space. With 65 shops, a dozen restaurants, self-service counters, fitness, wellness, bowling and a new multiplex cinema (completion date: 2014), CCL La Praille offers attractive exploitation opportunities. In addition to the shopping centre, the Hotel Ramada Encore – with 154 rooms as well as conference and event rooms – offers further interesting propositions. La Praille also benefits from visitors to Stade de Genève, providing seating for roughly 30 000 people and offering a variety of uses for sport events, concerts and conferences. So what makes Swiss Prime Site's CCL La Praille such an interesting case study in terms of sustainability? La Praille is located in close proximity to the public transportation network, thus alleviating any passenger vehicle traffic and conserving resources. All users reap benefits from short travel times. But the most important innovation is the investment in a photovoltaics system situated on the roof of the shopping centre. The system is conceptualised as a pilot project in the context of a future-oriented real estate strategy. The «sunroof» started up operations at the end of 2012. Swiss Prime Site has thus invested roughly CHF 0.5 million in utilisation of renewable energy sources. The prerequisites for sustainable success of this pilot project are ideal:

- The geographic location promises an abundance of solar radiation.
- Roughly 177 000 kWh of energy can be produced per year with an area of 1 200 m².
- A 25-year agreement has been concluded with Geneva's municipal utility services (Services Industriels de Genève, SIG) covering the supply of electricity and feed-in remunerations.

The experience garnered from the pilot project will be used for future project developments. Swiss Prime Site is reviewing the potential suitability of photovoltaics systems for other properties as well.

SUSTAINABILITY-ORIENTED CORPORATE STRATEGY

Within the scope of its sustainability-oriented corporate strategy, Swiss Prime Site pursues an integrated approach that harmonises economic success with social and ecological targets. Sustainability therefore plays an integral role in its corporate management, characterised by the responsibly focused structure of the day-to-day business activities.

Markets

The Company's long-term asset and investment strategy is marked by a future-oriented mindset and course of action, with the focal point directed at long-range competitiveness, stability of value, steady returns and the economic dimension of sustainability. Investments in sustainability-relevant properties are distinguished by their lower operating and maintenance costs, which offset the higher investment and/or acquisition costs in the medium to long term. The attractiveness of sustainability-relevant properties is manifested in the growing demand, which can have a positive effect on leasing activities and, in turn, lead to lower vacancy rates and extended terms of rental agreements. Hence, Swiss Prime Site meets the demand for sustainability-specific floor space on the part of its tenants, which increasingly require certified properties and sustainability standards.

Swiss Prime Site constantly focuses on the social dimension of sustainability, too. The investment decisions and project developments have a significant influence on the design of public space, thus affecting an enormous number of people. Swiss Prime Site takes part in painting and shaping the local picture. The Company keeps a close eye on maintaining a high level of tenant and user friendliness with regard to the properties with its current and future project developments, in order to meet the needs of all of its stakeholders.

Swiss Prime Site pursues a proactive course of action aimed at fulfilling the regulatory requirements in the future as well in terms of the ecological dimension of sustainability, amid a dynamic market environment. Systematically recording the CO₂ emissions and energy consumption of the properties provides the ideal prerequisites for efficient portfolio management. The energy data will be gradually supplemented with the reporting of water and waste consumption figures too in the coming years.

Swiss Prime Site has expanded its scope of diversification with the acquisition of Wincasa, which boasts a presence in all regions of Switzerland with 15 locations and employs a workforce of roughly 670 persons. Consequently, the Group is extending its range of services, taking advantage of the know-how of Switzerland's largest real estate services provider. Wincasa manages around 178 000 properties throughout the entire country with an asset value of more than CHF 42 billion. Shareholders reap rewards from a broad-based value-creation chain, extending from traditional property management to construction management, marketing and real estate investments, and reaching beyond to facility management, retail and centre management, too. Swiss Prime Site has thus achieved an even greater national presence.

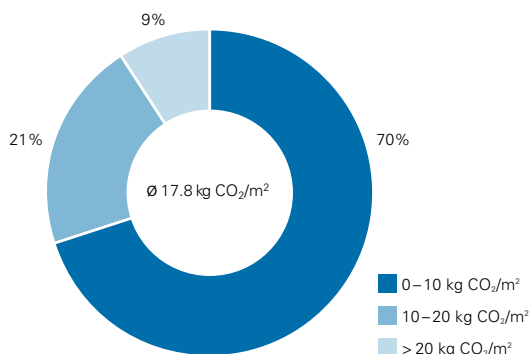
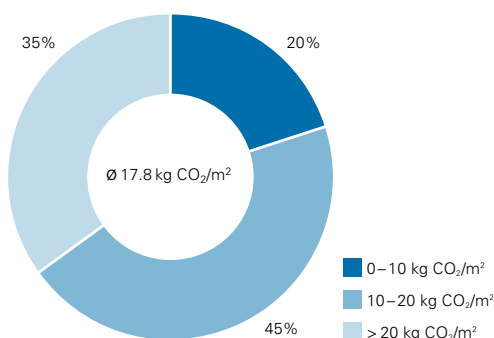
With the acquisition of Tertianum Group in July 2013, Swiss Prime Site integrated one of the most significant social developments into its corporate and investment strategy. Indeed, the Group is now providing an important contribution amid an ever-aging society in which the demand for healthcare is rising, benefiting from optimised portfolio diversification that will continue to prevail in the long term. The acquisition has paved the way for the integration of the assisted living segment into the real estate portfolio. The 14 properties held by Tertianum Group valued at CHF 441 million ideally supplement the existing portfolio, taking into account risk/return factors. The acquisition is synonymous with the coexistence of social responsibility and economic success. Since public-sector care facilities alone cannot cover the demand for assisted living services in the future, private-sector commercial initiatives and investments are now needed more than ever.

The decisive factors for optimising a high-quality real estate portfolio are the persistent execution of a sustainability-oriented corporate strategy as well as the qualifications of the employees. Swiss Prime Site supports its employees in achieving their professional goals through internal and external higher-education courses. Furthermore, the Company frequently provides support for parents, offering part-time positions with individual and flexible solutions. Swiss Prime Site is also active in promoting apprenticeships and offering assistance through home office work, where possible. The Company's workforce has increased significantly in the past two years as a result of the acquisitions of Wincasa and Tertianum Group. This growth process poses special challenges for the integration of the subsidiaries and their employees.

Environment

Real estate plays a highly significant role with regard to ecological sustainability objectives. In fact, buildings account for roughly half of Switzerland's primary energy consumption, with around 30% for heating, ventilation, air conditioning and hot water, an additional 14% for electricity as well as about 6% for the construction and maintenance of buildings. Approximately one-third of overall CO₂ emissions in Switzerland stem from the real estate sector. Hence, the resulting savings potential is of paramount importance for the country's economy.

Switzerland's revised CO₂ Act, in force since 2013, defines a total 20% reduction of domestic annual greenhouse gases by the year 2020 (versus 1990 levels) and an extended 40% reduction target for the real estate sector for the same period. Depending on various scenarios, the Swiss federal government's Energy Strategy 2050 foresees even much more extensive targets for the long term. Against this backdrop, the process of systematically recording the portfolio's energy-relevant data plays a key role. Following are the CO₂ consumption data based on floor space and property for the reporting year 2013:

CO₂ emissions in kg/m² (space)CO₂ emissions in kg/m² (objects)

Swiss Prime Site is very well-positioned already at the present time compared with the overall real estate holdings in Switzerland*. Roughly 70% of the Company's floor space exhibits a CO₂ consumption rate that is lower than 10 kg CO₂/m², thereby benefiting from its relatively new portfolio with modern, contemporary properties, professional real estate management and a high proportion of properties that are more energy efficient than smaller ones, as experience shows.

Society

Swiss Prime Site is strongly dedicated to society and solidly established regionally with its headquarters in Olten. The Company focuses its corporate and social commitment on regional support and sponsoring in canton Solothurn, thus expressing its close connection with the region. Furthermore, Swiss Prime Site expresses its social commitment through promoting children's and adolescent's activities.

Social responsibility is also manifested in the investment decisions and project developments that have a sustainable influence on shaping the local picture and often characterising a region. At the same time, this responsibility involves more than just the energy- and resource-conservation aspects of a property and also includes the quality of use in the context of all stakeholders. Many properties are used by tens of thousands of people on a daily basis, whether as employees, shoppers or residents. In this regard, good proximity to the public transportation network and short commuting distances enhance the attractiveness for all users. Swiss Prime Site therefore focuses on locations in cities and economic agglomerations that are well connected to the existing transportation network.

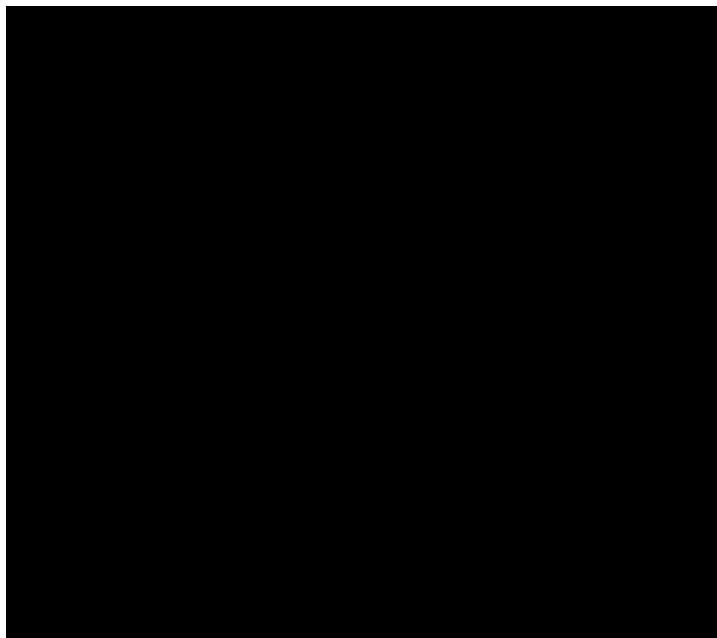
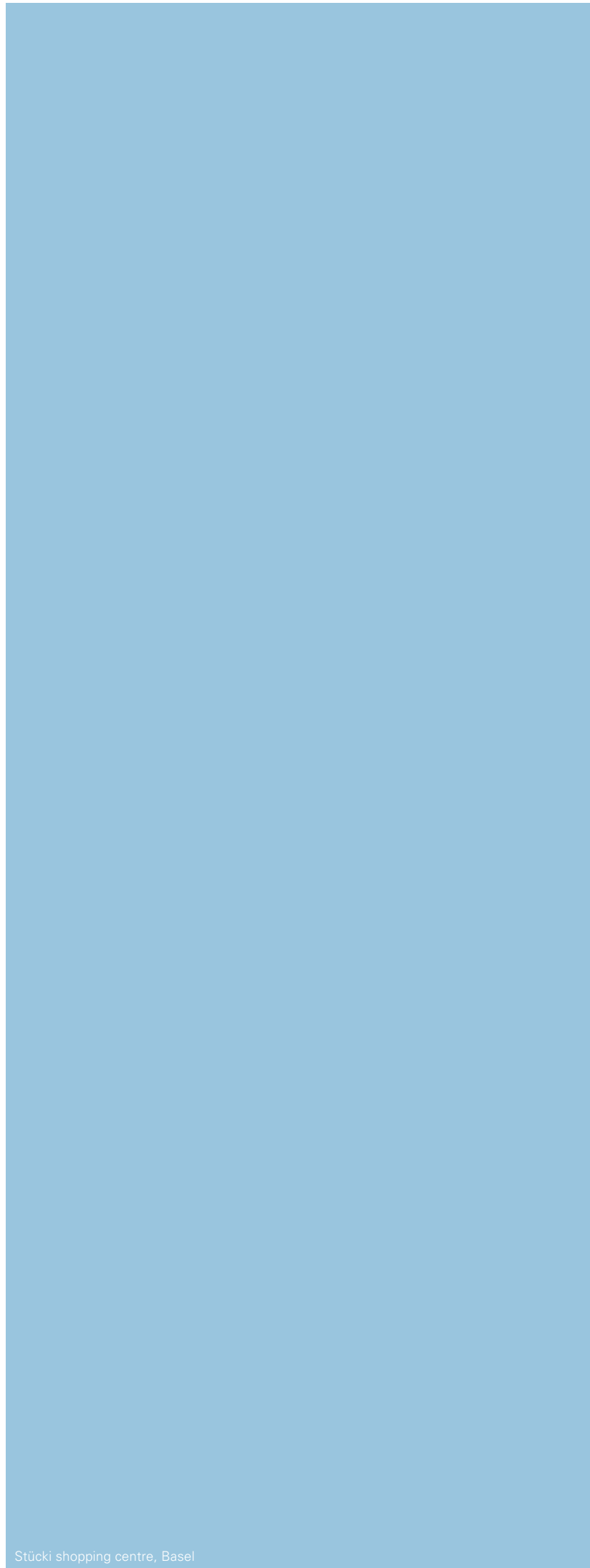
* Swiss average according to data from the Swiss Federal Office of Energy (SFOE) «Energy consumption of services and agriculture, 1990–2035» and «Energy consumption of private households, 1990–2035»

Certificates and properties

Based on the floor space in Swiss Prime Site's portfolio, roughly 84 000 square metres are certified, with an additional 180 000 square metres currently in the certification process.

City	Address	Label	Status	Floor space
Basel	Hochbergerstrasse 70/ Stücki shopping centre	greenproperty	registered	54 159 m ²
Berne	Wankdorfallee 4/Swiss Post headquarters/Majowa	DGNB greenproperty	registered registered	33 700 m ²
Zug	Zählerweg 4, 6/Dammstrasse 19/ Landis+Gyr-Strasse 3/Opus 1	Minergie	certified	15 927 m ²
Zug	Zählerweg 8, 10/Dammstrasse 21, 23/ Opus 2	Minergie	certified	19 994 m ²
Zurich	Flurstrasse 55/Flurpark	Minergie	planned	26 000 m ²
Zurich	Hagenholzstrasse 60/SkyKey	LEED Platinum	registered	40 000 m ²
Zurich	Hardstrasse 201/Prime Tower	Minergie LEED Gold greenproperty	certified certified certified	48 142 m ²
Zurich	Hardstrasse 219/ Maaghof North and East	Minergie greenproperty	prov. certified registered	24 200 m ²
Zurich	Naphtastrasse 10/ Maaghof North and East	Minergie greenproperty	prov. certified registered	*
Zurich	Turbinenstrasse 21/ Maaghof North and East	Minergie greenproperty	prov. certified registered	*

* combined with Hardstrasse 219/Maaghof North and East





Valuation expert's report

VALUATION EXPERT'S REPORT BY WÜEST & PARTNER AG, ZÜRICH

The properties of Swiss Prime Site are valued by Wüest & Partner AG on a half-yearly basis (properties under construction on a quarterly basis) at their current fair values. The present valuation is valid as at 31.12.2013.

Valuation standards and principles

The fair value derived as at the balance sheet date 31.12.2013 coincides with the fair value described in the «International Financial Reporting Standards» (IFRS) according to IAS 40 «Investment Property» and IFRS 13 «Fair Value Measurement». In this context, fair value corresponds to the particular price that an independent market participant would receive for the sale of an asset under normal market conditions at the relevant valuation date (i.e. exit price).

Definition of fair value

The exit price is the sales price stated in the purchase agreement to which the parties have mutually agreed. Transaction costs, usually consisting of brokerage commissions and transaction taxes as well as land register and notary costs, are not taken into account in determining fair value. Hence, the fair value is not adjusted for transaction costs incurred by the buyer at the time of sale, according to paragraph 25 of IFRS 13 (gross fair value), which corresponds to the valuation practice in Switzerland.

The valuation at fair value implies that the hypothetical transaction for the asset subject to valuation would take place on the market with the largest volumes and highest level of business activity (principal market) – as well as the market where transactions are executed with sufficient frequency and volume – so enough price information is available for that relevant market (active market). In the case that such a market cannot be identified, the principal market for the asset is assumed that maximises the sales price for the divestment of the particular asset.

Implementation of fair value

Fair value was determined for the first time as at 30.06.2013 on the basis of applying the highest and best use standard for a property. Highest and best use is the utilisation of a property that maximises its value. This assumption implies use that is technically/physically feasible, legally permissible and financially realisable. Since the measurement of fair value implies maximised utilisation, the highest and best use can deviate from the actual or planned use of a property. Future investment spending for a property's improvement or value growth is accordingly taken into account in the fair value.

Application of the highest and best use approach is based on the principle of materiality of possible difference in value relative to the value of the particular property and total real estate assets, as well as relative to possible absolute difference in value. A property's potential added value, which fluctuates within the normal assessment tolerance of an individual valuation, is viewed as insignificant here and consequently disregarded.

Fair value is measured depending on the quality and reliability of the valuation parameters, with declining quality or reliability: level 1 market price, level 2 modified market price and level 3 model-based valuation. At the same time, different parameters at different hierarchies can be applied in measuring a property's fair value. Here, the overall valuation is categorised according to the lowest level of the fair value hierarchy, in which the valuation parameters are assigned the highest priority.

Determining the value of Swiss Prime Site's real estate portfolio is carried out with a model-based valuation technique according to level 3, based on input parameters that are not directly observable on the market, whereby adapted level 2 input parameters may be applied here as well (e.g. market rents, operating/maintenance costs, discount/capitalisation rates, proceeds from the sale of owner-occupied residential property). Unobservable input factors are applied only when relevant observable input factors are unavailable.

Valuation techniques are used that are appropriate for the given circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The relevant valuation technique used here is an income-based approach, modelled on the basis of the discounted cash flow valuation method widely applied in Switzerland.

Properties under construction and development sites designed for future use as investment properties are valued at project fair values, taking into account current market conditions, still-outstanding investment costs and a risk premium

according to the progress of the project (IFRS/IAS 40). Properties under construction that are designated for future divestment (e.g. apartments in freehold property) are valued at cost (IAS 40.9): i.e. current activities and costs are recognised and subsequent valuation carried out at the lower of cost and net realisable value, according to IAS 2.

The valuation guarantees a high degree of transparency, uniformity, relevance and completeness. The relevant legal provisions, as well as the specific national and international standards, are complied with (i.e. regulations for real estate companies listed on SIX, IFRS and others). In order to ensure an independent valuation and thus the highest possible degree of objectivity, the business activity of Wüest & Partner AG excludes both trading and related transactions on a commission basis, as well as the management of properties. The valuation principles are always based on the most recent information available regarding the properties and the real estate market. The data and documents pertaining to the properties are provided by the owner and assumed to be accurate. All real estate market data are derived from continuously updated data bases held by Wüest & Partner AG (Immo-Monitoring 2013).

Valuation method

Investment properties are generally valued by Wüest & Partner AG according to the discounted cash flow (DCF) method, which corresponds to international standards and is also used in company valuations. The method is recognised – within the scope of general freedom of choice for real estate valuations – in the context of best practice. According to the DCF method, the current fair value of a property is determined through deriving the sum of all future estimated net earnings (before interest, taxes, depreciation and amortisation = EBITDA) and discounting to the present, taking into consideration investments or future repair costs. The net earnings (EBITDA) per property are individually discounted independent of any relevant opportunities and threats, adjusting for the current market situation and risks. A detailed report for each property discloses all expected cash flows, therefore providing the greatest degree of transparency possible. In the report, attention is drawn to substantial changes compared with the previous valuation.

Development of the property portfolio

In the reporting period from 01.01. to 31.12.2013, ten properties were divested while 14 properties and one development project were acquired. The total holdings in Swiss Prime Site's real estate portfolio changed as a result of these ten divestments and 15 acquisitions and now comprises a total of 193 properties. In detail, 8 smaller properties and two large-sized properties with total respective fair values of CHF 26.2 million and CHF 140.7 million as at 31.12.2012 were divested during the reporting period.

In the same period, 15 properties (i.e. 14 existing properties: Seestrasse 83, 88, 101, 154, Berlingen – CHF 35.0 million; Seestrasse 110, Berlingen – CHF 1.8 million; St. Gallerstrasse 30-30c, Frauenfeld – CHF 32.8 million; Kreuzbuchstrasse 33/35, Lucerne – CHF 21.6 million; Seestrasse 545, Meilen – CHF 6.3 million; Mitteldorfstrasse 16, Ostermundigen – CHF 31.2 million; Huobstrasse 5, Pfäffikon/SZ – CHF 58.0 million; Göttibachweg 2–2e, 4, 6, 8, Thun – CHF 39.0 million; Nesslerenweg 30, Wabern near Berne – CHF 18.0 million; Carl Spitteler-Strasse 68/70, Zurich – CHF 87.0 million; Etzelstrasse 14, Zurich – CHF 6.0 million; Jupiterstrasse 15/Böcklinstrasse 19, Zurich – CHF 21.0 million; Kappenhühlweg 9, 11/Holbrigstrasse 10/Regensdorferstrasse 18a, Zurich – CHF 62.0 million; Restelbergstrasse 108, Zurich – CHF 8.9 million as well as one development project: Müllackerstrasse/Bubenzholz, Opfikon – CHF 12.4 million) were acquired as a result of the acquisition of Tertium AG, with a total fair value of CHF 440.8 million as at 31.12.2013.

The property located at Flurstrasse 55/Flurpark in Zurich, which is undergoing total renovation, has been reclassified as property under construction/development site and no longer as existing property.

The consolidated portfolio comprises 175 existing investment properties, 11 plots of building land and 7 development sites (Wankdorffallee 4/Swiss Post headquarters/Majowa, Berne; Müllackerstrasse/Bubenzholz, Opfikon; Flurstrasse 55/Flurpark, Zurich; Hagenholzstrasse 60/SkyKey, Zurich; Maaghof North and East – Hardstrasse 219, Naphtastrasse 10 and Turbinenstrasse 21, Zurich).

The total realised sales price for the divested properties amounting to CHF 186.4 million was 11.7% higher than the reported fair value of CHF 166.9 million as at 31.12.2012.

The divestments took place on the open market at the prevailing market conditions.

Seven development properties (including one acquisition Tertianum AG) are currently in the realisation phase. The property located at Flurstrasse/Flurpark, which is undergoing total renovation, has therefore been reclassified as property under construction/development site.

The Maaghof North and East project – the third development zone at the Maag Site – will be ready for occupancy in the spring of 2015. Maaghof North and East is an urban residential building project with rental apartments and condominiums. As at end 2013, construction of the building shell was already far advanced, with progress and costs corresponding to the contractually agreed specifications. The overall development site is divided into the following three subprojects:

- Maaghof North and East, Hardstrasse 219, Zurich – rental apartments (Maag-ich)
- Maaghof North and East, Naphtastrasse 10, Zurich – condominiums I, building A (maaghome)
- Maaghof North and East, Turbinenstrasse 21, Zurich – condominiums II, building H (maaghome)

As at end 2013, construction activities for the SkyKey development project in Zurich North continued to proceed further and are also in line with the specified targets. Even though the reserve time to deadline is expended, completion is still expected as at 01.07.2014.

The Wankdorfallée 4/Swiss Post headquarters/Majowa development site in Berne is a new building project that should be completed in 2014. As at end 2013, the construction activities were on track in terms of costs, deadline and quality. The focus is currently directed at the transfer of basic construction.

The Tertianum development project consists of the property situated at Müllackerstrasse in Opfikon (Bubenholz), where a senior residence with geriatric care facility is being constructed, which should be completed as at the beginning of 2015. The property located at Etzelstrasse 14 in Zurich (Etzelgut) should be substantially reconstructed and newly developed. However, the project is still in the project-planning phase and classified as existing property until the construction start-up date.

New building projects have been assessed at fair value on a quarterly basis since 01.01.2009, taking into account the specific risks associated with planning, production and leasing. The semi-annual valuations are only subject to review on a quarterly basis. New building projects that are designated for future divestment (e.g. apartments in freehold property) are valued at the lower of cost and net realisable value.

No transactions were carried out with related parties during the reporting period.

Valuation results as at 31.12.2013

As at 31.12.2013, the fair value of Swiss Prime Site's overall portfolio (total 193 properties) amounted to CHF 9 339.5 million. The fair value of the portfolio therefore increased by CHF 739.2 million compared with the level at 31.12.2012, meaning that the portfolio value grew by 8.6%. The increase consists of the following value changes (including renovations/investments) in existing properties (CHF +253.1 million), the acquired properties (CHF +428.5 million), the acquired projects (CHF +12.4 million), the aforementioned divestments (CHF –166.9 million) and the plots of building land (CHF +1.2 million), in addition to the value changes and investments relating to projects (CHF +211.0 million).

Fair value changes in the portfolio

Changes in the portfolio	in CHF m	in CHF m
Fair value as at 31.12.2012		8 600.3
+ Value changes of existing properties		253.1
+ Acquisition of existing properties		428.5
+ Acquisition of project		12.4
- Disposals		(166.9)
Allschwil, Hegenheimermattweg 91	(86.1)	
Bellach, Gurzelenstrasse 2	(4.3)	
Granges-Paccot, Route d'Agly 3	(7.8)	
Holderbank, Hauptstrasse 43, 45	(2.9)	
Losone, Via Locarno/Via Truscio	(1.1)	
Mägenwil, Weststrasse 6/Birrfeldstrasse South	(3.3)	
Moosseedorf, Moosstrasse 21	(1.5)	
Moosseedorf, Moosstrasse 23	(2.5)	
Oberbüren, Haslen 3/logistics centre Haslen	(54.6)	
Zurich, Limmattalstrasse 180	(2.8)	
+ Value changes of building land		1.2
+ Value changes of projects		210.9
Berne, Majowa	63.7	
Zurich, Flurstrasse 55/Flurpark	13.0	
Zurich, Maaghof North and East, rental apartments	24.1	
Zurich, Maaghof North and East, condominiums I	6.6	
Zurich, Maaghof North and East, condominiums II	5.8	
Zurich, SkyKey	97.7	
Fair value as at 31.12.2013		9 339.5

The value change in existing properties is therefore 3.1% compared with 01.01.2013. Of the 161 existing properties – excluding acquisitions (14), plots of building land (11) and properties under construction (7), a total of 32 properties – 124 properties were valued higher and 37 properties were valued lower than at 01.01.2013.

The positive performance turned in by the Swiss Prime Site portfolio is attributable primarily to the continuing low interest rate environment and, in turn, to the resulting diminishing expectations for returns on the part of investors as well as to the high quality of the properties situated in prime locations. The first-time assessment of individual properties – in conjunction with the highest and best use approach, according to IFRS 13 – also resulted in further increases in value. Additional factors boosting the value of the portfolio include maintenance and investment measures that have been concluded (renovations), success in leasing individual properties again and the positive trend exhibited by development projects.

Value losses can be attributed primarily to changed rental potential, newly concluded contracts at a lower level, adjusted revenue forecasts and vacancies, or adjusted risks of vacancy, as well as in some cases higher cost estimates for future repair work.

Outlook for the commercial property markets

The Swiss economy trended on a solid growth path in 2013 despite the prevailing uncertainties in the Eurozone. The primary drivers of the economy were demographic growth, the resulting private consumption and particularly high level of investment in the construction industry. Prospects for the coming year are brightening up even more. Real economic growth for 2014 is currently forecast at 2.3%. Expectations for the export sector are high, which performed relatively well already in the recent past despite the difficult environment.

This trend led to a further increase in employment levels, amid concurrently low unemployment rates. However, growth in employment lost slight momentum in the past 12 months compared with the previous years. Additional demand for commercial property consequently is trending sluggishly for the time being. The effects of the expected positive outlook for the employment situation for 2014 and 2015 are unlikely to have an impact on the commercial real estate markets until after somewhat of a time lag. But thereafter, the favourable prospects should lend a renewed

boost to the demand for traditional office properties. Against the backdrop of this market constellation, the outlook for the demand for office and retail properties for 2014 paints a stable – or slightly dampened – picture.

The robustly growing residential population and increasing average household incomes basically form an attractive and solid underlying foundation for the retail property sector in Switzerland. However, the trends vary considerably depending on the location. Rising rent prices in highly frequented locations in particular are currently overcompensating for declining rent prices for retail properties situated in less favourable areas. The growing significance of the Internet as distribution channel, or stepped-up intensity of competition in the retail trade sector, are especially weighing on the sales potential and, in turn, rent prices for retail floor space.

The office property market in Switzerland continues to be marked by intensive new construction activity. Nevertheless, the country's supply of advertised real estate in this sector has remained stable in recent months. Higher market liquidity can be seen in the two office property market regions of Zurich and Lake Geneva, however. The Geneva region is expected to exhibit a stabilisation of supply at a high level for the time being due to diminishing volumes in building permits. Similar prospects apply to the greater Zurich region, where this indicator has noticeably declined in the interim. Still, expectations continue to point to selective expansion of supply, triggered by shifting locations and departing companies – leading to persistent pressure on prices.

A two-pronged trend in rent prices is anticipated for the coming months. On the one hand, prices in individual areas should remain stable, particularly for high-quality floor space in well-developed locations. In addition, regions with above-average growth in employment – for example, Central Switzerland and the Lake Geneva region – should continue to see robust demand. On the other hand, however, decreases in rent prices could be in the cards, with office buildings in below-average condition situated in poor locations probably the most affected.

Against the background of this slightly tense outlook on the earnings side, current real estate transaction prices continue to exhibit a very stable trend and even quite positive pattern in good locations. Low interest rate levels, the corresponding favourable financing conditions and uncertain investment opportunities have an underpinning effect on the transactions market. Nevertheless, properties with slight handicaps such as elevated vacancy rates, unfavourable micro-locations or structural deficiencies should see definitively prolonged marketing times.

The past reporting period was characterised by the successful acquisition and integration of Tertianum Group into Swiss Prime Site's portfolio. The initiative paves the way for the Company to broaden its diversification in allocation of use. Indeed, this investment in the assisted living asset class will additionally stabilise the portfolio's earnings situation, against the backdrop of the future demographic trend in Switzerland.

Wüest & Partner AG
Zurich, 30.01.2014

Andreas Ammann
Partner

Gino Fiorentin
Partner

NOTES: VALUATION ASSUMPTIONS

Valuation assumptions as at 31.12.2013

In addition to the previous comments on the valuation standards and methods, the most significant general valuation assumptions for the present valuations are presented in the following section.

Investment properties including building land

Property valuations are fundamentally determined on a going-concern basis applying the highest and best use standards. At the same time, the valuation is based on the current rental situation and present condition of the property. Beyond the expiry of the existing rental agreements, earnings forecasts are based on the current market level.

On the cost side, the repair and maintenance costs as well as recurring property management costs are taken into account that are required to ensure realisation of sustainable income.

The valuation assumption is based on an average and expedient property management strategy. The specific scenarios of the owner are disregarded, or taken into account only to the extent that specific rental agreements had been made, or as far as they also seem plausible and practical to a third party. Possible optimisation measures consistent with the market – such as an improved rental situation in the future – are taken into account.

The valuation or calculation period (DCF method) extends for 100 years from the valuation date. A more detailed cash flow forecast is prepared for the first ten years, while approximate annualised assumptions are made for the remainder of the term.

The valuation implicitly assumes an annual inflation rate of 1.0%. However, cash flows and discount rates are generally reported on a real basis in the valuation reports.

The specific indexing of the existing rental agreements is taken into account. Following expiry of the agreements, an average indexing rate of 80% is used for the calculation, and rents are adjusted to the market level once every five years. Payments are generally assumed to be made monthly in advance after expiry of the rental agreements.

At the operating cost (owner's cost) level, it is generally assumed that completely separate ancillary cost accounts are maintained, and that ancillary and operating costs are outsourced, insofar as this is permitted by law. Maintenance costs (repair and maintenance costs) are determined on the basis of benchmarks and model calculations. The residual lifetime of the individual parts of the buildings is determined on the basis of a rough estimate of their condition, the regular renewal is modelled and the resulting annuities calculated. The calculated values are subjected to a plausibility check based on benchmarks set by Wüest & Partner AG and figures for comparable properties. Repair costs are included in the calculation at 100% for the first ten years, while the earnings forecast takes into account where appropriate, possible increases in rent. From the 11th year, repair costs of up to 50% to 70% are allowed (value-preserving components only) without including possible rent increases. Costs for cleaning up contaminated sites are not quantified in the individual valuations and are to be considered separately by the Company.

The relevant discounting method is based on constant monitoring of the real estate market and is derived from models with plausibility checks, on the basis of a real interest rate that consists of the risk-free interest rate (long-term government bonds) plus general real estate-related risks in addition to property-specific premiums. The risk is then adjusted for each property individually. The average real discount rate, weighted by fair value, applied to investment properties is 4.01% in the current valuation. Assuming an inflation rate of 1.0%, this rate corresponds to a nominal discount rate of 5.05%. The lowest real discount rate applied to a particular property is 3.0%, while the highest is 5.4%.

The valuations are based on the rental tables of the property managers as at 01.01.2014, as well as on floor space details provided by the Company/property managers.

Risks relating to credit ratings of individual tenants are not explicitly taken into account in the valuation since it is assumed that appropriate contractual safeguards were concluded.

Properties under construction and development sites

Properties under construction and development sites with projected use as investment properties have been valued and accounted for at fair value (IAS 40 and IFRS 13) since 01.01.2009.

Trading properties under construction that are designated for future divestment (e.g. apartments in freehold property) are valued at cost: i.e. current activities and costs are recognised and subsequent valuation carried out at the lower of cost or net realisable value, according to IAS 2.

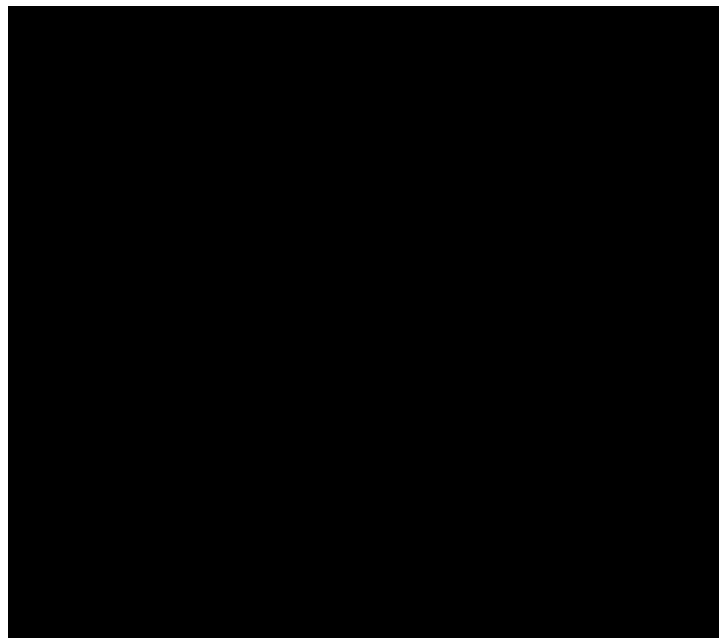
Planned or possible construction development as at the balance sheet date is therefore valued on the basis of the same assumptions and methods used for investment properties. To determine the current fair value as at the balance sheet date, the still-outstanding investment costs are taken into account in the cash flows, and the additional risks are reported as a return premium on the discount rate. Information regarding projected construction work, schedules, building costs and future rentals is obtained from Swiss Prime Site AG insofar as it is specifically available (building permits, plans, cost calculations/investment applications, etc.) or appears to be plausible.

Disclaimer

The valuations carried out by Wüest & Partner AG represent an economic assessment based on available information, most of which was provided by Swiss Prime Site AG. Wüest & Partner AG did not conduct or commission any legal, structural engineering or other specific clarifications. Wüest & Partner AG assumes that the information and documents received are accurate. However, no guarantee can be provided in this respect. Value and price may not be the same. Specific circumstances that influence the price cannot be taken into account when making a valuation. The valuation performed as at the reporting date is only valid at that specific point in time and may be affected by subsequent or yet unknown events, in which case a revaluation would be necessary.

Since the accuracy of valuation results cannot be guaranteed objectively, no liability can be derived from it for Wüest & Partner AG and/or the author.

Zurich, 30.01.2014





Financial commentary

SIGNIFICANT EVENTS AND DEVELOPMENTS

Swiss Prime Site in financial year 2013

Economic outlook

The Swiss economy exhibited a robust trend in 2013. Private consumption grew dynamically, driven by low interest rates, positive migration and a stable labour market. Investment in the construction industry, which had declined in 2012, staged a recovery and constituted another significant driver of the brighter economic picture. The economic situation fortunately stabilised in the Eurozone in the wake of six consecutive quarters of diminishing growth in gross domestic product. Consequently, the probability of negative scenarios surrounding the future of the Eurozone decreased, which improved sentiment on the part of consumers and investors in the neighbouring countries, with positive effects for Switzerland, too.

The economic prospects for 2014 continue to look favourable. On the heels of the anticipated strengthening of the global economy, economic growth in Switzerland should pick up some momentum as well. Credit Suisse Economic Research forecasts growth in real GDP in Switzerland of 2% for 2014 following 1.8% in 2013. While momentum in private consumption will likely slow down slightly, exports should continue to show stronger growth. Order intake levels also point to a robust year in the construction sector. Consumer prices should resume a slight upward trend, after declining in recent years. Monetary policy will likely continue on an expansionary course, only slowly normalising.

The uncertainty surrounding implementation of the Swiss popular initiative «Against Mass Migration», passed on 09.02.2014, poses the greatest risk for the real estate market in Switzerland for the time being. Moreover, keeping a close eye on any escalation of the problems in certain emerging market countries, which could have negative effects on overall global economic demand, is of secondary importance.

Focus in financial year 2013

Following the successful integration of Wincasa acquired in 2012 (real estate services), Swiss Prime Site's focal point in the reporting period was directed at the following points:

- further development of the new/modification building projects
- optimisation of existing properties
- financing
- integration of Tertianum Group acquired in July 2013

Dynamic and successful company performance

As the largest listed real estate investment company in Switzerland, Swiss Prime Site turned in a very positive and dynamic performance once again in the financial year 2013. In the wake of the successful integration of Wincasa AG – one of Switzerland's largest real estate services firms – in the fourth quarter of 2012, the Company acquired Tertianum Group in July 2013. Swiss Prime Site slightly adapted its strategy to the changing market environment, broadening as well as underpinning its earnings base with these two acquisitions and additional business fields, in addition to its core real estate segment.

Acquisition

Tertianum Group, acquired in July 2013, is Switzerland's market leader in the «assisted living» segment. With the acquisition of the first-class properties valued at roughly CHF 441 million as at 31.12.2013 as well as the operating businesses, Swiss Prime Site has supplemented its real estate portfolio and business activities with an «assisted living» segment featuring considerable earnings stability and above-average growth potential. The portfolio comprises 14 properties situated in prime locations in the economic centres Zurich, Berne and Eastern Switzerland. Various development projects are in the planning or construction phase. Tertianum also acts as the operating company and tenant for an additional eleven properties. Tertianum Group realised revenues of CHF 214 million and adjusted EBITDA of CHF 32 million in 2012. The company was consolidated starting from 12.07.2013.

Real estate segment

Rental income from investment properties declined to CHF 424.2 million [CHF 427.4 million]. The decrease of 0.7% was attributable primarily to the elimination of rental income from divestments in the previous year (CHF –1.3 million) as well as in the current year (CHF –2.0 million), to modifications/total renovations (CHF –10.7 million) as well as to

changes in existing properties (CHF –7.4 million). The rental income from the various acquisitions in the current year (Tertianum) (CHF +11.2 million), the acquisition of Riverside Business Park in Zuchwil in the previous year (CHF +5.6 million) as well as the completion of projects and modifications in the previous year (CHF +1.5 million) had a positive impact on results here. The vacancy rate edged up by 1.3 percentage points to 6.1% [4.8%] in the reporting period, as anticipated. The net yield of the real estate portfolio amounted to 4.2% [4.5%].

The quality of earnings was underscored by the good credit ratings of the tenants. The five largest external tenants were renowned companies, contributing 20.8% [22.7%] to total rental income. Around 62% [59%] of all rental agreements have a residual term of four or more years.

The positive effect on net income of revaluations in the segment amounted to CHF 198.1 million [CHF 191.9 million]. In addition to the income from the core business, leasing, constructing, buying and selling properties, this segment also included income from the real estate services business generated by Wincasa AG (acquired in 2012) amounting to total of CHF 98.7 million [CHF 14.1 million since the acquisition as at 25.10. to 31.12.2012].

Overall, EBIT in the real estate segment increased from CHF 524.0 million to CHF 552.7 million (+5.5%).

Changes in the portfolio

Within the scope of portfolio optimisation, ten properties [two properties] were divested in the reporting period with total fair value of CHF 166.9 million [CHF 33.5 million] as at 31.12.2012 [2011]. The net sales profit after transaction costs amounted to CHF 15.3 million [CHF 8.5 million]. With the acquisition of Tertianum, 14 existing properties as well as one property under construction (Opfikon/Bubenzholz) were acquired. No other acquisitions were executed in the reporting period. Swiss Prime Site reviewed various acquisition opportunities, but did not pursue these any further due to the high bid prices or lack of compatibility with its investment strategy. The portfolio therefore comprised 193 properties [188].

Flurpark in Zurich, which had been leased to UBS Inc until the end of 2012, is undergoing total modification/repositioning and subsequently reclassified as property under construction and development site.

Revaluation of the real estate portfolio

Wüest & Partner AG valued the real estate portfolio at CHF 9 339.5 million [CHF 8 600.3 million] as at 31.12.2013. This revaluation led to a net valuation gain affecting net income of CHF 186.7 million [CHF 187.3 million] (excluding revaluation of owner-occupied properties), or 2.2% of the portfolio's value as at 31.12.2012. Of these revaluations, CHF 22.5 million was attributable to the first-time application of IFRS 13 «Fair Value Measurement» with the new highest and best use concept. The total increase in the portfolio of CHF 739.2 million, or +8.6%, consisted of value changes and investments in the development projects Maaghof North and East (CHF +36.5 million), SkyKey (CHF +97.8 million) and Flurpark in Zurich (CHF +13.0 million) and Swiss Post headquarters/Majowa in Berne (CHF +63.7 million), as well as to value changes (including renovations/investments) related to existing properties (CHF +253.0 million), plots of building land (CHF +1.2 million) and divestments (CHF –166.9 million), in addition to the properties acquired with Tertianum and the Bubenzholz project in Opfikon (CHF +440.9 million). The latter, with one exception, were recognised as owner-occupied properties with the reported revaluation in other comprehensive income.

Of the total 161 existing properties (excluding the 14 acquisitions), plots of building land (11) and properties under construction (7) – total 32 properties), 124 were valued higher and 37 valued lower than at 01.01.2013.

The weighted-average real discount rate of 4.01% declined by 0.15 percentage points year-on-year [4.16%]. Assuming an inflation rate of 1.0% [1.0%], this corresponded to a nominal discount rate of 5.05% [5.20%].

Projects under construction proceeding according to plan

Construction activities for the new SkyKey (Hagenholzstrasse 60 in Zurich) building development project acquired in 2011 are proceeding according to plan. The topping-out ceremony was celebrated on 27.06.2013. The commercial services building, comprising 40 000 square metres of office floor space and 2 400 workplaces, will be completed and ready for occupancy in mid-2014 and leased to Zurich Insurance Company Ltd as at 01.07.2014

The topping-out ceremony for the Swiss Post headquarters/Majowa new building project in WankdorfCity, Berne, took place on 25.09.2013. Construction activities for the services building, comprising rental floor space of 33 700

square metres and 1 800 workplaces, is proceeding according to plan in terms of timetable, costs and qualitative aspects. Completion of the structure is planned for autumn 2014 (leased to Swiss Post as at 01.11.2014).

Flurpark in Zurich, which was built in 1979, is undergoing total renovation following the departure of the sole tenant UBS as at 31.12.2012. With the extensive renovation, new façade and predetermined Minergie certificate, the property will be repositioned with multi-tenant capacity in order to ensure sustainable leasing. Swiss Prime Site will invest approximately CHF 69 million in the project. Building approval was granted in December 2013, and deconstruction and redevelopment activities are underway. The property can be handed over for future tenants' improvements in spring 2015.

The laying of the foundation stone ceremony for Maaghof North and East – the urban residential building project featuring rental apartments and condominiums – took place on 29.11.2012. Construction of the building shell is proceeding according to plan, and the topping-out ceremony will take place on 14.05.2014. The property will be ready for occupancy in spring 2015. Swiss Prime Site is constructing 220 apartments at the site, comprising floor space of roughly 21 800 square metres in addition to roughly 2 200 square metres for social and commercial uses. Sales of the 83 condominiums are progressing successfully. As at 31.12.2013, 44 units were sold and two reserved, with two commercial rooms sold and one reserved. Leasing activities for the 137 1½ to 5½ room apartments will start in spring 2014.

The Bubenholz new building project in Opfikon was acquired with the Tertianum acquisition. Swiss Prime Site will invest roughly CHF 42 million in this project, comprising 59 1½ to 3½ room apartments with à la carte services, a geriatric care wing with 43 beds, in addition to a bistro, multi-purpose areas and commercial floor space. The property will be completed in spring 2015 and operated as owner-occupied property under the Vitadomo brand (leasing of senior residences). Leasing of the units began in November 2013.

Retail and gastronomy segment

Income from retail and gastronomy amounted to CHF 156.4 million [CHF 159.1 million]. This figure included net retail turnover from Jelmoli – The House of Brands in Zurich of CHF 136.9 million [CHF 136.4 million] as well as turnover from the hotel business and Clouds restaurant amounting to CHF 19.2 million [CHF 22.7 million]. Jelmoli – The House of Brands realised net revenues from third-party leasing of CHF 18.0 million [CHF 17.8 million]. The growing significance of online trading as a distribution channel and stepped-up competitive intensity in the retail trade continued to have an impact on turnover here.

The operating business of Hotel Ramada Encore in Geneva was divested at the end of November 2013. The divestment resulted in a slight decrease in goodwill from the former acquisition of Jelmoli in 2009, with which the aforementioned hotel business was acquired.

Assisted living segment

With the acquisition of Tertianum Group, Swiss Prime Site expanded its business activities with a new operating segment: assisted living. The acquired properties were transferred to the real estate segment, while the operating business forms the assisted living segment. Swiss Prime Site ascribes above-average growth potential to this market, which will also have a positive impact on the real estate segment. The Company is underpinning its diversification of allocation of use with this acquisition as well. This investment will additionally supplement the portfolio's earnings situation, particularly against the backdrop of the future demographic trend in Switzerland.

Income from assisted living since the acquisition date of 12.07.2013 amounted to CHF 85.7 million. Furthermore, Tertianum generated rental income from leasing owner-occupied properties of CHF 11.4 million as well as from eleven additionally rented properties of CHF 14.1 million. The amount of EBIT generated since the acquisition was CHF 5.0 million.

The increase in Swiss Prime Site's workforce (full-time equivalents) from 1 239 to 2 465 was based primarily on this acquisition. The goodwill resulting from this transaction amounted to CHF 44.5 million.

Operating profit and net profit

Noteworthy in the comparison of results with the previous year is that Wincasa Group – which was acquired in October 2012 – is included in the consolidation 2012 for only two months and Tertianum Group has been consolidated since 12.07.2013. In addition, new IFRS regulations, particularly IFRS 13 and IAS 19 revised, also had an impact on the previous year's comparison. The first-time application of IFRS 13 «Fair Value Measurement», with the new highest and best use concept, resulted in a positive value change for six properties totalling CHF 22.5 million. IAS 19 revised «Employee Benefits» necessitated a restatement of the previous year and booking of the remeasurement of net defined benefit obligations in other comprehensive income. All the comparable figures are based on the restatement and may deviate from the published figures.

Profit attributable to shareholders amounted to CHF 343.9 million [CHF 311.3 million]. The increase of CHF 32.6 million was attributable, among other factors, to the Wincasa real estate services business, gains on the divestment of properties, income from Tertianum Group and lower financing and administrative costs. Profit excluding revaluation effects* climbed by 12.4% to CHF 222.8 million [CHF 198.2 million]. Comprehensive income attributable to shareholders including revaluation effects* of CHF 378.2 million exceeded the relevant previous year's mark by 16.9% [CHF 323.5 million]. Earnings before interest and taxes (EBIT) rose by 3.5% from CHF 512.6 million to CHF 530.6 million, and EBIT excluding revaluation effects edged up by 5.7% from CHF 325.4 million to CHF 343.9 million.

Operating expenses climbed by 62.8% from CHF 267.8 million to CHF 436.0 million, of which real estate costs accounted for CHF 81.5 million [CHF 76.6 million] and cost of goods sold made up CHF 81.0 million [CHF 72.6 million]. The increase in real estate expenses of CHF 16.2 million was attributable primarily to rental expenses for the eleven additionally rented properties in the assisted living segment. However, maintenance and property management costs decreased by CHF 10.6 million and CHF 8.7 million, respectively. Through the consolidation of Wincasa and resulting provision of these services to the Group internally, these costs shifted to personal expenses. The increase in cost of goods sold by CHF 8.4 million resulted primarily from Tertianum's business activities.

Personnel expenses amounted to CHF 199.7 million [CHF 57.9 million], other operating expenses totalled CHF 47.2 million [CHF 43.5 million] and depreciation and amortisation were CHF 26.6 million [CHF 17.1 million]. The pickup in personnel expenses was attributable mainly to staff costs related to the two acquisitions of Wincasa and Tertianum, as well as to the employees that relocated from Credit Suisse AG to Swiss Prime Site as at 01.01.2013. According to IAS 19 revised, the remeasurement of net defined benefit obligations was reported in other comprehensive income, resulting in positive revaluation of CHF 24.1 million [CHF 5.5 million] in the reporting period. The increase in depreciation was based predominantly on owner-occupied properties and on amortisations of intangible assets such as software and customer base.

Financial situation

Shareholders' equity attributable to shareholders rose by CHF 193.4 million to CHF 4 107.3 million [CHF 3 913.9 million]. This increase consisted of profit (CHF +343.9 million), other comprehensive income (CHF +34.3 million) and the distribution from capital contribution reserves of 24.04.2013 (CHF –217.8 million), as well as conversions of the CHF 300 million convertible bond (CHF +34.1 million), in addition to the acquisition/divestment of treasury shares (CHF –1.0 million). Treasury shareholdings amounted to 18 916 [4 828] on 31.12.2013.

The amount of borrowed capital increased by CHF 1 081.7 million (20.3%), from CHF 5 323.1 million to CHF 6 404.8 million, resulting in an equity ratio of 39.1% [42.4%] and borrowed capital ratio of 60.9% [57.6%]. Reported in the borrowed capital figure were CHF 419.7 million in loans that were transferred at short notice over the year-end resulting from a disputed withholding tax payment amounting to CHF 419.7 million to the Swiss Federal Tax Administration (FTA). These funds were reimbursed on 10.01.2014 and the loans repaid. Excluding these loans, the equity ratio and borrowed capital ratio would have amounted to 40.7% and 59.3%, respectively. Further information regarding this topic can be found in Note 32 «Future obligations and contingent liabilities» on page 136.

The return on equity (ROE, weighted) amounted to 9.1% [8.9%] and the return on invested capital (ROIC, weighted) was 4.6% [4.8%].

* revaluations and deferred taxes

On 11.07.2013, Swiss Prime Site issued one bond amounting to CHF 115.0 million, with interest rate of 1.125% and term to maturity to 11.07.2018, and a second bond on 21.10.2013 amounting to CHF 230.0 million with interest rate of 2.0% and term to maturity of seven years (21.10.2020). In addition, the Company redeemed the CHF 200 million bond with maturity date of 11.07.2013 and interest rate of 4.625%.

The average weighted interest rate on all financial liabilities was 2.2% [2.6%], and the average weighted residual term to maturity amounted to 4.0 years [4.5 years]. The loan-to-value ratio amounted to 54.1% [48.0%].

Financial expenses of CHF 109.4 million [CHF 117.0 million] included primarily interest expense. Financial income of CHF 10.6 million [CHF 7.6 million] was attributable to interest income of CHF 0.9 million [CHF 0.9 million], dividend income from securities and financial investments of CHF 0.1 million [CHF 0.1 million], changes in fair value of financial instruments of CHF 9.2 million [CHF 6.5 million] and miscellaneous financial income of CHF 0.4 million [CHF 0.1 million].

Information relating to the share/distribution

The closing price of the Swiss Prime Site AG share on 31.12.2013 was CHF 69.05 [CHF 76.35], resulting in a total return (i.e. share-price performance and distribution = total return (TR)) of -5.1% [14.9%]. This share-price performance surpassed the benchmark index SXI Real Estate Shares (-6.9%). Swiss Prime Site stock is listed on the Swiss Leader Index (SLI) of the SIX Swiss Exchange as well as on the Stoxx Global Select Dividend 100 and Stoxx Europe Select Dividend 30 indices. These indices list the most liquid stocks with high distributions.

Net asset value (NAV) after deferred taxes amounted to CHF 67.91, thus surpassing the figure of CHF 65.22 on 31.12.2012 by 4.1%. NAV before deferred taxes edged up by 5.1% from CHF 78.62 to CHF 82.65. The premium – i.e. difference between the share price of CHF 69.05 [CHF 76.35] and NAV after deferred taxes of CHF 67.91 [CHF 65.22] – amounted to 1.7% [17.1%].

Following conversions of the CHF 300 million bond into 491 470 registered shares in the first half-year 2013, the share capital amounted to CHF 925.7 million, or 60 503 081 shares.

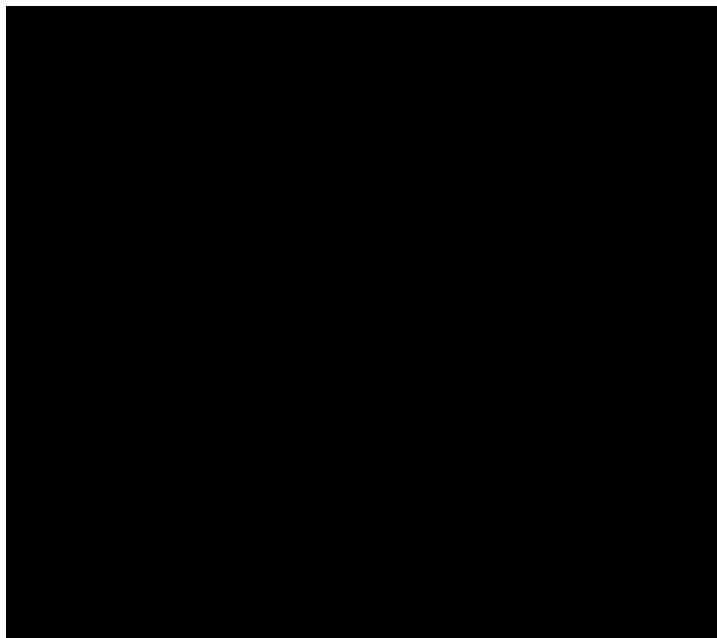
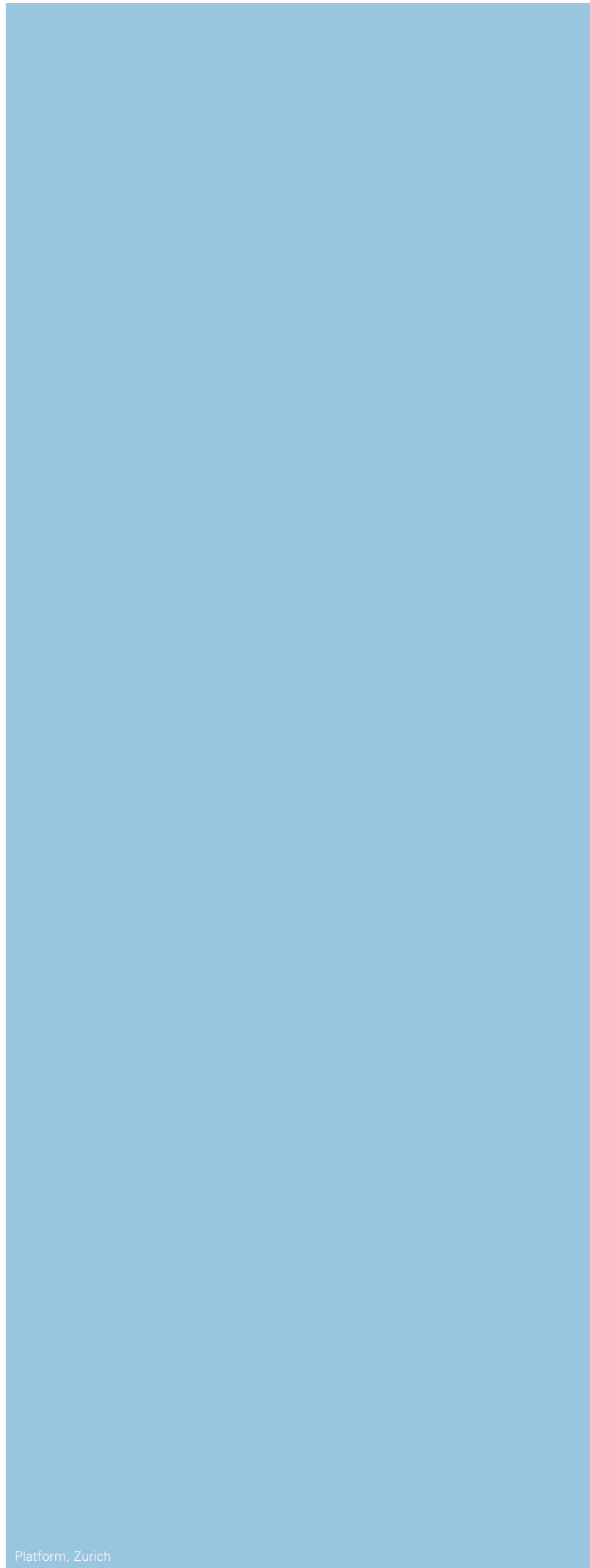
Based on the favourable annual results, with earnings per share of CHF 5.70 [CHF 5.67] and positive outlook for the financial year 2014, the Board of Directors has decided on 28.02.2014 to propose to the Annual General Meeting of 15.04.2014 an unchanged distribution of CHF 3.60 per share. The payout should be carried out through a withholding tax-exempt distribution from capital contribution reserves. The proposed distribution of CHF 3.60 corresponds to a cash yield of 5.2% [4.7%], based on the closing share price at year-end 2013.

Outlook

Swiss Prime Site aims to continue optimising and further diversifying the real estate portfolio, focusing on prime properties in the current financial year. With the acquisitions of Wincasa and Tertianum – the two market leaders in Switzerland in their respective business fields of real estate services and assisted living – the Group has further underpinned and diversified its earnings base. The resulting emerging synergy effects will have a positive impact on the financial results. Swiss Prime Site ascribes above-average growth potential to the market for senior housing and geriatric care services. This potential will also be manifested in the core business, the real estate segment, through the construction of additional related residential properties and residences.

The development projects, building modifications and repositionings under construction are proceeding according to plan. Completion of the two fully leased Majowa and SkyKey development projects in 2014 will have a positive impact on the current financial year.

Notwithstanding the challenging market environment, Swiss Prime Site is convinced that it is well-positioned to be able to generate stable and sustainable earnings, in light of its high-quality real estate portfolio featuring properties at attractive locations, with long-term rental agreements, favourable diversification by tenants, types of use and regions, as well as expansion into real-estate-related business fields. For 2014, the Company forecasts a vacancy rate of 6.0% to 7.0%, in addition to EBIT and profit figures (before revaluation and one-time effects) on previous year's levels.





Consolidated financial statements

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF SWISS PRIME SITE AG, OLTEN

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Swiss Prime Site AG, which comprise the statement of income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes (pages 72 to 153) for the year ended 31.12.2013.

Board of directors' responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31.12.2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange as well as the Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 28.02.2014

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Claudius Rügsegger
Licensed Audit Expert

CONSOLIDATED INCOME STATEMENT

in CHF 1 000	Notes	01.01.– 31.12.2013	Restated* 01.01.– 31.12.2012
Rental income from properties	4/5	420 121	408 788
Income from real estate services**	3/4/5	98 648	14 074
Income from retail and gastronomy	4/5	156 190	159 025
Income from assisted living***	3/4/5	85 675	–
Other operating income	4/5	4 018	2 747
Operating income		764 652	584 634
Revaluation of investment properties, properties under construction and development sites, net	4/6/24	186 705	187 253
Result from property sales, net	4/7/20	15 290	8 509
Real estate costs	4/8	(81 485)	(76 616)
Costs of goods sold	4/9	(80 956)	(72 567)
Personnel costs	4/10	(199 705)	(57 919)
Other operating expenses	4/11	(47 213)	(43 548)
Depreciation, amortisation and impairment	4/25/26/27	(26 643)	(17 116)
Operating expenses		(436 002)	(267 766)
Operating profit (EBIT)		530 645	512 630
Financial expenses	12	(109 381)	(117 029)
Financial income	12	10 620	7 570
Income from investments in associates	23	8 590	1 770
Profit before income taxes		440 474	404 941
Income tax expenses	13	(96 605)	(93 642)
Profit attributable to shareholders of Swiss Prime Site AG		343 869	311 299
Earnings per share, in CHF	14	5.70	5.67
Diluted earnings per share, in CHF	14	5.34	5.26

* restatement due to IAS 19 rev.

** acquisition of Wincasa AG as at 25.10.2012

*** acquisition of Tertianum AG as at 12.07.2013

The explanations provided in the Notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF 1 000	Notes	01.01.– 31.12.2013	Restated* 01.01.– 31.12.2012
Profit		343 869	311 299
Revaluation of owner-occupied properties	25/31	20 569	10 311
Deferred taxes on revaluation of owner-occupied properties	13/31	(4 731)	(2 372)
Remeasurement of net defined benefit obligations	10	24 054	5 483
Deferred taxes on remeasurement of net defined benefit obligations	13	(5 604)	(1 261)
Items that will not be reclassified subsequently to profit or loss		34 288	12 161
Items that will be reclassified subsequently to profit or loss		–	–
Other comprehensive income after income taxes		34 288	12 161
Comprehensive income attributable to shareholders of Swiss Prime Site AG		378 157	323 460

* restatement due to IAS 19 rev.

The explanations provided in the Notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2013	Restated* 31.12.2012
Assets			
Cash	15/38	203 662	201 762
Securities	38	390	456
Accounts receivable	16/38	120 406	115 738
Other current receivables	17	10 253	5 515
Current income tax assets	13/32	420 662	2 808
Inventories	18	26 376	24 192
Trading properties	19	27 785	15 371
Assets held for sale	20/24	37 809	185 663
Accrued income and prepaid expenses	21	32 864	23 595
Total current assets		880 207	575 100
Other non-current receivables	17/38	2 125	3 825
Pension plan assets	10	20 348	5 005
Non-current financial investments	22/38	1 541	1 772
Investments in associates	23	29 043	22 492
Investment properties and building land	24	8 051 252	7 871 311
Properties under construction and development sites	24/32	478 250	195 120
Owner-occupied properties	25	732 032	332 867
Owner-occupied properties under construction	25	12 360	–
Tangible assets	26	53 876	44 448
Goodwill	3/27	167 775	123 378
Intangible assets	27	82 636	56 934
Deferred tax assets	13/30	732	4 774
Total non-current assets		9 631 970	8 661 926
Total assets	4	10 512 177	9 237 026
Liabilities and shareholders' equity			
Accounts payable	28/38	15 532	11 096
Current financial liabilities	28/38	1 089 639	614 993
Other current liabilities	28/38	138 444	130 482
Advance payments	28	93 461	90 199
Current income tax liabilities	28	31 687	25 412
Accrued expenses and deferred income	28	111 648	80 262
Total current liabilities		1 480 411	952 444
Non-current financial liabilities	29/38	3 965 865	3 510 098
Other non-current financial liabilities	29/38	11 173	19 595
Deferred tax liabilities	13/30	891 872	805 406
Pension provision obligations	10	55 511	35 588
Total non-current liabilities		4 924 421	4 370 687
Total liabilities	4	6 404 832	5 323 131
Share capital	31	925 697	918 178
Capital reserves	31	980 466	1 172 692
Revaluation reserves	31	42 786	26 948
Retained earnings	31	2 158 396	1 796 077
Shareholders' equity attributable to shareholders of Swiss Prime Site AG		4 107 345	3 913 895
Total liabilities and shareholders' equity		10 512 177	9 237 026

* restatement due to IAS 19 rev.

The explanations provided in the Notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	01.01.– 31.12.2013	Restated* 01.01.– 31.12.2012
Profit		343 869	311 299
Depreciation, amortisation and impairment	4/25/26/27	26 643	17 116
Result from property sales, net	4/7/20	(15 290)	(8 509)
Income from investments in associates	23	(8 590)	(1 770)
Revaluation of investment properties, properties under construction and development sites, net	4/6/24	(186 705)	(187 253)
Other non-cash items affecting net income		(337)	504
Financial expenses	12	109 381	117 029
Financial income	12	(10 620)	(7 570)
Income tax expenses	13	96 605	93 642
Increase/decrease of inventories	18	(771)	887
Increase in trading properties	19	(12 041)	(3 699)
Net change in other current assets		11 737	(30 925)
Net change in recognised pension plan assets/liabilities	10	2 118	(2 719)
Net change in other non-current receivables	17	1 700	1 700
Change in operating current liabilities	28	12 574	(40 241)
Interest payments made	12	(118 441)	(120 006)
Interest payments received	12	1 222	935
Income tax payments	13	(444 254)	(45 609)
Cash flow from operating activities		(191 200)	94 811
Investments in investment properties and building land	24	(66 604)	(161 003)
Investments in properties under construction and development sites	24	(180 582)	(112 037)
Investments in owner-occupied properties	25	(1 998)	(59)
Investments in owner-occupied properties under construction	25	(4 427)	–
Divestments of investment properties and building land	20/24	182 173	41 969
Investments in tangible assets	26	(12 367)	(4 266)
Acquisition of Wincasa AG, excluding acquired cash	3	–	94 909
Acquisition of Tertianum AG, excluding acquired cash	3	(267 912)	–
Investments in intangible assets	27	(1 670)	(497)
Divestments of securities		67	49
Repayments of non-current financial investments	22	255	140
Dividends received	12/23	2 140	2 048
Cash flow from investing activities		(350 925)	(138 747)
Increase in financial liabilities	28/29	9 339 548	3 428 001
Redemption of financial liabilities	28/29	(8 719 734)	(3 450 728)
Redemption of bond 4.625% 2005–2013	28	(200 000)	–
Issue of bond 1.125% 2013–2018	29	115 000	–
Cost of bond 1.125% 2013–2018	29	(503)	–
Issue of bond 2.0% 2013–2020	29	230 000	–
Cost of bond 2.0% 2013–2020	29	(933)	–
Distribution from capital contribution reserves	31	(217 775)	(196 367)
Capital increase	31	–	83 471
Premium from capital increase	31	–	265 882
Cost of capital increase	31	–	(10 636)
Sale of own subscription rights	31	–	3
Purchase of treasury shares	31	(1 717)	(524)
Sale of treasury shares	31	139	–
Cash flow from financing activities		544 025	119 102
Increase in cash		1 900	75 166
Cash at beginning of period		201 762	126 596
Cash at end of period	15	203 662	201 762

* restatement due to IAS 19 rev.

The explanations provided in 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 (premium)	Revaluation reserves	Restated* Retained earnings	Restated* Shareholders' equity attributable to shareholders of Swiss Prime Site AG
As at 01.01.2012, prior to restatement		831 841	1 103 505	19 009	1 489 340	3 443 695
Change in shareholders' equity due to IAS 19 rev.	2	–	–	–	(8 784)	(8 784)
As at 01.01.2012, restated		831 841	1 103 505	19 009	1 480 556	3 434 911
Profit	14	–	–	–	311 299	311 299
Revaluation of owner-occupied properties	25/31	–	–	10 311	–	10 311
Deferred taxes on revaluation of owner-occupied properties		–	–	(2 372)	–	(2 372)
Remeasurement of net defined benefit obligations	10/31	–	–	–	5 483	5 483
Deferred taxes on net defined benefit obligations		–	–	–	(1 261)	(1 261)
Other comprehensive income after income taxes	31	–	–	7 939	4 222	12 161
Comprehensive income		–	–	7 939	315 521	323 460
Distribution from capital contribution reserves on 27.04.2012	31	–	(196 386)	–	–	(196 386)
Conversion of 2 693 units of the CHF 300 million convertible bond (2010–2015) into 187 296 registered shares	31	2 866	10 375	–	–	13 241
Capital increase on 05.12.2012	31	83 471	265 882	–	–	349 353
Cost of capital increase	31	–	(10 636)	–	–	(10 636)
Share-based compensation	31	–	476	–	–	476
Purchase of treasury shares	31	–	(524)	–	–	(524)
As at 31.12.2012, restated		918 178	1 172 692	26 948	1 796 077	3 913 895

* restatement due to IAS 19 rev.

The explanations provided in 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 (premium)	Revaluation reserves	Restated* Retained earnings	Restated* Shareholders' equity attributable to shareholders of Swiss Prime Site AG
As at 31.12.2012		918 178	1 172 692	26 948	1 796 077	3 913 895
Profit	14	–	–	–	343 869	343 869
Revaluation of owner-occupied properties	25/31	–	–	20 569	–	20 569
Deferred taxes on revaluation of owner-occupied properties		–	–	(4 731)	–	(4 731)
Remeasurement of net defined benefit obligations	10/31	–	–	–	24 054	24 054
Deferred taxes on remeasurement of net defined benefit obligations		–	–	–	(5 604)	(5 604)
Other comprehensive income after income taxes	31	–	–	15 838	18 450	34 288
Comprehensive income		–	–	15 838	362 319	378 157
Distribution from capital contribution reserves on 24.04.2013	31	–	(217 794)	–	–	(217 794)
Conversion of 6 976 units of the CHF 300 million convertible bond (2010–2015) into 491 470 registered shares	31	7 519	26 557	–	–	34 076
Share-based compensation	31/34	–	589	–	–	589
Purchase of treasury shares	31	–	(1 717)	–	–	(1 717)
Sale of treasury shares	31	–	139	–	–	139
As at 31.12.2013		925 697	980 466	42 786	2 158 396	4 107 345

* restatement due to IAS 19 rev.

The explanations provided in the Notes form an integral part of the consolidated financial statements.

1 BUSINESS ACTIVITIES

1.1 Purpose

The purpose of Swiss Prime Site AG, Olten (hereinafter referred to as «Holding Company» or «Company»), comprises exclusively the acquisition, holding, management and disposal of investments in other companies.

1.2 Business strategy

Swiss Prime Site offers Swiss and foreign investors the opportunity to participate in a professionally managed Swiss property portfolio established according to strict investment criteria. The Company aims to set a benchmark in the Swiss real estate market by means of a clearly communicated strategy.

Swiss Prime Site invests in Swiss properties at selected locations and offers its shareholders the opportunity to participate in the potential for value growth of an enterprise managed by experienced real estate specialists. In operational terms, the Company works together with reputable industry partners.

With the acquisition of Tertianum AG as at 12.07.2013, the existing portfolio comprising office and retail properties was supplemented by the assisted living segment, with considerable earnings stability and above-average growth potential. The acquisition resulted in a boost in growth as well as broader diversification of risks.

Through the acquisition of Wincasa AG as at 25.10.2012, real estate services can now be obtained internally at the Group level. Moreover, Swiss Prime Site has succeeded in gaining even more direct access to the regional real estate markets and thus underpinning its position for executing project developments and acquisitions.

With the acquisition of Jelvoli Group in 2009, Swiss Prime Site also acquired the retail and gastronomy segment, in addition to the properties. The products and brands for Jelvoli – The House of Brands department store are determined by means of evaluation procedures. The focus is directed at high-quality products and brands.

1.3 Investment strategy

The investment regulations define the Swiss Prime Site's investment strategy. When selecting investments, the Company primarily concentrates on business properties with good development potential situated in the major economic locations in Switzerland. The significant criteria applied to the selection of investments in commercial properties are, among others: quality of the location, economic development potential, access via traffic routes and public transportation, architectural concept and finishing standard, occupancy rate or occupancy potential, solvency and mix of tenants, utilisation flexibility of the buildings, realised return as well as existing potential for boosting value and revenues.

In order to optimise income, a loan-to-value (LTV) ratio of 65% of all investment properties is permitted. Properties may be pledged to secure corresponding loans. The loan-to-value ratio is derived according to the proportion of interest-bearing borrowed capital measured at the fair value of the property portfolio.

The investment strategy and the investment regulations are regularly reviewed by the Board of Directors.

1.4 Business activities

The Company's business activities are primarily carried out by its subsidiaries. Swiss Prime Site adapted its organisational structure as at 01.01.2013 to the Company's robust growth as well as the increasingly more complex challenges presented by real estate investments. Significant management services that had previously been provided by Credit Suisse AG, Real Estate Asset Management based on a management agreement have been integrated into the Group. In the course of this adaptation process, some real estate specialists (14 employees) with proven track records were employed directly by Swiss Prime Site starting from 01.01.2013. With the acquisition of Wincasa AG, real estate services have been provided internally at the Group level since 25.10.2012. The management agreement with Credit Suisse AG has continued to remain in effect in a downsized form. As at 31.12.2013, the Company's headcount increased to 3 115 [1 462] employees primarily due to the acquisition of Tertianum AG.

2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Principles of consolidated reporting

The Company's consolidated reporting was produced in accordance with International Financial Reporting Standards (IFRS) and corresponds to Article 17 of the Guideline to Financial Accounting of the Swiss stock exchange (SIX Swiss Exchange). The consolidated financial statements comprise the Holding Company as well as its subsidiaries (hereinafter jointly referred to as «group companies»).

The consolidated financial statements are essentially based on the historical cost principle. Deviations from this principle are specifically mentioned in Notes 2.8 to 2.40. This applies to the investment properties, properties under construction, development sites (except trading properties) and owner-occupied properties. In accordance with the fair value model of IAS 40 «Investment property» and due to the revaluation model of IAS 16 «Property, plant and equipment», these properties are valued at fair value. In addition, securities and derivatives are recognised at stock exchange prices or at fair values as at the balance sheet date. The main accounting principles are explained in the following section.

These consolidated financial statements are prepared in Swiss francs (CHF). All amounts, except for the figures per share, are rounded to CHF thousand. All group companies maintain their accounts in CHF. Transactions denominated in foreign currencies are immaterial.

2.2 Amendments relative to IFRS accounting principles

Apart from the changes described below, the applicable accounting principles remain the same as in the previous year. As at 01.01.2013, Swiss Prime Site introduced the following new or revised standards and interpretations:

Standard/ interpretation	Title
IAS 1 rev.	Presentation of items of other comprehensive income
IAS 19 rev.	Employee benefits
IAS 27	Separate financial statements (2011)
IAS 28	Investments in associates and joint ventures (2011)
IAS 36	Recoverable amount disclosures for non-financial assets
IFRS 7 rev.	Disclosures – financial asset and liability offsetting
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement
IFRS 10 rev., IFRS 11 rev. and IFRS 12 rev.	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transitional requirements
IFRIC 20	Stripping costs in the production phase of a surface mine
Various	Annual improvements to IFRSs 2009–2011 cycle

The revisions regarded as significant by Swiss Prime Site are briefly explained in the following section:

IAS 19 rev. Employee benefits

The revised version of IAS 19 eliminates the corridor method, which the Company applied until 31.12.2012. Starting from 01.01.2013, all changes in the present value of defined benefit obligations and the fair value of plan assets are recognised immediately. Furthermore, interest costs and the expected return on plan assets are replaced by a net interest cost, which is calculated on the net defined benefit obligations using the discount rate. The revised standard also defines the presentation of the change in net pension provision obligations. Service costs and the net interest cost on net defined benefit obligations are recognised in the income statement, whereas remeasurement of net defined benefit obligations is recognised in other comprehensive income. Up to 31.12.2012, all changes which had to be recognised were recognised in the income statement.

The change in this accounting principle was applied retrospectively in accordance with IAS 8.

Impacts of IAS 19 rev.

The impacts of the change from applying IAS 19 rev. for 2013 were as follows:

Consolidated income statement

- increase in personnel costs by CHF 2.118 million
- decrease in income tax expenses by CHF 0.485 million
- net decrease in profit by CHF 1.633 million
- decrease in earnings per share by CHF 0.03 as well as in diluted earnings per share by CHF 0.02

Consolidated statement of comprehensive income

- increase in remeasurement of net defined benefit obligations by CHF 24.054 million (income)
- increase in deferred taxes on remeasurement of net defined benefit obligations by CHF 5.604 million
- increase in the items that will not be reclassified subsequently to profit or loss by CHF 18.450 million
- increase in other comprehensive income after income taxes by CHF 18.450 million
- increase in comprehensive income by CHF 16.817 million

Consolidated balance sheet as at 31.12.2013

- increase in pension plan assets by CHF 15.343 million
- decrease in pension provision obligations by CHF 6.672 million
- increase in deferred tax liabilities (net) by CHF 5.119 million
- increase in retained earnings by CHF 16.817 million

The above-mentioned items had no significant impact on the consolidated cash flow statement.

The impacts of the change from applying IAS 19 rev. for 2012 were as follows:

Impact on the balance sheet and shareholders' equity

in CHF 1 000	31.12.2011 published	Restatement IAS 19 rev.*	01.01.2012 restated
Pension plan assets	7 481	(5 719)	1 762
Pension provision obligations	848	5 689	6 537
Deferred tax assets	92	2 624	2 716
Total shareholders' equity	3 443 695	(8 784)	3 434 911

in CHF 1 000	31.12.2012 published	Restatement IAS 19 rev.*	31.12.2012 restated
Pension plan assets	16 345	(11 340)	5 005
Pension provision obligations	35 478	110	35 588
Deferred tax assets	2 124	2 650	4 774
Goodwill	124 095	(717)	123 378
Total shareholders' equity	3 923 412	(9 517)	3 913 895

Impact on income statement, profit and comprehensive income

in CHF 1 000	01.01.- 31.12.2012 published	Restatement IAS 19 rev.*	01.01.- 31.12.2012 restated
Impact on income statement and profit			
Profit attributable to shareholders of Swiss Prime Site AG	316 254	(4 955)	311 299
Earnings per share, in CHF	5.76	(0.09)	5.67
Diluted earnings per share, in CHF	5.34	(0.08)	5.26
Impact on comprehensive income			
Profit attributable to shareholders of Swiss Prime Site AG	316 254	(4 955)	311 299
Remeasurement of net defined benefit obligations	–	5 483	5 483
Deferred taxes on remeasurement of net defined benefit obligations	–	(1 261)	(1 261)
Total items that will not be reclassified subsequently to profit or loss	–	4 222	4 222
Comprehensive income attributable to shareholders of Swiss Prime Site AG	324 193	(733)	323 460

*The adjustments due to IAS 19 rev. have an impact on retained earnings.

The above-mentioned items had no significant impact on the consolidated cash flow statement.

IFRS 13 «Fair Value Measurement»

The first-time prospective application of the new IFRS 13 «Fair Value Measurement» standard with the highest and best use concept (see Note 24 «Investment properties») resulted in an additional positive revaluation recognised in the income statement for six investment properties totalling CHF 22.546 million in the reporting period. The impact on consolidated profit in 2013 amounted to CHF 17.284 million, on diluted earnings per share in 2013 to CHF 0.26 and on undiluted earnings per share in 2013 to CHF 0.29. Consolidated comprehensive income in 2013 increased by CHF 17.284 million as a result.

The following new and revised standards and interpretations have been adopted, but will go into effect at a later time and were not prematurely applied to these consolidated financial statements. The impact therefrom on Swiss Prime Site's consolidated financial statements has not yet been systematically analysed, so the estimated effects as disclosed in the following table represent only an initial assessment by the Executive Board.

Standard/ interpretation	Title	Impact	Entering into force	Planned application by Swiss Prime Site
IAS 32 rev.	Offsetting financial assets and liabilities	*	01.01.2014	Financial year 2014
IAS 39 rev.	Novation of derivatives and continuation of hedge accounting	*	01.01.2014	Financial year 2014
IFRS 10 rev., IFRS 12 rev. and IAS 27 rev.	Investment entities	*	01.01.2014	Financial year 2014
IFRIC 21	Levies	*	01.01.2014	Financial year 2014
IAS 19 rev.	Defined benefit cost: Employee contributions	*	01.07.2014	Financial year 2015
Various	Annual improvements to IFRSs 2010–2012 cycle	*	01.07.2014	Financial year 2015
Various	Annual improvements to IFRSs 2011–2013 cycle	*	01.07.2014	Financial year 2015
IFRS 9	Financial instruments and related amend- ments to IFRS 7 regarding transition	**	at the earliest 01.01.2017	to be determined

* No or no significant impact on the consolidated financial statements is anticipated.

** The effects on the consolidated financial statements cannot yet be determined with sufficient certainty.

2.3 Valuations and assumptions

The preparation of semi-annual and annual accounts in accordance with IFRS accounting principles requires the use of appraisal values and assumptions that influence the amounts recognised as assets and liabilities, the disclosure of contingent assets and liabilities as at the balance sheet date and the revenue and expenses recognised during the reporting period. Although these appraisal values have been determined by Swiss Prime Site according to the best knowledge of the Executive Board with respect to current events and possible future measures, the results actually achieved may deviate from these appraisal values.

Fair value measurements

A number of Swiss Prime Site's accounting principles and disclosures require measurement of certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Swiss Prime Site uses, to the extent possible, the data observable in the market for the measurement of fair value of an asset or liability. Based on the input factors used in the valuation techniques, fair value is classified in various levels of the fair value hierarchy, as follows:

Level 1	Fair value was determined on the basis of (unchanged) quotations in active markets for identical assets and liabilities.
Level 2	Fair value was determined on the basis of input factors other than the quotations of level 1. The input factors for financial assets and liabilities in markets must be directly (for example quotations) or indirectly (for example derived from quotations) observable.
Level 3	Fair value was determined on the basis of input factors which are not based on observable markets.

When the input factors used to measure the fair value of an asset or liability might be classified in various levels of the fair value hierarchy, the fair value is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group holds investment properties, building land, properties under construction and development sites as well as properties held for sale with a book value of CHF 8 567.311 million, owner-occupied properties with a book value of CHF 732.032 million and owner-occupied properties under construction with a book value of CHF 12.360 million. The properties are measured at fair value according to the principles of IFRS 13. The valuations are based on estimates and assumptions that are described in Note 24 «Investment properties».

Impairment of goodwill and brand names

With respect to goodwill and brand names with indefinite useful life, assumptions as to the calculation of the value in use are applied in the impairment test, which is performed at least annually. The main assumptions with regard to the calculation of value in use are growth rates and discount rates. These assumptions may prove to be incorrect in the future. Moreover, the effective cash flows may differ from the discounted projections.

The book values based on these assumptions and valuations are specified in Note 27 «Intangible assets».

Deferred taxes

Deferred tax liabilities are calculated on the valuation difference between the book value of an asset or a liability for consolidation purposes and the value relevant for tax purposes. In principle, deferred taxes are to be apportioned on all temporary differences at the current or future anticipated and full rate (balance sheet liability method).

If the revaluation of properties under IFRS compared with the tax base is due to recaptured, previously claimed depreciation, the tax is reported and treated separately on an individual property basis and taking into account the property gains tax.

Revaluations exceeding the recapture of previously claimed depreciation are taxed using two different systems. In cantons that do not levy any special taxes, the tax on the property gain is calculated at the current maximum tax rates. The other cantons levy a separate property gains tax, which also contains speculation premiums or discounts relating to and depending on the effective duration of ownership, in addition to the ordinary rate for property gains tax.

Accordingly, property gains taxes are reduced in proportion to the duration of ownership of the property. Swiss Prime Site generally assumes duration of ownership of 20 years: i.e. any applicable speculation premiums are not taken into account. Determination of the minimum holding period is subject to considerable discretion.

Devaluations below cost (losses) can also be taken into account due to the practice of the Swiss Federal Court and the circulation letter 27 of the Swiss Tax Conference dated 15.03.2007 regarding intercantonal loss offsetting. This practise aims to ensure that there are no more losses from intercantonal tax allocations: i.e. the cantons where the property is held must assume losses from the headquarters or other cantons.

Of the total losses carried forward, deferred tax assets are only recognised if the losses carried forward can probably be offset against future profits.

The tax liabilities resulting from these assumptions and valuations are described in Note 30 «Deferred tax liabilities».

2.4 Scope of consolidation and consolidation methods

The consolidated financial statements of Swiss Prime Site comprise Swiss Prime Site AG and all its subsidiaries, controlled directly or indirectly via majority of votes or under a single management. These subsidiaries are included in the financial statements within the scope of full consolidation.

The scope of consolidation comprises 15 [9] companies (including the Holding Company). An overview of the subsidiaries is provided in Note 35 «Subsidiaries and investments in associates». The consolidation is based on the audited annual financial statements of the group companies as at 31.12.2013, which have been prepared applying uniform accounting principles. All significant transactions and balances between the individual group companies as well as intercompany profits are eliminated.

Investments in associates in which Swiss Prime Site exercises a decisive influence, but which it does not control, are valued according to the equity method. In this case, the fair value of the pro-rated net assets is determined at the time of acquisition. These investments are recognised for the first time as pro-rated equity including any goodwill as investments in associates. In subsequent reporting periods after the acquisition, this value is adjusted to reflect Swiss Prime Site's share in the additional equity generated or net income earned. All balances/transactions with investments valued according to the equity method are reported separately as items with associates.

Companies in which Swiss Prime Site holds an investment of less than 20% are recognised at fair value (provided that this value can be reliably determined), either as securities or as non-current financial investments.

Investments in subsidiaries and associates are included in the consolidated financial statements from the time when control of the subsidiaries or associates is taken – or when significant influence is gained – and they are no longer included from the time when control is relinquished or significant influence is lost. These two dates are not necessarily identical to the date of acquisition or sale.

2.5 Capital consolidation

Capital consolidation is carried out using the purchase method. The difference between the purchase price of an acquired company and the fair value of the net assets acquired is recognised in the balance sheet as goodwill from acquisitions. Goodwill is subject to an impairment test annually or at shorter intervals, if there is any indication of impairment.

2.6 Segment reporting

Segment reporting complies with IFRS 8 «Operating segments» and is based on the management approach. Swiss Prime Site's primary decision-making authority is the Executive Board. Since the acquisition of Tertium Group, the Group's operational activities have been divided into three segments: 1) real estate, comprising purchase and sale, lease and development of properties, as well as real estate services; 2) retail and gastronomy, consisting of sales activities in retail trade in addition to hotel and restaurant operations; and 3) assisted living, providing senior residences and geriatric care services, which are subject to reporting requirements. All properties are reported under the real estate segment, including the owner-occupied properties that are provided for the retail and gastronomy as well as assisted living segments.

The disclosure on investments in non-current assets in the segment reporting comprises all investments in non-current assets including goodwill, with the exception of financial instruments and deferred tax assets during the reporting period.

2.7 Comparative figures of the previous period

The presentation of the comparative periods and figures is in accordance with IAS 1 «Presentation of financial statements». The figures for the comparative period are shown in the text in brackets [].

2.8 Cash

Cash comprises cash in hand and sight deposits held at financial institutions. Cash also comprises fixed-term deposits with financial institutions and short-term money market investments with a residual term to maturity of maximum three months, which are recognised in the balance sheet at nominal values.

2.9 Securities

Securities (qualified as held for trading, according to IFRS and affecting net income) include tradable equities held on a short-term basis that are valued at fair value as well as term deposits with a residual term to maturity of more than three months that are recognised at nominal value. Unrealised and realised gains from securities are recognised as financial result in the income statement.

2.10 Accounts receivable

Accounts receivable and other receivables are valued at amortised cost, which generally corresponds to the nominal value, less any requisite impairments for uncollectible receivables. Receivables can be short term (as a rule) or long term. The receivables of the real estate as well as assisted living segments are subject to individual valuation with strict credit-rating guidelines. The value of the receivables of the retail and gastronomy segment is adjusted using statistical figures regarding default risk.

2.11 Impairments on receivables

To cover debtor risk, outstanding accounts receivable are evaluated at the end of the reporting period by means of maturity lists and legal case reporting with respect to collectability. The necessary impairments are formed, and impairments that are no longer necessary are released. The setup/release of impairments are carried out in other operating expenses.

2.12 Inventories

Inventories are valued at average cost price, but not exceeding the net realisable value. The value of inventories with long storage periods and goods that are hard to sell is impaired.

2.13 Trading properties

Trading properties which are intended for future sale (e.g. condominiums) are valued at the lower of cost or net realisable value, according to IAS 2. The full realisation of sales and resulting income from the sale is recorded in operating income as «Income from the sale of trading properties» at the time of transfer to ownership (transfer of benefits and risks). The recognised costs are reported as operating expense upon realisation of sales.

2.14 Assets held for sale

These are assets or groups of assets held for sale that have not yet been sold, but will be sold with high probability. Classifying such a divestment as highly probable necessitates the fulfilment of various criteria, including that the competent management level has determined a plan for divesting the asset (or group of assets) and actively commenced the process of searching for a buyer and executing the plan. Furthermore, the asset (or group of assets) must be actively offered for acquisition at a price that is appropriately relative to the current fair value. The divestment should also take place within a one-year period according to expectations. These assets are valued at the lower of book value or fair value less sales costs. Investment properties held for sale are subject to IFRS 5 only with respect to their classification, but not for valuation purposes and are therefore recognised at fair value according to IFRS 13.

2.15 Accrued income and prepaid expenses

Accrued income and prepaid expenses comprise prepaid expenses relating to the next reporting period and income for the current reporting period that will not be received until a later date.

2.16 Non-current financial investments

Non-current financial investments comprise tenants' loans with a residual term to maturity of more than one year and are valued at amortised cost less any requisite impairments. Impairment losses are recognised in the income statement. The tenants' improvements and other collaterals are used as security for such loans. If necessary, loans secured by real estate can also be granted, provided that the pledged real estate collateral is located in Switzerland. The maximum loan-to-value ratio per property amounts to 70% of the fair value. Under financial investments, free capital can be invested in Swiss francs and euros. Investments in first-class, stock exchange-listed shares, in bonds with a minimum rating by a leading rating agency of «A» and money market papers are permitted. These financial investments are valued similar to securities (see Note 2.9 «Securities»).

2.17 Investment properties and building land

Investment properties and building land are classified according to IAS 40 «Investment property». The valuation at the time of initial classification is carried out at cost, taking into account directly accountable transaction costs. Thereafter, the valuation is carried out at fair value in accordance with IFRS 13.

Replacement and expansion investments are recognised at the book value of the properties when it is probable that Swiss Prime Site will obtain a resulting future economic benefit.

The change in fair value is recognised in the income statement. Related deferred tax liabilities or assets on such sums are debited, or credited, to the consolidated income statement as deferred tax expense or deferred tax income. For further information regarding the calculation of the fair value see Note 24 «Investment properties».

2.18 Properties under construction and development sites

According to IAS 40 «Investment property» properties under construction and development sites with future utilisation as investment properties are recognised at fair value according to IFRS 13 already during construction – the same as other investment properties – provided that the fair value can be reliably determined. The existence of a legally valid building permit is an important indicator to reliably determine the fair value of a property under construction or a development site. The existence of a legally valid building permit is an important indicator for Swiss Prime Site to reliably determine the fair value of a property under construction or a development site. The change in fair value is recognised in the income statement.

If a reliable valuation of the fair value of properties under construction and development sites is not possible, they are recognised at cost less any required impairments.

Insofar as the following criteria are fulfilled on a cumulative basis, existing investment properties (for example, commercial properties without significant residential space and mixed properties) are reclassified as properties under construction and development sites at the time of realisation:

- total depletion of the entire property (complete elimination of the property's usefulness)
- planned investments of more than 30% of fair value
- duration of renovation longer than 12 months

Following completion of the development or total modification, these properties are classified as either commercial properties without significant residential space or mixed properties.

Existing investment properties are maintained under the category investment properties for the duration of modification or renovation, insofar as the aforementioned criteria are unfulfilled.

2.19 Owner-occupied properties

Owner-occupied properties and owner-occupied properties under construction are recognised on the balance sheet at fair value, according to IFRS 13. Positive revaluation is credited to other comprehensive income unless it is due to reversed, previously claimed impairments. In case of a negative valuation, any previous increases in value are first reversed in Group shareholders' equity until the corresponding revaluation reserve is released, and any further devaluation is debited to the consolidated income statement. Similarly, owner-occupied properties under construction with future economic benefit are treated as investment properties. As with investment properties, owner-occupied properties are revalued on a semi-annual basis.

2.20 Tangible assets

Tangible assets are recognised at acquisition or production costs less cumulated depreciation and impairments. Expenses for repairs and maintenance are charged directly to the consolidated income statement. Depreciation is calculated according to the straight-line method based on the economic useful life.

2.21 Production facilities/equipment

Production facilities/equipment are recognised at acquisition or production costs less cumulated depreciation and impairments. Expenses for repairs and maintenance are charged directly to the consolidated income statement. Depreciation is calculated according to the straight-line method based on the economic useful life.

2.22 Intangible assets and goodwill

Intangible assets are recognised at cost less amortisation and impairments and include software for which a license was obtained from third parties or which was developed by third parties or within the Group, as well as customer relationships and brand names. The amortisation period for software is five years and for customer base five to ten years, respectively (straight line). Goodwill is not amortised. An indefinite useful life is assumed for the brand names currently recognised in the balance sheet.

2.23 Depreciation and amortisation

The useful life of the respective assets is as follows:

Asset categories	Years
Owner-used property Jelvoli – The House of Brands, Seidengasse 1, Zurich	100
Other owner-occupied properties	60
Production facilities/equipment	20
Tenants' improvements	8
Equipment	8
Computer and software	5
Customer base	5–10
Goodwill and brand names	indefinite

2.24 Impairment of tangible and intangible assets including goodwill

The value of tangible and intangible assets is always reviewed if changed circumstances or events indicate the possibility of an overvaluation in the book values. If the book value exceeds the realisable value (fair value less disposal costs or higher value in use), an impairment is applied to the realisable value.

Goodwill and other intangible assets with indefinite useful life are subject to impairment test annually or at shorter intervals if there is any reason to presume an impairment.

2.25 Leasing

Swiss Prime Site as lessor

Property leases and land lease contracts are basically operating lease contracts, which are generally recognised in the consolidated income statement linearly over the duration of the contract. In some of the rental agreements, target turnovers have been agreed upon with the tenants (turnover-based rents). If these are exceeded on an annual basis, the resulting rental income is booked or accrued in the reporting year.

Swiss Prime Site as lessee

Contracts relating to the use of land, for which land lease or right of use payments are effected, should be subject to review in terms of whether they are to be classified as operating or finance lease.

Payments within the scope of operating leases are recognised in the income statement linearly over the term of the lease or rental agreement, or duration of the land lease. Land lease payments during construction of new buildings are recognised as cost on the balance sheet.

No finance leases currently exist, neither as lessee nor as lessor.

2.26 Income taxes

Income taxes consist of current income taxes and deferred taxes.

Current income taxes comprise the expected tax liability on the taxable profit calculated at the tax rates applicable on the balance sheet date, property gains taxes on real estate sales and adjustments to tax liabilities or tax assets for previous years.

Deferred taxes are calculated on temporary valuation differences between the book value of an asset or a liability in the consolidated balance sheet and its tax base (i.e. balance sheet liability method). Determination of the deferred taxes takes into account the expected date of settlement of the temporary differences. In this regard, the tax rates used are those applicable or determined at the balance sheet date.

Tax effects from losses carried forward and tax credits are recognised as deferred tax assets if it seems likely that the losses carried forward can be offset against future profits within the stipulated statutory periods.

2.27 Financial liabilities

Financial liabilities include current financial liabilities that fall due for redemption within the year and non-current financial liabilities with residual terms to maturity of more than 12 months. Financial liabilities can consist of loans secured by real estate, borrowed capital components of convertible bonds, bonds and other financial debts. All loans were granted to Swiss Prime Site in Swiss francs. A maximum loan-to-value ratio of 65% of the fair value of the entire real estate portfolio is permitted. Financial liabilities are recognised on the balance sheet at cost.

2.28 Derivative financial instruments

Derivative financial instruments can be utilised within the scope of ordinary business activities (for example, to hedge interest risks). Hedge accounting in the context of IAS 39 is not used. Derivative financial instruments are reported at fair value and, given positive or negative fair value, recognised in the balance sheet as financial investments or other financial liabilities, respectively. They can be short or long term in nature. Profits and losses are reported in net financial income. Further information is provided in Note 38 «Financial instruments and financial risk management».

2.29 Advance payments

Advance payments comprise in particular payments from tenants for rent claims or payments on account for cumulative ancillary costs, as well as payments for property divestments as long as the benefits and risks have not yet been transferred. Advance payments are recognised in the balance sheet at nominal value.

2.30 Provisions and contingent liabilities

Provisions comprise liabilities that are uncertain because of their due date or amount. A provision is set up if a past event creates a legal or constructive obligation, and if future outflows of resources can be reliably estimated. Given any legal disputes, the amount of the provisions recognised for obligations is based on how the Executive Board judges the outcome of the dispute in good faith, according to the facts known at the balance sheet date.

2.31 Convertible bonds

The full amount of a convertible bond is recognised as a liability. If the convertible bond is issued on conditions that differ from a bond without conversion rights, it is divided into borrowed capital and equity components. The issuing costs are attributed to the borrowed capital and equity component based on their initial book values. Given premature redemption, the purchase price (less paid accrued interest) is compared with the pro rata book value. The loss or income attributable to the borrowed capital component from the redemption is recognised in net financial income. Given a conversion, the number of shares to be issued based on the conversion is determined by using the conversion price. The nominal value of the converted shares is credited to share capital and the residual amount to capital reserves.

A convertible bond can contain embedded derivatives, which should be recognised in the balance sheet separately from the basic contract depending on their form.

2.32 Shareholders' equity

Shareholders' equity is subdivided into share capital, capital reserves, revaluation reserves and retained earnings. In the share capital, the nominal share capital of the Company is stated. Nominal value changes are recognised in the share capital. Revaluation gains of owner-occupied properties are recognised as revaluation reserves insofar as they exceed previous impairments. Impairments of owner-occupied properties primarily reduce the revaluation reserves. All impairments exceeding these reserves are recognised in the income statement. Profits/losses are credited/debited to retained earnings, respectively. Remeasurement of net defined benefit obligations is reported in other comprehensive income and the resulting deferred taxes incurred are debited/credited to retained earnings. Any dividend payments are debited to retained earnings. All other changes of capital are recorded in the capital reserves.

The Company aims to maintain an equity ratio of 40%. The Board of Directors can approve a shortfall of this ratio. In a long-term view, the Company strives for a return on equity (ROE) of 6% to 8%.

2.33 Treasury shares

Treasury shares are recognised at acquisition cost in shareholders' equity (capital reserves). Proceeds from the sale of treasury shares are set off directly against shareholders' equity (capital reserves).

2.34 Dividends

In compliance with Swiss statutory provisions and the Company's articles of association, dividends are treated as an appropriation of profit in the financial year in which they were approved by the Annual General Meeting and subsequently paid out. Estimates generally indicate a payout of 60% to 80% of the result before revaluation effects.

2.35 Employee benefits

All of Swiss Prime Site's pension plans are treated as defined benefit plans according to IAS 19 «Employee benefits».

The amount reported in the balance sheet corresponds to the difference between the fair value of pension plan assets and the present value of pension provision obligations. The present value of pension provision obligations from defined benefit plans is determined by external experts according to the projected unit credit method. The actuarial appraisals are prepared separately for each benefit plan. Actuarially derived overfundings are only recognised as net pension plan assets in the balance sheet to the extent that the Group stands to gain a resulting future economic benefit in the form of reduced contributions in the context of IFRIC 14 «IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction».

Any changes in the present value of pension provision obligations and the fair value of pension plan assets are recognised at the time of occurrence.

Pension costs comprise the following three components:

- service costs, recognised in the income statement (personnel costs)
- net interest costs, recognised in the income statement (personnel costs)
- remeasurement of net defined benefit obligations, recognised in other comprehensive income

Service costs comprise the current service costs, past service costs and profit and loss from plan compensation. Profit and loss from plan curtailments are treated equally as past service costs.

Net interest expense corresponds to the amount derived from multiplying net pension provision obligations (or pension plan assets) at the beginning of the financial year by the discount rate, taking into account the changes resulting from contributions and pension payments in the financial year.

Remeasurement gains consist of the following:

- actuarial profits and losses from developments in the present value of defined benefit liabilities that result due to changes in assumptions and deviations from experience
- gains on assets, less contributions, included in net interest expense
- changes in unrecognised assets less the effects included in net interest expense

Remeasurement gains are recognised in other comprehensive income and cannot be reclassified to the income statement.

2.36 Share plans and share-based compensation

The compensation paid to members of the Board of Directors is paid at a minimum of 50% and the variable compensation paid to the Executive Board and members of management is effected at 50% in the form of Swiss Prime Site AG shares. The fair value of these shares on the date they are granted is recognised as personnel costs according to the principles of IFRS 2, with a corresponding increase in shareholders' equity over the vesting period. The entitlements are settled by means of treasury shares.

2.37 Operating income and realisation of income

Operating income includes all rental income from leasing properties, income from real estate services, income from retail and gastronomy, income from assisted living, as well as other operating income. Vacancy costs are deducted directly from the target rental income. Operating income is recorded upon maturity or upon provision of services. Profits from the divestment of properties and investments are recognised net, taking into account any incidental selling expenses incurred, after operating income. Realisation of income is generally recognised in all segments when the right of use and risk has passed to the customer. Income from retail trade activities is recognised at the date of delivery of the goods, or in services operations in accordance with the extent of the services provided. For the divestment of properties, this date is designated in the sales contract (generally transfer to owner).

2.38 Interest

Interest on loans as well as land lease interest for qualified properties and owner-occupied properties under construction and development sites, in addition to trading properties, are attributed to cost. With this method, financial expenses are relieved but, at the same time, the revaluation gain is lowered correspondingly.

Other interest on borrowed capital is recognised in the income statement using the effective interest rate method. Interest expense and interest income are apportioned as set out in the loan agreements and directly debited or credited to the financial result accordingly.

2.39 Transactions with related parties

Related parties are regarded as the Board of Directors, the Executive Board, the subsidiaries, the pension fund foundations of the Group, the associated companies and their subsidiaries, as well as Credit Suisse Group Ltd. with its subsidiaries and the real estate products managed by these (up until 31.12.2012).

All transactions with related parties are presented and itemised including the relevant amounts in Note 34 «Transactions with related parties».

2.40 Earnings per share

Basic earnings per share are determined by dividing the consolidated profit attributable to shareholders of Swiss Prime Site AG by the weighted average number of outstanding shares. Diluted earnings per share are determined by deducting expenses in connection with the convertible bonds, such as interest (coupon), amortisation of the proportional costs and tax effects. The potential shares (options and the like) that might lead to a dilution of the number of shares must be taken into account when determining the average number of outstanding shares.

3 ACQUISITIONS

Tertianum AG

In the reporting period, Swiss Prime Site AG acquired 100% of the shares of Tertianum AG, Zurich, from Zürcher Kantonalbank, Helvetia, Swiss Re and Marazzi family for CHF 287.8 million in cash. Tertianum AG is the leading group in the assisted living sector in Switzerland. With the acquisition of the Tertianum properties situated in prime locations and valued at CHF 436.4 million, Swiss Prime Site supplemented its portfolio by a segment with considerable earnings stability and above-average growth potential.

The fair values of the identifiable assets and liabilities of Tertianum Group as at the acquisition date of 12.07.2013 were as follows:

in CHF 1 000	Values as at acquisition date
Assets	
Cash	19 896
Accounts receivable	21 927
Other current receivables	4 258
Inventories	1 413
Accrued income and prepaid expenses	4 174
Total current assets	51 668
Investment properties and building land	6 000
Owner-occupied properties under construction	7 902
Owner-occupied properties	422 450
Tangible assets	8 749
Intangible assets	29 835
Total non-current assets	474 936
Total assets	526 604
Liabilities	
Accounts payable	6 204
Current financial liabilities	2 000
Other current liabilities	1 570
Advance payments	4 915
Current income tax liabilities	2 353
Accrued expenses and deferred income	25 038
Total current liabilities	42 080
Non-current financial liabilities	199 641
Other non-current financial liabilities	515
Deferred tax liabilities	14 490
Net pension provision obligations	26 546
Total non-current liabilities	241 192
Total liabilities	283 272
Total identifiable net assets at fair value	243 332
Cash settlement (purchase price)	287 808
Goodwill	44 476

The breakdown of the acquired receivables was as follows:

in CHF 1 000	Contractual receivables, gross	Non- collectable receivables	Fair value
Accounts receivable	22 822	(895)	21 927
Other current receivables	4 258	–	4 258
Total receivables	27 080	(895)	26 185

Goodwill comprises asset values that cannot be separately identifiable or reliably determined, stemming primarily from future estimated earnings. Expectations indicate that goodwill may not be deductible for tax purposes.

Since the date of acquisition of 12.07.2013, Tertium Group's contribution to consolidated operating income was CHF 111.615 million and to profit CHF 4.673 million. For the whole reporting period, Tertium Group generated operating income of CHF 221.921 million and profit of CHF 11.020 million. If the acquisition had taken place as at 01.01.2013, consolidated operating income and consolidated profit would have amounted to CHF 874.958 million and CHF 350.216 million, respectively.

The transaction costs for this acquisition amounted to CHF 2.694 million and were recognised in the consolidated income statement in audit and consultancy costs under other operating expenses (cash flow from operating activities). The transaction costs were already settled on the balance sheet date. Net money outflows amounted to CHF 267.912 million (reported in cash flow from investing activities).

Wincasa AG

In October 2012, 100% of the shares in Wincasa AG, Winterthur, were acquired from the, at that time, related party Credit Suisse AG for a price of CHF 109.0 million in cash. Wincasa AG ranks as one of the largest real estate services companies in Switzerland. With this acquisition, Swiss Prime Site succeeded in gaining even more direct access to the regional real estate markets and thus underpinning its position for executing project developments and acquisitions.

The fair values of the identifiable assets and liabilities of Wincasa AG as at the acquisition date of 25.10.2012 were as follows:

in CHF 1 000	Values as at acquisition date, restated*
Assets	
Cash	203 908
Accounts receivable	6 721
Other current receivables	356
Accrued income and prepaid expenses	16 654
Total current assets	227 639
Tangible assets	3 685
Intangible assets	28 760
Deferred tax assets, restated*	1 452
Total non-current assets*	33 897
Total assets*	261 536
Liabilities	
Accounts payable	3 039
Other current liabilities	136 783
Current income tax liabilities	1 581
Accrued expenses and deferred income	8 928
Total current liabilities	150 331
Net pension provision obligations, restated*	34 010
Total non-current liabilities*	34 010
Total liabilities*	184 341
Total identifiable net assets at fair value*	77 195
Consideration transferred	164 563
– of which settlement of pre-existing relationships (Wincasa/Swiss Prime Site)	55 563
– of which cash settlement (purchase price)	109 000
Goodwill, restated*	87 368

* restatement due to IAS 19 rev.

Wincasa AG's balance sheet as at 25.10.2012 was restated based on the revised IAS 19 standard. Net defined benefit obligations amounted to a revised CHF 34.010 million instead of CHF 34.920 million. Due to this restatement, deferred tax assets decreased from CHF 1.645 million to CHF 1.452 million. These changes also resulted in a recalculation of goodwill to CHF 87.368 million [CHF 88.085 million].

The breakdown of the acquired receivables was as follows:

in CHF 1 000	Contractual receivables, gross	Non- collectable receivables	Fair value
Accounts receivable	6 910	(189)	6 721
Other current receivables	356	–	356
Total receivables	7 266	(189)	7 077

Goodwill comprises asset values that cannot be separately identifiable or reliably determined, stemming primarily from future estimated earnings. Expectations indicate that goodwill may not be deductible for tax purposes.

From 25.10.2012 to 31.12.2012, Wincasa AG's contribution to consolidated operating income was CHF 14.250 million and to profit CHF 1.636 million. For the whole reporting period 2012, Wincasa AG generated operating income of CHF 93.320 million and profit of CHF 11.128 million. If the acquisition had taken place as at 01.01.2012, consolidated operating income and consolidated profit would have amounted to CHF 670.765 million and CHF 326.443 million, respectively, in the financial year 2012.

The transaction costs for this acquisition amounted to CHF 0.697 million and were reported in the consolidated income statement in audit and consultancy costs under other operating expenses. Net money inflows amounted to CHF 94.909 million (reported in cash flow from investing activities) and transaction costs already settled on 31.12.2012 were CHF 0.494 million (reported in cash flow from operating activities).

4 SEGMENT REPORTING

Swiss Prime Site is a real estate Group that primarily operates a real estate business comprising buying, selling, managing and developing investment properties as well as providing real estate services. The consolidated financial data are subdivided according to required reporting standards into the segments real estate, retail and gastronomy, in addition to assisted living – since the acquisition of Tertianum Group as at 12.07.2013 – enabling the assessment of the earning potential and financial situation of each segment. Wincasa AG, which was acquired on 25.10.2012, has been integrated into the real estate segment.

Segment income statement

in CHF 1 000	Real estate segment	Retail and gastronomy segment	Assisted living segment*	Total segments	Eliminations	01.01.– 31.12.2013 Total Group
Rental income from investment properties	424 214	18 010	25 437	467 661	(47 540)	420 121
– thereof from third parties	376 674	18 010	25 437	420 121	–	420 121
– thereof from other segments	47 540	–	–	47 540	(47 540)	–
Income from real estate services	98 708	–	–	98 708	(60)	98 648
Income from retail and gastronomy	–	156 438	–	156 438	(248)	156 190
Income from assisted living	–	–	85 676	85 676	(1)	85 675
Other operating income	2 423	1 440	502	4 365	(347)	4 018
Operating income	525 345	175 888	111 615	812 848	(48 196)	764 652
Revaluation of investment properties, properties under construction and development sites, net	198 121	–	–	198 121	(11 416)	186 705
Result from property sales, net	15 290	–	–	15 290	–	15 290
Real estate costs	(59 356)	(40 352)	(29 293)	(129 001)	47 516	(81 485)
Cost of goods sold	–	(73 003)	(7 953)	(80 956)	–	(80 956)
Personnel costs	(91 255)	(48 255)	(60 253)	(199 763)	58	(199 705)
Other operating expenses	(29 730)	(11 040)	(7 065)	(47 835)	622	(47 213)
Depreciation and amortisation	(5 683)	(9 774)	(2 033)	(17 490)	(9 153)	(26 643)
Operating expenses	(186 024)	(182 424)	(106 597)	(475 045)	39 043	(436 002)
Operating profit (EBIT)	552 732	(6 536)	5 018	551 214	(20 569)	530 645
Financial expenses						(109 381)
Financial income						10 620
Income from investments in associates						8 590
Profit before income taxes						440 474

* acquisition of Tertianum AG as at 12.07.2013

in CHF 1 000	Real estate segment	Retail and gastronomy segment	Assisted living segment	Total segments	Eliminations	Restated* 01.01.– 31.12.2012 Total Group
Rental income from investment properties	427 440	17 792	–	445 232	(36 444)	408 788
– thereof from third and related parties	390 996	17 792	–	408 788	–	408 788
– thereof from the other segment	36 444	–	–	36 444	(36 444)	–
Income from real estate services**	14 074	–	–	14 074	–	14 074
Income from retail and gastronomy	–	159 115	–	159 115	(90)	159 025
Other operating income	1 517	1 301	–	2 818	(71)	2 747
Operating income	443 031	178 208	–	621 239	(36 605)	584 634
Revaluation of investment properties, properties under construction and development sites, net	191 884	–	–	191 884	(4 631)	187 253
Result from property sales, net	8 509	–	–	8 509	–	8 509
Real estate costs	(73 542)	(39 533)	–	(113 075)	36 459	(76 616)
Cost of goods sold	–	(72 567)	–	(72 567)	–	(72 567)
Personnel costs	(13 215)	(44 704)	–	(57 919)	–	(57 919)
Other operating expenses	(31 324)	(12 370)	–	(43 694)	146	(43 548)
Depreciation and amortisation	(1 304)	(10 132)	–	(11 436)	(5 680)	(17 116)
Operating expenses	(119 385)	(179 306)	–	(298 691)	30 925	(267 766)
Operating profit (EBIT)	524 039	(1 098)	–	522 941	(10 311)	512 630
Financial expenses						(117 029)
Financial income						7 570
Income from investments in associates						1 770
Profit before income taxes						404 941

* restatement due to IAS 19 rev.

** acquisition of Wincasa AG as at 25.10.2012

In the column «Eliminations», the revenues realised between the segments are eliminated. In addition, these columns contain ordinary depreciation and impairments on owner-occupied properties as well as the elimination of revaluations recorded that affect net income in the real estate segment on investment properties used within the Group, which are reported in the consolidated financial statements as owner-occupied properties.

Tertianum Group has been included in the assisted living segment from the date of its acquisition on 12.07.2013 [Wincasa AG in the real estate segment from the date of its acquisition on 25.10.2012].

Composition of operating income by products and services

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Income from rental of investment properties	420 121	408 788
Income from real estate services*	98 648	14 074
Retail trade income	136 954	136 354
Income from hotel and gastronomy	19 236	22 671
Income from assisted living**	85 675	–
Other operating income	4 018	2 747
Total operating income	764 652	584 634

* acquisition of Wincasa AG as at 25.10.2012

** acquisition of Tertianum AG as at 12.07.2013

Operating income comprised CHF 127.983 million [CHF 126.810 million] from the sale of assets and CHF 636.669 million [CHF 457.824 million] from the provision of services.

Segment balance sheet

in CHF 1 000	Real estate segment	Retail and gastronomy segment	Assisted living segment	Total segments	Eliminations	31.12.2013 Total Group
Total assets	10 325 438	140 286	98 712	10 564 436	(52 259)	10 512 177
Total liabilities	6 299 455	73 596	84 040	6 457 091	(52 259)	6 404 832
Investments in non-current assets	692 646	7 286	87 130	787 062	–	787 062

in CHF 1 000	Real estate segment	Retail and gastronomy segment	Assisted living segment	Total segments	Eliminations	Restated* 31.12.2012 Total Group
Total assets	9 150 689	118 788	–	9 269 477	(32 451)	9 237 026
Total liabilities	5 292 184	63 398	–	5 355 582	(32 451)	5 323 131
Investments in non-current assets	397 280	4 093	–	401 373	–	401 373

* restatement due to IAS 19 rev.

All assets held by Swiss Prime Site are located in Switzerland.

5 OPERATING INCOME

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Target rental income from investment properties	433 794	430 444
Rental income from additional leased properties	14 061	–
Vacancy	(27 734)	(21 656)
Rental income from properties	420 121	408 788
Income from real estate services*	98 648	14 074
Income from retail and gastronomy, gross	170 429	175 160
Rebates	(14 239)	(16 135)
Income from retail and gastronomy	156 190	159 025
Income from assisted living**	85 675	–
Other operating income	4 018	2 747
Total operating income	764 652	584 634

* acquisition of Wincasa AG as at 25.10.2012

** acquisition of Tertianum AG as at 12.07.2013

Swiss Prime Site's primary business activity is renting investment properties. Net rental income from properties as well as land lease income totalled CHF 420.121 million [CHF 408.788 million], including CHF 19.954 million [CHF 22.591 million] of variable rental income (comprising turnover-based rent and parking fee income). Rental income included rental income from either the acquisition date of the individual properties or since 01.01.2013 [01.01.2012].

During the reporting period, rental income was derived from renting total floor space of 1 525 493 m² [1 492 442 m²], which was subdivided into 1 507 112 m² [1 473 323 m²] of commercial space and 18 381 m² [19 119 m²] of residential space.

Income from real estate services stems from Wincasa AG, which provides services primarily for various institutional investors, in addition to services for the Group's real estate holdings.

Vacancy losses totalled CHF 27.734 million [CHF 21.656 million], equivalent to a vacancy rate of 6.4% [5.0%]. The vacancies were deducted from the target rental income. Detailed information can be found under «Property details» starting from page 171.

The second operating segment retail and gastronomy comprises Jelmoli – The House of Brands and the hotel business, in addition to Clouds Gastro AG. Net turnover in this segment amounted to CHF 156.190 million [CHF 159.025 million]. The discounts in the prior year resulted from the reduction of surplus inventory, whereby the discount structure underwent a one-time increase during the clearance sale period. As at end November 2013, the operating business of Hotel Ramada Encore was divested.

Since the acquisition of Tertianum AG as at 12.07.2013, a third segment was created: assisted living. Tertianum Group provides senior housing and geriatric care services. Income from services amounted to CHF 85.675 million. The share of rent from the accommodation prices of the Tertianum residence guests was reported in rental income and income from additional leased properties.

Other operating income of CHF 4.018 million [CHF 2.747 million] included various other income from the real estate, retail and gastronomy as well as assisted living segments.

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 additional leased properties) as at 31.12.2013.

End of contract	31.12.2013	31.12.2013	31.12.2012	31.12.2012
	Share in %	Future rental income in CHF 1 000	Share in %	Future rental income in CHF 1 000
Under 1 year*	10.6	44 693	16.9	72 912
Over 1 year	10.2	43 097	8.0	34 354
Over 2 years	8.4	35 395	8.9	38 281
Over 3 years	8.8	36 891	7.8	33 581
Over 4 years	12.6	53 071	7.6	32 530
Over 5 years	6.2	26 063	8.8	38 087
Over 6 years	6.5	27 397	4.6	19 843
Over 7 years	7.3	30 785	5.9	25 264
Over 8 years	3.2	13 514	8.8	37 842
Over 9 years	3.2	13 750	3.0	13 042
Over 10 years	23.0	96 913	19.7	84 635
Total	100.0	421 569	100.0	430 371

* includes all indefinite rental agreements (residential, parking facilities, commercial properties, etc.)

Future rental income has been presented from the real estate segment perspective and based on the rental agreements of the Group's properties as at 31.12.2013 [31.12.2012].

As at the balance sheet date of 31.12.2013, the five largest external tenant groups accounted for 20.8% [22.7%] of future annual rental income and land lease income (real estate segment perspective). These individual tenants had good credit ratings and consist of the following corporates, in particular:

31.12.2013		31.12.2012	
	Share in %		Share in %
Coop	7.2	Coop	7.9
Migros	5.1	Migros	5.1
Swisscom	3.9	Swisscom	4.1
Inditex S.A.	2.4	Credit Suisse Group	3.3
Dosenbach-Ochsner AG	2.2	Inditex S.A.	2.3

According to IAS 17, 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 entered into for a term of five to ten years, often with a five-year extension option.

Details of the property portfolio

(15 largest properties based on their fair values)

No.	City, address	Type of property*	Fair values CHF 1 000	Share of ownership**	Plot area m ²	Year of construction	Year of renovation	Vacancy rate %	Floor space m ²
1	Zurich, Seidengasse 1/ Jelmoli – The House of Brands	1	741 340	1	6 514	1896	2010	–	36 771
2	Geneva, Rue du Rhône 48–50	2	490 250	1	5 166	1921	2002	1.4	33 436
3	Zurich, Hardstrasse 201/ Prime Tower	2	485 840	1	10 416	2011	–	0.5	48 142
4	St. Gallen, Zürcherstrasse 462–464/ Shopping Arena	2	300 070	2	33 106	2008	–	1.5	39 873
5	Basel, Hochbergerstrasse 70/ Stücki shopping centre	2	270 460	1	46 416	2009	–	12.3	54 159
6	Grand-Lancy, Route des Jeunes 10/ CCL La Praille	2	268 930	2	20 597	2002	–	–	33 424
7	Geneva, Place du Molard 2–4	2	238 500	1	1 718	1690	2002	0.3	7 178
8	Zurich, Hagenholzstrasse 60/SkyKey	3	225 800	1	9 573	2011– 2014	–	–	–
9	Zurich, Sihlcity	2	201 180	4	10 162	2007	–	1.0	23 634
10	Basel, Messeplatz 12/Messeturm	2	196 270	3	2 137	2003	–	–	24 101
11	Zurich, Affolternstrasse 54, 56/ Cityport	2	168 810	1	10 754	2001	–	–	23 420
12	Zurich, Maagplatz 1/Platform	2	159 390	1	5 942	2011	–	–	20 319
13	Carouge, Avenue Cardinal- Mermillod 36–44	2	152 810	1	14 372	1956	2002	0.5	35 084
14	Zurich, Fraumünsterstrasse 16	2	150 720	1	2 475	1901	1990	19.8	8 585
14	Zug, Zählerweg 8, 10/ Dammstrasse 21, 23/Opus 2	2	144 620	1	8 981	2003	–	14.1	19 994

* type of property

1 commercially used property (investment property) which is partly owner-used (owner-occupied property)

2 commercially used property (pure investment property)

3 property under construction

** share of ownership

1 in sole ownership

2 in co-ownership

3 sole ownership with land lease

4 in co-ownership 242/1000

Further details on the 15 largest properties

No.	Retail			Offices, practices, etc.			Cinemas and restaurants			Storage facilities			Other commercial units			Apartments		
	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%
1	1	23 765	64.6	2	1 349	3.7	10	4 906	13.3	3	4 691	12.8	8	2 060	5.6	–	–	–
2	12	14 796	44.2	43	11 152	33.4	2	2 395	7.2	23	3 047	9.1	23	2 046	6.1	–	–	–
3	1	321	0.7	49	42 427	88.1	9	2 283	4.7	18	3 084	6.4	2	27	0.1	–	–	–
4	51	23 050	57.8	9	3 749	9.4	7	1 600	4.0	54	7 860	19.7	40	3 614	9.1	–	–	–
5	106	32 081	59.2	11	4 279	7.9	19	10 089	18.6	79	6 581	12.2	32	1 129	2.1	–	–	–
6	57	18 702	55.9	2	313	0.9	10	4 332	13.0	42	5 969	17.9	44	4 108	12.3	–	–	–
7	11	2 539	35.4	21	4 046	56.3	1	155	2.2	5	266	3.7	7	172	2.4	–	–	–
8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	86	10 013	42.3	26	5 838	24.7	17	4 463	18.9	95	1 813	7.7	43	1 087	4.6	16	420	1.8
10	2	165	0.7	25	13 076	54.3	14	9 818	40.7	9	772	3.2	4	270	1.1	–	–	–
11	–	–	–	13	21 574	92.1	–	–	–	4	1 775	7.6	1	71	0.3	–	–	–
12	–	–	–	7	18 500	91.1	–	–	–	4	985	4.8	6	834	4.1	–	–	–
13	20	8 311	23.7	94	20 754	59.2	2	283	0.8	47	5 206	14.8	17	530	1.5	–	–	–
14	1	1 317	15.3	10	6 436	75.0	–	–	–	21	832	9.7	2	–	–	–	–	–
15	–	–	–	20	18 133	90.7	–	–	–	6	1 861	9.3	–	–	–	–	–	–

6 REVALUATION OF INVESTMENT PROPERTIES, PROPERTIES UNDER CONSTRUCTION AND DEVELOPMENT SITES

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Revaluation	289 679	281 530
Devaluation	(102 974)	(94 277)
Total revaluation of investment properties, properties under construction and development sites, net	186 705	187 253

Further information regarding fair value measurement is available in Note 24 «Investment properties».

7 RESULT OF PROPERTY SALES

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Gains from sales of commercial properties without significant residential space	13 066	–
Losses from sales of commercial properties without significant residential space	(414)	–
Gains from sales of commercial properties with minimal residential space	–	8 431
Gains from sales of properties held for sale	3 407	97
Losses from sales of properties held for sale	(769)	(19)
Total result from property sales, net	15 290	8 509

In 2013, ten [two] properties were sold.

8 REAL ESTATE COSTS

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Property expenses	(48 544)	(54 970)
Third-party rents	(18 819)	(2 574)
Land lease expenses	(3 807)	(3 193)
Expenses for third party services	(6 203)	(15 240)
Expenses for real estate services	(4 112)	(639)
Total real estate costs	(81 485)	(76 616)

Property expenses included maintenance and repair costs of CHF 20.769 million [CHF 31.377 million], ancillary costs borne by the owner of CHF 12.816 million [CHF 12.769 million], property-related insurance costs and fees of CHF 7.242 million [CHF 7.419 million] as well as costs for cleaning, energy and water of CHF 7.717 million [CHF 3.405 million].

The increase in third-party rents resulted primarily from additional leasing of owner-occupied properties in the assisted living segment.

An amount of CHF 3.807 million [CHF 3.193 million] was spent on land lease expenses, which are detailed in Note 24 «Investment properties».

Of third-party expenses, CHF 1.897 million [CHF 10.583 million] was attributable to property management fees. The decline in property management fees was attributable primarily to the acquisition of Wincasa AG. Through the inter-

company elimination of management fees, these expenses have been reported as personnel costs for the most part. An additional CHF 0.769 million [CHF 0.759 million] constituted costs for the revaluation of properties by Wüest & Partner AG and CHF 3.537 million [CHF 3.898 million] was related to leasing expenses and other administrative costs for third parties.

Expenses for real estate services primarily consisted of charged costs such as centre management services, Internet site and various third-party services.

9 COSTS OF GOODS SOLD

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Costs of goods sold from retail	(68 274)	(66 834)
Costs of goods sold from gastronomy	(4 729)	(5 733)
Costs of goods sold from assisted living	(7 953)	–
Total costs of goods sold	(80 956)	(72 567)

Costs of goods sold was reported on a net basis (i.e. after deducting rebates and discounts) and included services obtained from third parties for the retail and gastronomy segment as well as assisted living segment.

10 PERSONNEL COSTS

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Wages and salaries	(161 344)	(47 614)
Compensation to members of the Board of Directors	(1 236)	(1 064)
Social security expenses	(14 079)	(4 815)
Pension plan expenses	(15 019)	(873)
Other personnel expenses	(4 952)	(2 959)
Expenses for personnel and the Board of Directors	(3 075)	(594)
Total personnel costs	(199 705)	(57 919)
Number of employees as at 31.12.	3 115	1 462

* restatement due to IAS 19 rev.

As at 31.12.2013, Swiss Prime Site employed a workforce of 3 115 [1 462] persons. The increase in personnel costs and number of employees in the financial year 2013 resulted primarily from the acquisition of Tertianum AG as at July 2013 – which reported a total headcount of 1 628 employees as at the acquisition date – as well as from the acquisition of Wincasa AG in the prior year as at October 2012. As at 01.01.2013, Swiss Prime Site adapted its organisational structure to the Group's robust growth and the more complex challenges of real estate investments. Significant management services that had been provided by Credit Suisse AG, Real Estate Asset Management, up until 31.12.2012 on the basis of a management agreement were integrated into the Group. In the course of this adjustment, the Executive Board and other staff were employed directly with Swiss Prime Site. Through the adjustment in the Company's organisational structure, service costs declined from CHF 20.958 million as at 31.12.2012 to CHF 10.201 million as at 31.12.2013. Personnel costs reflected salaries from all segments, in addition to compensations to the members of the Board of Directors, including the relevant social security contributions incurred, as well as expenses for leasing of personnel.

Information relating to Swiss Prime Site's defined benefit pension plans

Swiss Prime Site maintains occupational pension plans for its employees to safeguard against the economic consequences of old age, disability and death, within the scope of various pension schemes (e.g. pension funds and collective foundations, set up primarily through a life insurance company) that are legally and financially independent of the employer. The pension plan assets are totally separated from the employer's assets as well as from insured

employee's assets. The Swiss Federal Law on Occupational Old-age, Survivor's and Disability Insurance (BVG) and its regulatory statutes as well as Swiss Federal Law on Vesting in Pension Plans stipulate minimum benefits in the area of obligatory insurance and, to some extent, also the area of over-obligatory insurance. The respective benefit plans of the individual group companies are defined in the regulations of their pension fund or collective foundations and in the affiliation agreement as well as in the affiliation's pension plan. Swiss Prime Site maintained four [five] autonomous pension fund solutions as at the balance sheet date, three [nil] pension schemes in fully insured collective foundations and two [two] pension schemes in partly-autonomous collective foundations.

The board of trustees of a pension scheme is the predominant governing body, comprising on equal terms the same number of employer and employee representatives. The board of trustees makes decisions regarding the contents of the pension regulations (particularly the insured benefits), financing of the pension scheme (e.g. employer and employee contributions) and asset management (e.g. investment of pension funds, assignment of asset management activities to external party, reinsurance of regulatory obligations by a life insurance firm). Insofar as a group company is affiliated with a collective foundation, a respective administrative committee, in addition to the board of trustees of the collective foundation, is directly responsible for the pension scheme of the affiliated group company. It also comprises on equal terms the same number of employer and employee representatives, which make the relevant decisions for the pension scheme. The pension scheme is entered in the Occupational Old-age, Survivor's and Disability Insurance register and subject to supervision by a cantonal regulatory authority, or directly by the Swiss Federal Social Insurance Office (FSIO), depending on its geographic scope of activity.

The occupational pension plan functions according to the fully funded principle. An individual retirement fund is accumulated in the course of a working life, taking into account the insured party's annual salary and annual retirement credits plus interest. The interest rate on individual retirement funds amounted from 0.00% to 2.25% [0.00% to 2.50%]. The life-long pension is derived from the individual retirement funds available at the time of retirement multiplied by the current effective pension conversion rate of 5.57% to 6.85% [6.35% to 6.90%]. The employee has the option of drawing the pension benefits as a partial of full lump-sum payment, or the full amount as capital. In addition to the pension benefits, the pension plan entitlements also comprise survivor's and disability pensions, calculated as a percentage of the insured annual salary. Upon an employee's exit from a group company, the individual retirement funds are transferred to the pension scheme of the new employer or a vested benefits account.

To finance the benefits, savings and risk contributions are collected from employee and employer as a percentage of the insured salary according to the respective pension regulations and/or premium accounts of the collective foundation. In this regard, the employer is responsible for a minimum 50% of the financing.

Depending on the organisational structure of the pension institution, the employer can be exposed to various risks resulting from the occupational pension plan:

The autonomous pension schemes harbour risks from the asset management process and directly bear the demographic risks (longevity, death, disability). The respective pension scheme can change its financing system at any time (e.g. contributions and future benefits). The pension scheme may require recapitalisation contributions from the employer for the duration of underfunding according to Swiss law (i.e. BVG), insofar as other measures do not achieve the objective.

The semi-autonomous pension schemes safeguard against the demographic risks through a life insurance company, but directly carry out the asset management process. The respective pension scheme can change its financing system at any time (e.g. contributions and future benefits). The pension scheme may require recapitalisation contributions from the employer for the duration of underfunding according to Swiss law (BVG), insofar as other measures do not achieve the objective. In relation to the insured demographic risks, there further is a risk that the insurance coverage is only temporary in nature (e.g. cancellation by the life insurance firm), and that the inherent risks of the plan may lead to variable insurance premiums over time.

The fully insured pension schemes safeguard against any investment and demographic risks through a life insurance company. Consequently, the pension plan's funding ratio amounts to 100% at all times, according to Swiss law (BVG). However, the risk still looms that insurance coverage is only temporary in nature (e.g. cancellation by the life insurance firm), and that the inherent risks of the plan may lead to variable insurance premiums over time.

Furthermore, the respective collective foundation may cancel the affiliation agreement with the relevant group company subject to compliance with a notice of termination, compelling it to seek affiliation with another pension scheme. This could result in the transfer of an underfunding and/or longevity risks (current pensions) depending on the terms of the affiliation agreement and the current partial liquidation regulations.

Reconciliation of defined benefit obligations and plan assets

Defined benefit obligations

in CHF 1 000	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Defined benefit obligations at 01.01.	465 901	314 857
Interest expense on defined benefit obligations	9 287	7 428
Current service cost (employer)	15 427	4 621
Contributions by plan participants	8 292	2 916
Benefits paid	(13 636)	(27 478)
Past service cost	(1 478)	(4 137)
Effect of business combination and disposal**	110 533	148 656
Administration cost (excluding cost for managing plan assets)	260	170
Actuarial (gain)/loss on benefit obligations	(25 883)	18 868
Defined benefit obligations at end of period	568 703	465 901

The present value of defined benefit obligations for active insured persons amounted to CHF 299.1 million [CHF 176.3 million] and for retirees to CHF 269.6 million [CHF 289.6 million].

Plan assets

in CHF 1 000	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Fair value of plan assets at 01.01.	450 885	318 981
Interest income on plan assets	8 749	7 414
Contributions by the employer	12 648	3 592
Contributions by plan participants	8 292	2 916
Benefits paid	(13 636)	(27 478)
Effect of business combination and disposal**	84 270	114 646
Return on plan assets excluding interest income	5 970	30 814
Fair value of plan assets at end of period	557 178	450 885

The return on plan assets excluding interest income included a loss amounting to CHF 6.5 million resulting from the application of partial liquidation provisions of a former employee pension fund. The loss was attributable to the lower-than-expected plan assets transferred to the new pension fund.

Swiss Prime Site is expected to contribute CHF 14.660 million to the defined benefit plans in the financial year 2014.

* restatement due to IAS 19 rev.

** 2012 acquisition of Wincasa AG;
2013 acquisition of Tertianum AG; disposal of operating business of GLPH SA

Amounts recognised in the consolidated balance sheet

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Defined benefit obligations	568 703	465 901
Fair value of plan assets	557 178	450 885
Underfund at end of period	11 525	15 016
Adjustment due to asset ceiling	23 638	15 567
Net defined benefit obligations recognised in the consolidated balance sheet	35 163	30 583

Net defined benefit obligations of CHF 35.163 million [CHF 30.583 million] were split into CHF 20.348 million [CHF 5.005 million] in assets and CHF 55.511 million [CHF 35.588 million] in obligations. The assets or available economic benefits were derived in the form of reduced future contribution payments.

Actual return on plan assets

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Interest income on plan assets	8 749	7 414
Return on plan assets excluding interest income	5 970	30 814
Actual return on plan assets	14 719	38 228

Reconciliation of effect of asset ceiling

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Asset ceiling at beginning of period	(15 567)	(8 899)
Interest expense on effect of asset ceiling	(272)	(205)
Change in effect of asset ceiling excluding interest expense	(7 799)	(6 463)
Asset ceiling at end of period	(23 638)	(15 567)

Components of defined benefit cost in the consolidated income statement

in CHF 1 000	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Current service cost (employer)	(15 427)	(4 621)
Past service cost	1 478	4 137
Interest expense on defined benefit obligations	(9 287)	(7 428)
Interest income on plan assets	8 749	7 414
Interest expense on effect of asset ceiling	(272)	(205)
Administration cost (excluding cost for managing plan assets)	(260)	(170)
Defined benefit cost recognised in the consolidated income statement	(15 019)	(873)

* restatement due to IAS 19 rev.

Changes to the pension plan

Based on a resolution taken in 2013, the pension solutions of the Wincasa AG employees, which previously were covered under the Credit Suisse Group pension plan, were transferred to the Swiss Prime Site pension fund as at 01.01.2014, resulting in a negative past service cost due to the difference in the benefit coverage.

In the course of 2012, the board of trustees of the SPS and Jelmoli pension plan decided to change from a defined benefit scheme to a defined contribution scheme, based on the BVG definition which is different from IAS 19, resulting in a negative past service cost. Changes to the pension plan went into effect as at 01.01.2013.

Remeasurement of net defined benefit obligations in the consolidated statement of comprehensive income (OCI)

in CHF 1 000	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Actuarial gain/(loss) on defined benefit obligations	25 883	(18 868)
Return on plan assets excluding interest income	5 970	30 814
Change in effect of asset ceiling excluding interest expense	(7 799)	(6 463)
Remeasurement of net defined benefit obligations recognised in other comprehensive income	24 054	5 483

Components of actuarial gain/(loss) on defined benefit obligations

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Actuarial gain/(loss) arising from changes in financial assumptions	29 176	(16 807)
Actuarial gain/(loss) arising from experience adjustments	(3 293)	(2 061)
Actuarial gain/(loss) on defined benefit obligations	25 883	(18 868)

Reconciliation in net defined benefit obligations recognised in the consolidated balance sheet

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Net defined benefit obligations at beginning of period	30 583	4 775
Defined benefit cost recognised in the consolidated income statement	15 019	873
Remeasurment of net defined benefit obligations recognised in OCI	(24 054)	(5 483)
Contributions by the employer	(12 648)	(3 592)
Effect of business combination and disposal**	26 263	34 010
Net defined benefit obligations recognised in the consolidated balance sheet at end of period	35 163	30 583

* restatement due to IAS 19 rev.

** 2012 acquisition of Wincasa AG;
2013 acquisition of Tertianum AG; disposal of operating business of GLPH SA

Plan asset classes on balance sheet date

Asset classes	31.12.2013	31.12.2012
Cash and cash equivalents	136 012	125 553
Equity instruments with quoted market price	125 278	94 732
Debt instruments (e.g. bonds) with quoted market price	137 543	109 110
Real estate investment funds with quoted market price	51 995	42 620
Real estate without quoted market price	51 560	50 445
Investment funds with quoted market price	411	588
Others: alternative investments with quoted market price	43 092	27 837
Others: alternative investments without quoted market price	11 287	–
Total plan assets at fair value	557 178	450 885

The following assumptions were applied to the valuation of the occupational benefit plans (presented as weighted average):

in % p.a.	31.12.2013	31.12.2012
Discount rate	2.3	1.8
Expected rate of return on plan assets	n/a	3.8
Future salary increases	1.5	1.0
Future pension increases	0.0	0.0

The expected rate of return on plan assets amounted to 3.8% in the prior year and has now been replaced by the interest income on assets equal to the discount rate of 1.8%, according to the new IAS 19.

The assumptions for longevity were based on the generation table of the Swiss Federal Law on Occupational Old-age, Survivor's and Disability Insurance (BVG) 2010. The expected residual life expectancy for active insured persons aged 45 amounted to 41.4 years and for retirees aged 65 21.3 years.

As at the balance sheet date, the average weighted duration of the defined benefit obligations of Swiss Prime Site amounted to 13.7 years [10.7 years].

Sensitivity analysis

Sensitivity analyses were compiled for the key assumptions used to calculate defined benefit obligations, based on changes which were reasonably possible at the balance sheet date. All other assumptions were left unchanged.

The discount rate as well as the assumptions for future salary increases and future pension increases were increased respectively decreased by fixed percentage points. Sensitivity to mortality rates was calculated through decreasing and/or increasing the mortality rate with a lump-sum factor, resulting in a roughly one-year increase respectively decrease in the life expectancy of most of the age categories.

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Value of defined benefit obligations as at 31.12.	568 703	465 901
Defined benefit obligation at 31.12. with discount rate –0.25%	588 694	478 384
Defined benefit obligation at 31.12. with discount rate +0.25%	549 986	454 087
Defined benefit obligation at 31.12. with salary change –0.25%	566 999	464 604
Defined benefit obligation at 31.12. with salary change +0.25%	570 419	467 187
Defined benefit obligation at 31.12. with life expectancy +1 year	587 870	478 548
Defined benefit obligation at 31.12. with life expectancy –1 year	548 985	454 374
Defined benefit obligation at 31.12. with pension increase +0.25%	583 564	n/a
Service cost (employer) of next year with discount rate +0.25%	16 545	n/a

11 OTHER OPERATING EXPENSES

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Maintenance and repair of tangible assets	(8 630)	(3 490)
Non-life insurance, fees	(778)	(532)
Capital taxes	(2 296)	(2 984)
Administrative expenses	(17 073)	(24 557)
Audit and consultancy costs	(8 952)	(5 002)
Advertising	(8 337)	(5 535)
Collection- and bad debt-related losses	(1 147)	(1 448)
Total other operating expenses	(47 213)	(43 548)

Expenses for tangible assets included maintenance and repair expenses as well as leasing expenses.

Capital taxes were calculated according to the effective tax rates on the basis of intercantonal tax allocation. The capital taxes of Swiss Prime Site AG, SPS Beteiligungen Alpha AG, SPS Beteiligungen Beta AG and SPS Beteiligungen Gamma AG were reduced due to the holding privilege.

Administrative expenses consisted of net management fee (after deduction of value added tax) of CHF 10.201 million for various services from Credit Suisse AG. In 2012, the services from Credit Suisse AG for fulfilling, monitoring and supervising Swiss Prime Site's financial matters amounted to CHF 20.958 million. The remainder included costs incurred for the reporting process and other administrative expenses.

Audit and consultancy costs included consulting fees of CHF 8.055 million, of which transaction costs for the acquisition of Tertianum Group accounted for CHF 2.694 million [CHF 3.351 million, of which transaction costs for the acquisition of Wincasa AG made up CHF 0.697 million] and consulting services of the up until 25.10.2012 related Wincasa AG for Jelvoli – The House of Brands accounted for CHF 0.000 million [CHF 0.751 million]. Audit fees amounted to CHF 0.897 million [CHF 0.900 million].

12 FINANCIAL EXPENSES AND FINANCIAL INCOME

Financial expenses

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Interest expenses	(109 348)	(117 029)
Other financial expenses	(33)	–
Total financial expenses	(109 381)	(117 029)

Financial expenses attributable to related parties in the prior year amounted to CHF 26.308 million. In this regard, conditions conforming to market norms were always applied (see Notes 28 «Current liabilities» and 29 «Non-current financial liabilities»).

Financial income

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Interest income	880	883
Dividend income on securities and financial investments	101	102
Fair value adjustment of financial instruments, net	9 217	6 514
Other financial income	422	71
Total financial income	10 620	7 570

Financial income realised from related parties in the prior year amounted to CHF 0.148 million. In this regard, conditions conforming to market norms were always applied (see Notes 15 «Cash» and 22 «Non-current financial investments»).

13 INCOME TAXES

in CHF 1 000	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Current income taxes for reporting period	(31 052)	(16 706)
Current income taxes for previous years	131	(2 812)
Total current income taxes	(30 921)	(19 518)
Deferred taxes resulting from revaluation and depreciation	(85 293)	(83 261)
Deferred taxes resulting from the sale of investment properties	16 201	3 398
Deferred taxes from tax rate changes and reductions from durations of ownership deductions	2 778	6 808
Deferred taxes resulting from loss offsetting	(104)	410
Other deferred taxes	734	(1 479)
Total deferred taxes	(65 684)	(74 124)
Total income taxes	(96 605)	(93 642)

* restatement due to IAS 19 rev.

Current income taxes were calculated at the effective maximum tax rates. At the same time, agreements with the appropriate tax authorities were considered as well. According to IAS 12, current income taxes were divided into current income taxes for the reporting period and current income taxes for previous years.

The increase in current income tax assets as at the balance sheet date was attributable to a withholding tax refund of CHF 419.650 million from the Swiss Federal Tax Administration. The assets were reimbursed on 10.01.2014 (see also Note 32 «Future obligations and contingent liabilities»).

Deferred taxes were split into deferred taxes due to revaluation and depreciation, sales of investment properties, tax rate changes and reductions resulting from duration of ownership deductions and other deferred taxes. Deferred tax assets on losses carried forward that can probably be offset in the future were recognised as such. Deferred taxes are subject to the risk of tax rate changes as well as changes in the cantonal tax regulations.

Reconciliation of income taxes

Income taxes were calculated using the effective relevant tax rates. Liabilities for current income taxes were recognised in the balance sheet as current income tax liabilities under current liabilities.

The tax reconciliation in the following table shows how the effective tax burden deviated from the average tax rate of 23%.

in CHF 1 000	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Profit before income taxes	440 474	404 941
Income taxes at average tax rate of 23%	(101 309)	(93 136)
Taxes at other rates (including property gains taxes)	4 449	9 017
Income taxes for previous years	131	(2 812)
Effect from losses incurred in the current financial year that cannot be applied from a tax standpoint	(1 073)	(962)
Taxes on intercompany revenues and expenses	555	(6 076)
Other effects	642	327
Total income taxes	(96 605)	(93 642)

* restatement due to IAS 19 rev.

Deferred taxes

Where the revaluations according to IFRS versus the fiscal values were due to recaptured, previously claimed depreciation, the taxes were allocated per property after deduction of any applicable property gains tax and taken into account separately. In this case, tax rates of between 4.7% and 18.0% [4.7% and 18.0%] were applied.

Upward revaluations exceeding the recaptured, previously claimed depreciation are subject to tax using two different systems. Cantons that do not levy any special taxes also calculate taxes at the above rates. The other cantons levy a separate property gains tax using rates of between 4.0% and 25.0% [4.0% and 25.0%].

Accordingly, property gains taxes are reduced in proportion to the increased duration of ownership of the property. Swiss Prime Site generally assumes ownership for a minimum period of 20 years, meaning that potential speculation premiums are not taken into account. Deferred tax expenses as a result of depreciation and revaluation amounted to CHF 85.293 million [CHF 83.261 million]. The deferred taxes on revaluation of owner-occupied properties totalling CHF 4.731 million [CHF 2.372 million] as well as on remeasurement of net defined benefit obligations of CHF 5.604 million [CHF 1.261 million] were charged to shareholders' equity.

Total deferred tax expense of CHF 65.684 million [CHF 74.124 million] was debited to the consolidated income statement. This was mainly attributable to the fact that deferred tax liabilities or deferred tax assets had to be taken into account for revaluations and depreciation under commercial law. Of the total deferred tax assets subject to offsetting losses, only those were recognised that can probably be offset with future profits. The other deferred tax assets on losses carried forward were not recognised due to the insufficient future probability of offsetting losses.

Deferred tax assets

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Taxable losses carried forward of subsidiaries	15 076	10 871
Possible tax effect on taxable losses carried forward at an average tax rate of 23%	3 467	2 500
Losses carried forward which can in all probability be offset against future profits	(2 048)	(2 187)
Total recognised deferred tax assets at an average tax rate of 23%	(471)	(503)
Total deferred tax assets not recognised at an average tax rate of 23%	2 996	1 997
Recognised deferred tax assets from loss offsetting	471	503
Other deferred tax assets	261	4 271
Total deferred tax assets	732	4 774

* restatement due to IAS 19 rev.

Taxable losses carried forward of subsidiaries for which no deferred tax assets were recognised expired as follows:

in CHF 1 000	31.12.2013	31.12.2012
Under 1 year	776	–
After 1 year	547	722
After 2 years	155	547
After 3 years	627	155
After 4 years	811	627
After 5 years	2 251	811
After 6 years	3 682	2 140
After 7 and more years	4 179	3 682
Total expiring taxable losses carried forward	13 028	8 684

14 EARNINGS PER SHARE

The profit used to calculate the earnings per share or the diluted earnings per share was the reported profit attributable to shareholders of Swiss Prime Site AG. According to IAS 33, both the basic earnings per share and the diluted earnings per share must be reported.

Weighted average number of shares

Number of shares	01.01.–31.12.2013	01.01.–31.12.2012
Shares issued at 01.01.	60 011 611	54 368 714
Weighted number of shares issued on conversions in April and October 2012	–	130 346
Weighted number of shares issued on capital increase dated 05.12.2012	–	378 861
Weighted number of shares issued on conversions from February to April 2013	363 057	–
Average number of treasury shares (360 days)	(5 847)	(4 369)
Total weighted average number of shares 01.01.–31.12. (360 days)	60 368 821	54 873 552

Weighted average earnings and NAV per share

in CHF 1	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Earnings per share, weighted	5.70	5.67
Diluted earnings per share, weighted	5.34	5.26
NAV before deferred taxes per share	82.65	78.62
NAV after deferred taxes per share	67.91	65.22

* restatement due to IAS 19 rev.

When calculating diluted earnings per share, the profit attributable to shareholders of Swiss Prime Site AG of CHF 343.869 million [CHF 311.299 million] was adjusted by the following effects as a result of the convertible bonds: interest (coupon), amortisation of proportional costs and tax effects. This resulted in a diluted profit of CHF 354.025 million [CHF 322.221 million]. The weighted average number of shares of 60 368 821 [54 873 552] was reduced by the weighted number of 363 057 [130 346] shares issued as a result of conversions and increased by the effective number of converted shares of 491 470 [187 296], as well as by the highest possible number of shares that can be issued on conversions of 5 842 352 [6 333 827] to 66 339 586 [61 264 329] shares, as a basis for calculating the diluted earnings per share.

Further information on the convertible bonds is provided in Note 29 «Non-current financial liabilities».

15 CASH

in CHF 1 000	31.12.2013	31.12.2012
Cash on hand	2 716	2 404
Sight deposits with third parties	200 946	23 071
Sight deposits with related parties	–	176 287
Total cash	203 662	201 762

Sight deposits comprised bank accounts exclusively. The investments were made in line with market conditions.

16 ACCOUNTS RECEIVABLE

in CHF 1 000	31.12.2013	31.12.2012
Accounts receivable from third parties	124 247	113 410
Accounts receivable from related parties	–	4 317
Total accounts receivable, gross	124 247	117 727
Impairments	(3 841)	(1 989)
Total accounts receivable	120 406	115 738

Most of the accounts receivable related to claims for rent and ancillary costs, to customer claims for real estate management services and to accounts receivable from the retail and gastronomy segment as well as assisted living segment.

Maturities of receivables

in CHF 1 000	31.12.2013	31.12.2013	31.12.2012	31.12.2012
	Gross receivables	Impairments	Gross receivables	Impairments
Not yet due	89 608		99 700	
Due between 0 and 30 days	13 036		4 292	
Due between 31 and 90 days	2 916		2 162	
Due between 91 and 120 days	1 172		514	
Due for more than 120 days	17 515		11 059	
Total gross receivables and impairments	124 247	3 841	117 727	1 989

Receivables not yet due were primarily receivables from cumulative ancillary costs of the current ancillary cost period.

Development of the impairment of receivables

in CHF 1 000	31.12.2013	31.12.2012
Impairments at beginning of period	1 989	1 608
Increase of impairments based on individual valuation	2 236	1 430
Release of impairments based on individual valuation	(384)	(1 049)
Total impairments at end of period	3 841	1 989

Impairment losses/gains were recognised in other operating expenses.

17 OTHER RECEIVABLES

in CHF 1 000	31.12.2013	31.12.2012
Current accounts receivable from third parties	147	2
Other receivables from third parties	7 035	2 131
Other receivables from related parties	–	76
VAT credits	3 071	3 306
Total other current receivables	10 253	5 515
Other non-current receivables	2 125	3 825
Total other non-current receivables	2 125	3 825

Current accounts receivable included receivables from property management companies, which transferred the cumulated real estate surpluses or current accounts receivable to the relevant company on a monthly basis.

Other receivables included a reservation payment of CHF 4.000 million [CHF 0.000 million] for an owner-occupied property and current accounts receivable of CHF 2.178 million [CHF 1.700 million] from the divestment of the Algerian investment acquired in February 2011, as well as various smaller accounts receivable.

Other non-current receivables of CHF 2.125 million [CHF 3.825 million] resulted from the divestment of the Algerian investment acquired in February 2011.

18 INVENTORIES

in CHF 1 000	31.12.2013	31.12.2012
Merchandise	24 779	23 989
Other inventories	2 037	643
Impairments	(440)	(440)
Total inventories	26 376	24 192

Inventories included merchandise from the retail and gastronomy segment, primarily from Jelvoli – The House of Brands, as well as from the assisted living segment, which were recognised in the balance sheet at average cost – or if lower – at net realisable value.

19 TRADING PROPERTIES

in CHF 1 000	31.12.2013	31.12.2012
Zurich, Naphtastrasse 10/Maaghof North and East	14 570	7 985
Zurich, Turbinenstrasse 21/Maaghof North and East	13 215	7 386
Total trading properties	27 785	15 371

Further details on project status and sales status are provided in Note 24 «Investment properties».

The fire insurance value of trading properties amounted to CHF 27.785 million [CHF 15.371 million].

20 ASSETS HELD FOR SALE

According to IFRS 5, assets held for sale were recognised separately in the balance sheet.

in CHF 1 000	31.12.2013	31.12.2012
Affoltern a.A., Obere Bahnhofstrasse 14	7 788	–
Allschwil, Hegenheimermattweg 91	*	86 090
Belp, Aemmenmattstrasse 43	**	19 140
Berne, Schwarztorstrasse 48	**	48 530
Burgdorf, Industry Buchmatt	**	14 830
Granges-Paccot, Route d'Agy 3	*	7 800
Lausanne, Avenue de Chailly 1	3 552	–
Lausanne, Rue de la Mercerie 14	3 267	–
Lausanne, Rue de la Mercerie 16–20	6 130	–
Losone, Via Locarno/Via Truscio	*	1 085
Moosseedorf, Moosstrasse 21	*	1 479
Moosseedorf, Moosstrasse 23	*	2 460
Rapperswil-Jona, Grünfeldstrasse 25	12 810	–
Spreitenbach, Müslistrasse 44	4 262	4 249
Total assets held for sale	37 809	185 663

* These properties were sold in 2013.

** These properties are no longer held for sale.

Various properties that do not conform to the strategy pursued by the real estate segment were intended for sale. The divestment gains or losses were reported under net result of property sales (see Note 7 «Result from property sales»). Based on new strategic options, the Company decided that the properties located at Aemmenmattstrasse 43 in Belp, Schwarztorstrasse 48 in Berne and Industry Buchmatt in Burgdorf would no longer be held for sale. This decision had no impact on the reporting year's nor previous year's results. Further information regarding fair value measurement is provided in Note 24 «Investment properties».

21 ACCRUED INCOME AND PREPAID EXPENSES

in CHF 1 000	31.12.2013	31.12.2012
Accrued income and prepaid expenses from third parties	32 864	22 360
Accrued income and prepaid expenses from related parties	–	1 235
Total accrued income and prepaid expenses	32 864	23 595

Accrued income and prepaid expenses included mainly accruals from the real estate accounts (essentially rents and ancillary costs) of CHF 23.556 million [CHF 21.543 million], as well as other accruals from the real estate business CHF 7.440 million [CHF 1.871 million], from the retail and gastronomy business CHF 0.086 million [CHF 0.181 million] and CHF 1.782 million [CHF 0.000 million] from the assisted living business, respectively.

22 NON-CURRENT FINANCIAL INVESTMENTS

in CHF 1 000	31.12.2013	31.12.2012
Loans	385	681
Other non-current financial investments	1 156	1 091
Total non-current financial investments	1 541	1 772

Loans comprised two [three] fixed-rate loans with a residual term of up to ten [eleven] years and an interest rate of 0% to 8%.

Other non-current financial investments comprised various non-consolidated investments with a share of less than 20% and without significant influence, as well as a derivative with a positive fair value. The investments were valued at amortised cost.

23 INVESTMENTS IN ASSOCIATES

The following investments in associated companies were valued according to the equity method:

in CHF 1 000	31.12.2013	31.12.2012
Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld	2 234	2 240
Parkgest Holding SA, Geneva	9 936	10 155
Parking Riponne S.A., Lausanne	10 322	10 274
Total investments in associates at beginning of period	22 492	22 669
Proportional result of the period	8 590	1 770
Less dividends received	(2 039)	(1 947)
Total investments in associates at end of period	29 043	22 492

24 INVESTMENT PROPERTIES

in CHF 1 000	Building land	Commer- cial prop- erties without significant residential space	Commer- cial prop- erties with minimal residential space	Total invest- ment properties	Properties held for sale	Properties under con- struction/ develop- ment sites	Total fair value
As at 01.01.2012	40 805	7 274 230	326 272	7 641 307	85 964	96 916	7 824 187
Purchases/investments	–	93 618	–	93 618	–	40 305	133 923
Follow-up investments	(297)	66 904	588	67 195	190	71 732	139 117
Transfer of properties under con- struction and development sites in trading properties	–	–	–	–	–	(11 672)	(11 672)
Transfer of properties held for sale to investment properties	–	25 170	–	25 170	(25 170)	–	–
Transfer of properties under construction to investment properties*	–	6 646	–	6 646	–	(6 646)	–
Transfer of investment properties to properties held for sale	–	(131 720)	–	(131 720)	131 720	–	–
Net transfer of owner-occupied properties to investment properties**	–	12 746	–	12 746	–	–	12 746
Transfer of properties with minimal residential space to properties with- out significant residential space	–	25 120	(25 120)	–	–	–	–
Disposal by sale	–	–	(24 960)	(24 960)	(8 500)	–	(33 460)
Positive fair value adjustment	2 437	257 282	14 040	273 759	3 286	4 485	281 530
Negative fair value adjustment	–	(92 447)	(3)	(92 450)	(1 827)	–	(94 277)
Fair value adjustment 2012	2 437	164 835	14 037	181 309	1 459	4 485	187 253
As at 31.12.2012	42 945	7 537 549	290 817	7 871 311	185 663	195 120	8 252 094
Follow-up investments	174	65 538	711	66 423	181	186 063	252 667
Additions from acquisition of Tertianum Group	–	6 000	–	6 000	–	–	6 000
Transfer of properties held for sale to investment properties	–	82 500	–	82 500	(82 500)	–	–
Transfer of investment properties to properties held for sale	–	(24 154)	(9 248)	(33 402)	33 402	–	–
Transfer of investment properties to properties under construction***	–	(84 560)	–	(84 560)	–	84 560	–
Net transfer of owner-occupied properties to investment properties*	–	36 728	–	36 728	–	–	36 728
Disposal by sale	–	(67 969)	–	(67 969)	(98 914)	–	(166 883)
Positive fair value adjustment	1 210	268 501	7 296	277 007	165	12 507	289 679
Negative fair value adjustment	(222)	(101 831)	(733)	(102 786)	(188)	–	(102 974)
Fair value adjustment 2013	988	166 670	6 563	174 221	(23)	12 507	186 705
As at 31.12.2013	44 107	7 718 302	288 843	8 051 252	37 809	478 250	8 567 311

* Zurich, Affolternstrasse 32/MFO building

** various owner-occupied properties, see Note 25 «Owner-occupied properties and owner-occupied properties under construction»

*** Zurich, Flurstrasse 55/Flurpark

in CHF 1 000	Building land	Commercial properties without significant residential space	Commercial properties with minimal residential space	Total investment properties and building land	Properties held for sale	Properties under construction/development sites	Total
Fire insurance values*							
On 01.01.2012	16 105	5 529 241	301 870	5 847 216	94 211	95 624	6 037 051
On 01.01.2013	3 443	5 688 271	202 731	5 894 445	182 327	189 392	6 266 164
On 31.12.2013	3 565	5 597 445	203 469	5 804 479	41 091	634 700	6 480 270
Net rental income							
01.01.–31.12.2012	422	381 505	13 976	395 903	12 886	–	408 789
01.01.–31.12.2013	489	372 895	12 592	385 976	8 679	35	394 690
Vacancy rate in %							
01.01.–31.12.2012	0.3	5.2	3.4	5.1	3.0	–	5.0
01.01.–31.12.2013	0.2	6.8	1.7	6.7	1.8	–	6.6

* There were no building insurance values for properties under construction. For building projects, the respective builders' liability insurance policies were concluded.

At the time of reporting, six [nine] investment properties and two [two] development properties (condominiums) were classified as held for sale or trading properties, respectively.

The valuations of investment properties, building land, properties under construction and development sites, properties held for sale and owner-occupied properties are determined at least 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.

The fair values of the designated properties are all categorised as level 3, based on the input factors of the applied valuation technique (see Note 2.3 «Valuations and assumptions»). This is attributable to the fact that the significant input factors for the valuation – such as discount rates or market rents – must be generally derived from information stemming from less active markets.

Valuation techniques and significant, unobservable input factors

The individual valuation of the designated properties is carried out by means of the discounted cash flow (DCF) method, under which the fair value of a property is determined by the total future expected net earnings discounted to the valuation date. The calculation is 100 years from the valuation date. A more detailed cash flow forecast is prepared for the first ten years, while approximate annualised assumptions are used for the remainder of the term.

IFRS 13 requires the determination of fair value of real estate based on the highest and best use concept. Highest and best use is the use of a property that maximises its value. This assumption implies a use that is physically feasible, legally permissible and financially feasible. Since the determination of fair value implies maximised benefits, the highest and best use can deviate from the actual or planned use of a property because of unconformity with strategy. Future capital expenditures that improve or enhance the value of a property are accordingly taken into account in the fair value measurement.

The following table shows the valuation technique that was used for the measurement of the fair value of the properties, as well as the unobservable input factors used:

Building land

Fair value of building land amounted to CHF 40.503 million. This fair value was determined based on the residual method, valuation of the property at the time of completion according to the DCF method (same calculation as for existing properties) and taking into account outstanding investments as well as development risk. The following unobservable input factors were used in determining the value of building land:

Average discount rate:	4.69%
Residential (CHF per m ² p.a.):	200 to 300
Office (CHF per m ² p.a.):	103 to 435
Warehouse (CHF per m ² p.a.):	90 to 120
Parking inside (CHF per space and month):	135 to 210
Parking outside (CHF per space and month):	90 to 200

Commercial properties for which the valuation was based on the assumption of continuation of current use, as well as investment properties held for sale and owner-occupied properties

Fair value of commercial properties for which the valuation was based on the assumption of continuation of current use amounted to CHF 8 537.846 million. The valuation was determined based on the DCF method, and included underlying cash flows, expected rental income and operating and maintenance costs over the entire planning period. The unobservable input factors were the discount rate and market prices. Commercial properties for which the valuation was based on the assumption of continuation of current use were valued as follows:

Minimum discount rate:	3.00%
Maximum discount rate:	5.40%
Average discount rate:	4.02%
Residential (CHF per m ² p.a.):	103 to 540
Retail/restaurant (CHF per m ² p.a.):	100 to 7 500
Office (CHF per m ² p.a.):	100 to 1 100
Warehouse (CHF per m ² p.a.):	40 to 250
Parking inside (CHF per space and month):	42 to 825
Parking outside (CHF per space and month):	20 to 350

Commercial properties for which the valuation was based on the highest and best use

For six properties the highest and best use did not correspond to the effective use. Fair value of these properties totalled CHF 242.744 million. The effect from the first time valuation according to the highest and best use concept amounted to CHF 22.546 million.

The applicable basis for one of these properties was the assumption of possible conversion into condominiums with the following parameters:

Average discount rate:	3.9%
Office (CHF per m ² p.a.):	250
Warehouse (CHF per m ² p.a.):	117
Parking outside (CHF per space and month):	110

For the other five properties, the valuations were based on scenarios such as consideration of additional gross floor space for residential or office use (in land lease), letting of land in land lease, development scenarios (demolition and construction of office buildings), or conversion to retail floor space. The unobservable input factors were in line with those listed above for the commercial buildings for which continuation of current use was assumed.

Properties and owner-occupied properties under construction and development sites

Fair value of properties and owner-occupied properties under construction and development sites amounted to CHF 490.610 million. This fair value was determined based on the residual method, valuation of the property at the time of completion according to the DCF method (same calculation as for residential and commercial properties) and taking

into account outstanding investments as well as development risk. According to the highest and best use concept, conversion into condominiums or continuation/leasing were taken into consideration in the DCF method. In accordance with the applied highest and best use approach, the assumptions used were consistent with the ones described above for commercial properties for which continuation of current use was presumed for the valuation.

Minimum discount rate:	4.00%
Maximum discount rate:	4.40%
Average discount rate:	4.17%
Residential (CHF per m ² p.a.):	350 to 350
Retail/restaurant (CHF per m ² p.a.):	245 to 380
Office (CHF per m ² p.a.):	290 to 350
Warehouse (CHF per m ² p.a.):	100 to 160

Additional information on valuation assumptions

Rent assumptions

Rental income was incorporated in the valuation based on current rent prices and contractually stipulated conditions (including indexing). For fixed-term rental agreements, the sustainably realisable potential rental income for the period following the fixed term from the current perspective was used. The determination of the market-based potential rent was derived from the most recently concluded rental agreements for the relevant property, or other comparable properties in the immediate vicinity, as well as from real estate market research provided by Wüest & Partner AG. The rent potential for retail properties (retail trade business, restaurants, etc.) was determined based on calculations for realistic revenue figures. For existing rental agreements comprising different uses, the rent potential was determined based on separate, individual uses. Tenants' extension options were then taken into account, when the effective rent fell below the derived market rent. For indefinite-term rental agreements, the adjustment to the determined rent potential was carried out considering general legal conditions for rental properties as well as property-specific fluctuations. Credit risks of the respective tenants were not explicitly taken into account in the valuation since relevant contractual safeguards were concluded, as required. The valuation of current vacant rental properties took into account a market- and property-specific marketing period.

For properties for which conversion into condominiums was an underlying assumption, rental income was applied up until the most immediate time of conversion of the rental property into condominiums. Consideration of such rental income was subject to the acknowledgment of the terms stipulated in the rental agreements, particularly the earliest termination of agreement, extension options as well as general legal conditions and practices. Assumptions regarding termination deadlines were based on current applicable laws governing rental property.

Operating and maintenance costs

The process of determining operating and maintenance costs took into account past experience, budgets authorised by Swiss Prime Site and benchmark values from a data pool provided by Wüest & Partner AG.

For properties for which conversion into condominiums has been presumed, costs were applied only up until the estimated point in time of sale of the last condominium.

Repair costs, construction expenses for conversion to condominiums

Repair costs for preserving the value of the properties as well as long-term costs were determined with the support of construction cost analysis tools, taking into account the investment plans prepared by Swiss Prime Site. The aforementioned tools were used to derive the future investment needs, considering the age of the property, new construction costs and the current condition of individual property components. Repair costs were incorporated in the valuation at 100% in the first ten years, taking into account any potential rental price hikes in the earnings forecast. Starting from the 11th year, repair costs were accounted for at 50% to 70% (only the value-sustaining proportions), without factoring rental price hikes into the model.

The requisite construction expenses for transforming properties presumed as designated for conversion into condominiums are modelled and estimated by means of construction and renovation cost benchmarks provided by Wüest & Partner AG.

Discounting

The applied discounting was based on ongoing monitoring of the real estate market and was derived and verified on the basis of real interest rates – comprising the risk-free interest rate (long-term government bonds) plus general real estate risks plus property-specific premiums – and determined on a risk-adjusted basis per property. The selected discounting factors were empirically evaluated and verified by means of known changes in ownership and transactions.

For properties for which conversion into condominiums has been presumed, the applied discount rate corresponded to a weighted average cost of capital (WACC), with an interest rate in line with a short-term bank financing rate as well as adequate return on equity. For continuing long-term rental contracts, a mixed value was applied that is derived from the current WACC and the conventional discount rate of an investment property, up until the point in time of possible conversion and sale as condominium.

Sensitivity of fair value measurement to changes in unobservable input factors

An increase in the discount rate reduces fair value, whereas a rise in the market rent price and/or sales proceeds increase fair value. There are correlations between these input factors since they are to some extent dependent on market data. For properties under construction and development sites, the outstanding investments and time to completion of construction reduce fair value, whereas the incurrence of these costs over the period up until completion increases fair value.

In the following analysis, the existing properties (excluding building land, projects and development sites) were taken into account at the current fair value of CHF 8 777.0 million as at the balance sheet date (fair value of overall portfolio CHF 9 339.5 million).

In relation to potential changes in the market environment, sensitivity to discount rates is significant. Fair value changes due to the changes in discount rates were as follows (discount rate derived for overall portfolio, approximate calculation):

Average discount rate	Change in fair value in %	Change in fair value in CHF 1 000	Fair value in CHF 1 000
3.71 %	7.2%	631 900	9 408 900
3.81 %	4.7%	412 500	9 189 500
3.91 %	2.3%	201 900	8 978 900
4.01% (valuation as at 31.12.2013)	–	–	8 777 000
4.11 %	(2.2%)	(193 100)	8 583 900
4.21 %	(4.3%)	(377 400)	8 399 600
4.31 %	(6.4%)	(561 700)	8 215 300
4.41 %	(8.4%)	(737 300)	8 039 700
4.51 %	(10.2%)	(895 300)	7 881 700
4.61 %	(12.1%)	(1 062 000)	7 715 000

An increase in the discount rate (expected return) over the entire portfolio of more than 50 basis points within a short period seems very improbable. In this regard, real estate returns trend much more sluggishly than nominal interest rates on bonds or mortgages. Vice versa, in the current environment marked by still moderate returns on real estate in Switzerland, a discount rate that is more than 30 basis points lower over the entire portfolio also seems improbable.

The impact of changes in market rent prices on fair value is also significant. However, substantial changes in rental income over the entire portfolio (with a varying diversity of uses and tenants) in accumulated form and within a shorter period are less probable, whereas more significant effects on the portfolio would occur with a prolonged time lag. A linear correlation between rental income and fair value can be approximately assumed, whereby the rental income forecast in the valuation comprises several components, such as current contractually guaranteed rents and market rental estimates after the present contracts have expired. If just one of these components changes, the impact on fair value is diminished (for example, fair value declines by 3.5% given a reduction of market rent potential of 4.0%).

Change in market rental potential	Change in fair value in %	Change in fair value in CHF 1 000	Fair value in CHF 1 000
6.0%	5.3%	465 200	9 242 200
4.0%	3.5%	307 200	9 084 200
2.0%	1.8%	158 000	8 935 000
0.0% (valuation as at 31.12.2013)	-	-	8 777 000
(2.0%)	(1.8%)	(158 000)	8 619 000
(4.0%)	(3.5%)	(307 200)	8 469 800
(6.0%)	(5.3%)	(465 200)	8 311 800
(8.0%)	(7.1%)	(623 200)	8 153 800
(10.0%)	(8.9%)	(781 200)	7 995 800

The sensitivity of fair value to changes in recurring real estate costs for operation and proper maintenance is considerably lower than in the case of the aforementioned factors. However, the impact of modified costs for renovations and restructuring or construction costs for projects can have substantial effects on the fair value of the relevant real estate. Since this concerns only a limited number of affected properties over the entire portfolio, the sensitivity is relativised in this regard.

Overall, any change in the fair value of the entire portfolio of more than 5.0% within a year is regarded as less probable.

Current development and new building projects

City, address	Additional information
Berne, Wankdorffallee 4/ Swiss Post headquarters/ Majowa	<ul style="list-style-type: none"> • Project description: The new commercial services building comprises 33 700 square metres of rental floor space for roughly 1 800 workplaces situated on the second to seventh upper floors. The conference centre will be constructed on the first floor, and the personnel restaurant with seating for 450 persons will be located on the ground floor. The subterranean levels will house 170 parking places as well as 450 spaces for bicycles. The project is being constructed according to the sophisticated and comprehensive criteria of the German Sustainable Building Council (DGNB) as well as Swiss Sustainable Building Council (SGNI) quality seal of approval. • Project status: Building authorisation legally went into effect in August 2011, and excavation activities began in May 2012. The laying of the cornerstone ceremony took place on 26.09.2012; the building shell construction was completed in the autumn of 2013. The topping-out ceremony took place on 25.09.2013. • Occupancy rate*: The building is leased to Swiss Post as at 01.11.2014. • Completion: Autumn 2014

* Data on occupancy rates are as at 31.12.2013.

City, address	Additional information
Zurich, Flurstrasse 55/ Flurpark	<ul style="list-style-type: none"> • Project description: The building was constructed in 1979 and comprises six upper floors, a ground floor and four subterranean levels. Following the departure of the sole tenant UBS at end 2012, which had used the building as IT centre, the property will undergo total renovation and be equipped with state-of-the-art technology. Subsequent to the renovation – with new office/services as well as warehouse floor space of 18 500 and 7 700 square metres, respectively – the layout will be based on a multi-tenant concept, and utilisation will be expanded with retail, restaurant and commercial space on the ground floor. The subterranean levels are expected to contain 456 parking places. The property will be visibly repositioned too, with a new façade and designated Minergie certification, in order to ensure sustainable occupancy rates in the future. • Project status: Allocation of contracts is concluded. The green light for construction was issued in December 2013. Construction (deconstruction) and decontamination (clean-up of the site) have commenced. • Occupancy rate*: Negotiations with various interested parties is underway. No agreements have been concluded as at the balance sheet date. • Completion: The property can be transferred for future tenants' improvements in February 2015. Construction is expected to conclude as at end April 2015.
Zurich, Hagenholzstrasse 60/ SkyKey	<ul style="list-style-type: none"> • Project description: The commercial services building comprises 40 000 square metres of office floor space for around 2 400 workplaces, restaurant/cafeteria with seating for about 720 people, full-service restaurant, kiosk, library, auditorium, conference rooms, IT service centre, retail space and in the subterranean levels around 220 parking places, warehouse space and auxiliary rooms, as well as 14 outside visitor parking places. The building volume comprises an eight-storey base structure, from which an 18-storey, 63-metre-high tower ascends from the southeast corner. The ensemble fits seamlessly together with the modern buildings constructed in recent years located between Andreasstrasse and Hagenholzstrasse. • Project status: The building shell construction began in March 2012, and laying of the cornerstone took place on 02.05.2012. As at the balance sheet date, the building shell construction was nearly complete, and tenants' improvements were underway. The topping-out ceremony took place on 27.06.2013. • Occupancy rate*: The building is leased to Zurich Insurance Company Ltd effective as at 01.07.2014. • Completion: Ready for occupancy by mid-2014
Zurich, Hardstrasse 129, Naphtastrasse 10, Turbinenstrasse 21/ Maaghof North and East	<ul style="list-style-type: none"> • Project description: The project involves a residential building complex located to the west of Prime Tower and situated on the former industrial site. Maaghof North and East will comprise residential floor space of 21 800 square metres, consisting of 137 rental apartments and 83 condominiums. The ground floors, with roughly 2 200 square metres of floor space, are reserved for social utilisation such as day care centres and kindergartens, or commercial floor space. The subterranean garage will house 143 parking places. The building concept features an L-shaped complex, with a spacious park-like courtyard. • Project status: The building application was submitted in January 2011; the building authorisation was granted in August 2011 and legally went into effect in March 2012. The construction start date (deconstruction) was in July 2012. The laying of the cornerstone took place on 29.11.2012, and the building shell construction is proceeding according to plan. The topping-out ceremony will take place on 14.05.2014. • Occupancy rate*: Rental activities start in spring 2014. • Sales status*: 44 of the 83 condominiums were sold and two reserved, with two commercial units sold and one reserved as well. • Completion: Spring 2015

* Data on occupancy rates/sales status are as at 31.12.2013.

Swiss Prime Site as land lease holder

Land leases should be checked insofar as they are operating or finance leases using general criteria according to IAS 17. Based on analyses and present value tests, it was determined that all current land lease contracts (Swiss Prime Site as land lease holder and land lease grantor) are operating leases. Swiss Prime Site was the land lease holder for the following properties:

Properties subject to land leases

Basel, Hochbergerstrasse 40/parking
 Basel, Messeplatz 12/Messeturm
 Berne, Wankdorffallee 4/Swiss Post headquarters/Majowa
 Berne, Mingerstrasse 12–18/PostFinance Arena
 Berne, Weltpoststrasse 5
 Biel, Solothurnstrasse 122
 Burgdorf, Industry Buchmatt
 Conthey, Route Cantonale 4
 Conthey, Route Cantonale 11
 Dietikon, Zentralstrasse 12
 Dübendorf, Bahnhofstrasse 1
 Eyholz, Kantonsstrasse 79
 Geneva Airport, Route de Pré-Bois 10/underground garage
 Grand-Lancy, Route des Jeunes 12
 Grand-Lancy, Route des Jeunes 10/CCL La Praille
 Heimberg, Gurnigelstrasse 38
 Locarno, Parking Centro
 Lucerne, Kreuzbuchstrasse 33/35
 Meilen, Seestrasse 545
 Meyrin, Route de Meyrin 210
 Moosseedorf, Moosstrasse 21, divested
 Moosseedorf, Moosstrasse 23, divested
 Oberwil, Mühlemattstrasse 23
 Thun, Göttibachstrasse 2-2a, 4, 6, 8
 Zuchwil, Dorfackerstrasse 45/Birchi Centre
 Zurich, Limmattalstrasse 180, divested
 Zurich, Steinmühleplatz/Jelmoli parking

Key figures of the land leases

Land lease areas	477 m ² to 31 074 m ²
Residual terms to maturity	1 to 80 years
Contract extension options	none to 50 years
Price adjustments	annually to every 10 years
Pre-emption rights	none, unilateral and bilateral

Future land lease expenses

in CHF 1 000	31.12.2013	31.12.2012
Land lease expenses up to 1 year	(5 705)	(3 839)
Land lease expenses from 1 year up to 5 years	(24 577)	(17 722)
Land lease expenses after 5 years	(330 394)	(295 571)
Total future land lease expenses	(360 675)	(317 132)

Land lease expenses in the period

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Land lease expenses	(3 807)	(3 193)
Total land lease expenses in the period	(3 807)	(3 193)

Rights of use

Similar to land lease, rights of use of all current contracts are defined as operating leases according to IAS 17. Expenses for rights of use are shown in the tables under «Future land lease expenses» and «Land lease expenses in the period». The following properties were encumbered with a contract for right of use (user):

Geneva, Place Cornavin 10
Zurich, Stadelhoferstrasse 22

Key figures of the rights of use

Rights of use areas	80 m ² to 202 m ²
Residual terms to maturity	2 to 29 years
Contract extension options	5 to 20 years
Price adjustments	every year
Pre-emption rights	none

Swiss Prime Site as grantor of land leases

Swiss Prime Site has granted land leases on the following properties:

Basel, Hochbergerstrasse 62/gas station
Bellach, Gurzelenstrasse 2, divested
Burgdorf, Emmentalstrasse 14
Gossau, Wilerstrasse 82
Granges-Paccot, Route d'Agly 3, divested
Heimberg, Gurnigelstrasse 38
Holderbank, Hauptstrasse 43, divested
Mägenwil, Weststrasse 6/Birrfeldstrasse South, divested
Meyrin, Route de Meyrin 210
Oftringen, Spitalweidstrasse 1/shopping centre a1

Key figures of the land leases

Land lease areas	384 m ² to 2 839 m ²
Residual terms to maturity	3 to 72 years
Contract extension options	none to 3 times 5 years
Price adjustments	annually to every 10 years
Pre-emption rights	none, unilateral and bilateral

Future land lease income

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Land lease income up to 1 year	1 108	1 275
Land lease income from 1 year up to 5 years	4 576	5 079
Land lease income after 5 years	11 854	14 590
Total future land lease income	17 538	20 944

Land lease income in the period

in CHF 1 000	01.01.–31.12.2013	01.01.–31.12.2012
Land lease income	1 237	1 470
Total land lease income in the period	1 237	1 470

Land lease income was recognised as rental income.

25 OWNER-OCCUPIED PROPERTIES AND OWNER-OCCUPIED PROPERTIES UNDER CONSTRUCTION

Owner-occupied properties

in CHF 1 000	31.12.2013	31.12.2012
Owner-occupied properties before cumulative depreciation and impairments at beginning of period	332 867	340 923
Additions	1 998	59
Additions from acquisition of Tertianum Group	422 450	–
Transfer from investment properties	–	6
Transfer in investment properties	(36 728)	(12 752)
Transfer depreciation	(9 005)	(5 680)
Positive fair value adjustment due to revaluation	20 665	10 475
Negative fair value adjustment due to revaluation	(215)	(164)
Owner-occupied properties before cumulative depreciation and impairments at end of period	732 032	332 867
Cumulative depreciation and impairments at beginning of period	–	–
Depreciation of the period	9 005	5 680
Impairments	119	–
Transfer depreciation and impairments	(9 124)	(5 680)
Cumulative depreciation and impairments at end of period	–	–
Total owner-occupied properties after cumulative depreciation and impairments	732 032	332 867

The following properties were recognised as owner-occupied properties:

Use as owner-occupied property	31.12.2013	31.12.2012
Berlingen, Seestrasse 110*	completely	–
Berlingen, Seestrasse 83, 88, 101, 154*	completely	–
Frauenfeld, St. Gallerstrasse 30–30c*	completely	–
Grand-Lancy, Route des Jeunes 10	–	partly
Lucerne, Kreuzbuchstrasse 33/35*	completely	–
Meilen, Seestrasse 545*	completely	–
Olten, Frohburgstrasse 1	partly	partly
Ostermundigen, Mitteldorfstrasse 16*	completely	–
Pfäffikon/SZ, Huobstrasse 5*	completely	–
Thun, Göttibachweg 2–2a, 4, 6, 8*	completely	–
Wabern, Nesslerenweg 30*	completely	–
Zurich, Carl Spitteler-Strasse 68/70*	completely	–
Zurich, Jupiterstrasse 15/Böcklinstrasse 19*	completely	–
Zurich, Kappenbühlweg 9, 11/ Holbrigstrasse 10/Regensdorferstrasse 18a*	completely	–
Zurich, Restelbergstrasse 108*	completely	–
Zurich, Seidengasse 1/Jelmoli –The House of Brands	partly	partly

* acquisition of Tertianum Group as at 12.07.2013

Fair values of the owner-occupied properties were all classified as hierarchy level 3, based on the input factors of the applied valuation technique (see Note 2.3 «Valuations and assumptions»). Further information on fair value measurement is provided in Note 24 «Investment properties». The relevant dates of the revaluation were 30.06. and 31.12.

Reclassification of investment properties into owner-occupied properties and vice-versa is implemented on a semi-annual basis by mean of using the current rent tables. If the owner-occupied properties had been valued according to the historical cost model, the book value would have been CHF 714.560 million [CHF 299.423 million] as at the balance sheet date. Transfer depreciation was based on the cumulative depreciation as at the revaluation date, which was eliminated against the gross book value of the revalued owner-occupied properties.

Owner-occupied properties were valued according to the discounted cash flow (DCF) method by the independent valuation expert Wüest & Partner AG, Zurich, based on regular (semi-annual) fair value appraisals. The applied real discount rate hovered in range between 3.6% and 5.0% [3.9% and 4.4%] on the balance sheet date. These valuations were based on the market prices of recently executed transactions.

The fire insurance value of owner-occupied properties amounted to CHF 521.709 million [CHF 122.728 million]. Rental income from owner-occupied properties totalled CHF 11.369 million [CHF 0.000 million].

Owner-occupied properties under construction

in CHF 1 000	31.12.2013	31.12.2012
Owner-occupied properties under construction before cumulative depreciation and impairments at beginning of period	–	–
Additions from the acquisition of Tertianum AG	7 902	–
Additions	4 487	–
Negative fair value adjustment due to revaluation	(29)	–
Owner-occupied properties under construction before cumulative depreciation and impairments at end of period	12 360	–
Cumulative depreciation and impairments at beginning of period	–	–
Depreciation of the period	–	–
Impairments	29	–
Transfer depreciation and impairments	(29)	–
Cumulative depreciation and impairments at end of period	–	–
Total owner-occupied properties under construction after cumulative depreciation and impairments	12 360	–

The Bubenholz building project located at Müllackerstrasse in Opfikon has been classified as owner-occupied properties under construction. Following the end of the construction phase, the property will be reported under the assisted living segment. The fair value of owner-occupied properties under construction is allocated based on the applicable input factors of the level 3 hierarchy.

If this particular owner-occupied property under construction were valued according to the historical cost model, the book value would have been CHF 12.350 million as at the balance sheet date.

City, address	Additional information
Opfikon, Müllackerstrasse/ Bubenholz	<ul style="list-style-type: none"> • Project description: The Bubenholz assisted living project comprises 59 senior residences with 1½, 2½, and 3½ rooms as well as geriatric care facility with 43 rooms. The construction project encompasses roughly 10 800 square metres of floor space divided between one three- and one eight-storey building, with a one-storey connecting tract. In addition to 32 parking places in the subterranean garage, the ground floor features a bistro, multi-purpose rooms, about 100 square metres of commercial floor space and a hair salon. • Project status: Construction activity began in April 2013. The laying of the cornerstone took place on 29.10.2013. The building shell construction is currently underway. • Occupancy rate: The entire building is leased to Tertianum AG, which will operate the property under the Vitadomo brand. Leasing of the individual senior residences began in November 2013. • Completion: Spring 2015

The fire insurance value of this property amounts to CHF 12.360 million.

26 TANGIBLE ASSETS

in CHF 1 000	Production facilities/ equipment	Tenants' improve- ments	Furniture	31.12.2013 Total
Tangible assets before cumulative depreciation and impairments at beginning of period	–	31 769	38 235	70 004
Additions	2 446	5 075	4 846	12 367
Additions from the acquisition of Tertianum AG	1 416	980	6 352	8 748
Disposals	–	–	–	–
Tangible assets before cumulative depreciation and impairments at end of period	3 862	37 824	49 433	91 119
Cumulative depreciation and impairments at beginning of period	–	11 875	13 681	25 556
Depreciation during the period	89	4 564	7 034	11 687
Disposals	–	–	–	–
Cumulative depreciation and impairments at end of period	89	16 439	20 715	37 243
Total tangible assets after cumulative depreciation and impairments	3 773	21 385	28 718	53 876

in CHF 1 000	Tenants' improve- ments	Furniture	31.12.2012 Total
Tangible assets before cumulative depreciation and impairments at beginning of period	30 043	32 010	62 053
Additions	–	4 266	4 266
Additions from the acquisition of Wincasa AG	1 726	1 959	3 685
Disposals	–	–	–
Tangible assets before cumulative depreciation and impairments at end of period	31 769	38 235	70 004
Cumulative depreciation and impairments at beginning of period	7 512	8 442	15 954
Depreciation during the period	4 363	5 239	9 602
Disposals	–	–	–
Cumulative depreciation and impairments at end of period	11 875	13 681	25 556
Total tangible assets after cumulative depreciation and impairments	19 894	24 554	44 448

27 INTANGIBLE ASSETS

in CHF 1 000	Goodwill	Software	Customer base	Brand names	31.12.2013 Total
Intangible assets before cumulative amortisation and impairments at beginning of period	123 378	7 365	26 000	27 192	183 935
Additions	–	1 670	–	–	1 670
Additions from the acquisition of Tertianum AG	44 477	–	3 630	26 205	74 312
Reduction due to disposal of operating business of hotel Ramada Encore	(80)	–	–	–	(80)
Intangible assets before cumulative amortisation and impairments at end of period	167 775	9 035	29 630	53 397	259 837
Cumulative amortisation and impairments at beginning of period	–	1 509	2 114	–	3 623
Amortisation during the period	–	2 840	2 963	–	5 803
Disposals	–	–	–	–	–
Cumulative amortisation and impairments at end of period	–	4 349	5 077	–	9 426
Total intangible assets after cumulative amortisation and impairments	167 775	4 686	24 553	53 397	250 411

in CHF 1 000	Restated* Goodwill	Software	Customer base	Brand names	Restated* 31.12.2012 Total
Intangible assets before cumulative amortisation and impairments at beginning of period	36 010	2 853	5 650	22 797	67 310
Additions	–	497	–	–	497
Additions from the acquisition of Wincasa AG	87 368	4 015	20 350	4 395	116 128
Disposals	–	–	–	–	–
Intangible assets before cumulative amortisation and impairments at end of period	123 378	7 365	26 000	27 192	183 935
Cumulative amortisation and impairments at beginning of period	–	579	1 210	–	1 789
Amortisation during the period	–	930	904	–	1 834
Disposals	–	–	–	–	–
Cumulative amortisation and impairments at end of period	–	1 509	2 114	–	3 623
Total intangible assets after cumulative amortisation and impairments	123 378	5 856	23 886	27 192	180 312

* restatement due to IAS 19 rev.

Impairment test for cash-generating units including goodwill and brand names

To perform the impairment test, goodwill and brand names are attributed to the cash-generating units of Swiss Prime Site that correspond to the operating segments.

Goodwill

in CHF 1 000	31.12.2013	Restated* 31.12.2012
Real estate segment	87 368	87 368
Retail and gastronomy segment	35 930	36 010
Assisted living segment	44 477	–
Total goodwill	167 775	123 378

* restatement due to IAS 19 rev.

The real estate, retail and gastronomy, and assisted living segments each constitute an operating segment. The amount to be realised by the cash-generating units was based on value in use.

Value in use was based on the following underlying key assumptions:

- Taking into consideration past experience, cash flows were based on a business plan for the forthcoming four years. A constant growth rate of 1.0% was used for cash flows of the detailed horizon of the subsequent periods for the real estate segment, while relevant constant growth rates of 2.0% and 1.5% were used for the retail and gastronomy, and assisted living segments, respectively.
- A pre-tax discount rate of 8.3% [9.2%] was applied for the goodwill in the real estate segment, while the relevant rates applied to the goodwill in the retail and gastronomy and assisted living segments were 9.4% [8.3%] and 7.4% [0%], respectively.

Value in use for the cash-generating unit retail and gastronomy corresponded to the level of the relevant book value as at the balance sheet date. The Executive Board determined that an increase in the applicable pre-tax discount rate 9.4% and/or a decrease in the estimated growth rate of 2.0% could result in the book value exceeding the value in use.

In the opinion of the Executive Board, no realistically expected, possible changes in the designated key assumptions could lead to a situation in which the book value of goodwill would exceed the relevant realisable amount as at the balance sheet date. The impairment tests were carried out in the fourth quarter of 2013.

Goodwill was adjusted by CHF 0.080 million as a result of the divestment of the operating business of Hotel Ramada Encore, Geneva.

Brand names

in CHF 1 000	31.12.2013	31.12.2012
Real estate segment	4 395	4 395
Retail and gastronomy segment	22 797	22 797
Assisted living segment	26 205	–
Total brand names	53 397	27 192

The useful life of the brand names acquired in connection with the acquisition of Jelmoli Group (Jelmoli including The House of Brands) (retail and gastronomy segment), Wincasa AG (real estate segment) and Tertianum AG (assisted living segment) were regarded as indefinite because there are absolutely no plans for rebranding.

For valuation of the brands, the so-called relief from royalty method was applied through deriving a value that would have to be paid to a third-party user for the use of the brands. Licensing fees in line with those paid among third parties served as a standard for the basis of the valuation.

The underlying key assumptions for the impairment test for the brand name Jelmoli, including The House of Brands, conducted at 31.12.2013 by means of the so-called relief from royalty method, included a pre-tax discount rate of 9.6% [9.5%] as well as net licensing fee of 1.3% [1.3%]. The relevant valuation of the Wincasa brand was derived with a pre-tax discount rate of 7.3% [8.2%] and net licensing fee of 0.5% [0.5%]. The relevant valuation of the Tertianum brand was derived with a pre-tax discount rate of 10.3% and net licensing fee of 1.1%. The values assigned to the key assumptions have been derived from industry-specific values from companies in the retail trade, real estate management and senior housing sectors.

Based on the impairment tests, there was no need for any impairment as at end 2013. Due to the nature of the valuation method, sales development contrary to expectations would directly lead to value impairment.

28 CURRENT LIABILITIES

in CHF 1 000	31.12.2013	31.12.2012
Accounts payable to third parties	15 532	10 087
Accounts payable to related parties	–	1 009
Total accounts payable	15 532	11 096
Current financial liabilities to third parties	1 089 639	504 993
Current financial liabilities to related parties	–	110 000
Total current financial liabilities	1 089 639	614 993
Other current liabilities to third parties	138 444	84 101
Other current liabilities to related parties	–	46 381
Total other current liabilities	138 444	130 482
Advance payments from third parties	93 461	90 193
Advance payments from related parties	–	6
Total advance payments	93 461	90 199
Current income tax liabilities	31 687	25 412
Accrued expenses and deferred income to third parties	111 648	79 393
Accrued expenses and deferred income to related parties	–	869
Accrued expenses and deferred income	111 648	80 262
Total current liabilities	1 480 411	952 444

Accounts payable comprised mainly liabilities from ancillary cost accounts, property expense and commercial invoices, as well as liabilities from the assisted living segment.

Current financial liabilities to third and related parties [Credit Suisse Group] consisted of mortgages and a bond from the acquired Jelmoli Group amounting to CHF 0.000 million [CHF 200.821 million], which was redeemed on 11.07.2013. A short-term loan amounting to CHF 419.7 million was acquired for financing the withholding tax to the Swiss Federal Tax Administration (FTA), which was repaid on 10.01.2014.

Bonds

The bond from the former Jelmoli Group showed the following key data:

Volume	CHF 200.000 million (book value on 31.12.2013 CHF 0.000 million)
Interest rate	4.625% p.a., payable annually on 11.07.
Term to maturity	8 years (11.07.2005–11.07.2013)
Listing	SIX Swiss Exchange
Securities number	2 190 735 (JEL05)

The redemption took place on 11.07.2013 at nominal value.

The accrued expenses and deferred income included accruals from the real estate accounts (primarily renovation and project costs) of CHF 68.544 million [CHF 54.395 million]. The other accrued expenses and deferred income consisted of CHF 3.933 million [CHF 1.700 million] for goods and services from the retail and gastronomy segment and assisted living segment, as well as of CHF 37.889 million [CHF 23.130 million] for administrative and advertising expenses in addition to auditing and valuation fees. Accruals for interest liabilities toward lenders accounted for CHF 1.282 million [CHF 1.037 million].

There were no other unusual debt covenants relating to current liabilities.

29 NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities consisted of loans secured by real estate of CHF 3 184.994 million [CHF 3 040.275 million], two convertible bonds of CHF 437.234 million [CHF 469.823 million] and two newly issued bonds of CHF 343.637 million [CHF 0.000 million]. One convertible bond has a nominal value of CHF 251.655 million [CHF 286.535 million] and was issued on 20.01.2010. The second convertible bond, with a nominal value of CHF 190.350 million was issued on 21.06.2011. Both convertible bonds have an interest rate of 1.875% and a term to maturity of five years.

Non-current financial liabilities of CHF 3 965.865 million [CHF 3 510.098 million] were recognised at amortised cost, which generally corresponded to the nominal value. There were no extraordinary debt covenants for loans secured by real estate or for bonds. For the previous year, see Note 28 «Current liabilities». The contractual limits were complied with by the Company and are continually monitored.

To secure the financial liabilities, various credit line agreements were concluded under market conditions (at arm's length), both with third-party banks and with related banks. Within the scope of the general credit lines, the 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 entire real estate portfolio was 54.1% [48.0%].

Bonds

On 11.07.2013, Swiss Prime Site AG issued a bond with the following key data:

Volume	CHF 115.000 million (book value on 31.12.2013 CHF 114.544 million)
Interest rate	1.125% p.a., payable annually on 11.07.
Term to maturity	5 years (11.07.2013–11.07.2018)
Listing	SIX Swiss Exchange
Securities number	21 564 566 (SPS13)

Fair value on the balance sheet date for disclosure purposes (level 1, based on the stock exchange price) was CHF 115.978 million [CHF 0.000 million].

The bond will be redeemed at its nominal value.

On 21.10.2013, Swiss Prime Site AG issued a bond with the following key data:

Volume	CHF 230.000 million (book value on 31.12.2013 CHF 229.093 million)
Interest rate	2.0% p.a., payable annually on 21.10.
Term to maturity	7 years (21.10.2013–21.10.2020)
Listing	SIX Swiss Exchange
Securities number	21 565 073 (SPS131)

Fair value on the balance sheet date for disclosure purposes (level 1, based on the stock exchange price) was CHF 233.105 million [CHF 0.000 million].

The bond will be redeemed at its nominal value.

Convertible bonds

On 20.01.2010, Swiss Prime Site AG issued a convertible bond with the following key data:

Issuing volume	CHF 300.000 million
Volume at balance sheet date	CHF 251.655 million (book value on 31.12.2013 CHF 249.182 million)
Interest rate	1.875% p.a., payable annually on 20.01., starting on 20.01.2011
Term to maturity	5 years (20.01.2010–20.01.2015)
Conversion price	CHF 70.97 [CHF 70.97] (at issue CHF 71.89)
Listing	SIX Swiss Exchange
Securities number	10 877 415 (SPS10)

Fair value on the balance sheet date for disclosure purposes (level 1, based on the stock exchange price) was CHF 261.973 million [CHF 309.028 million].

In 2013, conversions took place with a volume amounting to nominal CHF 34.880 million [CHF 13.465 million] of the CHF 300 million convertible bond (20.01.2010 to 20.01.2015), resulting in an increase in shareholders' equity of CHF 7.519 million [CHF 2.866 million], or 491 470 [187 296] registered shares, and addition to capital contribution reserves of CHF 26.557 million [CHF 10.375 million].

Each individual bond with a nominal value of CHF 5 000 can be converted into registered shares of the Company at any time. The newly issued shares are secured by conditional capital.

The equity component resulting from the convertible bond was recognised directly in shareholders' equity. The other embedded options of the convertible bond – i.e. premature redemption option of Swiss Prime Site under certain preconditions (clean-up call and share price appreciation call) – as well as the put option granted under certain preconditions (delisting of shares put) are contained within the borrowed capital component and are not recognised separately.

On 21.06.2011, Swiss Prime Site AG issued a convertible bond with the following key data:

Volume	CHF 190.350 million (book value on 31.12.2013 CHF 188.052 million)
Interest rate	1.875% p.a., payable annually on 21.06., starting on 21.06.2012
Term to maturity	5 years (21.06.2011–21.06.2016)
Conversion price	CHF 82.89 [CHF 82.89] (at issue CHF 83.97)
Listing	SIX Swiss Exchange
Securities number	13 119 623 (SPS11)

Fair value on the balance sheet date for disclosure purposes (level 1, based on the stock exchange price) was CHF 195.870 million [CHF 197.203 million].

Each individual bond with a nominal value of CHF 5 000 can be converted into registered shares of the Company at any time. The newly issued shares are secured by conditional capital.

The equity component resulting from the convertible bond was recognised directly in shareholders' equity. The other embedded options of the convertible bond – i.e. premature repayment option of Swiss Prime Site under certain preconditions (clean-up call and issuer call) – as well as the put option granted under certain preconditions (delisting of shares put) are contained within the borrowed capital component and are not recognised separately.

For more information regarding non-current financial liabilities, see Note 38 «Financial instruments and financial risk management».

Conversion price and number of possible shares given 100% conversion

	31.12.2013 Conversion price in CHF	31.12.2013 Number of possible shares	31.12.2012 Conversion price in CHF	31.12.2012 Number of possible shares
Convertible bonds				
1.875%-convertible bond 20.01.2010–20.01.2015, CHF 251.655 million [CHF 286.535 million] (issuing volume CHF 300.000 million)	70.97	3 545 935	70.97	4 037 410
1.875%-convertible bond 21.06.2011–21.06.2016, CHF 190.350 million	82.89	2 296 417	82.89	2 296 417
Total number of possible shares		5 842 352		6 333 827

30 DEFERRED TAX LIABILITIES

in CHF 1 000	31.12.2013	31.12.2012
Deferred tax liabilities at beginning of period	805 406	727 044
Additions due to acquisition of Tertianum Group	14 490	–
Increase through depreciation/revaluation, net	90 024	85 633
Decrease through property disposals	(16 201)	(3 398)
Provisions and other liabilities	931	2 935
Tax rate changes	(2 778)	(6 808)
Total deferred tax liabilities at end of period	891 872	805 406

Deferred tax liabilities resulted from differences in valuation between statutory reporting of financial results and reporting according to IFRS standards. They resulted particularly from revaluations and statutory depreciation of investment properties and owner-occupied properties. Conversely, deferred tax liabilities decreased upon disposals of the properties.

The calculation of deferred taxes on real estate assets was based on the assumption of a holding period of minimum 20 years. Given a holding period of 15 years, the relevant deferred tax liabilities on future property gains would have been roughly 3% higher; given a reduction of the holding period to 10 years, deferred tax liabilities would have been around 5% higher.

Information about the status and changes in revaluations can be found in Notes 6 «Revaluation of investment properties, properties under construction and development sites», 24 «Investment properties» and 25 «Owner-occupied properties and owner-occupied properties under construction». Note 13 «Income taxes» explains the calculation of the deferred taxes.

31 SHAREHOLDERS' EQUITY

	Number of registered shares issued	Nominal value in CHF	in CHF 1 000
Share capital			
Nominal share capital at 01.01.2012	54 368 714	15.30	831 841
Conversions in April and October 2012	187 296	15.30	2 866
Capital increase on 05.12.2012	5 455 601	15.30	83 471
Nominal share capital at 31.12.2012	60 011 611	15.30	918 178
Conversions from February to April 2013	491 470	15.30	7 519
Total nominal share capital at 31.12.2013	60 503 081	15.30	925 697

A share register is maintained for the registered shares. Only the person registered in the share register is recognised as shareholder or usufructuary. Each share is entitled to one vote at the Annual General Meeting. The Board of Directors is entitled to decline foreign buyers of registered shares as shareholders with voting rights, insofar and as long as their acknowledgement might prevent the Company from producing evidence of the composition of the circle of shareholders required by law. Otherwise, there are no restrictions on registration or voting rights. Anyone who acquires or holds – either directly or indirectly or in joint agreement with third parties – more than 33⅓% of the voting shares must submit an offer to acquire all listed shares of the Company.

The capital increase of 05.12.2012 was carried out to underpin Swiss Prime Site's growth strategy. The Company aims to invest the net proceeds from the capital increase in investments in ongoing development and new building projects, as well as in modifications and conversions of properties. Plans also call for seizing further growth opportunities on the Swiss real estate market that should expand the portfolio with high-quality properties featuring robust returns and sound construction according to comprehensive sustainability standards.

The 18 916 [4 828] treasury shares held at 31.12.2013 were not entitled to dividends. At the balance sheet date, the dividend-entitled share capital of CHF 925.408 million [CHF 918.104 million] therefore comprised 60 484 165 [60 006 783] shares.

	Number of registered shares	Nominal value in CHF	in CHF 1 000
Authorised capital			
Authorised capital at 01.01.2012	10 000 000	15.30	153 000
Capital increase on 05.12.2012	(5 455 601)	15.30	(83 471)
Authorised capital at 31.12.2012	4 544 399	15.30	69 529
Total authorised capital at 31.12.2013	–	–	–

The Board of Directors was authorised to increase the share capital to the extent mentioned above at any time until 19.04.2013.

	Number of registered shares	Nominal value in CHF	in CHF 1 000
Conditional capital			
Conditional capital at 01.01.2012	8 000 000	15.30	122 400
Conversions in April and October 2012	(187 296)	15.30	(2 866)
Conditional capital at 31.12.2012	7 812 704	15.30	119 534
Conversions from February to April 2013	(491 470)	15.30	(7 519)
Total conditional capital at 31.12.2013	7 321 234	15.30	112 015

Conditional capital was divided into an amount of up to CHF 88.912 million [CHF 96.431 million] (5 811 234 [6 302 704] shares) for exercising options and/or conversion rights granted in connection with bonds or similar obligations and an amount of up to CHF 23.103 million [CHF 23.103 million] (1 510 000 [1 510 000] shares) for option rights granted to the shareholders. The precise wording can be found in the Company's articles of association. In 2013, convertible bonds with a volume amounting to nominal CHF 34.880 million [CHF 13.465 million] were converted to shareholders' equity. Further relevant information can be found in Notes 14 «Earnings per share» and 29 «Non-current financial liabilities».

Capital reserves	in CHF 1 000
Capital reserves at 01.01.2012	1 103 505
Distribution from capital contribution reserves on 27.04.2012	(196 386)
Conversions of 2 693 units of the CHF 300 million convertible bond (2010–2015) into 187 296 registered shares	10 375
Capital increase on 05.12.2012	265 882
Cost of capital increase	(10 636)
Share-based compensation, 6 416 shares	476
Purchase of treasury shares, 7 000 shares	(524)
Capital reserves at 31.12.2012	1 172 692
Distribution from capital contribution reserves on 24.04.2013	(217 794)
Conversions of 6 976 units of the CHF 300 million convertible bond (2010–2015) into 491 470 registered shares	26 557
Share-based compensation, 8 837 shares	589
Purchase of treasury shares, 25 000 shares	(1 717)
Sale of treasury shares, 2 075 shares	139
Total capital reserves at 31.12.2013	980 466

Capital reserves were based on above-par issues on foundation, capital increases as well as changes from trading with subscription rights, treasury shares and share-based compensation.

Revaluation reserves	in CHF 1 000
Revaluation reserves at 01.01.2012	19 009
Revaluation of owner-occupied properties	10 311
Deferred taxes on revaluation of owner-occupied properties	(2 372)
Revaluation reserves at 31.12.2012	26 948
Revaluation of owner-occupied properties	20 569
Deferred taxes on revaluation of owner-occupied properties	(4 731)
Total revaluation reserves at 31.12.2013	42 786

Revaluation reserves are not available to the Company shareholders.

Retained earnings	Restated* in CHF 1 000
Retained earnings at 01.01.2012	1 480 556
Profit	311 299
Remeasurement of net defined benefit obligations	5 483
Deferred taxes on remeasurement of net defined benefit obligations	(1 261)
Retained earnings at 31.12.2012	1 796 077
Profit	343 869
Remeasurement of net defined benefit obligations	24 054
Deferred taxes on remeasurement of net defined benefit obligations	(5 604)
Total retained earnings at 31.12.2013	2 158 396

* restatement due to IAS 19 rev.

Retained earnings are derived from earnings retained since the foundation of the Company as well as from cumulative remeasurements of net defined benefit obligations.

Total shareholders' equity, in CHF 1 000	4 107 345
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As at the end of the previous year, shareholders' equity amounted to CHF 3 913.895 million (restated*).

* restatement due to IAS 19 rev.

The Annual General Meeting of 16.04.2013 passed the following resolutions:

A distribution from capital contribution reserves of CHF 3.60 per share.

The share capital on which the distribution was based consisted of 60 498 253 shares. The distribution from capital contribution reserves amounting to CHF 217.794 million was carried out on 24.04.2013.

32 FUTURE OBLIGATIONS AND CONTINGENT LIABILITIES

in CHF 1 000	31.12.2013	31.12.2012
2013	–	250 000
2014	201 923	71 666
2015	18 899	8 309
Total future obligations	220 822	329 975

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 payments are shown in the table above. The relevant properties were as follows:

Properties	Planned completion	31.12.2013 Outstanding payments in CHF 1 000	31.12.2012 Outstanding payments in CHF 1 000
Basel, Hochbergerstrasse 60a	2014	4 528	–
Berne, Wankdorfallee 4/Swiss Post headquarters/Majowa	2014	63 736	105 876
Berne, Weltpoststrasse 5/Murifeld	2013	11 607	15 731
Grand-Lancy, Route des Jeunes 10/CCL La Praille	2014	2 839	15 888
Neuchâtel, Rue du Temple-Neuf 14	2014	10 660	16 727
Rümlang, Hofwissenstrasse 50	2014	630	427
Zurich, Affolternstrasse 52/MFO building	2012	–	728
Zurich, Flurstrasse 55/Flurpark	2015	50 414	–
Zurich, Hagenholzstrasse 60/SkyKey	2014	14 835	90 050
Zurich, Maaghof North and East	2015	61 573	84 548
Total outstanding payments/future obligations		220 822	329 975

The subsidiary SPS Beteiligungen Alpha AG holds 31.0% of Ensemble artisanal et commercial de Riantbosson S.A. (EACR) with share capital of CHF 1.000 million. In the shareholders' agreement dated 15.02.1999, a reserve liability is stipulated, which the General Meeting can decide with a simple majority. In any case, the contracting partners are obligated to effect additional payments to cover any possible excessive debt. The equity of EACR amounted to CHF 0.903 million [CHF 0.918 million] as at 31.12.2013 (status closing 2013 [2012]).

Operating lease agreements

In addition to the obligations for operating lease agreements mentioned in Note 24 «Investment properties», there were also the following future obligations relating to leasing of office equipment as well as renting office, retail and residential floor space, as well as owner-occupied properties in the assisted living sector:

in CHF 1 000	31.12.2013	31.12.2012
Lease expenses up to 1 year	31 662	6 452
Lease expenses from 1 year up to 5 years	62 042	16 483
Lease expenses over 5 years	41 869	9 505
Total future lease expenses	135 573	32 440

In the reporting period, CHF 18.814 million [CHF 2.592 million] was recognised in real estate costs as well as CHF 0.833 million [CHF 0.210 million] for lease expenses for the rental of office equipment was recognised in other operating expenses. The increase in real estate costs was attributable primarily to additional leasing of owner-occupied properties in the assisted living segment.

Contingent liabilities

As at the balance sheet date there was a contingent liability related to an unresolved difference of opinion with the Swiss Federal Tax Administration (FTA) in connection with its claim for interest on arrears. This claim is linked to the reporting procedure surrounding withholding tax on dividend distributions within the Group. Notwithstanding what we view as proper and timely reporting of the distributions in 2012, four subsidiaries received requests for effective payment of the withholding tax and interest on arrears towards the end of 2013 and beginning of 2014 (see Note 13 «Income taxes»). Due to the risk of substantial interest on arrears, Swiss Prime Site paid the withholding tax on 24.12.2013 as a precautionary measure. This amount was subsequently reimbursed by the FTA on 10.01.2014.

Swiss Prime Site objected against the decision that was issued by the FTA. Based on a legal opinion, the Company believes that there are no legitimate or legal grounds for either the subsequent imposition of withholding taxes or the obligation to effect payment of interest on arrears. Although Swiss Prime Site is convinced that its actions are appropriate and is attempting to legally assert its point of view, a litigation risk exists. According to internal calculations, the interest on arrears would amount to maximum CHF 25.0 million in the case that a final decision in favour of the FTA is taken. Since the outcome of the dispute is still uncertain and the extent of the amounts to be ultimately paid in case of a negative outcome cannot be reliably determined at present due to the various possible outcome scenarios, no provision was considered necessary in accordance with IAS 37.

There were no other contingent liabilities at the balance sheet date, neither securities nor guarantees.

33 DETAILS OF PLEDGED ASSETS

in CHF 1 000	31.12.2013	31.12.2012
Fair value of affected investment properties	8 276 914	7 463 157
Fair value of affected owner-occupied properties	510 715	297 127
Nominal value of pledged mortgage notes	4 836 824	4 447 208
Current claim (nominal)	4 271 170	3 454 112

34 TRANSACTIONS WITH RELATED PARTIES

Related parties are regarded as the Board of Directors, the Executive Board, the subsidiaries, the pension fund foundations of the Group, the associated companies and their subsidiaries, as well as Credit Suisse Group Ltd. with its subsidiaries and the real estate products managed by these up until 31.12.2012. Through the direct employment of the Executive Board by Swiss Prime Site, the management agreement with Credit Suisse AG was downsized as at 01.01.2013. In this context, Credit Suisse AG provides mostly support and controlling functions for Swiss Prime Site, but no longer any management functions whatsoever beyond these.

Board of Directors and Executive Board

Disclosure in accordance with IAS 24 of the following fixed compensation to members of the Board of Directors and the fixed and variable compensation to the Executive Board was based on the accrual principle (i.e. recognised in the relevant period, regardless of cash flow).

Members of the Board of Directors received 2013 50% to 100% of their fixed compensation at the end of the year in the form of Swiss Prime Site AG shares. Members of the Executive Board employed by Swiss Prime Site Group AG received 50% of their variable compensation in March of the subsequent year in the form of Swiss Prime Site AG shares. The corresponding expense was reported as share-based compensation. The number of Swiss Prime Site AG shares granted to the members of the Board of Directors was determined using the closing price as at the end of the

previous year of CHF 76.35 [CHF 70.55], less 10% discount to CHF 68.72 [CHF 63.50]. The share-based compensation was debited with the relevant amount of shares with a fair value of CHF 66.70 [CHF 74.25]. The shares are subject to blocking for periods of four and three years for members of the Board of Directors and Executive Board, respectively.

Compensation to the members of the Board of Directors was adjusted in 2013 compared to the previous year. The raise was paid in cash.

Note 9 «Compensation, participations and loans to members of the Board of Directors and the Executive Board» of the separate financial statements of Swiss Prime Site AG shows a list with the names and the individual compensation paid to the members of the Board of Directors and the compensation paid to the the Executive Board.

The compensation is stated gross in the following tables, i.e. before deduction of the ordinary social insurance contributions. Expense allowances paid to the members of the Board of Directors in the form of a Swiss federal railways (SBB) general pass, were reported under «Other compensation components».

The term «Board of Directors» as used in the following tables refers exclusively to non-executive directors since Swiss Prime Site did not have executive members of the Board of Directors during the reporting period or previous period.

Compensation to the Board of Directors

in CHF 1 000	Compensation in cash	Share-based compensation *	Other compensation components**	Employer social security contributions	Gross compensation	Expense allowance
01.01.–31.12.2013						
Prof. Dr. Wehrli Hans Peter, Chairman of the BoD	157	182	6	28	373	6
Dr. Wetzol Thomas, Vice-Chairman of the BoD	141	61	6	18	226	6
Chambers Christopher M., member of the BoD	92	80	6	15	193	6
Dr. Hammer Bernhard, member of the BoD	119	53	6	15	193	6
Dr. Huber Rudolf, member of the BoD	74	107	6	15	202	6
Seris Mario F., member of the BoD	64	106	6	14	190	6
Wecken Klaus R., member of the BoD	–	–	6	–	6	12
Total compensation to the Board of Directors 2013, gross	647	589	42	105	1 383	48

* The shares are subject to blocking for four years.

** services and benefits in kind (provision of Swiss federal railways (SBB) general pass, gross)

The share-based compensation was calculated at 8 837 [6 416] shares at a price of CHF 66.70 [CHF 74.25]. No separate severance payments were paid to former members of company bodies in the current or previous period.

Compensation to the Executive Board

in CHF 1 000	Total Executive Board	Of which Markus Graf (CEO)
01.01.–31.12.2013		
Fixed compensation in cash, gross	3 640	1 400
Variable compensation in cash, gross	985	336
Share-based variable compensation*	686	338
Other compensation component**	17	6
AVS/invalidity insurance contributions	382	95
Other social security contributions	367	100
Total compensation to the Executive Board 2013, gross	6 077	2 275
Expense allowance	29	–

* The shares are subject to blocking for three years.

** includes all compensation components not separately reported according to Art. 14, para. 2 of the Swiss Ordinance Against Excessive Compensation in Listed Companies, e.g. provision of Swiss federal railways (SBB) general pass, gross

Members of the Executive Board maintained no employment relationships with any group companies prior to 01.01.2013. Swiss Prime Site directly effected lump-sum expense payments of CHF 0.008 million only. Consequently, a year-on-year comparison is not possible. The management agreement in effect with Credit Suisse AG, Real Estate Asset Management, Zurich, up until 31.12.2012 was revised and downsized as at 01.01.2013.

The Executive Board participates in the Group's profit according to their performance via a bonus system. The bonus amounts to 0% to 50% of the contractually stipulated annual gross salary.

Variable compensation for members of the Executive Board employed by Swiss Prime Site Group AG is subdivided into three stipulated targets:

– NAV after deferred taxes	30%
– earnings per share before revaluation effects/deferred taxes	40%
– individual targets	30%
– total	100%

The variable compensation is paid out in March of the subsequent year. The payout to members of the Executive Board employed by Swiss Prime Site Group AG is effected 50% in cash and 50% in Swiss Prime Site AG shares.

A different and diverse bonus program is applied to members of the Executive Board who are not employed by Swiss Prime Site Group AG directly, but rather by the subsidiaries, in the context of an adequate incentive system. Individual and quantitative targets are also stipulated here; the latter include net revenue and EBITDA targets, for example. Bonuses are paid out 100% in cash.

Options

There were no outstanding or allocated options as at the balance sheet date.

Additional fees and compensation

No additional fees and compensation were paid.

Loans to members of governing bodies

There were no outstanding loans to governing bodies as at the balance sheet date.

Other related parties**Balance sheet items with Credit Suisse Group up until 31.12.2012***

in CHF 1 000	31.12.2012
Cash	176 287
Accounts receivable	4 317
Other receivables	76
Accrued income and prepaid expenses	1 235
Total assets with Credit Suisse Group	181 915
Accounts payable	1 009
Current financial liabilities	110 000
Other current liabilities	46 381
Advance payments	6
Accrued expenses and deferred income	869
Non-current financial liabilities	680 000
Other non-current financial liabilities	7 114
Total liabilities with Credit Suisse Group	845 379

* Credit Suisse Group was no longer a related party from 01.01.2013.

Income statement items with Credit Suisse Group up until 31.12.2012*

in CHF 1 000	01.01.–31.12.2012
Rental income	14 925
Income from real estate services	7 242
Income from retail and restaurant	81
Other operating income	75
Bank interests	81
Interest income swaps	67
Total income from Credit Suisse Group	22 471
Property expenses	(1)
Expenses for third party services rendered	(7 625)
Charged salary costs for administration, rental of furnishings and contributions to client events	(937)
Rents	(315)
Ancillary costs	(28)
Management fee	(20 958)
Other administrative expenses	(202)
Mortgage and loan interest payments	(24 306)
Bank interests	(170)
Interest expense swaps	(1 832)
Sales and purchase commissions	(2 017)
Construction commissions	(5 171)
Total expenses to Credit Suisse Group	(63 562)

*Credit Suisse Group was no longer a related party from 01.01.2013.

Up until 31.12.2012, the management fees amounted to between 0.14% and 0.31% (graduated) annually of total assets (total of all valued, consolidated assets, at the beginning of each quarter).

Generally, agency commissions of 1.50% to 5.00% of the purchase or sales price (excluding purchasing costs) were paid on every property bought, acquired or sold by Swiss Prime Site.

Wincasa AG was primarily responsible for the management of most properties, which was regarded as a related party up until 25.10.2012.

Other transactions with Credit Suisse Group*

in CHF 1 000	01.01.–31.12.2012
Costs of capital increase	(210)
Total other transactions with Credit Suisse Group	(210)

*Credit Suisse Group was no longer a related party from 01.01.2013.

On 25.10.2012, Wincasa AG was acquired from Credit Suisse AG for CHF 109.000 million in cash. Otherwise, there were no acquisitions or sales relative to related parties carried out either in the reporting period or previous period. Payment for costs relating to the capital increase in the prior year was effected to Credit Suisse AG.

There were existing current accounts receivable relative to various pension funds and the SPS and Jelvoli welfare foundation of CHF 0.641 million [CHF 0.000 million], as well as current accounts payable of CHF 0.823 million [CHF 0.270 million]. An amount of CHF 0.052 million [CHF 0.071 million] was settled with the SPS and Jelvoli welfare foundation for services. Payments for administrative costs of CHF 0.235 million [CHF 0.202 million] were effected to the SPS and Jelvoli pension fund and SPS and Jelvoli welfare foundation.

There were no additional transactions with other related parties carried out either in the reporting period or previous period.

35 SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES**Fully consolidated subsidiaries with a shareholding interest (direct or indirect) of 100%**

Subsidiaries	Purpose	31.12.2013 Share capital in CHF 1 000	31.12.2012 Share capital in CHF 1 000
Clouds Gastro AG, Zurich	Restaurant business	500	500
GLPH SA, Lancy*	Inactive company [hotel business]	100	100
Jelmoli Ltd, Zurich	Retail company	6 600	6 600
Perlavita AG, Zurich**	Services provider in the residential sector, particularly assisted living	100	–
Perlavita Rosenau AG, Kirchberg**	Operation of private senior residence and care facility with related services	300	–
Permed AG, Zurich**	Personnel services provider in healthcare industry	100	–
SPS Beteiligungen Alpha AG, Olten	Investment company	650 000	650 000
SPS Beteiligungen Beta AG, Olten	Investment company	450 000	450 000
SPS Beteiligungen Gamma AG, Olten	Investment company	300 000	300 000
SPS Immobilien AG, Olten	Real estate company	50 000	50 000
Swiss Prime Site Group AG, Olten***	Services company	100	–
Tertianum AG, Zurich**	Services provider in the residential sector, particularly assisted living	9 562	–
Tertianum Ticino SA, Muralto**	Management of senior residences	100	–
Wincasa AG, Winterthur****	Real estate services company	1 500	1 500

* Operating business was sold end of 2013.

** acquired as at 12.07.2013

*** founded as at 25.11.2013

**** acquired as at 25.10.2012

Investments in associates valued according to the equity method

Investments in associates	Purpose	31.12.2013 Share capital in CHF 1 000	31.12.2012 Share capital in CHF 1 000
Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld, shareholding of 31.0%	Real estate company	1 000	1 000
Parkgest Holding SA, Geneva, shareholding of 38.8%	Parking	4 750	4 750
Parking Riponne S.A., Lausanne, shareholding of 27.1%	Parking	5 160	5 160

36 MAJOR SHAREHOLDERS

Major shareholders (shareholding interest >3.0%)	31.12.2013 Shareholding interest* in %	31.12.2012 Shareholding interest* in %
Credit Suisse Funds AG, Zurich	5.3	5.5
BlackRock Investment Management (UK) Ltd, London	5.1	5.1
Wecken Klaus R., Bürgenstock	n/a	3.4
State Street Corporation, Boston	3.1	n/a

* according to entry in the register of shareholders or the notifications received by the Company

37 RISK MANAGEMENT**Principles**

Swiss Prime Site attaches considerable importance to the identification, measurement and control of risks. By applying comprehensive and systematic measures for the identification and valuation of risks, risk management aims to ensure that undesirable risks are mitigated well in advance, and that there is always an adequate balance between return and risk.

The effect of risks on the Company's cash flow and value is reviewed on a regular basis and, if necessary, appropriate countermeasures are taken.

The principles of risk distribution/optimisation are set out in separate investment and financing regulations.

The Executive Board and the Board of Directors are accordingly informed regularly – at least on a quarterly basis – regarding the risk situation.

Swiss Prime Site has divided the risk management process into the following sub-processes:

- identifying risks
- valuating risks
- determining risk strategy
- implementing risk strategy
- managing risks

The responsibility is assigned to the various entities of the Company such as the Board of Directors and Executive Board, etc.

Risk types

Swiss Prime Site's businesses (real estate, retail and gastronomy, assisted living segments) are subject to specific risks that can be divided into the following categories (list is not exhaustive):

- real-estate-specific risks
- risks associated with construction activities
- market risk and diversification
- valuation risks
- risks associated with the real estate services business
- retail-business-specific risks
- risks associated with the assisted living sector
- credit risk
- changes to laws and regulations
- tax risks
- risks associated with litigation
- restricted purchase/sale opportunities for real estate
- environmental risks and risks associated with contamination
- company-specific operational risks
- risks associated with outsourcing
- refinancing and liquidity risks

General economic development and structural changes are decisive factors for determining the trend in general and specific supply and demand in the market for office and commercial properties, which, in turn, affects the level of rents and vacancy risks. The financial markets have an effect through financing costs, fundraising opportunities and investors' expectations for returns. Swiss Prime Site considers all operational risks and the risk of losing key-skilled specialists or managers as company-specific risks.

These risks are addressed by means of appropriate selection and diversification of properties and tenants, adjustments of the expiry profile of rental agreements, constructional measures, finance assurances, the degree of indebtedness, as well as regular monitoring of processes and procedures.

Real-estate-specific risks

Normal real estate risks are covered by appropriate insurance policies.

When acquiring any property, Swiss Prime Site examines the environmental risks and risks related to contamination. If there are any identifiable environmentally relevant problems, either the expected costs are factored into the calculation of the purchase price or an indemnity is agreed with the vendor or the operator of the facility, or else Swiss Prime Site refrains from concluding the purchase of the property.

Risks associated with construction activities (new buildings, modifications and renovations)

Various risks exist relative to construction activities, for example:

- delays in the issue of building permits following objections, which may lead to additional costs or termination of the project
- incurred higher-than-expected construction costs, under certain circumstances also possibly related to construction defects
- failure of the company engaged (usually the general contractor) to fulfil performance of the relevant services, or insolvency on the part of that company
- inability to find a suitable tenant or buyer after completion of the building

In order to minimise risks associated with construction activities, various measures are contractually agreed with the general contractor, such as:

- contract penalties for construction delays
- performance guarantees in the form of joint guarantees from first-rate banks or insurance companies

These risks are especially monitored during the individual construction phases, among others, with the involvement of building owner trustees that exercise strict control over the project.

Market risk and diversification

In order to diversify risks, Swiss Prime Site invests in office and retail properties as well as owner-occupied properties in the assisted living sector in prime locations, assigning particular importance to a diversified tenant structure and good credit ratings on the part of the tenants.

The focal point is directed at broadly diversified types of utilisation, as well as deliberate diversification of tenant mix, combined with a high degree of flexibility in possible floor plan uses. The high-quality standard of a property is maintained, or enhanced, through targeted modernisation and improvement investments. Active management ensures an excellent administrative service that checks and monitors tenant credit ratings, as well as provides a balanced profile of tenancy renewal dates.

The following guidelines apply to the diversification of investment risks:

- net target rent of one tenant group should amount to a maximum of 25% of the total target rental income
- fair value of an individual property should amount to a maximum of 20% of the total portfolio value
- share of new construction projects should amount to a maximum of 25% of the total portfolio value
- proportion of residential properties (excluding residential space required by law) should amount to a maximum of 20% of the total investment volume
- proportion of vacant land should amount to a maximum of 5% of the total fair value of the properties

Valuation risks

The property portfolio is valued on a semi-annual basis (properties under construction/development properties on a quarterly basis) by an external, independent appraisal company according to the fair value principle. The valuation is based on international standards using the discounted cash flow method.

Risks associated with the real estate services business

Wincasa AG, the subsidiary active in the real estate services business, perceives efficient and foresighted risk management as a value-creating, value-securing key responsibility, which is primarily assumed by its management team. The objective of risk management is based on examining strategies and operating activities according to opportunities and threats, assessing the identified risks, controlling these risks with appropriate measures and therefore providing a significant contribution to the continuity and successful development of the company. At the same time, the focal point is directed at adequately mitigating any relevant potential losses, as well as consciously seizing opportunities.

Risk management is centrally controlled, decentrally executed and methodically oriented toward the internationally recognised ISO 31000 risk standard. Management of strategic risks is focused on the activities and development of the business units as well as on major investment projects. Management of operational risks additionally comprises the processes and extends to safeguarding assets (internal control system/ICS) and security of the workplace, IT and facilities. Business continuity management (BCM) – for events that seldom materialise, albeit with significant potential for losses – is also an integral component of risk management.

The greatest risks currently emanate particularly from the still-impending optimisation of the client structure, stepped-up competition and changing procurement policy on the part of existing clients disbursed among several providers. All the relevant risks are described in detail in the internal risk catalogue, assessed according to predefined risk criteria regarding the potential loss and probability of occurrence, provided with adequate risk-surmounting measures and classified thematically.

Risk monitoring, as an integral component of the risk management process, is carried out on an ongoing basis by the responsible risk owner from the executive board and via direct reports to the chief executive officer, chief risk officer and independent risk and audit committee (RAC).

Retail-business-specific risks

The retail business – particularly represented by Jelmoli – The House of Brands – is subject to inherent business risks associated with potential losses resulting from fluctuations in prices, interest rates and currencies. Additional risks include counterparty risks, liquidity risks and the growing significance of online trading. Risk management forms an integral part of the management and controlling system, comprising the identification, assessment and acceptance of risks (limits), finding solutions for risks, determining and addressing risks, monitoring and reporting risks as well as

periodic supervision of the risk management process. The Board of Directors and Executive Board define the risk strategy and risk policy, while designated responsible top executives review their implementation.

The risk model is divided into two categories: strategic and functional risks. The focus of managing strategic risks is directed at the external perception of the Company, fulfilment of statutory requirements and the success of the business model, which are monitored and addressed by the Board of Directors. Managing functional risks involves the operating business activities and support function of the organisation. These risks emerge in day-to-day business operations and accordingly are monitored and addressed by the operating management.

Risk assessment relates to the analysis of the gross and net risks regarding probability of occurrence and impact.

The following factors, among others, form an integral part of the risk management process at the operating level: the code of conduct regarding the principles governing responsible actions in matters involving clients, employees, the public sector/community, suppliers as well as the environment and social responsibility, in addition to the supplier code of conduct with guidelines regarding child labour, freedom of association, forced labour, discrimination, health and safety, working hours and compensation, environmental policy and supervision.

In the retail business, Jelvoli – The House of Brands confronts these risks with a foresighted, structured market research strategy, coupled with periodic review and adjustment of the strategy. A competent presence on the market with an attractive range of products and additional services significant to added value, together with an optimal location, are the prerequisites for succeeding in this very dynamic environment. Jelvoli – The House of Brands boasts a first-class location. The ideal mix of product range and services is constantly subject to review and adapted to the market trends and associated demand behaviour on the part of consumers so that the attractiveness of this location is maintained at all times.

The risks of financial losses resulting from volatile market prices, interest rates or exchange rates, from credit or counterparty risks, or from risks associated with liquidity and refinancing are countered by daily analysis of market and credit conditions, by risk limits and by explicit regulations covering the authorisation of transactions.

Risks associated with the assisted living sector

Risk management is part of Tertianum Group's internal control system (ICS). Based on a periodic review of the strategic risks by the board of directors, the business risks are systematically identified and categorised. Measures aimed at reducing the probability of occurrence and effects are adhered to and subject to review on an ongoing basis, including monitoring of compliance with directives and government regulatory guidelines.

Following are the significant risks associated with the business activities in the assisted living sector:

- regulatory guidelines: payment contributions by the canton (residual financing) are re-determined by the relevant cantonal authorities annually, while tightening regulations lead to continuously increasing administrative expenses
- market trend and competition: stepped-up competitive playing field in private and public sector
- demographic and lifestyle trend of customers: higher level of sophistication on the part of customers and trend toward individualisation
- employees and management: already foreseeable shortage of personnel, particularly in the area of care and support, is intensified further by political developments
- reputation risks: significant public scrutiny of incidents
- capacity utilisation of residences: high fixed-cost component complicates adjusting costs to fluctuations in capacity utilisation
- project developments: risks associated with costs, quality and deadlines for new buildings
- establishing the Vitadomo brand: market acceptance of the new product
- additionally leased properties: contract extension opportunities as well as execution of maintenance activities desired by the company

Regulatory and fiscal risks

Possible future changes to legislation, other regulations or official practice – in particular in the areas of tax, tenancy or environmental protection law – could have an impact on real estate prices, costs and income and hence on Swiss Prime Site's business performance.

Such developments are followed very closely, and appropriate measures are taken.

Risks associated with litigation

Swiss Prime Site Group may become involved in various legal, regulatory and arbitration-related proceedings in connection with its normal business activities. Swiss Prime Site sets aside provisions for litigation (including fees and costs for external lawyers and other relevant services) relating to certain anticipated court costs and arbitration-related costs as well as regulatory costs, when such expenses are likely to be incurred and if they are realistically assessable. Swiss Prime Site reviews its legal, regulatory and arbitration-related proceedings on a quarterly basis in terms of adequacy of provisions. The Company is therefore able to build up or release its provisions based on the assessments of the Executive Board and advice of its legal advisors. Additional allocations to or releases of provisions for litigation may be carried out in the future if necessitated by the relevant legal disputes, claims or proceedings.

Due to the inherent nature of the risks associated with litigation, the probability or realistic possibility that such potential costs may be incurred as well as their amount or scope cannot be readily assessed. The management relies on assumptions regarding the outcome of these proceedings in the preparation of the consolidated financial statements. At the same time, various factors are also taken into account, including type and nature of the litigation, pretence or proceedings, development of the case, the legal advice received, rebuttal on the part of Swiss Prime Site, its experience with similar cases or proceedings, as well as assessment of the issues.

Risks associated with outsourcing

Swiss Prime Site had entrusted its portfolio management to Credit Suisse AG, Real Estate Asset Management, up until 31.12.2012. Relinquishing the use of in-house personnel for management (up until 31.12.2012) and for the real estate segment (up until the acquisition of Wincasa AG on 25.10.2012) harboured certain risks such as dependence, loss of know-how regarding cancellation of agreements, etc.

Risk monitoring

The various risks are monitored and controlled by several Swiss Prime Site bodies and departments, as follows:

- Board of Directors
- Audit Committee
- internal risk management
- internal audit

38 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

in CHF 1 000	31.12.2013 Book value	Fair value level 1	Fair value level 2	Fair value level 3	Total levels
Cash (without cash in hand)	200 946				
Accounts receivable	120 406				
Current accounts receivable	147				
Other receivables	7 035				
Other non-current receivables	2 125		1 943		1 943
Non-current financial investments	1 262		252	134	386
Total receivables and non-current financial investments	130 975				
Total financial assets, not recognised at fair value	331 921				
Securities	390	390			390
Derivatives with positive fair value	279		279		279
Total financial assets held for trading	669				
Total financial assets at fair value	669				
Accounts payable	15 532				
Current financial liabilities	1 089 639				
Other current liabilities	138 444				
Mortgage-backed loans	3 184 994		3 272 253		3 272 253
Convertible bonds	437 234	457 843			457 843
Bonds	343 637	349 083			349 083
Total financial liabilities at amortised cost	5 209 480				
Total financial liabilities, not recognised at fair value	5 209 480				
Derivatives with negative fair value	11 173		11 173		11 173
Total financial liabilities held for trading	11 173				
Total financial liabilities at fair value	11 173				

in CHF 1 000	31.12.2012 Book value	Fair value level 1	Fair value level 2	Fair value level 3	Total levels
Cash (without cash in hand)	199 358				
Accounts receivable	115 738				
Current accounts receivable	2				
Other receivables	2 207				
Other non-current receivables	3 825		2 823		2 823
Non-current financial investments	1 772		250	431	681
Total receivables and non-current financial investments	123 544				
Total financial assets, not recognised at fair value	322 902				
Securities	456	456			456
Total financial assets held for trading	456				
Total financial assets at fair value	456				
Accounts payable	11 096				
Current financial liabilities	614 993				
Other current liabilities	130 482				
Mortgage-backed loans	3 040 275		3 195 991		3 195 991
Convertible bonds	469 823	506 231			506 231
Bonds					
Total financial liabilities at amortised cost	4 266 669				
Total financial liabilities, not recognised at fair value	4 266 669				
Derivatives with negative fair value	19 595		19 595		19 595
Total financial liabilities held for trading	19 595				
Total financial liabilities at fair value	19 595				

No fair value information was disclosed for financial instruments such as current receivables and liabilities since their relevant book values represent an appropriate approximation of the fair value.

The following table shows the valuation techniques used to determine the fair value at level 2 and level 3, as well as the significant, unobservable input factors:

Financial instruments recognised at fair value

Nature Derivatives (swaps and caps)

Valuation technique Market comparison method: fair value is based on brokers' listed prices. Similar contracts are traded in an active market, and the listed prices reflect the actual transactions for similar instruments.

Financial instruments not recognised at fair value

Nature Other non-current receivables
Non-current financial assets
Mortgage-backed loans

Valuation technique Discounted cash flows

The valuation techniques remained unchanged year-on-year.

Financing and liquidity risks

Financial risk and capital management are dealt with in accordance with the following principles of capital structure and interest commitment as determined by the Board of Directors in the investment regulations:

- a maximum average of 65% borrowed capital may be used to finance the real estate portfolio
- the equity ratio target is 40%, although the Board of Directors can approve a shortfall of this ratio
- a return on equity (ROE) of 6% to 8% is targeted in the long term
- borrowing with a residual term to maturity of less than one year should account for a maximum of 50% of financial liabilities
- the objective is a balanced maturity profile of the financial liabilities

Selected key figures

in %	31.12.2013	Restated* 31.12.2012
Loan-to-value ratio for the property portfolio**	54.1	48.0
Non-current financial liabilities relative to property portfolio**	42.5	40.8
Current financial liabilities relative to overall financial liabilities	21.5	14.8
Current assets to current liabilities	59.5	60.4
Equity ratio*	39.1	42.4
Borrowed capital ratio*	60.9	57.6
Return on equity (ROE weighted)	9.1	8.9
Return on invested capital (ROIC weighted)	4.6	4.8

* restatement due to IAS 19 rev.

** without derivatives

To minimise refinancing risk on the part of lenders and to avoid cluster risks, diversification of lenders receives particular attention when borrowing capital.

Interest commitment is determined, among other things, by taking into account the maturity structure of the existing rental agreements, the intended purchases and sales of properties, and the potential trends in market rents, inflation and interest rates.

Liquidity risk is the risk that Swiss Prime Site may not be in a position to meet its contractual financial obligations through providing means of payment or other financial assets.

Current income basically ensures sufficient cash flow to meet current obligations. Any lack of liquidity is financed through current loans.

Sight deposits are invested in secure investments. Foreign currencies are immaterial. Cash and cash equivalents are kept as low as possible and are used primarily to redeem loans. The goal is to invest available cash in real estate. To secure larger liabilities, non-secured but open credit lines are available. The Executive Board is responsible for the timely provision of the required cash. Hence, it complies with, among others, the provisions of the investment regulations and use of rolling liquidity planning as a tool. The Board of Directors monitors compliance with the provisions of the investment regulations.

The overview of future contractual cash outflows (including interest) from all financial liabilities as at the balance sheet date was as follows:

in CHF 1 000	31.12.2013 Book value	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Accounts payable	15 532	15 532	15 532	–	–	–	–
Current financial liabilities	1 089 639	1 094 000	961 635	132 365	–	–	–
Other current liabilities	138 444	138 444	138 444	–	–	–	–
Non-current financial liabilities	3 965 865	4 406 982	45 480	46 235	759 573	1 530 567	2 025 127
Total non-derivative financial liabilities	5 209 480	5 654 958	1 161 091	178 600	759 573	1 530 567	2 025 127
Derivatives with negative fair values	11 173	12 534	3 425	2 328	3 879	2 252	650
Total derivative financial liabilities	11 173	12 534	3 425	2 328	3 879	2 252	650
Total financial liabilities	5 220 653	5 667 492	1 164 516	180 928	763 452	1 532 819	2 025 777
Total interest payments		442 807	48 485	47 600	80 378	166 217	100 127
Total amortisation payments for finance liabilities		5 058 175	958 630	131 000	679 195	1 364 350	1 925 000

in CHF 1 000	31.12.2012 Book value	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Accounts payable	11 096	11 096	11 096	–	–	–	–
Current financial liabilities	614 993	624 411	297 615	326 796	–	–	–
Other current liabilities	130 482	130 482	130 482	–	–	–	–
Non-current financial liabilities	3 510 098	3 938 662	42 855	43 565	407 920	1 873 268	1 571 054
Total non-derivative financial liabilities	4 266 669	4 704 651	482 048	370 361	407 920	1 873 268	1 571 054
Derivatives with negative fair values	19 595	19 052	4 259	4 293	5 247	5 253	–
Total derivative financial liabilities	19 595	19 052	4 259	4 293	5 247	5 253	–
Total financial liabilities	4 286 264	4 723 703	486 307	374 654	413 167	1 878 521	1 571 054
– of which interest payments for finance liabilities to third parties		336 677	39 272	34 077	61 776	122 609	78 943
– of which interest payments for finance liabilities to Credit Suisse Group*		95 400	11 067	10 324	18 724	35 674	19 611
Total interest payments		432 077	50 339	44 401	80 500	158 283	98 554
– of which amortisation payments for finance liabilities to third parties		3 340 996	230 131	275 960	256 420	1 394 985	1 183 500
– of which amortisation payments for finance liabilities to Credit Suisse Group*		790 000	60 000	50 000	71 000	320 000	289 000
Total amortisation payments for finance liabilities		4 130 996	290 131	325 960	327 420	1 714 985	1 472 500

* Credit Suisse Group was no longer a related party from 01.01.2013.

The weighted average residual term to maturity of all interest-bearing financial liabilities was 4.0 [4.5] years due to the contractual maturities.

Currency risk

Currency risk is the risk that movements in the exchange rates could have an effect on the profit or book value of the financial instruments held by Swiss Prime Site. There is currently no significant currency risk.

Credit risk

Credit risk is the risk that Swiss Prime Site suffers financial losses if a customer or counterparty of a financial instrument does not meet its contractual obligations. In order to minimise counterparty risk, the particular counterparties for concluding derivative financial instrument transactions are diligently selected in terms of credit ratings and diversification. The quality of the transactions and settlements is subject to monitoring on an ongoing basis. To have a positive impact on cash flows, outstanding debt risk is managed through active debt management.

Rent defaults are prevented as far as possible by maintaining a balanced tenant mix and avoiding dependencies on major tenants. First, arrears are prevented by performing strict credit rating checks before entering into a contract. Second, efficient debt collection and legal case reporting by the property managers ensure that debt levels are kept as low as possible.

The threat of outstanding debt risks is influenced by general economic development. As a result, it is possible that tenants have a good credit rating at the time of signing a contract, but then run into payment difficulties if the economic situation deteriorates.

Credit risk is limited to the book value of the relevant financial assets. The maximum default risk as at the balance sheet date was as follows:

in CHF 1 000	31.12.2013	31.12.2012
Cash (without cash in hand)	200 946	199 358
Securities	390	456
Accounts receivable	120 406	115 738
Current accounts	147	2
Other receivables	7 035	2 207
Other non-current receivables	2 125	3 825
Non-current financial investments	1 262	1 772
Derivatives with positive fair value	279	–
Maximum credit risk	332 590	323 358

Interest risk

Interest risk is the risk that movements in interest rates can have an effect on the profit and/or fair value of the financial instruments held by Swiss Prime Site.

As at the balance sheet date, the Group held the following fixed and variable interest-bearing financial instruments:

in CHF 1 000	31.12.2013	31.12.2012
Fixed interest-bearing financial instruments		
Financial assets	4 968	6 206
Financial liabilities	4 906 655	3 977 556
Surplus of fixed interest-bearing financial liabilities	4 901 687	3 971 350
Variable interest-bearing financial instruments		
Financial assets	200 946	199 358
Financial liabilities	151 520	153 440
Surplus of variable interest-bearing financial assets	49 426	45 918

Interest risk is continuously monitored and assessed by the Executive Board. Depending on the expected trends in long-term interest rates and taking into account the current market environment, an individual decision as to the term to maturity is made with each refinancing. Particular attention is paid to a balanced maturity profile, and the entire interest exposure is continuously taken into account. Derivatives are used as well.

The Group's cash is invested on a short-term basis. For more information regarding interest-bearing borrowed capital, see Notes 28 «Current liabilities» and 29 «Non-current financial liabilities».

Current and non-current financial liabilities split by interest rate

in CHF 1 000	31.12.2013	31.12.2013	31.12.2012	31.12.2012
	Total nominal value	Thereof to related parties*	Total nominal value	Thereof to related parties*
Financial liabilities up to 1.00%	485 450	–	165 000	–
Financial liabilities up to 1.50%	391 520	–	278 440	–
Financial liabilities up to 2.00%	1 681 605	–	983 885	62 000
Financial liabilities up to 2.50%	783 400	–	690 500	157 000
Financial liabilities up to 3.00%	862 500	–	1 043 000	148 000
Financial liabilities up to 3.50%	385 500	–	455 500	225 000
Financial liabilities up to 4.00%	424 200	–	446 000	198 000
Financial liabilities up to 4.75%	44 000	–	233 671	–
Total financial liabilities	5 058 175	–	4 295 996	790 000

* Credit Suisse Group was no longer a related party from 01.01.2013.

The weighted average interest rate for all interest-bearing financial liabilities was 2.2% [2.6%]. The loans were mainly obtained at fixed interest rates.

Interest rate sensitivity of fixed interest-bearing financial instruments

Swiss Prime Site has not recognised any fixed interest-bearing financial instruments at fair value in the balance sheet. Therefore, a change in interest rates would not influence comprehensive income.

Interest rate sensitivity of variable interest-bearing financial instruments

The following sensitivity analysis is based on the book values of variable interest-bearing financial instruments as at the balance sheet date and shows how the interest result would change if the interest level increased or decreased by 0.5%.

in CHF 1 000	2013	2012
Change of interest result with increase of interest rate by 0.5%	495	1 536
Change of interest result with decrease of interest rate by 0.5%	633	574

Derivatives and hedge accounting

Swiss Prime Site utilises various derivatives (swaps and caps) for the purpose of partial interest fixing of variable interest-bearing financial liabilities. Hedge accounting in the context of IAS 39 is not used. Swaps are balanced on a net basis.

Special price risk

Special price risk is the risk of changes in fair value of securities, which can have an effect on the fair value of securities held by Swiss Prime Site as well as on profit.

A change in the fair value of securities amounting to 10% would accordingly increase or decrease profit by CHF 0.039 million [CHF 0.046 million]. The fair value of securities corresponds to the listing price as at the balance sheet date.

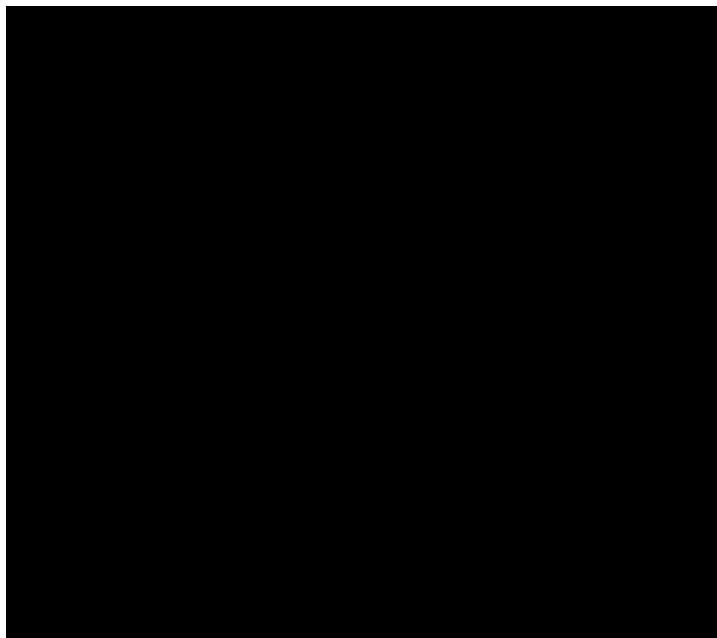
39 EVENTS AFTER THE BALANCE SHEET DATE

The annual consolidated financial statements were approved for publication by the Board of Directors on 28.02.2014 and are subject to the approval of the Annual General Meeting of Swiss Prime Site AG of 15.04.2014.

In December 2013, a purchase agreement was concluded for acquiring an additional 26.4% of the shares in Ensemble artisanal et commercial de Riantbosson S.A., Frauenfeld. This purchase agreement was executed as at 01.01.2014. This company is fully consolidated starting from 2014 (shareholding interest of 57.4%) and holds one property/project. No operating business is being acquired.

On 27.01.2014, an agreement for the divestment of Permed AG was signed. The execution date of the agreement was as at 17.03.2014. The divestment will not have any significant effect on the income statement.

There were no other events occurring between 31.12.2013 and the date of publication of these annual consolidated financial statements that would result in adjustment of the book values of the Group's assets and liabilities as at 31.12.2013, or which would need to be disclosed at this point.





Financial statements of Swiss Prime Site AG

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF SWISS PRIME SITE AG, OLTEN

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Swiss Prime Site AG, which comprise the income statement, balance sheet and notes (pages 158 to 165) for the year ended 31.12.2013.

Board of directors' responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31.12.2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 28.02.2014

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Claudius Rügsegger
Licensed Audit Expert

INCOME STATEMENT

in CHF 1 000	Notes	01.01.– 31.12.2013	01.01.– 31.12.2012
Operating income			
Income from investments in participations	4	20 000	13 000
Other operating income		1	1
Total operating income		20 001	13 001
Operating expenses			
Personnel costs	9	(1 567)	(1 832)
Other costs		(7 607)	(5 124)
Depreciation of tangible assets		–	(16)
Total operating expenses		(9 174)	(6 972)
Operating result		10 827	6 029
Financial result			
Financial expenses	3	(100 604)	(95 394)
Financial income		81 921	62 577
Total financial result		(18 683)	(32 817)
Amortisation			
Amortisation of convertible bond costs	3	(1 831)	(1 966)
Amortisation of bond costs	7	(73)	–
Total amortisation		(1 904)	(1 966)
Result before taxes		(9 760)	(28 754)
Current income taxes		–	–
Annual (loss)	12	(9 760)	(28 754)

BALANCE SHEET

in CHF 1 000	Notes	31.12.2013	31.12.2012
Assets			
Cash		1 791	40 780
Securities, shares of Swiss Prime Site AG	5	1 306	210
Securities, other		114	127
Other receivables			
– from third parties		14 264	858
– from group companies		30 908	–
Accrued income and prepaid expenses			
– from third parties		419	1 169
– from group companies		–	13 000
Total current assets		48 802	56 144
Capitalised financing costs			
	3	4 343	5 078
Financial investments			
– participations	4	4 029 072	4 029 072
– non-current receivables from subsidiaries		3 094 598	2 141 989
Tangible assets		–	62
Total non-current assets		7 123 670	6 171 123
Total assets		7 176 815	6 232 345
Liabilities and shareholders' equity			
Liabilities			
– to third parties		594	648
– to group companies		14 757	2
Financial liabilities			
– to third parties	3	1 089 151	304 172
– to related parties		–	110 000
Dividends due		96	77
Accrued expenses and deferred income			
– to third parties		9 735	13 328
– to shareholders		234	–
– to pension plans		100	–
Total current liabilities		1 114 667	428 227
Convertible bonds	3	442 005	476 885
Bonds	3	345 000	–
Other non-current liabilities			
– to third parties		2 882 029	2 060 823
– to related parties		–	680 000
Total non-current liabilities		3 669 034	3 217 708
Total liabilities		4 783 701	3 645 935
Share capital			
Share capital		925 697	918 178
General statutory reserves			
– from capital contributions		965 885	1 156 940
– from retained earnings	12	147 378	148 312
Treasury shares reserves			
– from retained earnings	5/12	1 296	362
Free reserves	12	159 729	159 729
Balance sheet profit	12	193 129	202 889
Total shareholders' equity		2 393 114	2 586 410
Total liabilities and shareholders' equity		7 176 815	6 232 345

1 PRINCIPLES OF ACCOUNTING AND VALUATION

The financial statements of Swiss Prime Site AG comply with the statutory provisions of the Swiss Code of Obligations (CO).

2 ASSETS ASSIGNED TO SECURE COMPANY'S OWN LIABILITIES

There were no assets assigned to secure company's own liabilities as at the balance sheet date.

3 BONDS

On 20.01.2010, Swiss Prime Site AG issued a convertible bond with the following key data:

Volume	CHF 300.000 million (nominal value on 31.12.2013 CHF 251.655 million)
Interest rate	1.875% p.a., payable annually on 20.01., starting on 20.01.2011
Term to maturity	5 years (20.01.2010–20.01.2015)
Conversion price	CHF 70.97 [CHF 70.97] (at issue CHF 71.89)
Listing	SIX Swiss Exchange
Securities number	10 877 415 (SPS10)

In 2013, 6 976 [2 693] bond units were converted with a volume of nominal CHF 34.880 million [CHF 13.465 million], resulting in an increase in share capital of CHF 7.519 million [CHF 2.866 million] and addition to capital contribution reserves of CHF 26.750 million [CHF 10.599 million].

On 21.06.2011, Swiss Prime Site AG issued a convertible bond with the following key data:

Volume	CHF 190.350 million (nominal value on 31.12.2013 CHF 190.350 million)
Interest rate	1.875% p.a., payable annually on 21.06., starting on 21.06.2012
Term to maturity	5 years (21.06.2011–21.06.2016)
Conversion price	CHF 82.89 [CHF 82.89] (at issue CHF 83.97)
Listing	SIX Swiss Exchange
Securities number	13 119 623 (SPS11)

On 11.07.2013, Swiss Prime Site AG issued a bond with the following key data:

Volume	CHF 115.000 million
Interest rate	1.125% p.a., payable annually on 11.07., starting on 11.07.2014
Term to maturity	5 years (11.07.2013–11.07.2018)
Listing	SIX Swiss Exchange
Securities number	21 564 566 (SPS13)

On 21.10.2013, Swiss Prime Site AG issued a bond with the following key data:

Volume	CHF 230.000 million
Interest rate	2.0% p.a., payable annually on 21.10., starting on 21.10.2014
Term to maturity	7 years (21.10.2013–21.10.2020)
Listing	SIX Swiss Exchange
Securities number	21 565 073 (SPS131)

4 INVESTMENTS IN SUBSIDIARIES

Subsidiaries	31.12.2013 Share capital in CHF 1 000	31.12.2012 Shareholding interest in %	01.01.– 31.12.2013 Dividends in CHF 1 000	01.01.– 31.12.2012 Dividends in CHF 1 000
SPS Beteiligungen Alpha AG Investment company, Olten	650 000	100.0	20 000	13 000

The dividends of SPS Beteiligungen Alpha AG of CHF 20.000 million [CHF 13.000 million] were decreed by the Annual General Meeting. At the same time, the dividend income was recognised by Swiss Prime Site AG as receivables or income from investments in participations, respectively. This approach was permitted since the companies close their accounts on the same balance sheet date, and the resolution to pay the dividend was passed.

A list of all group companies can be found in Note 35 «Subsidiaries and investments in associates» to the consolidated financial statements.

5 TREASURY SHARES

As at the balance sheet date, Swiss Prime Site AG held 18 916 [2 753] treasury shares. Purchases and sales were carried out at the applicable daily market rate.

	2013 Volume- weighted average share price in CHF	2013 Number of treasury shares	2012 Volume- weighted average share price in CHF	2012 Number of treasury shares
Change in number of treasury shares				
Holdings of treasury shares on 01.01.	–	2 753	–	2 169
Purchases at the volume-weighted average share price	68.70	25 000	74.90	7 000
Share-based compensation	68.47	(8 837)	74.25	(6 416)
Holdings of treasury shares on 31.12.	–	18 916	–	2 753

Earnings resulting from fair value changes of treasury shares were recognised in net financial income. SPS Beteiligungen Alpha AG held additionally 0 [2 075] Swiss Prime Site AG shares as at the balance sheet date.

6 CONDITIONAL CAPITAL

The conditional capital amounted to CHF 112.015 million [CHF 119.534 million], divided into an amount of up to CHF 88.912 million [CHF 96.431 million] (5 811 234 [6 302 704] shares) for exercising options and/or conversion rights granted in connection with bond or similar obligations and an amount of up to CHF 23.103 million [CHF 23.103 million] (1 510 000 [1 510 000] shares) for option rights granted to the shareholders.

7 AUTHORISED CAPITAL

As at 31.12.2013, there was no authorised capital. The authorised capital was reduced as a result of the capital increase on 05.12.2012 by 5 455 601 shares to 4 544 399 shares or CHF 69.529 million. The Board of Directors was authorised to increase the share capital accordingly at any time until 19.04.2013.

8 FUTURE COMMITMENTS AND CONTINGENT LIABILITIES

As a result of the acquisition of Jelmoli Holding Ltd, Swiss Prime Site AG granted guarantees in accordance with art. 111 CO for the 4.625% bond issued by Jelmoli Holding Ltd of nominal value CHF 200.000 million with a term to maturity to 11.07.2013 (which was redeemed on 11.07.2013).

As a result of the acquisition of Tertianum Group, Swiss Prime Site AG granted a joint guarantee with indefinite term of CHF 1.000 million [CHF 0.000 million] in favour of the Office for Economy and Labour in Zurich for payment of the general security deposit for the personal loan of Permed AG.

9 COMPENSATION, PARTICIPATIONS AND LOANS TO MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Compensation to the Board of Directors, the Executive Board, the Audit Committee, Compensation Committee and Investment Committee (separate compensation of the Committees until 31.12.2012)

The following tables show gross figures of the compensation, i.e. including employer contributions.

Compensation to the Board of Directors

in CHF 1 000	Compensation in cash	Share-based compensation *	Other compensation components**	Employer social security contributions	Gross compensation	Expense allowance
01.01.–31.12.2013						
Prof. Dr. Wehrli Hans Peter, Chairman of the BoD	157	182	6	28	373	6
Dr. Wetzol Thomas, Vice-Chairman of the BoD	141	61	6	18	226	6
Chambers Christopher M., member of the BoD	92	80	6	15	193	6
Dr. Hammer Bernhard, member of the BoD	119	53	6	15	193	6
Dr. Huber Rudolf, member of the BoD	74	107	6	15	202	6
Seris Mario F., member of the BoD	64	106	6	14	190	6
Wecken Klaus R., member of the BoD	–	–	6	–	6	12
Total compensation to the Board of Directors 2013, gross	647	589	42	105	1 383	48

* The shares are subject to blocking for four years.

** services and benefits in kind: provision of Swiss federal railways (SBB) general pass, gross

Members of the Board of Directors received fixed compensation and a lump-sum expense allowance for their activities. The fixed compensation component included remuneration for activities of members of the Board of Directors on the Board's Committees and subsidiaries' boards. This regulation replaces the system of basic fees and additional compensation for activities on the Board's Committees that had been in effect up until 2012.

in CHF 1 000	Compensation in cash	Share-based compensation*	Audit Committee fee	Compensation Committee fee	Investment Committee fee	Other compensation components**	AVS/Invalidity Insurance contributions	Gross compensation	Expense allowance
01.01.–31.12.2012									
Prof. Dr. Wehrli Hans Peter, Chairman of the BoD	125	146	–	15	–	5	10	301	6
Dr. Wetzel Thomas, Vice-Chairman of the BoD	63	73	–	20	20	5	12	193	6
Chambers Christopher M., member of the BoD	55	64	20	–	–	5	10	154	6
Dr. Hammer Bernhard, member of the BoD	55	65	20	–	20	5	11	176	6
Dr. Huber Rudolf, member of the BoD	55	64	30	–	–	5	17	171	6
Seris Mario F., member of the BoD	55	64	20	15	–	5	10	169	6
Wecken Klaus R., member of the BoD	–	–	–	–	–	5	–	5	12
Total compensation to the Board of Directors 2012, gross	408	476	90	50	40	35	70	1 169	48

* The shares are subject to blocking for four years.

** services and benefits in kind (provision of Swiss federal railways SBB general pass, gross)

Compensation to the Executive Board

in CHF 1 000	Total Executive Board	Of which Markus Graf (CEO)
01.01.–31.12.2013		
Fixed compensation in cash, gross	3 640	1 400
Variable compensation in cash, gross	985	336
Share-based variable compensation*	686	338
Other compensation**	17	6
AVS/invalidity insurance contributions	382	95
Other social security contributions	367	100
Total compensation to the Executive Board 2013, gross	6 077	2 275
Expense allowance	29	–

* The shares are subject to blocking for three years.

** includes all compensation components not separately reported according to Art. 14, para. 2 of the Swiss Ordinance Against Excessive Compensation in Listed Companies, e.g. provision of Swiss federal railways (SBB) general pass, gross

Members of the Executive Board had no employment relationship with group companies prior to 01.01.2013, so a previous year's comparison is not possible. Members of the Executive Board were paid lump-sum expenses of CHF 0.008 million in the prior year. The existing management agreement with Credit Suisse AG, Real Estate Asset Management, Zurich – in effect up until 31.12.2012 – was revised and downsized as at 01.01.2013.

Share ownership of the Board of Directors and the Executive Board

Number of shares	31.12.2013	31.12.2012
Board of Directors		
Prof. Dr. Wehrli Hans Peter, Chairman of the BoD	25 609	21 881
Dr. Wetzel Thomas, Vice-Chairman of the BoD	2 717	3 308
Chambers Christopher M., member of the BoD	39 016	37 816
Dr. Hammer Bernhard, member of the BoD	7 155	6 355
Dr. Huber Rudolf, member of the BoD	18 046	16 446
Seris Mario F., member of the BoD	5 450	3 850
Wecken Klaus R., member of the BoD	1 070 000	2 070 000
Executive Board		
Graf Markus, member of the Executive Board (CEO)	30 279	27 444
Hofmann Oliver, member of the Executive Board and CEO Wincasa AG*	–	n/a
Lehmann Peter, member of the Executive Board (CIO)	8 500	4 675
Savastano Franco, member of the Executive Board and CEO of Jelmoli – The House of Brands**	–	–
Wullschleger Peter, member of the Executive Board (CFO) and secretary of the BoD	10 000	7 150
Total share ownership of the Board of Directors and the Executive Board	1 216 772	2 198 925

* since 01.06.2013

** since 01.04.2012

No loans, credit, nor other remunerations to the Board of Directors, Executive Board and their related parties that are subject to disclosure existed as at the balance sheet date. There were no outstanding or allocated options.

No additional fees were paid.

10 RISK MANAGEMENT

The Board of Directors has, in collaboration with the Audit Committee, the Compensation Committee and the Executive Board, identified and assessed operational risks and taken the appropriate measures where necessary. The handling of the risks is described in more detail in the notes to the consolidated financial statements in Note 37 «Risk management». The most significant risks are summarised briefly in the following section.

The greatest risks to which Swiss Prime Site AG is subject to are the real estate market, on the one hand, and changes in the interest market, on the other. The real estate market is assessed by the Board of Directors with the aid of a market sensitivity analysis created by Wüest & Partner AG. The sensitivity analysis is presented in Note 24 «Investment properties».

Interest risk is minimised by predominantly concluding mortgages with fixed interest rates and a balanced duration. For current liabilities, interest rate fluctuations of up to half a percentage point are estimated. A listing of possible interest rate variations is shown in Note 38 «Financial instruments and financial risk management».

Rental income is dependent on the general economic situation, the real estate market and interest rates. This risk is minimised with a balanced tenant structure and a strict creditworthiness assessment as well as rigorous debt collection management by the property managers. The Executive Board supervises the property managers with the aid of efficient legal case reporting.

To minimise liquidity risk, the required funds are determined by means of rolling liquidity planning and provided by the Executive Board to meet ongoing obligations. To hedge against more significant liabilities or investments, unsecured but open credit lines are available.

11 MAJOR SHAREHOLDERS

	31.12.2013	31.12.2012
	Shareholding interest*	Shareholding interest*
Major shareholders (shareholding interest >3.0%)	in %	in %
Credit Suisse Funds AG, Zurich	5.3	5.5
BlackRock Investment Management (UK) Ltd, London	5.1	5.1
Wecken Klaus R., Bürgenstock	n/a	3.4
State Street Corporation, Boston	3.1	n/a

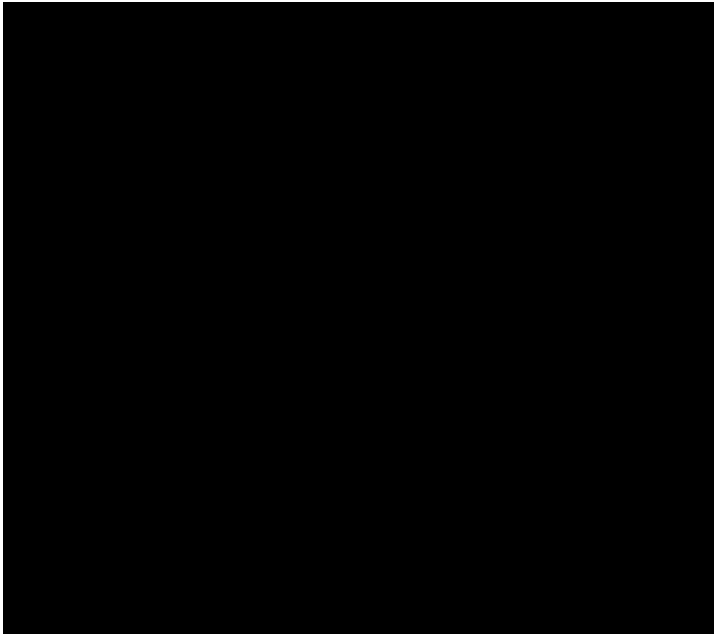
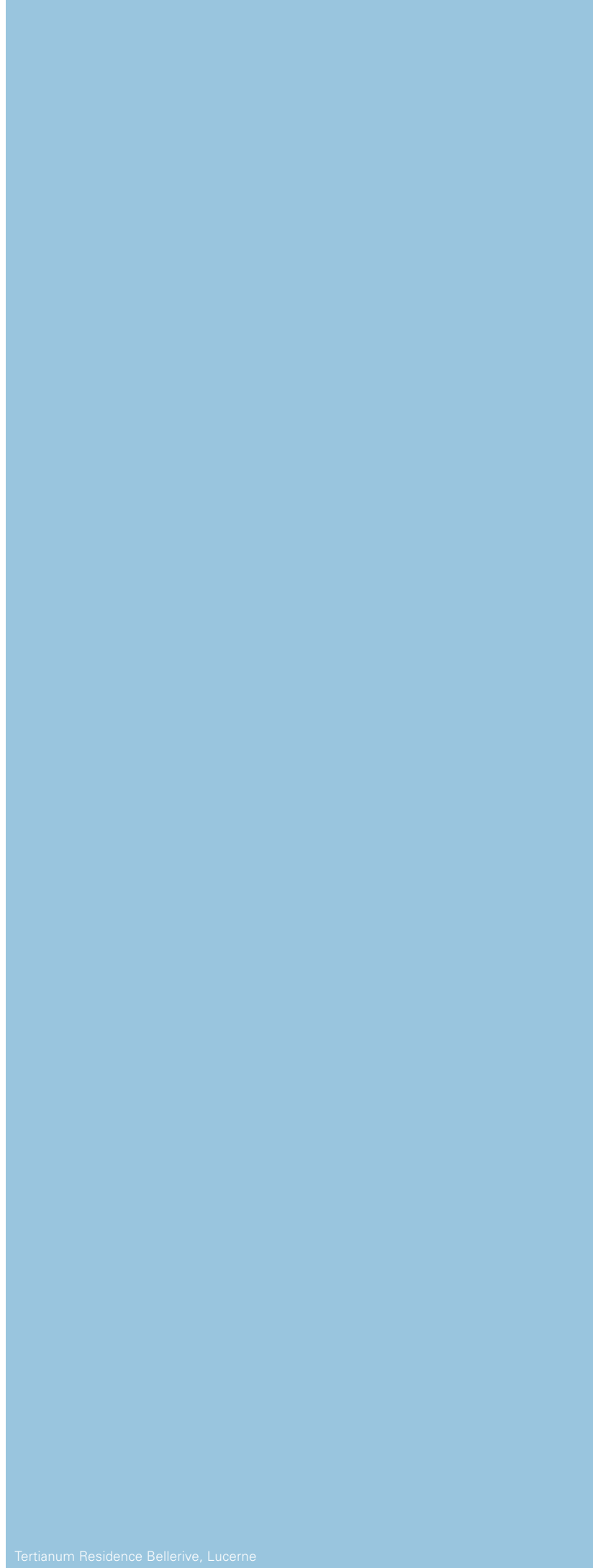
* according to entry in the register of shareholders or the notifications received by the Company

12 PROPOSED APPROPRIATION OF BALANCE SHEET PROFIT

The Board of Directors proposes to the Annual General Meeting that the balance sheet profit for the financial year ended 31.12.2013 in the amount of CHF 193.129 million be appropriated as follows:

in CHF 1 000	31.12.2013	31.12.2012
Retained earnings brought forward	202 889	231 643
Allocation to treasury share reserves	–	–
Annual (loss)	(9 760)	(28 754)
Total balance sheet profit	193 129	202 889
Allocation to general statutory reserves	–	–
Allocation to free reserves	–	–
Dividend payment	–	–
Balance brought forward to new account	193 129	202 889

The Board of Directors requests the Annual General Meeting of 15.04.2014 to approve a withholding tax-exempt distribution of CHF 3.60 per share from the capital contribution reserves. Based on the total number of 60 503 081 shares issued at the end of the year, this is equivalent to a reduction in capital contribution reserves of CHF 217.811 million.





EPRA key figures

EPRA KEY FIGURES (EUROPEAN PUBLIC REAL ESTATE ASSOCIATION)

EPRA Earnings and EPRA Earnings per share

in CHF 1 000	01.01.–31.12.2013	Restated* 01.01.–31.12.2012
Earnings per consolidated income statement	343 869	311 299
Excluding:		
Revaluations of investment properties	(186 705)	(187 253)
Result from property sales	(15 290)	(8 509)
Result on sales of trading properties	n/a	n/a
Tax on profits on disposals, gross	4 282	3 758
Negative goodwill/goodwill impairment	n/a	n/a
Changes in fair value of financial instruments	(9 218)	(6 514)
Transaction costs on acquisitions of group companies and associated companies	2 694	697
Deferred taxes in respect of EPRA adjustments	43 083	38 274
Adjustments in respect of associated companies	n/a	n/a
Adjustments in respect of non-controlling interests	n/a	n/a
EPRA earnings	182 715	151 752
Average number of outstanding shares	60 368 821	54 873 552
EPRA earnings per share in CHF	3.03	2.77

*restatement due to IAS 19 rev.

EPRA Net Asset Value (NAV)

in CHF 1 000	31.12.2013	Restated* 31.12.2012
NAV as per consolidated balance sheet	4 107 345	3 913 895
Dilution effects from exercise of options, convertibles and other equity interests	437 234	469 823
Diluted NAV, after the exercise of options, convertibles and other equity interests	4 544 579	4 383 718
Including:		
Revaluation of investment properties (if IAS 40 cost option is used)	n/a	n/a
Revaluation of properties under construction (if IAS 40 cost option is used)	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
Revaluation of trading properties	7 305	1 678
Excluding:		
Fair value of derivative financial instruments	10 893	19 595
Deferred taxes	891 140	800 632
Goodwill as a result of deferred taxes	n/a	n/a
Adjustments in respect of associated companies	n/a	n/a
EPRA NAV	5 453 917	5 205 623
Number of outstanding shares (diluted)	66 326 517	66 340 610
EPRA NAV per share in CHF	82.23	78.47

*restatement due to IAS 19 rev.

EPRA Triple Net Asset Value (NNNAV)

in CHF 1 000	31.12.2013	Restated* 31.12.2012
EPRA NAV	5 453 917	5 205 623
Including:		
Fair value of derivative financial instruments	(10 893)	(19 595)
Revaluation of financial debts	(113 235)	(172 519)
Deferred taxes	(883 214)	(788 556)
EPRA NNNAV	4 446 575	4 224 953
Number of outstanding shares (diluted)	66 326 517	66 340 610
EPRA NNNAV per share in CHF	67.04	63.69

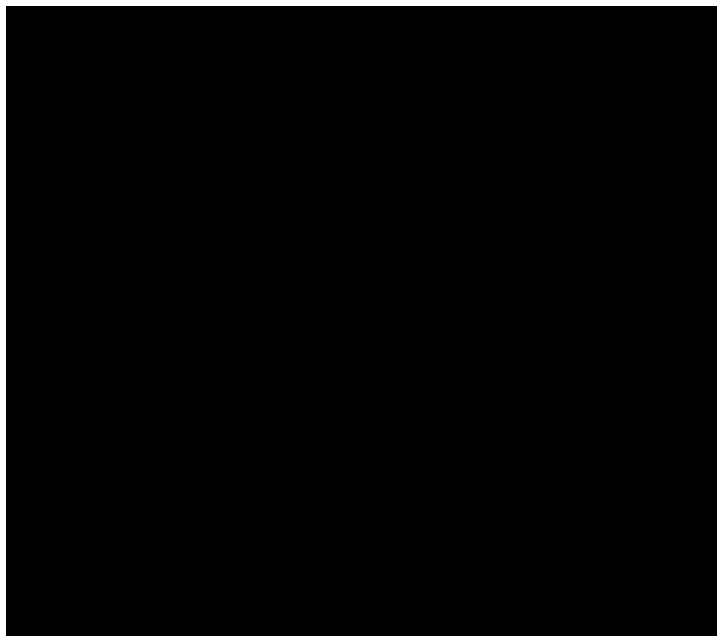
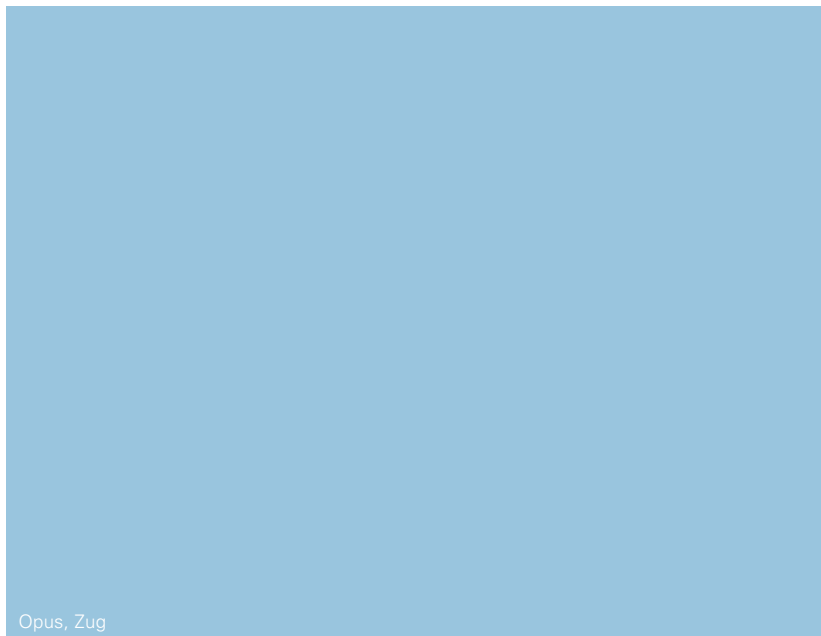
*restatement due to IAS 19 rev.

EPRA Net yield on rental income (NIY)

in CHF 1 000	31.12.2013	31.12.2012
Investment properties – wholly owned	9 311 703	8 584 961
Investment properties – share of joint ventures/funds	n/a	n/a
Trading properties	27 785	15 371
less properties under construction and development sites, building land and trading properties	(562 502)	(254 521)
Value of completed property portfolio	8 776 986	8 345 811
Allowance for estimated purchasers' costs	n/a	n/a
Gross up value of completed property portfolio	8 776 986	8 345 811
Annualised rental income	420 966	428 008
Property outgoings	(61 236)	(58 926)
Annualised net rental income	359 730	369 082
Add: notional rent expiration of rent free periods or other lease incentives	403	n/a
Topped-up net annualised rental income	360 133	369 082
EPRA NIY	4.1%	4.4%
EPRA «topped-up» NIY	4.1%	4.4%

EPRA Vacancy rate

in CHF 1 000	31.12.2013	31.12.2012
Estimated rental value of vacant space	26 242	25 247
Estimated rental value of the whole portfolio	455 392	453 714
EPRA vacancy rate	5.8%	5.6%





Property details

FIGURES FROM THE BALANCE SHEET AND INCOME STATEMENT AS AT 31.12.2013

City, address	Cost* (before depreciation)	Fair value (source: W&P)	Target rental and land lease income (real estate segment) 01.01.–31.12.2013	Losses due to vacancies 01.01.–31.12.2013	Net rental and land lease income (real estate segment) 01.01.–31.12.2013	Vacancy rate (real estate segment) %
Commercial properties without significant residential space						
Aarau, Bahnhofstrasse 23	9 262 000.00	14 430 000.00	605 536.10	0.00	605 536.10	0.0
Affoltern a.A., Obere Bahnhofstrasse 14	4 665 000.00	7 788 000.00	379 617.85	60 633.40	318 984.45	16.0
Allschwil, Hegenheimermattweg 91, sold	0.00	0.00	5 761 772.50	0.00	5 761 772.50	0.0
Amriswil, Weinfelderstrasse 74	5 408 000.00	7 129 000.00	451 832.30	11 354.80	440 477.50	2.5
Baden, Bahnhofstrasse 2	5 528 000.00	8 991 000.00	404 590.20	0.00	404 590.20	0.0
Baden, Weite Gasse 34, 36	5 702 000.00	8 494 000.00	389 885.10	0.00	389 885.10	0.0
Basel, Aeschenvorstadt 2–4	36 124 000.00	41 030 000.00	1 999 296.68	92 763.00	1 906 533.68	4.6
Basel, Barfüsserplatz 3	23 536 000.00	34 490 000.00	1 469 620.00	12 896.00	1 456 724.00	0.9
Basel, Centralbahnplatz 9/10	13 910 000.00	18 200 000.00	804 401.45	0.00	804 401.45	0.0
Basel, Elisabethenstrasse 15	27 650 000.00	27 950 000.00	1 375 455.72	143 880.00	1 231 575.72	10.5
Basel, Freie Strasse 26/ Falknerstrasse 3	17 430 000.00	37 770 000.00	1 488 436.20	73 522.20	1 414 914.00	4.9
Basel, Freie Strasse 36	24 198 000.00	40 830 000.00	1 689 240.00	0.00	1 689 240.00	0.0
Basel, Freie Strasse 68	47 553 000.00	43 300 000.00	2 944 554.96	1 510 818.96	1 433 736.00	51.3
Basel, Henric Petri-Strasse 9/ Elisabethenstrasse 19	27 423 000.00	29 590 000.00	1 504 374.84	15 365.04	1 489 009.80	1.0
Basel, Hochbergerstrasse 40/ parking	3 337 000.00	3 575 000.00	497 886.20	46 172.40	451 713.80	9.3
Basel, Hochbergerstrasse 60/ building 805	5 998 000.00	4 069 000.00	301 304.40	0.00	301 304.40	0.0
Basel, Hochbergerstrasse 60/ building 860	2 503 000.00	1 987 000.00	107 746.20	104 626.20	3 120.00	97.1
Basel, Hochbergerstrasse 60/ Stückli Business Park 60A–E	101 761 000.00	90 300 000.00	6 887 756.36	2 862 621.00	4 025 135.36	41.6
Basel, Hochbergerstrasse 62	1 457 000.00	9 779 000.00	424 272.00	0.00	424 272.00	0.0
Basel, Hochbergerstrasse 70/ Stückli shopping centre	278 538 000.00	270 460 000.00	17 885 140.78	2 195 858.40	15 689 282.38	12.3
Basel, Messeplatz 12/Messeturm	172 826 000.00	196 270 000.00	10 011 676.23	0.00	10 011 676.23	0.0
Basel, Peter Merian-Strasse 80	49 233 000.00	49 100 000.00	2 683 404.19	266 628.24	2 416 775.95	9.9
Basel, Rebgasse 20	48 057 000.00	39 160 000.00	2 432 174.99	360.00	2 431 814.99	0.0
Bellach, Gurzelenstrasse 2/2a, sold	0.00	0.00	236 330.05	0.00	236 330.05	0.0
Belp, Aemmenmattstrasse 43	34 708 000.00	20 410 000.00	1 579 131.85	413 964.50	1 165 167.35	26.2
Berlingen, Seestrasse 83, 88, 101, 154	18 290 000.00	35 000 000.00	984 999.90	0.00	984 999.90	0.0
Berlingen, Seestrasse 110	5 278 000.00	1 750 000.00	78 762.00	28 260.00	50 502.00	35.9
Berne, Bahnhofplatz 9	8 471 000.00	13 320 000.00	538 136.25	0.00	538 136.25	0.0
Berne, Genfergasse 14	84 849 000.00	107 350 000.00	4 285 755.00	0.00	4 285 755.00	0.0
Berne, Laupenstrasse 6	8 022 000.00	11 360 000.00	589 081.30	0.00	589 081.30	0.0
Berne, Mingerstrasse 12–18/ PostFinance Arena	106 116 000.00	113 590 000.00	6 586 213.95	3 972.60	6 582 241.35	0.1
Berne, Schwarztorstrasse 48	48 738 000.00	49 800 000.00	2 748 324.00	365.00	2 747 959.00	0.0
Berne, Weltpoststrasse 5	106 200 000.00	74 890 000.00	3 776 168.90	2 026 181.05	1 749 987.85	53.7
Biel, Solothurnstrasse 122	6 861 000.00	8 300 000.00	516 340.20	1 140.00	515 200.20	0.2
Brugg, Hauptstrasse 2	12 286 000.00	13 270 000.00	991 272.02	165 738.20	825 533.82	16.7

* All costs incurred by the purchase of the property (purchase price, legal fees, transfer of real estate costs, sales commission, value-adding investments as well as costs of debt regarding properties under construction and development sites, et cetera) are recognised as cost.

GENERAL PROPERTY DETAILS

City, address	Vacant space as at 31.12.2013		Site area m ²	Register of contaminated sites* (entry yes/no)	Built	Year of renovation/ type of renovation	Acquired	Ownership status
	m ²	%						
Commercial properties without significant residential space								
Aarau, Bahnhofstrasse 23	0	0.0	685	no	1946	1986, total renovation	22.12.2003	sole ownership
Affoltern a.A., Obere Bahnhofstrasse 14	790	40.5	2 492	no	1904		29.10.2009	sole ownership
Allschwil, Hegenheimermattweg 91, sold								
Amriswil, Weinfelderstrasse 74	0	0.0	3 672	no	2004		29.10.2009	sole ownership
Baden, Bahnhofstrasse 2	0	0.0	212	no	1927	1975, total renovation	01.04.2004	sole ownership
Baden, Weite Gasse 34, 36	0	0.0	366	no	1953	1975, total renovation	22.12.2003	sole ownership
Basel, Aeschenvorstadt 2–4	411	6.6	1 362	yes, no action required	1960	2005, exterior renovations	31.10.1999	sole ownership
Basel, Barfüsserplatz 3	0	0.0	751	no	1874	1993, total renovation	22.12.2003	sole ownership
Basel, Centralbahnplatz 9/10	0	0.0	403	no	1870/2005	2005, total renovation	29.10.2009	sole ownership
Basel, Elisabethenstrasse 15	421	9.8	953	yes, no action required	1933	1993, total renovation	31.10.1999	sole ownership
Basel, Freie Strasse 26/ Falknerstrasse 3	333	11.6	471	no	1854	1980, total renovation	01.07.1999	sole ownership
Basel, Freie Strasse 36	0	0.0	517	no	1894	2003, partial renovation	29.10.2009	sole ownership
Basel, Freie Strasse 68	5 139	68.9	1 461	no	1930	1999, interior renovations	31.10.1999	sole ownership
Basel, Henric Petri-Strasse 9/ Elisabethenstrasse 19	47	0.7	2 387	yes, no action required	1949	1985, total renovation	31.10.1999	sole ownership
Basel, Hochbergerstrasse 40/ parking	0	0.0	4 209	no	1976		29.10.2009	sole ownership, land lease
Basel, Hochbergerstrasse 60/ building 805	0	0.0	5 420	yes, no action required	1958	2006, partial renovation	29.10.2009	sole ownership
Basel, Hochbergerstrasse 60/ building 860	880	98.1	980	yes, no action required	1990		29.10.2009	sole ownership
Basel, Hochbergerstrasse 60/ Stückli Business Park 60A–E	14 952	39.9	8 343	yes, no action required	2008		29.10.2009	sole ownership
Basel, Hochbergerstrasse 62	0	0.0	2 680	yes, no action required	2005		29.10.2009	sole ownership
Basel, Hochbergerstrasse 70/ Stückli shopping centre	8 036	14.8	46 416	yes, almost fully decontam- inated upon construction	2009		29.10.2009	sole ownership
Basel, Messeplatz 12/Messeturm	0	0.0	2 137	yes, no action required	2003		01.06.2001	sole ownership, partial land lease
Basel, Peter Merian-Strasse 80	1 375	15.1	19 214	no	1999		01.04.2001	freehold property
Basel, Rebgasse 20	0	0.0	3 713	yes, no action required	1973	1998, partial renovation	29.10.2009	sole ownership
Bellach, Gurzelenstrasse 2/2a, sold								
Belp, Aemmenmattstrasse 43	3 648	39.4	5 863	yes, no action required	1991		01.11.1999	sole ownership
Berlingen, Seestrasse 83, 88, 101, 154	0	0.0	10 321	no	1948–1998		12.07.2013	sole ownership
Berlingen, Seestrasse 110	1 130	60.0	1 293	no	1992		12.07.2013	sole ownership
Berne, Bahnhofplatz 9	0	0.0	275	no	1930	1985, total renovation	22.12.2003	sole ownership
Berne, Genfergasse 14	0	0.0	4 602	no	1905	1998, total renovation	01.04.2001	sole ownership
Berne, Laupenstrasse 6	0	0.0	503	no	1911	1998, partial renovation	29.10.2009	sole ownership
Berne, Mingerstrasse 12–18/ PostFinance Arena	65	0.1	29 098	yes, no action required	1969/2009	2009, total renovation	01.09.2008	sole ownership, land lease
Berne, Schwarztorstrasse 48	0	0.0	1 959	no	1981	2011, interior renovations	31.10.1999	sole ownership
Berne, Weltpoststrasse 5	5 600	21.6	31 074	no	1975/1985	2013, total renovation	01.03.2000	sole ownership, land lease
Biel, Solothurnstrasse 122	22	0.7	3 885	no	1961	1993, total renovation	29.10.2009	sole ownership, land lease
Brugg, Hauptstrasse 2	1 088	24.6	3 364	no	1958	2000, partial renovation	29.10.2009	sole ownership

* The register of contaminated sites contains suspected but not identified contamination sites, but does not claim to be comprehensive. The Company refrains from purchasing identified or suspected contamination sites, or factors the corresponding costs into its price calculation. However, it cannot be ruled out that latent sources of contamination unknown at the time of purchase may manifest themselves at a later date.

FIGURES FROM THE BALANCE SHEET AND INCOME STATEMENT AS AT 31.12.2013

City, address	Cost* (before depreciation)	Fair value (source: W&P)	Target rental and land lease income (real estate segment) 01.01.–31.12.2013	Losses due to vacancies 01.01.–31.12.2013	Net rental and land lease income (real estate segment) 01.01.–31.12.2013	Vacancy rate (real estate segment) %
Commercial properties without significant residential space						
Buchs, St. Gallerstrasse 5	7 690 000.00	6 812 000.00	425 862.00	3 558.00	422 304.00	0.8
Burgdorf, Emmentalstrasse 14	8 752 000.00	8 639 000.00	553 085.45	26 640.00	526 445.45	4.8
Burgdorf, Industry Buchmatt	13 083 066.00	14 510 000.00	793 671.60	0.00	793 671.60	0.0
Carouge, Avenue Cardinal-Mermillod 36–44	98 429 000.00	152 810 000.00	8 769 276.26	40 756.40	8 728 519.86	0.5
Cham, Dorfplatz 2	4 575 000.00	4 925 000.00	255 466.85	0.00	255 466.85	0.0
Conthey, Route Cantonale 2	3 553 000.00	7 272 000.00	383 225.40	0.00	383 225.40	0.0
Conthey, Route Cantonale 4	14 864 000.00	22 280 000.00	1 338 927.14	24 000.00	1 314 927.14	1.8
Conthey, Route Cantonale 11	16 507 353.99	30 170 000.00	1 904 368.82	8 358.00	1 896 010.82	0.4
Dietikon, Bahnhofplatz 11/ Neumattstrasse 24	7 359 000.00	9 979 000.00	507 006.85	7 260.00	499 746.85	1.4
Dietikon, Kirchstrasse 20	8 259 000.00	11 330 000.00	585 773.55	0.00	585 773.55	0.0
Dietikon, Zentralstrasse 12	4 113 000.00	5 338 000.00	488 683.80	0.00	488 683.80	0.0
Dübendorf, Bahnhofstrasse 1	5 501 000.00	6 580 000.00	446 856.00	0.00	446 856.00	0.0
Eyholz, Kantonsstrasse 79	3 562 000.00	5 082 000.00	288 876.60	0.00	288 876.60	0.0
Frauenfeld, St. Gallerstrasse 30–30c	34 798 000.00	32 800 000.00	854 774.40	0.00	854 774.40	0.0
Frauenfeld, Zürcherstrasse 305	7 835 000.00	8 994 000.00	570 267.60	0.00	570 267.60	0.0
Frick, Hauptstrasse 132/ Fricktal Centre A3	15 190 000.00	20 900 000.00	1 131 275.00	71 280.00	1 059 995.00	6.3
Füllinsdorf, Schneckelerstrasse 1	10 807 000.00	10 990 000.00	722 824.65	99 280.80	623 543.85	13.7
Geneva, Centre Rhône-Fusterie	45 838 000.00	98 620 000.00	3 105 454.00	0.00	3 105 454.00	0.0
Geneva, Place Cornavin 10	15 476 000.00	26 010 000.00	1 210 457.45	0.00	1 210 457.45	0.0
Geneva, Place du Molard 2–4	140 334 000.00	238 500 000.00	8 596 734.35	24 062.80	8 572 671.55	0.3
Geneva, Route de Meyrin 49	57 252 000.00	60 360 000.00	3 893 972.40	1 100 800.00	2 793 172.40	28.3
Geneva, Rue Céard 14/Croix-d'Or 11	11 341 000.00	20 200 000.00	331 860.00	0.00	331 860.00	0.0
Geneva, Rue de Rive 3	17 039 000.00	33 740 000.00	1 355 713.80	161 937.00	1 193 776.80	11.9
Geneva, Rue du Rhône 48–50	134 734 000.00	490 250 000.00	18 816 301.30	254 208.70	18 562 092.60	1.4
Glatbrugg, Schaffhauserstrasse 59	6 092 000.00	5 703 000.00	380 159.42	147 827.02	232 332.40	38.9
Gossau, Wilerstrasse 82	14 953 000.00	20 710 000.00	1 122 062.40	0.00	1 122 062.40	0.0
Grand-Lancy, Route des Jeunes 10/ CCL La Praille	180 145 000.00	268 930 000.00	14 803 578.35	3 532.90	14 800 045.45	0.0
Grand-Lancy, Route des Jeunes 12	64 119 000.00	54 790 000.00	3 483 370.20	106 332.25	3 377 037.95	3.1
Granges-Paccot, Route d'Agy 3, sold	0.00	0.00	0.00	0.00	0.00	0.0
Heimberg, Gurnigelstrasse 38	4 601 747.00	8 841 000.00	603 523.80	0.00	603 523.80	0.0
Holderbank, Hauptstrasse 43, 45, sold	0.00	0.00	204 046.65	69 439.15	134 607.50	34.0
Horgen, Zugerstrasse 22, 24	7 933 000.00	11 870 000.00	607 181.60	3 676.00	603 505.60	0.6
La Chaux-de-Fonds, Boulevard des Eplatures 44	4 346 870.00	6 640 000.00	433 557.00	0.00	433 557.00	0.0
Lachen, Seidenstrasse 2	6 276 000.00	6 665 000.00	342 689.85	0.00	342 689.85	0.0

* All costs incurred by the purchase of the property (purchase price, legal fees, transfer of real estate costs, sales commission, value-adding investments as well as costs of debt regarding properties under construction and development sites, et cetera) are recognised as cost.

GENERAL PROPERTY DETAILS

City, address	Vacant space as at 31.12.2013		Site area m ²	Register of contaminated sites* (entry yes/no)	Built	Year of renovation/ type of renovation	Acquired	Ownership status
	m ²	%						
Commercial properties without significant residential space								
Buchs , St. Gallerstrasse 5	30	1.7	2 192	no	1995		31.10.1999	sole ownership
Burgdorf , Emmentalstrasse 14	144	7.0	1 845	no	1972	1998, total renovation	31.10.1999	sole ownership
Burgdorf , Industry Buchmatt	0	0.0	15 141	no	1973		29.10.2009	sole ownership, partial land lease
Carouge , Avenue Cardinal- Mermillod 36–44	75	0.2	14 372	no	1956	2002, partial renovation	29.10.2009	sole ownership
Cham , Dorfplatz 2	0	0.0	523	no	1992		31.10.1999	sole ownership
Conthey , Route Cantonale 2	0	0.0	3 057	no	1989		29.10.2009	sole ownership
Conthey , Route Cantonale 4	59	1.2	7 444	no	2009		29.10.2009	sole ownership, land lease
Conthey , Route Cantonale 11	84	1.1	10 537	no	2002		29.10.2009	sole ownership, land lease
Dietikon , Bahnhofplatz 11/ Neumattstrasse 24	0	0.0	1 004	no	1989		31.10.1999	sole ownership
Dietikon , Kirchstrasse 20	0	0.0	1 087	yes, no action required	1988		01.07.1999	sole ownership
Dietikon , Zentralstrasse 12	0	0.0	1 215	no	1965		29.10.2009	sole ownership, partial land lease
Dübendorf , Bahnhofstrasse 1	0	0.0	1 308	no	1988		31.10.1999	sole ownership, land lease
Eyholz , Kantonsstrasse 79	0	0.0	2 719	no	1991		29.10.2009	sole ownership, land lease
Frauenfeld , St. Gallerstrasse 30–30c	0	0.0	8 842	no	1991		12.07.2013	sole ownership
Frauenfeld , Zürcherstrasse 305	0	0.0	3 866	yes, no action required	1982	2006, partial renovation	29.10.2009	sole ownership
Frick , Hauptstrasse 132/ Fricktal Centre A3	393	7.9	13 365	no	2007		29.10.2009	sole ownership
Füllinsdorf , Schneckelerstrasse 1	455	10.6	3 033	no	1987		29.10.2009	sole ownership
Geneva , Centre Rhône-Fusterie	0	0.0	2 530	no	1990		15.09.1999	freehold property
Geneva , Place Cornavin 10	0	0.0	381	no	1958	2003, total renovation	29.10.2009	sole ownership, partial land lease
Geneva , Place du Molard 2–4	71	1.0	1 718	no	1690	2002, total renovation	29.10.2009	sole ownership
Geneva , Route de Meyrin 49	3 435	34.1	9 890	no	1987		01.04.2001	sole ownership
Geneva , Rue Céard 14/Croix-d'Or 11	0	0.0	285	no	1974/1985	1981, total renovation	22.12.2003	sole ownership
Geneva , Rue de Rive 3	270	14.2	377	no	1900	2002, partial renovation	29.10.2009	sole ownership
Geneva , Rue du Rhône 48–50	896	2.7	5 166	no	1921	2002, partial renovation	29.10.2009	sole ownership
Glattbrugg , Schaffhauserstrasse 59	435	28.2	1 429	no	1972	1990, total renovation	31.10.1999	sole ownership
Gossau , Wilerstrasse 82	0	0.0	13 064	yes, only allotment 4415	2007		29.10.2009	sole ownership
Grand-Lancy , Route des Jeunes 10/ CCL La Praille	0	0.0	20 597	no	2002		29.10.2009	sole ownership, land lease
Grand-Lancy , Route des Jeunes 12	346	2.7	5 344	no	2003		29.10.2009	sole ownership, land lease
Granges-Paccot , Route d'Agy 3, sold								
Heimberg , Gurnigelstrasse 38	0	0.0	7 484	no	2000		29.10.2009	sole ownership, land lease
Holderbank , Hauptstrasse 43, 45, sold								
Horgen , Zugerstrasse 22, 24	43	1.8	868	yes, no action required	1990		31.10.1999	sole ownership
La Chaux-de-Fonds , Boulevard des Eplatures 44	0	0.0	3 021	no	1972		29.10.2009	sole ownership
Lachen , Seidenstrasse 2	0	0.0	708	no	1993		31.10.1999	sole ownership

* The register of contaminated sites contains suspected but not identified contamination sites, but does not claim to be comprehensive. The Company refrains from purchasing identified or suspected contamination sites, or factors the corresponding costs into its price calculation. However, it cannot be ruled out that latent sources of contamination unknown at the time of purchase may manifest themselves at a later date.

FIGURES FROM THE BALANCE SHEET AND INCOME STATEMENT AS AT 31.12.2013

City, address	Cost* (before depreciation)	Fair value (source: W&P)	Target rental and land lease income (real estate segment) 01.01.–31.12.2013	Losses due to vacancies 01.01.–31.12.2013	Net rental and land lease income (real estate segment) 01.01.–31.12.2013	Vacancy rate (real estate segment) %
Commercial properties without significant residential space						
Lausanne, Avenue de Chailly 1	3 144 000.00	3 552 000.00	222 070.00	712.50	221 357.50	0.3
Lausanne, Rue de Sébeillon 9/ Sébeillon Centre	15 867 000.00	12 910 000.00	964 470.80	27 328.20	937 142.60	2.8
Lausanne, Rue du Pont 5	38 939 000.00	137 270 000.00	7 672 192.80	54 356.00	7 617 836.80	0.7
Locarno, Largo Zorzi 4/ Piazza Grande	19 935 000.00	25 810 000.00	1 547 704.80	0.00	1 547 704.80	0.0
Locarno, Parking Centro	10 516 000.00	15 110 000.00	1 410 381.35	0.00	1 410 381.35	0.0
Locarno, Via delle Monache 8	1 220 000.00	921 500.00	66 279.60	0.00	66 279.60	0.0
Lutry, Route de l'Ancienne Ciblerie 2	18 809 000.00	27 860 000.00	1 770 314.59	21 090.00	1 749 224.59	1.2
Lucerne, Kreuzbuchstrasse 33/35	47 095 000.00	21 600 000.00	940 400.40	0.00	940 400.40	0.0
Lucerne, Pilatusstrasse 4/Flora	40 245 000.00	63 080 000.00	2 685 988.55	0.00	2 685 988.55	0.0
Lucerne, Schwanenplatz 3	7 878 000.00	14 830 000.00	617 016.45	0.00	617 016.45	0.0
Lucerne, Weggisgasse 20, 22	9 211 000.00	16 430 000.00	662 484.00	0.00	662 484.00	0.0
Lucerne, Weinberglistrasse 4/ Tribtschenstrasse 62	49 053 000.00	52 140 000.00	3 251 459.18	56 037.18	3 195 422.00	1.7
Mägenwil, Weststrasse 6/ Birrfeldstrasse south, sold	0.00	0.00	153 446.70	0.00	153 446.70	0.0
Meilen, Seestrasse 545	12 169 000.00	6 250 000.00	254 913.30	0.00	254 913.30	0.0
Meyrin, Route de Meyrin 210	1 538 000.00	2 172 000.00	192 430.20	0.00	192 430.20	0.0
Moosseedorf, Moosstrasse 23, sold	0.00	0.00	300 699.90	101 245.90	199 454.00	33.7
Neuchâtel, Avenue J.-J. Rousseau 7	9 025 000.00	7 715 000.00	471 558.00	15 442.00	456 116.00	3.3
Neuchâtel, Rue de l'Ecluse 19/ parking	332 726.00	516 500.00	37 200.00	2 250.00	34 950.00	6.0
Neuchâtel, Rue du Temple-Neuf 11	3 162 273.00	4 465 000.00	289 930.20	240.00	289 690.20	0.1
Neuchâtel, Rue du Temple-Neuf 14	28 814 000.00	30 210 000.00	74 676.00	1 999.80	72 676.20	2.7
Niederwangen b. Bern, Riedmoosstrasse 10	28 264 000.00	39 720 000.00	2 359 887.00	0.00	2 359 887.00	0.0
Oberbüren, Buchental 2	5 801 000.00	12 370 000.00	766 923.60	0.00	766 923.60	0.0
Oberbüren, Buchental 3	2 854 000.00	3 713 000.00	335 124.00	46 910.00	288 214.00	14.0
Oberbüren, Buchental 3a	2 013 000.00	2 919 000.00	239 152.20	0.00	239 152.20	0.0
Oberbüren, Buchental 4	21 183 000.00	24 740 000.00	1 497 897.00	0.00	1 497 897.00	0.0
Oberbüren, Haslen 3/ logistics centre Haslen, sold	0.00	0.00	2 885 384.45	0.00	2 885 384.45	0.0
Oberwil, Mühlemattstrasse 23	3 441 109.00	4 443 000.00	304 843.20	0.00	304 843.20	0.0
Ofringen, Spitalweidstrasse 1/ shopping centre a1	73 783 000.00	103 970 000.00	6 045 784.18	61 806.85	5 983 977.33	1.0
Olten, Bahnhofquai 18	25 728 000.00	27 500 000.00	1 586 200.85	13 822.60	1 572 378.25	0.9
Olten, Bahnhofquai 20	37 060 000.00	39 120 000.00	2 061 820.80	6 550.00	2 055 270.80	0.3
Olten, Frohburgstrasse 1	6 485 000.00	6 020 000.00	165 540.00	66 588.00	98 952.00	40.2
Olten, Frohburgstrasse 15	8 860 000.00	11 550 000.00	604 392.00	5 934.00	598 458.00	1.0
Olten, Solothurnerstrasse 201	4 080 000.00	6 147 000.00	333 099.60	0.00	333 099.60	0.0
Olten, Solothurnerstrasse 231–235/ Usego	30 253 000.00	21 950 000.00	1 744 774.15	805 714.80	939 059.35	46.2

* All costs incurred by the purchase of the property (purchase price, legal fees, transfer of real estate costs, sales commission, value-adding investments as well as costs of debt regarding properties under construction and development sites, et cetera) are recognised as cost.

GENERAL PROPERTY DETAILS

City, address	Vacant space as at 31.12.2013		Site area m ²	Register of contaminated sites* (entry yes/no)	Built	Year of renovation/ type of renovation	Acquired	Ownership status
	m ²	%						
Commercial properties without significant residential space								
Lausanne, Avenue de Chailly 1	0	0.0	498	no	1925	1999, interior renovations	31.10.1999	sole ownership
Lausanne, Rue de Sébeillon 9/ Sébeillon Centre	262	2.6	2 923	no	1930	2001, partial renovation	29.10.2009	sole ownership
Lausanne, Rue du Pont 5	183	0.9	3 783	no	1910	2004, partial renovation	29.10.2009	sole ownership
Locarno, Largo Zorzi 4/ Piazza Grande	0	0.0	2 365	no	1956	2001, partial renovation	29.10.2009	sole ownership
Locarno, Parking Centro	0	0.0	4 013	no	1990	2001, total renovation	29.10.2009	sole ownership, land lease
Locarno, Via delle Monache 8	0	0.0	2 409	no	1989		29.10.2009	freehold property
Lutry, Route de l'Ancienne Ciblerie 2	99	3.1	13 150	no	2006		29.10.2009	freehold property
Lucerne, Kreuzbuchstrasse 33/35	0	0.0	14 402	no	2010		12.07.2013	sole ownership, land lease
Lucerne, Pilatusstrasse 4/Flora	0	0.0	4 376	no	1979	2008, partial renovation	29.10.2009	freehold property
Lucerne, Schwanenplatz 3	0	0.0	250	no	1958	2004, interior renovations	31.10.1999	sole ownership
Lucerne, Weggisgasse 20, 22	0	0.0	228	no	1982		22.12.2003	sole ownership
Lucerne, Weinberglistrasse 4/ Tribtschenstrasse 62	215	1.9	11 466	yes, no action required	1991	1993, total renovation	01.04.2001	sole ownership
Mägenwil, Weststrasse 6/ Birrfeldstrasse south, sold								
Meilen, Seestrasse 545	0	0.0	1 645	yes, no action required	2008		12.07.2013	sole ownership, land lease
Meyrin, Route de Meyrin 210	0	0.0	3 860	no	1979	1999, partial renovation	29.10.2009	sole ownership, partial land lease
Moosseedorf, Moosstrasse 23, sold								
Neuchâtel, Avenue J.-J. Rousseau 7	117	3.8	1 020	yes, no action required	1991	1992, total renovation	31.10.1999	sole ownership
Neuchâtel, Rue de l'Ecluse 19/ parking	0	0.0	715	no	1960	1997, total renovation	29.10.2009	sole ownership
Neuchâtel, Rue du Temple-Neuf 11	3	0.3	262	no	1953	1993, partial renovation	29.10.2009	sole ownership
Neuchâtel, Rue du Temple-Neuf 14	0	0.0	1 938	no	1902	2013, total renovation	29.10.2009	sole ownership
Niederwangen b. Bern, Riedmoosstrasse 10	0	0.0	12 709	no	1985	2006, partial renovation	29.10.2009	sole ownership
Oberbüren, Buchental 2	0	0.0	6 401	no	1980	2007, partial renovation	29.10.2009	sole ownership
Oberbüren, Buchental 3	226	9.6	4 651	no	1964		29.10.2009	sole ownership
Oberbüren, Buchental 3a	0	0.0	3 613	no	1964		29.10.2009	sole ownership
Oberbüren, Buchental 4	0	0.0	4 963	no	1990		29.10.2009	sole ownership
Oberbüren, Haslen 3/ logistics centre Haslen, sold								
Oberwil, Mühlemattstrasse 23	0	0.0	6 200	no	1986		29.10.2009	freehold property, land lease
Oftringen, Spitalweidstrasse 1/ shopping centre a1	705	3.5	43 340	no	2006		29.10.2009	sole ownership
Oltén, Bahnhofquai 18	109	2.1	2 553	no	1996		01.04.2001	sole ownership
Oltén, Bahnhofquai 20	0	0.0	1 916	no	1999		01.04.2001	sole ownership
Oltén, Frohburgstrasse 1	337	29.2	379	no	1899	2009, total renovation	01.07.2008	sole ownership
Oltén, Frohburgstrasse 15	42	2.2	596	no	1961	1998, exterior renovations	01.08.1999	sole ownership
Oltén, Solothurnerstrasse 201	0	0.0	5 156	no	2006		29.10.2009	sole ownership
Oltén, Solothurnerstrasse 231–235/ Usego	5 796	48.5	12 922	no	1907	2011, total renovation	29.10.2009	sole ownership

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FIGURES FROM THE BALANCE SHEET AND INCOME STATEMENT AS AT 31.12.2013

City, address	Cost* (before depreciation)	Fair value (source: W&P)	Target rental and land lease income (real estate segment) 01.01.–31.12.2013	Losses due to vacancies 01.01.–31.12.2013	Net rental and land lease income (real estate segment) 01.01.–31.12.2013	Vacancy rate (real estate segment) %
Commercial properties without significant residential space						
Ostermundigen , Mitteldorfstrasse 16	46 088 000.00	31 200 000.00	798 053.40	0.00	798 053.40	0.0
Otelfingen , Industriestrasse 19/21	110 487 000.00	101 560 000.00	7 399 932.89	85 991.30	7 313 941.59	1.2
Otelfingen , Industriestrasse 31	20 726 000.00	23 500 000.00	1 530 888.80	1 350.00	1 529 538.80	0.1
Payerne , Route de Bussy 2	14 954 184.04	22 690 000.00	1 224 300.00	0.00	1 224 300.00	0.0
Petit-Lancy , Route de Chancy 59	103 846 000.00	126 330 000.00	7 295 644.78	1 092 847.96	6 202 796.82	15.0
Pfäffikon SZ , Huobstrasse 5	54 284 000.00	58 000 000.00	1 399 999.80	0.00	1 399 999.80	0.0
Rapperswil-Jona , Grünfeldstrasse 25	12 097 000.00	12 810 000.00	1 332 780.00	0.00	1 332 780.00	0.0
Rapperswil-Jona , Rathausstrasse 8	16 024 000.00	19 320 000.00	1 052 445.87	3 000.00	1 049 445.87	0.3
Romanel , Chemin du Marais 8	15 189 000.00	19 540 000.00	1 222 774.60	0.00	1 222 774.60	0.0
Rümlang , Hofwisenstrasse 50	37 026 000.00	22 340 000.00	2 027 802.80	1 347 549.00	680 253.80	66.5
Schwyz , Oberer Steisteg 18, 20	9 215 000.00	8 666 000.00	522 388.80	0.00	522 388.80	0.0
Solothurn , Amthausplatz 1	15 368 000.00	12 380 000.00	858 077.55	0.00	858 077.55	0.0
Spreitenbach , Industriestrasse/ Tivoli	6 956 000.00	9 866 000.00	484 200.60	0.00	484 200.60	0.0
Spreitenbach , Müslistrasse 44	3 220 869.21	4 262 000.00	225 921.60	0.00	225 921.60	0.0
Spreitenbach , Pfadackerstrasse 6/ Limmatpark	108 926 000.00	91 940 000.00	6 581 427.40	829 202.70	5 752 224.70	12.6
St. Gallen , Bohl 1/Goliathgasse 6	21 659 000.00	26 550 000.00	1 338 838.00	4 064.00	1 334 774.00	0.3
St. Gallen , Spisergasse 12	3 755 000.00	4 993 000.00	223 968.00	0.00	223 968.00	0.0
St. Gallen , Zürcherstrasse 462–464/ Shopping Arena	202 253 000.00	300 070 000.00	16 625 932.27	241 946.17	16 383 986.10	1.5
Sursee , Moosgasse 20	7 589 000.00	12 020 000.00	654 499.20	0.00	654 499.20	0.0
Thalwil , Gotthardstrasse 40	3 794 000.00	5 470 000.00	268 469.40	8 255.00	260 214.40	3.1
Thun , Bälliz 67	13 247 000.00	15 520 000.00	623 566.70	0.00	623 566.70	0.0
Thun , Göttibachweg 2–2e, 4, 6, 8	42 871 000.00	39 000 000.00	1 110 744.30	0.00	1 110 744.30	0.0
Uster , Poststrasse 10	8 227 000.00	7 743 000.00	378 180.00	0.00	378 180.00	0.0
Uster , Poststrasse 14/20	9 323 000.00	11 610 000.00	734 356.60	60 590.40	673 766.20	8.3
Vernier , Chemin de l'Etang 72/ Patio Plaza	82 285 000.00	91 750 000.00	5 781 677.40	1 766 858.40	4 014 819.00	30.6
Vevey , Rue de la Clergère 1	11 353 000.00	11 600 000.00	716 664.00	0.00	716 664.00	0.0
Wabern , Nesslererweg 30	35 423 000.00	18 000 000.00	503 437.50	0.00	503 437.50	0.0
Wil , Obere Bahnhofstrasse 40	11 088 000.00	17 790 000.00	885 731.55	11 997.75	873 733.80	1.4
Winterthur , Theaterstrasse 17	65 106 000.00	69 270 000.00	3 412 124.20	40.00	3 412 084.20	0.0
Winterthur , Untertor 24	6 495 000.00	9 568 000.00	315 175.20	0.00	315 175.20	0.0
Worblaufen , Alte Tiefenaustrasse 6	70 897 000.00	84 130 000.00	4 782 238.80	0.00	4 782 238.80	0.0
Zollikon , Bergstrasse 17, 19	9 603 000.00	11 040 000.00	624 852.00	39 089.00	585 763.00	6.3
Zollikon , Forchstrasse 452–456	14 845 000.00	16 380 000.00	733 956.00	0.00	733 956.00	0.0
Zuchwil , Allmendweg 8/ Riverside Business Park	93 428 000.00	92 320 000.00	7 502 003.65	1 704 206.90	5 797 796.75	22.7
Zuchwil , Dorfackerstrasse 45/ Birchi Centre	26 530 000.00	33 730 000.00	2 504 495.42	3 680.85	2 500 814.57	0.1
Zug , Zählerweg 4, 6/ Dammstrasse 19/ Landis+Gyr-Strasse 3/Opus 1	75 872 000.00	115 560 000.00	5 755 264.35	298 711.40	5 456 552.95	5.2

* All costs incurred by the purchase of the property (purchase price, legal fees, transfer of real estate costs, sales commission, value-adding investments as well as costs of debt regarding properties under construction and development sites, et cetera) are recognised as cost.

GENERAL PROPERTY DETAILS

City, address	Vacant space as at 31.12.2013		Site area m ²	Register of contaminated sites* (entry yes/no)	Built	Year of renovation/ type of renovation	Acquired	Ownership status
	m ²	%						
Commercial properties without significant residential space								
Ostermundigen , Mitteldorfstrasse 16	0	0.0	7 503	no	2009		12.07.2013	sole ownership
Otelfingen , Industriestrasse 19/21	1 875	2.2	101 933	yes, no action required	1965	2000, partial renovation	29.10.2009	sole ownership
Otelfingen , Industriestrasse 31	0	0.0	12 135	no	1986	1993, partial renovation	29.10.2009	sole ownership
Payerne , Route de Bussy 2	0	0.0	12 400	no	2006		29.10.2009	sole ownership
Petit-Lancy , Route de Chancy 59	2 442	11.0	13 052	no	1990		01.03.2000	sole ownership
Pfäffikon SZ , Huobstrasse 5	0	0.0	7 005	no	2004		12.07.2013	sole ownership
Rapperswil-Jona , Grünfeldstrasse 25	0	0.0	25 483	yes, no action required	1958		30.06.1958	sole ownership
Rapperswil-Jona , Rathausstrasse 8	0	0.0	1 648	no	1992	2008, interior renovations	31.10.1999	sole ownership
Romanel , Chemin du Marais 8	0	0.0	7 264	no	1973	1995, partial renovation	29.10.2009	sole ownership
Rümlang , Hofwisenstrasse 50	6 138	61.6	17 473	no	1988	2012, total renovation	01.03.2000	sole ownership
Schwyz , Oberer Steisteg 18, 20	0	0.0	1 039	no	1988	2004, interior renovations	31.10.1999	sole ownership
Solothurn , Amthausplatz 1	0	0.0	1 614	no	1955	1988, total renovation	31.10.1999	sole ownership
Spreitenbach , Industriestrasse/ Tivoli	0	0.0	25 780	yes, no action required	1974	2010, total renovation	29.10.2009	freehold property
Spreitenbach , Müslistrasse 44	0	0.0	2 856	no	2002		29.10.2009	sole ownership
Spreitenbach , Pfadackerstrasse 6/ Limmatpark	5 042	18.4	10 318	no	1972	2003, partial renovation	01.08.2006	sole ownership
St. Gallen , Bohl 1/Goliathgasse 6	0	0.0	1 131	no	1920	1995, total renovation	01.06.1999	sole ownership
St. Gallen , Spisergasse 12	0	0.0	165	no	1423	1984, partial renovation	01.07.2007	sole ownership
St. Gallen , Zürcherstrasse 462–464/ Shopping Arena	2 816	7.1	33 106	no	2008		29.10.2009	sole ownership, parking 73/100 co-ownership
Sursee , Moosgasse 20	0	0.0	4 185	yes, no action required	1998		29.10.2009	sole ownership
Thalwil , Gotthardstrasse 40	0	0.0	541	no	1958	2004, interior renovations	31.10.1999	sole ownership
Thun , Bälliz 67	0	0.0	875	no	1953	2001, partial renovation	22.12.2003	sole ownership
Thun , Göttibachweg 2–2e, 4, 6, 8	0	0.0	14 520	no	2003		12.07.2013	sole ownership, land lease
Uster , Poststrasse 10	0	0.0	701	no	1972	1988, total renovation	31.10.1999	sole ownership
Uster , Poststrasse 14/20	383	12.0	2 449	no	1854	2000, partial renovation	29.10.2009	sole ownership
Vernier , Chemin de l'Etang 72/ Patio Plaza	3 804	27.8	10 169	no	2007		29.10.2009	sole ownership
Vevey , Rue de la Clergère 1	0	0.0	717	no	1927	1994, interior renovations	31.10.1999	sole ownership
Wabern , Nesslerenweg 30	0	0.0	4 397	no	1990		12.07.2013	sole ownership
Wil , Obere Bahnhofstrasse 40	0	0.0	1 105	no	1958	2008, total renovation	29.10.2009	sole ownership
Winterthur , Theaterstrasse 17	0	0.0	7 535	yes, no action required	1999		01.04.2001	sole ownership
Winterthur , Untertor 24	0	0.0	290	no	1960	2006, partial renovation	22.12.2003	sole ownership
Worblaufen , Alte Tiefenastrasse 6	0	0.0	21 596	no	1999		01.04.2001	49/100 co-ownership
Zollikon , Bergstrasse 17, 19	229	10.8	1 768	no	1989	2004, interior renovations	31.10.1999	sole ownership
Zollikon , Forchstrasse 452–456	0	0.0	2 626	no	1984/1998		01.01.2007	sole ownership
Zuchwil , Allmendweg 8/ Riverside Business Park	18 589	19.0	170 345	yes, no action required	1943	1965/1995, partial renovation	14.12.2012	sole ownership
Zuchwil , Dorfackerstrasse 45/ Birchi Centre	32	0.2	9 563	no	1997		29.10.2009	sole ownership, land lease
Zug , Zählerweg 4, 6/ Dammstrasse 19/ Landis+Gyr-Strasse 3/Opus 1	802	5.0	7 400	no	2002		30.06.2000	sole ownership

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FIGURES FROM THE BALANCE SHEET AND INCOME STATEMENT AS AT 31.12.2013

City, address	Cost* (before depreciation)	Fair value (source: W&P)	Target rental and land lease income (real estate segment) 01.01.–31.12.2013	Losses due to vacancies 01.01.–31.12.2013	Net rental and land lease income (real estate segment) 01.01.–31.12.2013	Vacancy rate (real estate segment) %
Commercial properties without significant residential space						
Zug, Zählerweg 8, 10/ Dammstrasse 21, 23/Opus 2	93 211 000.00	144 620 000.00	7 386 645.95	1 039 916.95	6 346 729.00	14.1
Zurich, Affolternstrasse 52/ MFO building	14 404 000.00	13 510 000.00	576 729.60	0.00	576 729.60	0.0
Zurich, Affolternstrasse 54, 56/ Cityport	121 302 000.00	168 810 000.00	9 299 901.60	0.00	9 299 901.60	0.0
Zurich, Bahnhofstrasse 42	32 874 000.00	70 190 000.00	1 361 002.20	0.00	1 361 002.20	0.0
Zurich, Bahnhofstrasse 69	7 384 000.00	48 450 000.00	1 561 708.08	1 200.00	1 560 508.08	0.1
Zurich, Bahnhofstrasse 106	22 472 000.00	41 580 000.00	1 166 994.00	99 000.00	1 067 994.00	8.5
Zurich, Brandschenkestrasse 25	124 026 000.00	95 990 000.00	7 071 285.00	1 765 036.50	5 306 248.50	25.0
Zurich, Carl-Spitteler-Strasse 68/70	79 379 000.00	87 000 000.00	2 022 517.80	0.00	2 022 517.80	0.0
Zurich, Etzelstrasse 14	12 359 000.00	6 000 000.00	120 000.00	0.00	120 000.00	0.0
Zurich, Flurstrasse 89	8 345 000.00	7 374 000.00	444 061.20	0.00	444 061.20	0.0
Zurich, Fraumünsterstrasse 16	126 454 000.00	150 720 000.00	5 733 408.00	1 136 859.90	4 596 548.10	19.8
Zurich, Hardstrasse 201/ Prime Tower	352 934 000.00	485 840 000.00	21 255 034.16	105 930.00	21 149 104.16	0.5
Zurich, Hardstrasse 219/ Eventblock Maag	11 934 000.00	14 940 000.00	964 553.24	0.00	964 553.24	0.0
Zurich, Josefstrasse 53, 59	48 408 000.00	78 620 000.00	3 953 461.56	0.00	3 953 461.56	0.0
Zurich, Jupiterstrasse 15/ Böcklinstrasse 19	11 830 000.00	21 000 000.00	465 834.90	0.00	465 834.90	0.0
Zurich, Kappenbühlweg 9, 11/ Holbrigstrasse 10/ Regensdorferstrasse 18a	59 052 000.00	62 000 000.00	1 495 377.90	0.00	1 495 377.90	0.0
Zurich, Limmattalstrasse 180, sold	0.00	0.00	202 300.00	0.00	202 300.00	0.0
Zurich, Maagplatz 1/Platform	102 709 000.00	159 390 000.00	6 874 293.40	0.00	6 874 293.40	0.0
Zurich, Manessestrasse 85	64 599 000.00	51 970 000.00	2 538 063.30	1 618 240.80	919 822.50	63.8
Zurich, Ohmstrasse 11, 11a	21 009 000.00	39 200 000.00	2 361 390.65	23 268.00	2 338 122.65	1.0
Zurich, Restelbergstrasse 108	7 511 000.00	8 850 000.00	175 666.50	0.00	175 666.50	0.0
Zurich, Schaffhauserstrasse 339	7 136 000.00	8 547 000.00	463 990.80	0.00	463 990.80	0.0
Zurich, Seidengasse 1/ Jelmoli – The House of Brands	194 816 000.00	741 340 000.00	32 382 650.40	0.00	32 382 650.40	0.0
Zurich, Siewerdstrasse 8	19 864 000.00	18 710 000.00	1 156 408.70	0.00	1 156 408.70	0.0
Zurich, Sihlcity	145 001 000.00	201 180 000.00	11 235 101.04	115 246.22	11 119 854.82	1.0
Zurich, Sihlstrasse 24/ St. Annagasse 16	22 189 000.00	38 370 000.00	2 026 819.50	25 948.50	2 000 871.00	1.3
Zurich, Stadelhoferstrasse 18	14 788 000.00	24 950 000.00	1 098 632.50	0.00	1 098 632.50	0.0
Zurich, Stadelhoferstrasse 22	21 170 000.00	33 910 000.00	1 590 159.85	0.00	1 590 159.85	0.0
Zurich, Steinmühleplatz/ Jelmoli parking	25 335 000.00	41 150 000.00	3 120 961.95	0.00	3 120 961.95	0.0
Zurich, Steinmühleplatz 1/ St. Annagasse 18/Sihlstrasse 20	41 978 000.00	90 380 000.00	3 934 629.25	603 407.80	3 331 221.45	15.3
Zurich, Talacker 21, 23	50 001 000.00	73 660 000.00	2 977 932.00	0.00	2 977 932.00	0.0
Total I	6 148 558 198.24	8 478 745 000.00	435 688 143.52	27 511 533.34	408 176 610.18	6.3

* All costs incurred by the purchase of the property (purchase price, legal fees, transfer of real estate costs, sales commission, value-adding investments as well as costs of debt regarding properties under construction and development sites, et cetera) are recognised as cost.

GENERAL PROPERTY DETAILS

City, address	Vacant space as at 31.12.2013		Site area m ²	Register of contaminated sites* (entry yes/no)	Built	Year of renovation/ type of renovation	Acquired	Ownership status
	m ²	%						
Commercial properties without significant residential space								
Zug, Zählerweg 8, 10/ Dammstrasse 21, 23/Opus 2	2 894	14.5	8 981	no	2003		30.06.2000	sole ownership
Zurich, Affolternstrasse 52/ MFO building	0	0.0	790, not yet parcelled	yes, no action required	1889	2012, translocation/ basement	30.09.2011	sole ownership
Zurich, Affolternstrasse 54, 56/ Cityport	0	0.0	10 754	yes, no action required	2001		15.09.1999	sole ownership
Zurich, Bahnhofstrasse 42	0	0.0	482	no	1968	1990, total renovation	22.12.2003	sole ownership
Zurich, Bahnhofstrasse 69	11	1.0	230	no	1898	2007, partial renovation	29.10.2009	sole ownership
Zurich, Bahnhofstrasse 106	0	0.0	200	yes, permanent monitoring	1958		30.11.2004	sole ownership
Zurich, Brandschenkestrasse 25	11 734	88.6	3 902	no	1910	1984, total renovation	01.04.2001	sole ownership
Zurich, Carl-Spitteler-Strasse 68/70	0	0.0	11 732	no	1993		12.07.2013	sole ownership
Zurich, Etzelstrasse 14	0	0.0	1 809	no	1967		12.07.2013	sole ownership
Zurich, Flurstrasse 89	0	0.0	2 330	no	1949	2003, interior renovations	31.10.1999	sole ownership
Zurich, Fraumünsterstrasse 16	2 609	30.4	2 475	no	1901	1990, total renovation	01.04.2001	sole ownership
Zurich, Hardstrasse 201/ Prime Tower	0	0.0	10 416	yes, no action required	2011		n/a	sole ownership
Zurich, Hardstrasse 219/ Eventblock Maag	684	9.7	8 002	yes, no action required	1929–1978		n/a	sole ownership
Zurich, Josefstrasse 53, 59	0	0.0	2 931	no	1962/1972	2001, total renovation	01.07.1999	sole ownership
Zurich, Jupiterstrasse 15/ Böcklinstrasse 19	0	0.0	1 630	no	1900/1995	1996, partial renovation	12.07.2013	sole ownership
Zurich, Kappenbühlweg 9, 11/ Holbrigstrasse 10/ Regensdorferstrasse 18a	0	0.0	9 557	no	1991		12.07.2013	sole ownership
Zurich, Limmattalstrasse 180, sold								
Zurich, Maagplatz 1/Platform	0	0.0	5 942	yes, no action required	2011		n/a	sole ownership
Zurich, Manessestrasse 85	4 442	48.7	3 284	no	1985	2012, partial renovation	01.07.2002	sole ownership
Zurich, Ohmstrasse 11, 11a	119	1.9	1 970	no	1927	2007, partial renovation	29.10.2009	sole ownership
Zurich, Restelbergstrasse 108	0	0.0	1 469	no	1936		12.07.2013	sole ownership
Zurich, Schaffhauserstrasse 339	0	0.0	307	no	1957	1997, interior renovations	31.10.1999	sole ownership
Zurich, Seidengasse 1/ Jelmoli – The House of Brands	0	0.0	6 514	no	1896	2010, partial renovation	29.10.2009	sole ownership
Zurich, Siewerdstrasse 8	0	0.0	1 114	no	1981		30.06.1998	sole ownership
Zurich, Sihlcity	449	1.9	10 162	no	2007		26.06.2003	242/1000 co-ownership
Zurich, Sihlstrasse 24/ St. Annagasse 16	0	0.0	1 155	no	1885	2007, total renovation	29.10.2009	sole ownership
Zurich, Stadelhoferstrasse 18	0	0.0	1 046	no	1983	2004, interior renovations	30.06.1998	sole ownership
Zurich, Stadelhoferstrasse 22	0	0.0	1 024	no	1983	2004, interior renovations	30.06.1998	sole ownership, partial land lease
Zurich, Steinmühleplatz/ Jelmoli parking	0	0.0	1 970	yes, no action required	1972	2009, partial renovation	29.10.2009	sole ownership with concession
Zurich, Steinmühleplatz 1/ St. Annagasse 18/Sihlstrasse 20	609	9.8	1 534	yes, no action required	1957	1999, total renovation	29.10.2009	sole ownership
Zurich, Talacker 21, 23	0	0.0	1 720	no	1965	2008, interior renovations	31.10.1999	sole ownership
Total I	124 470	8.4	1 197 524					

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FIGURES FROM THE BALANCE SHEET AND INCOME STATEMENT AS AT 31.12.2013

City, address	Cost* (before depreciation)	Fair value (source: W&P)	Target rental and land lease income (real estate segment) 01.01.–31.12.2013	Losses due to vacancies 01.01.–31.12.2013	Net rental and land lease income (real estate segment) 01.01.–31.12.2013	Vacancy rate (real estate segment) %
Mixed properties						
Geneva, Quai du Seujet 30	11 368 000.00	14 550 000.00	929 701.00	375.00	929 326.00	0.0
Geneva, Route de Malagnou 6/ Rue Michel-Chauvet 7	12 808 000.00	17 830 000.00	843 931.00	6 350.00	837 581.00	0.8
Geneva, Rue de la Croix-d'Or 7/ Rue Neuve-du-Molard 4–6	36 995 000.00	59 080 000.00	2 304 438.00	1 665.00	2 302 773.00	0.1
Lausanne, Rue de la Mercerie 14	2 981 720.00	3 267 000.00	163 456.80	0.00	163 456.80	0.0
Lausanne, Rue de la Mercerie 16–20	3 003 072.00	6 130 000.00	335 371.60	300.00	335 071.60	0.1
Moosseedorf, Moosstrasse 21, sold	0.00	0.00	119 623.00	0.00	119 623.00	0.0
Oberbüren, Buchental 5	1 077 965.00	976 700.00	65 400.00	0.00	65 400.00	0.0
St. Gallen, Spisergasse 12	7 199 000.00	10 520 000.00	491 052.00	0.00	491 052.00	0.0
Thônex, Rue de Genève 104–108	58 867 000.00	91 350 000.00	4 837 781.98	5 341.90	4 832 440.08	0.1
Visp, Kantonsstrasse 8	3 517 000.00	4 282 000.00	266 483.40	0.00	266 483.40	0.0
Zurich, Höggerstrasse 40/ Röschibachstrasse 22	28 319 000.00	30 390 000.00	2 168 326.65	203 757.50	1 964 569.15	9.4
Zurich, Nansenstrasse 5/7	32 273 000.00	44 810 000.00	2 483 751.20	3 810.00	2 479 941.20	0.2
Zurich, Querstrasse 6	731 697.00	3 815 000.00	165 347.00	90.00	165 257.00	0.1
Zurich, Schulstrasse 34, 36	7 382 900.00	11 240 000.00	559 879.75	0.00	559 879.75	0.0
Total II	206 523 354.00	298 240 700.00	15 734 543.38	221 689.40	15 512 853.98	1.4
Building land						
Basel, Hochbergerstrasse 60/ parking	3 050 000.00	3 300 000.00	185 446.35	675.00	184 771.35	0.4
Dietikon, Bodacher	76 000.00	0.00	15 749.80	0.00	15 749.80	0.0
Dietikon, Bodacher/Im Maienweg	2 564 923.00	1 974 800.00	300.00	300.00	0.00	100.0
Dietikon, Bodacher/Ziegelärgerten	1 508 972.00	1 777 700.00	0.00	0.00	0.00	0.0
Geneva Airport, Route de Pré-Bois	5 535 622.42	7 338 000.00	0.00	0.00	0.00	0.0
Geneva Airport, Route de Pré-Bois 10/ underground car park	4 809 000.00	7 057 000.00	76 840.20	0.00	76 840.20	0.0
Losone, Via Locarno/ Via Truscio, sold	0.00	0.00	0.00	0.00	0.00	0.0
Niederwangen b. Bern, Riedmoosstrasse 10	604 000.00	3 604 000.00	0.00	0.00	0.00	0.0
Oberbüren, Buchental/parking	694 112.00	615 600.00	29 224.20	0.00	29 224.20	0.0
Plan-les-Ouates, Chemin des Aulx	12 074 000.00	13 880 000.00	129 996.00	0.00	129 996.00	0.0
Spreitenbach, Joosacker 7	1.00	0.00	52 876.80	0.00	52 876.80	0.0
Wangen b. Olten, Rickenbacherfeld	1 385 942.40	4 560 000.00	0.00	0.00	0.00	0.0
Total III	32 302 572.82	44 107 100.00	490 433.35	975.00	489 458.35	0.2

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GENERAL PROPERTY DETAILS

City, address	Vacant space as at 31.12.2013		Site area m ²	Register of contaminated sites* (entry yes/no)	Built	Year of renovation/ type of renovation	Acquired	Ownership status
	m ²	%						
Mixed properties								
Geneva, Quai du Seujet 30	0	0.0	389	no	1984		01.07.1999	sole ownership
Geneva, Route de Malagnou 6/ Rue Michel-Chauvet 7	0	0.0	1 321	no	1960/1969	1989, total renovation	01.06.2000	sole ownership
Geneva, Rue de la Croix-d'Or 7/ Rue Neuve-du-Molard 4-6	0	0.0	591	no	1974/1985	1994, partial renovation	15.09.2004	sole ownership
Lausanne, Rue de la Mercerie 14	0	0.0	220	no	1900	2002, total renovation	29.10.2009	sole ownership
Lausanne, Rue de la Mercerie 16-20	0	0.0	400	no	1930		29.10.2009	sole ownership
Moosseedorf, Moosstrasse 21, sold								
Oberbüren, Buchental 5	0	0.0	3 456	yes, no action required	1920		29.10.2009	sole ownership
St. Gallen, Spisergasse 12	0	0.0	208	no	1900	1998, partial renovation	01.04.2004	sole ownership
Thônex, Rue de Genève 104-108	6	0.1	9 224	no	2008		29.10.2009	sole ownership
Visp, Kantonsstrasse 8	0	0.0	806	no	1959		29.10.2009	sole ownership
Zurich, Hönggerstrasse 40/ Röschibachstrasse 22	942	14.2	2 571	yes, no action required	1986		01.07.1999	sole ownership
Zurich, Nansenstrasse 5/7	12	0.2	1 740	no	1985		29.10.2009	sole ownership
Zurich, Querstrasse 6	0	0.0	280	no	1927	1990, total renovation	29.10.2009	sole ownership
Zurich, Schulstrasse 34, 36	0	0.0	697	no	1915	1995, total renovation	01.07.1999	sole ownership
Total II	960	2.3	21 903					

Building land

Basel, Hochbergerstrasse 60/ parking	0	0.0	5 440	yes, no action required			29.10.2009	sole ownership
Dietikon, Bodacher	0	0.0	13 615	yes			29.10.2009	sole ownership
Dietikon, Bodacher/Im Maienweg	0	0.0	4 249	no			29.10.2009	sole ownership
Dietikon, Bodacher/Ziegelälgerten	0	0.0	3 825	yes			29.10.2009	sole ownership
Geneva Airport, Route de Pré-Bois	0	0.0	7 631	no			29.10.2009	sole ownership
Geneva Airport, Route de Pré-Bois 10/ underground car park	0	0.0	2 156	no	2003		29.10.2009	sole ownership, land lease
Losone, Via Locarno/ Via Truscio, sold								
Niederwangen b. Bern, Riedmoosstrasse 10	0	0.0	5 895	register in preparation			29.10.2009	sole ownership
Oberbüren, Buchental/parking	0	0.0	1 825	no			29.10.2009	sole ownership
Plan-les-Ouates, Chemin des Aulx	0	0.0	28 429	no			29.10.2009	sole ownership
Spreitenbach, Joosacker 7	0	0.0	16 405	yes			29.10.2009	sole ownership
Wangen b. Olten, Rickenbacherfeld	0	0.0	11 197	no			22.12.2003	sole ownership
Total III	0	0.0	100 667					

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FIGURES FROM THE BALANCE SHEET AND INCOME STATEMENT AS AT 31.12.2013

City, address	Cost* (before depreciation)	Fair value (source: W&P)	Target rental and land lease income (real estate segment) 01.01.–31.12.2013	Losses due to vacancies 01.01.–31.12.2013	Net rental and land lease income (real estate segment) 01.01.–31.12.2013	Vacancy rate (real estate segment) %
Properties under construction and development sites						
Berne, Wankdorffallee 4/ headquarters Post/Majowa	102 152 000.00	104 000 000.00	0.00	0.00	0.00	0.0
Opfikon, Müllackerstrasse/ Bubenholz	12 350 000.00	12 360 000.00	0.00	0.00	0.00	0.0
Zurich, Flurstrasse 55/Flurpark **	182 702 000.00	97 550 000.00	35 400.00	0.00	35 400.00	0.0
Zurich, Hagenholzstrasse 60/ SkyKey	223 812 000.00	225 800 000.00	0.00	0.00	0.00	0.0
Zurich, Hardstrasse 219/ Maaghof North and East	39 181 000.00	50 900 000.00	0.00	0.00	0.00	0.0
Zurich, Naphtastrasse 10/ Maaghof North and East ***	14 570 000.00	14 570 000.00	0.00	0.00	0.00	0.0
Zurich, Turbinenstrasse 21/ Maaghof North and East ***	13 215 000.00	13 215 000.00	0.00	0.00	0.00	0.0
Total IV	587 982 000.00	518 395 000.00	35 400.00	0.00	35 400.00	0.0
Overall total, real estate segment	6 975 366 125.06	9 339 487 800.00	451 948 520.25	27 734 197.74	424 214 322.51	6.1
Intercompany eliminations			(47 540 373.52)		(47 540 373.52)	
Rental income from third parties, retail and gastronomy segment			18 010 470.25		18 010 470.25	
Rental income from third parties from own properties, assisted living segment			11 374 837.00		11 374 837.00	
Consolidated subtotal, excluding leased properties			433 793 453.98	27 734 197.74	406 059 256.24	6.4
Rental income from leased properties, assisted living segment			14 061 575.14		14 061 575.14	
Consolidated overall total, including leased properties			447 855 0209.12	27 734 197.74	420 120 831.38	

* All costs incurred by the purchase of the property (purchase price, legal fees, transfer of real estate costs, sales commission, value-adding investments as well as costs of debt regarding properties under construction and development sites, et cetera) are recognised as cost.

** 2013 reclassified from existing properties to properties under construction due to total modification

*** condominiums designated for sale

GENERAL PROPERTY DETAILS

City, address	Vacant space as at 31.12.2013		Site area m ²	Register of contaminated sites* (entry yes/no)	Built	Year of renovation/ type of renovation	Acquired	Ownership status
	m ²	%						
Properties under construction and development sites								
Berne, Wankdorffallee 4/ headquarters Post/Majowa	0	0.0	5 244	no	2012–2014		04.04.2012	sole ownership, land lease
Opfikon, Müllackerstrasse/ Bubenhof	0	0.0	6 169	no	2013–2015		12.07.2013	sole ownership
Zurich, Flurstrasse 55/Flurpark **	0	0.0	8 270	no	1979	2013–2015, total renovation	31.10.1999	sole ownership
Zurich, Hagenholzstrasse 60/ SkyKey	0	0.0	9 573	yes, was decontaminated before construction	2011–2014		24.01.2011	sole ownership
Zurich, Hardstrasse 219/ Maaghof North and East	0	0.0	8 752	yes, will be decontaminated upon construction of new building	2012–2015		n/a	sole ownership
Zurich, Naphtastrasse 10/ Maaghof North and East ***	0	0.0	1 132	yes, will be decontaminated upon construction of new building	2012–2015		n/a	sole ownership
Zurich, Turbinenstrasse 21/ Maaghof North and East ***	0	0.0	1 315	yes, will be decontaminated upon construction of new building	2012–2015		n/a	sole ownership
Total IV	0	0.0	40 455					
Overall total	125 430	8.2	1 360 549					

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** 2013 reclassified from existing properties to properties under construction due to total modification

*** condominiums designated for sale

PROPERTY STRUCTURE RESIDENTIAL PROPERTIES

City, address	1-1½ rooms no.	2-2½ rooms no.	3-3½ rooms no.	4-4½ rooms no.	5 or more rooms no.	Total apartments			Summary	
						no.	m²	%	Total leased properties, commercial and residential, excl. parking no.	m²
Commercial properties without significant residential space										
Aarau, Bahnhofstrasse 23	0	0	0	0	0	0	0	0.0	10	2 069
Affoltern a.A., Obere Bahnhofstrasse 14	0	1	2	1	0	4	302	15.5	18	1 950
Allschwil, Hegenheimermattweg 91, sold										
Amriswil, Weinfelderstrasse 74	0	0	0	0	0	0	0	0.0	21	3 083
Baden, Bahnhofstrasse 2	0	0	0	0	0	0	0	0.0	6	979
Baden, Weite Gasse 34, 36	0	0	2	0	0	2	174	11.1	13	1 565
Basel, Aeschenvorstadt 2-4	0	0	0	0	0	0	0	0.0	28	6 263
Basel, Barfüsserplatz 3	0	0	0	0	0	0	0	0.0	15	3 864
Basel, Centralbahnplatz 9/10	0	0	1	0	0	1	154	10.7	37	1 442
Basel, Elisabethenstrasse 15	0	0	0	0	0	0	0	0.0	22	4 290
Basel, Freie Strasse 26/ Falknerstrasse 3	0	0	0	0	0	0	0	0.0	16	2 870
Basel, Freie Strasse 36	0	0	0	0	0	0	0	0.0	26	2 429
Basel, Freie Strasse 68	0	0	0	0	0	0	0	0.0	18	7 460
Basel, Henric Petri-Strasse 9/ Elisabethenstrasse 19	0	0	0	1	0	1	133	2.0	26	6 705
Basel, Hochbergerstrasse 40/ parking	0	0	0	0	0	0	0	0.0	2	0
Basel, Hochbergerstrasse 60/ building 805	0	0	0	0	0	0	0	0.0	13	4 782
Basel, Hochbergerstrasse 60/ building 860	0	0	0	0	0	0	0	0.0	10	897
Basel, Hochbergerstrasse 60/ Stückli Business Park 60A-E	0	0	0	0	0	0	0	0.0	93	37 504
Basel, Hochbergerstrasse 62	0	0	0	0	0	0	0	0.0	0	0
Basel, Hochbergerstrasse 70/ Stückli shopping centre	0	0	0	0	0	0	0	0.0	247	54 159
Basel, Messeplatz 12/Messeturm	0	0	0	0	0	0	0	0.0	54	24 101
Basel, Peter Merian-Strasse 80	0	0	0	0	0	0	0	0.0	35	9 110
Basel, Rebgrasse 20	0	0	0	0	0	0	0	0.0	54	9 231
Bellach, Gurzelenstrasse 2/2a, sold										
Belp, Aemmenmattstrasse 43	0	0	0	0	0	0	0	0.0	68	9 255
Berlingen, Seestrasse 83, 88, 101, 154	0	0	0	0	0	0	0	0.0	110	8 650
Berlingen, Seestrasse 110	0	0	0	0	0	0	0	0.0	7	1 882
Berne, Bahnhofplatz 9	0	0	0	0	0	0	0	0.0	11	1 616
Berne, Genfergasse 14	0	0	0	0	0	0	0	0.0	11	15 801
Berne, Laupenstrasse 6	1	0	0	0	0	1	74	3.6	20	2 067
Berne, Mingerstrasse 12-18/ PostFinance Arena	0	0	0	0	0	0	0	0.0	10	46 388
Berne, Schwarztorstrasse 48	0	0	0	0	0	0	0	0.0	18	8 148
Berne, Weltpoststrasse 5	0	0	0	0	0	0	0	0.0	76	25 890
Biel, Solothurnstrasse 122	0	0	0	0	1	1	182	5.5	23	3 320
Brugg, Hauptstrasse 2	0	0	0	0	0	0	0	0.0	35	4 421
Buchs, St. Gallerstrasse 5	0	0	1	0	0	1	135	7.6	10	1 784
Burgdorf, Emmentalstrasse 14	0	0	0	0	0	0	0	0.0	10	2 061
Burgdorf, Industry Buchmatt	0	0	0	0	0	0	0	0.0	28	11 966
Carouge, Avenue Cardinal- Mermillod 36-44	0	0	0	0	0	0	0	0.0	180	35 084
Cham, Dorfplatz 2	0	0	0	0	0	0	0	0.0	13	1 067
Conthey, Route Cantonale 2	0	0	0	0	0	0	0	0.0	22	2 480

PROPERTY STRUCTURE RESIDENTIAL PROPERTIES

City, address	1-1½ rooms no.	2-2½ rooms no.	3-3½ rooms no.	4-4½ rooms no.	5 or more rooms no.	Total apartments			Summary	
						no.	m²	%	Total leased properties, commercial and residential, excl. parking no.	m²
Commercial properties without significant residential space										
Conthey, Route Cantonale 4	0	0	0	0	0	0	0	0.0	21	5 038
Conthey, Route Cantonale 11	0	0	0	1	0	1	129	1.8	35	7 324
Dietikon, Bahnhofplatz 11/ Neumattstrasse 24	0	0	0	0	0	0	0	0.0	9	1 783
Dietikon, Kirchstrasse 20	0	0	0	0	0	0	0	0.0	17	1 894
Dietikon, Zentralstrasse 12	0	0	0	0	0	0	0	0.0	22	3 266
Dübendorf, Bahnhofstrasse 1	0	0	0	0	0	0	0	0.0	11	1 671
Eyholz, Kantonsstrasse 79	0	0	0	0	0	0	0	0.0	12	1 321
Frauenfeld, St. Gallerstrasse 30-30c	0	0	0	0	0	0	0	0.0	80	9 528
Frauenfeld, Zürcherstrasse 305	2	0	1	1	0	4	260	6.0	27	4 319
Frick, Hauptstrasse 132/ Fricktal Centre A3	0	0	0	0	0	0	0	0.0	30	4 984
Füllinsdorf, Schneckelerstrasse 1	0	0	0	0	0	0	0	0.0	28	4 310
Geneva, Centre Rhône-Fusterie	0	0	0	0	0	0	0	0.0	7	11 186
Geneva, Place Cornavin 10	0	0	0	0	0	0	0	0.0	40	2 777
Geneva, Place du Molard 2-4	0	0	0	0	0	0	0	0.0	45	7 178
Geneva, Route de Meyrin 49	0	0	0	0	1	1	83	0.8	48	10 083
Geneva, Rue Céard 14/Croix-d'Or 11	0	0	0	0	0	0	0	0.0	9	1 677
Geneva, Rue de Rive 3	0	0	0	0	0	0	0	0.0	24	1 902
Geneva, Rue du Rhône 48-50	0	0	0	0	0	0	0	0.0	103	33 436
Glattbrugg, Schaffhauserstrasse 59	0	0	0	0	0	0	0	0.0	10	1 541
Gossau, Wilerstrasse 82	0	0	0	0	0	0	0	0.0	25	4 689
Grand-Lancy, Route des Jeunes 10/ CCL La Praille	0	0	0	0	0	0	0	0.0	155	33 424
Grand-Lancy, Route des Jeunes 12	0	0	0	0	0	0	0	0.0	54	12 765
Granges-Paccot, Route d'Agy 3, sold										
Heimberg, Gurnigelstrasse 38	0	0	0	0	0	0	0	0.0	15	1 543
Holderbank, Hauptstrasse 43, 45, sold										
Horgen, Zugerstrasse 22, 24	0	0	0	0	0	0	0	0.0	17	2 408
La Chaux-de-Fonds, Boulevard des Eplatures 44	0	0	0	0	0	0	0	0.0	16	2 506
Lachen, Seidenstrasse 2	0	0	0	0	0	0	0	0.0	9	1 532
Lausanne, Avenue de Chailly 1	0	0	0	1	0	1	95	8.8	9	1 083
Lausanne, Rue de Sébeillon 9/ Sébeillon Centre	0	0	0	0	0	0	0	0.0	71	10 123
Lausanne, Rue du Pont 5	0	0	0	0	0	0	0	0.0	91	20 802
Locarno, Largo Zorzi 4/ Piazza Grande	0	0	5	1	0	6	490	7.3	42	6 690
Locarno, Parking Centro	0	0	0	0	0	0	0	0.0	11	50
Locarno, Via delle Monache 8	0	0	0	0	0	0	0	0.0	3	256
Lutry, Route de l'Ancienne Ciblerie 2	0	0	0	0	0	0	0	0.0	27	3 232
Lucerne, Kreuzbuchstrasse 33/35	0	0	0	0	0	0	0	0.0	94	10 533
Lucerne, Pilatusstrasse 4/Flora	0	0	0	0	0	0	0	0.0	44	9 892
Lucerne, Schwänenplatz 3	0	0	0	1	0	1	112	7.4	11	1 512
Lucerne, Weggisgasse 20, 22	0	0	0	0	0	0	0	0.0	7	1 285
Lucerne, Weinberglistrasse 4/ Tribtschenstrasse 62	0	0	0	0	0	0	0	0.0	89	11 302

PROPERTY STRUCTURE RESIDENTIAL PROPERTIES

City, address	1-1½ rooms no.	2-2½ rooms no.	3-3½ rooms no.	4-4½ rooms no.	5 or more rooms no.				Summary		
						no.	Total apartments m²	%	Total leased properties, commercial and residential, excl. parking no.	m²	
Commercial properties without significant residential space											
Mägenwil , Weststrasse 6/ Birrfeldstrasse south, sold											
Meilen , Seestrasse 545	0	0	0	0	0	0	0	0.0	15	2 458	
Meyrin , Route de Meyrin 210	0	0	0	0	0	0	0	0.0	9	1 117	
Moosseedorf , Moosstrasse 23, sold											
Neuchâtel , Avenue J.-J. Rousseau 7	0	0	0	0	0	0	0	0.0	29	3 117	
Neuchâtel , Rue de l'Ecluse 19/ parking	0	0	0	0	0	0	0	0.0	0	0	
Neuchâtel , Rue du Temple-Neuf 11	0	0	1	0	0	1	95	8.2	30	1 153	
Neuchâtel , Rue du Temple-Neuf 14	0	0	0	0	0	0	0	0.0	3	148	
Niederwangen b. Bern , Riedmoosstrasse 10	0	1	0	0	0	1	60	0.5	50	12 925	
Oberbüren , Buchental 2	0	0	0	0	0	0	0	0.0	19	6 486	
Oberbüren , Buchental 3	0	0	0	2	0	2	234	10.0	17	2 342	
Oberbüren , Buchental 3a	0	0	0	0	0	0	0	0.0	10	2 464	
Oberbüren , Buchental 4	0	0	0	0	0	0	0	0.0	24	9 547	
Oberbüren , Haslen 3/ logistics centre Haslen, sold											
Oberwil , Mühlemattstrasse 23	0	0	0	0	0	0	0	0.0	19	1 651	
Oftringen , Spitalweidstrasse 1/ shopping centre a1	0	0	0	0	0	0	0	0.0	113	20 059	
Olten , Bahnhofquai 18	0	0	0	0	0	0	0	0.0	12	5 134	
Olten , Bahnhofquai 20	0	0	0	0	0	0	0	0.0	16	7 366	
Olten , Frohburgstrasse 1	0	0	0	0	0	0	0	0.0	9	1 153	
Olten , Frohburgstrasse 15	0	0	0	0	0	0	0	0.0	15	1 882	
Olten , Solothurnerstrasse 201	0	0	0	0	0	0	0	0.0	5	1 592	
Olten , Solothurnerstrasse 231-235/ Usego	0	0	0	0	0	0	0	0.0	30	11 947	
Ostermundigen , Mitteldorfstrasse 16	0	0	0	0	0	0	0	0.0	106	10 925	
Otelfingen , Industriestrasse 19/21	0	0	1	1	0	2	214	0.3	157	83 341	
Otelfingen , Industriestrasse 31	0	0	0	0	0	0	0	0.0	53	11 560	
Payerne , Route de Bussy 2	0	0	0	0	0	0	0	0.0	11	6 018	
Petit-Lancy , Route de Chancy 59	0	0	0	0	0	0	0	0.0	51	22 174	
Pfäffikon SZ , Huobstrasse 5	0	0	0	0	0	0	0	0.0	94	11 660	
Rapperswil-Jona , Grünfeldstrasse 25	0	0	0	0	0	0	0	0.0	12	12 572	
Rapperswil-Jona , Rathausstrasse 8	0	0	0	0	0	0	0	0.0	23	3 143	
Romanel , Chemin du Marais 8	0	0	0	0	0	0	0	0.0	23	6 791	
Rümlang , Hofwisenstrasse 50	0	0	0	0	0	0	0	0.0	12	9 962	
Schwyz , Oberer Steisteg 18, 20	0	0	0	0	0	0	0	0.0	26	2 672	
Solothurn , Amthausplatz 1	0	0	0	0	0	0	0	0.0	12	3 355	
Spreitenbach , Industriestrasse/ Tivoli	0	0	0	0	0	0	0	0.0	2	980	
Spreitenbach , Müslistrasse 44	0	0	0	0	0	0	0	0.0	8	517	
Spreitenbach , Pfadackerstrasse 6/ Limmatpark	0	1	0	1	0	2	184	0.7	32	27 371	
St. Gallen , Bohl 1/Goliathgasse 6	1	1	1	1	0	4	369	8.8	16	4 175	
St. Gallen , Spisergasse 12	0	1	0	1	0	2	164	26.6	7	617	
St. Gallen , Zürcherstrasse 462-464/ Shopping Arena	0	0	0	0	0	0	0	0.0	161	39 873	

PROPERTY STRUCTURE RESIDENTIAL PROPERTIES

City, address	1-1½ rooms no.	2-2½ rooms no.	3-3½ rooms no.	4-4½ rooms no.	5 or more rooms no.				Summary	
						no.	Total apartments m²	%	Total leased properties, commercial and residential, excl. parking no.	m²
Commercial properties without significant residential space										
Sursee, Moosgasse 20	0	0	0	0	0	0	0	0.0	13	2410
Thalwil, Gotthardstrasse 40	0	0	0	0	0	0	0	0.0	14	986
Thun, Bälliz 67	0	0	1	0	0	1	118	3.7	27	3173
Thun, Göttibachweg 2-2e, 4, 6, 8	0	0	0	0	0	0	0	0.0	103	11 556
Uster, Poststrasse 10	0	0	0	0	0	0	0	0.0	8	1 431
Uster, Poststrasse 14/20	0	0	0	0	0	0	0	0.0	32	3 195
Vernier, Chemin de l'Etang 72/ Patio Plaza	0	0	0	0	0	0	0	0.0	41	13 666
Vevey, Rue de la Clergère 1	0	0	0	0	0	0	0	0.0	15	3 084
Wabern, Nesslerenweg 30	0	0	0	0	0	0	0	0.0	66	6 288
Wil, Obere Bahnhofstrasse 40	0	0	0	0	0	0	0	0.0	21	2 878
Winterthur, Theaterstrasse 17	0	0	0	0	0	0	0	0.0	51	14 147
Winterthur, Untertor 24	0	0	0	0	0	0	0	0.0	6	1 364
Worblaufen, Alte Tiefenastrasse 6	0	0	0	0	0	0	0	0.0	7	18 213
Zollikon, Bergstrasse 17, 19	0	0	0	0	0	0	0	0.0	17	2 126
Zollikon, Forchstrasse 452-456	0	0	0	0	0	0	0	0.0	11	2 251
Zuchwil, Allmendweg 8/ Riverside Business Park	0	0	0	0	0	0	0	0.0	101	97 758
Zuchwil, Dorfackerstrasse 45/ Birchi Centre	0	0	0	0	2	2	312	2.4	48	13 274
Zug, Zählerweg 4, 6/ Dammstrasse 19/ Landis+Gyr-Strasse 3/Opus 1	0	0	0	0	0	0	0	0.0	45	15 927
Zug, Zählerweg 8, 10/ Dammstrasse 21, 23/Opus 2	0	0	0	0	0	0	0	0.0	26	19 994
Zurich, Affolternstrasse 52/ MFO building	0	0	0	0	0	0	0	0.0	5	2 776
Zurich, Affolternstrasse 54, 56/ Cityport	0	0	0	0	0	0	0	0.0	18	23 420
Zurich, Bahnhofstrasse 42	0	0	0	0	0	0	0	0.0	13	2 003
Zurich, Bahnhofstrasse 69	0	0	0	0	0	0	0	0.0	26	1 114
Zurich, Bahnhofstrasse 106	0	0	0	0	0	0	0	0.0	17	1 196
Zurich, Brandschenkestrasse 25	0	0	0	0	0	0	0	0.0	57	13 246
Zurich, Carl-Spitteler-Strasse 68/70	0	0	0	0	0	0	0	0.0	144	19 343
Zurich, Etzelstrasse 14	0	0	0	0	0	0	0	0.0	1	2 080
Zurich, Flurstrasse 89	0	0	0	0	0	0	0	0.0	8	3 301
Zurich, Fraumünsterstrasse 16	0	0	0	0	0	0	0	0.0	34	8 585
Zurich, Hardstrasse 201/ Prime Tower	0	0	0	0	0	0	0	0.0	79	48 142
Zurich, Hardstrasse 219/ Eventblock Maag	0	0	0	0	0	0	0	0.0	44	7 056
Zurich, Josefstrasse 53, 59	0	0	0	0	0	0	0	0.0	49	12 140
Zurich, Jupiterstrasse 15/ Böcklinstrasse 19	0	0	0	0	0	0	0	0.0	28	1 829
Zurich, Kappenbühlweg 9, 11/ Holbrigstrasse 10/ Regensdorferstrasse 18a	0	0	0	0	0	0	0	0.0	121	14 790
Zurich, Limmattalstrasse 180, sold										
Zurich, Maagplatz 1/Platform	0	0	0	0	0	0	0	0.0	17	20 319
Zurich, Manessestrasse 85	0	0	0	0	0	0	0	0.0	43	9 114
Zurich, Ohmstrasse 11, 11a	0	0	0	0	0	0	0	0.0	57	6 172
Zurich, Restelbergstrasse 108	0	0	0	0	0	0	0	0.0	16	672
Zurich, Schaffhauserstrasse 339	0	0	0	0	0	0	0	0.0	9	1 726

PROPERTY STRUCTURE COMMERCIAL PROPERTIES

City, address	Retail			Offices, medical practice premises, etc.			Cinemas and restaurants			Assisted living			Storage facilities			Other commercial units			Total commercial properties, excl. parking		
	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%
Commercial properties without significant residential space																					
Zurich, Seidengasse 1/ Jelmoli – The House of Brands	1	23 765	64.6	2	1 349	3.7	10	4 906	13.3	0	0	0.0	3	4 691	12.8	8	2 060	5.6	24	36 771	100.0
Zurich, Siewerdstrasse 8	0	0	0.0	12	3 360	91.3	0	0	0.0	0	0	0.0	9	321	8.7	2	0	0.0	23	3 681	100.0
Zurich, Sihlcity	86	10 013	42.4	26	5 838	24.7	17	4 463	18.9	0	0	0.0	95	1 813	7.7	43	1 087	4.6	267	23 214	98.2
Zurich, Sihlstrasse 24/ St. Annagasse 16	1	110	3.6	20	2 003	66.0	4	504	16.6	0	0	0.0	10	213	7.0	16	203	6.7	51	3 033	100.0
Zurich, Stadelhoferstrasse 18	4	374	19.5	5	938	49.0	1	227	11.9	0	0	0.0	8	363	19.0	2	12	0.6	20	1 914	100.0
Zurich, Stadelhoferstrasse 22	7	356	11.6	7	1 562	50.9	1	140	4.6	0	0	0.0	5	941	30.7	2	68	2.2	22	3 067	100.0
Zurich, Steinmühleplatz/ Jelmoli parking	1	73	86.9	1	11	13.1	0	0	0.0	0	0	0.0	0	0	0.0	48	0	0.0	50	84	100.0
Zurich, Steinmühleplatz 1/ St. Annagasse 18/Sihlstrasse 20	7	675	10.9	9	4 026	64.8	1	131	2.1	0	0	0.0	21	1 205	19.4	23	175	2.8	61	6 212	100.0
Zurich, Talacker 21, 23	3	470	9.6	11	3 149	64.2	0	0	0.0	0	0	0.0	21	1 285	26.2	1	0	0.0	36	4 904	100.0
Total I	791	323 146	21.9	1552	549 680	37.0	166	62 652	4.2	978	110 312	7.4	1524	257 886	17.4	954	175 601	11.8	5 965	1 479 277	99.7
Mixed properties																					
Geneva, Quai du Seujet 30	2	387	14.1	5	1 019	37.1	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	7	1 406	51.2
Geneva, Route de Malagnou 6/ Rue Michel-Chauvet 7	0	0	0.0	5	831	49.6	1	188	11.2	0	0	0.0	4	61	3.6	0	0	0.0	10	1 080	64.4
Geneva, Rue de la Croix-d'Or 7/ Rue Neuve-du-Molard 4-6	6	1 333	38.4	5	843	24.3	0	0	0.0	0	0	0.0	3	125	3.6	0	0	0.0	14	2 301	66.3
Lausanne, Rue de la Mercerie 14	1	79	13.4	0	0	0.0	0	0	0.0	0	0	0.0	1	20	3.4	1	6	1.0	3	105	17.8
Lausanne, Rue de la Mercerie 16-20	2	84	6.0	0	0	0.0	0	0	0.0	0	0	0.0	4	145	10.3	1	12	0.9	7	241	17.2
Moosseedorf, Moosstrasse 21, sold																					
Oberbüren, Buchental 5	0	0	0.0	3	199	12.1	0	0	0.0	0	0	0.0	0	0	0.0	9	1 207	73.2	12	1 406	85.3
St. Gallen, Spisergasse 12	5	885	82.7	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	5	885	82.7
Thônex, Rue de Genève 104-108	21	6 555	56.2	4	44	0.4	3	404	3.5	0	0	0.0	12	953	8.2	54	1 022	8.8	94	8 978	77.0
Visp, Kantonsstrasse 8	2	968	43.0	7	197	8.7	0	0	0.0	0	0	0.0	4	239	10.6	4	117	5.2	17	1 521	67.5
Zurich, Höggerstrasse 40/ Röschiachstrasse 22	10	1 465	22.1	8	2 697	40.7	0	0	0.0	0	0	0.0	5	76	1.1	11	103	1.6	34	4 341	65.6
Zurich, Nansenstrasse 5/7	10	2 405	40.9	8	1 490	25.3	0	0	0.0	0	0	0.0	5	361	6.1	29	32	0.5	52	4 288	72.9
Zurich, Querstrasse 6	2	77	13.6	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	9	40	7.1	11	117	20.7
Zurich, Schulstrasse 34, 36	0	0	0.0	2	622	36.1	0	0	0.0	0	0	0.0	1	135	7.8	0	0	0.0	3	757	44.0
Total II	61	14 238	34.6	47	7 942	19.2	4	592	1.4	0	0	0.0	39	2 115	5.1	118	2 539	6.1	269	27 426	66.4

PROPERTY STRUCTURE RESIDENTIAL PROPERTIES

City, address	1-1½ rooms no.	2-2½ rooms no.	3-3½ rooms no.	4-4½ rooms no.	5 or more rooms no.	Total apartments			Summary	
						no.	m²	%	Total leased properties, commercial and residential, excl. parking no.	m²
Commercial properties without significant residential space										
Zurich, Seidengasse 1/ Jelmoli – The House of Brands	0	0	0	0	0	0	0	0.0	24	36 771
Zurich, Siewerdstrasse 8	0	0	0	0	0	0	0	0.0	23	3 681
Zurich, Sihlcity	16	0	0	0	0	16	420	1.8	283	23 634
Zurich, Sihlstrasse 24/ St. Annagasse 16	0	0	0	0	0	0	0	0.0	51	3 033
Zurich, Stadelhoferstrasse 18	0	0	0	0	0	0	0	0.0	20	1 914
Zurich, Stadelhoferstrasse 22	0	0	0	0	0	0	0	0.0	22	3 067
Zurich, Steinmühleplatz/ Jelmoli parking	0	0	0	0	0	0	0	0.0	50	84
Zurich, Steinmühleplatz 1/ St. Annagasse 18/Sihlstrasse 20	0	0	0	0	0	0	0	0.0	61	6 212
Zurich, Talacker 21, 23	0	0	0	0	0	0	0	0.0	36	4 904
Total I	20	5	16	13	4	58	4 493	0.3	6 023	1 483 770
Mixed properties										
Geneva, Quai du Seujet 30	0	0	0	0	11	11	1 342	48.8	18	2 748
Geneva, Route de Malagnou 6/ Rue Michel-Chauvet 7	0	0	0	0	3	3	597	35.6	13	1 677
Geneva, Rue de la Croix-d'Or 7/ Rue Neuve-du-Molard 4-6	21	4	5	2	0	32	1 171	33.7	46	3 472
Lausanne, Rue de la Mercerie 14	0	6	0	0	1	7	484	82.2	10	589
Lausanne, Rue de la Mercerie 16-20	15	4	10	0	0	29	1 164	82.8	36	1 405
Moosseedorf, Moosstrasse 21, sold										
Oberbüren, Buchental 5	0	0	2	0	0	2	242	14.7	14	1 648
St. Gallen, Spisergasse 12	0	0	0	0	1	1	185	17.3	6	1 070
Thônex, Rue de Genève 104-108	8	8	16	8	0	40	2 684	23.0	134	11 662
Visp, Kantonsstrasse 8	0	3	0	6	0	9	732	32.5	26	2 253
Zurich, Hönggerstrasse 40/ Röschibachstrasse 22	0	20	10	1	0	31	2 280	34.4	65	6 621
Zurich, Nansenstrasse 5/7	0	5	2	9	1	17	1 595	27.1	69	5 883
Zurich, Querstrasse 6	3	3	0	1	0	7	448	79.3	18	565
Zurich, Schulstrasse 34, 36	0	1	3	9	0	13	964	56.0	16	1 721
Total II	47	54	48	36	17	202	13 888	33.6	471	41 314

PROPERTY STRUCTURE COMMERCIAL PROPERTIES

City, address	Retail			Offices, medical practice premises, etc.			Cinemas and restaurants			Assisted living			Storage facilities			Other commercial units			Total commercial properties, excl. parking					
	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%	no.	m ²	%			
Building land																								
Basel, Hochbergerstrasse 60/ parking	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Dietikon, Bodacher	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Dietikon, Bodacher/Im Maienweg	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Dietikon, Bodacher/Ziegelägerten	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Geneva Airport, Route de Pré-Bois	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Geneva Airport, Route de Pré-Bois 10/ underground car park	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	1	409	100.0	0	0	0.0	0	0	0.0	1	409	100.0
Losone, Via Locarno/ Via Truscio, sold																								
Niederwangen b. Bern, Riedmoosstrasse 10	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Oberbüren, Buchental/parking	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Plan-les-Ouates, Chemin des Aulx	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Spreitenbach, Joosäcker 7	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Wangen b. Olten, Rickenbacherfeld	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Total III	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	1	409	100.0	0	0	0.0	0	0	0.0	1	409	100.0
Properties under construction and development sites																								
Berne, Wankdorffallee 4/ headquarter Post/Majowa	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Opfikon, Müllackerstrasse/ Bubenholz	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Zurich, Flurstrasse 55/Flurpark *	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Zurich, Hagenholzstrasse 60/ SkyKey	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Zurich, Hardstrasse 219/ Maaghof North and East	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Zurich, Naphtastrasse 10/ Maaghof North and East **	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Zurich, Turbinenstrasse 21/ Maaghof North and East **	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Total IV	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0.0
Overall total	852	337 384	22.1	1 599	557 622	36.6	170	63 244	4.1	978	110 312	7.2	1 564	260 410	17.1	1 072	178 140	11.7	6 235	1 507 112	98.8			

* 2013 reclassified from existing properties to properties under construction due to total modification

** condominiums designated for sale

PROPERTY STRUCTURE RESIDENTIAL PROPERTIES

City, address	1-1½ rooms no.	2-2½ rooms no.	3-3½ rooms no.	4-4½ rooms no.	5 or more rooms no.	no.	Total apartments		Summary	
							m²	%	Total leased properties, commercial and residential, excl. parking no.	m²
Building land										
Basel, Hochbergerstrasse 60/ parking	0	0	0	0	0	0	0	0.0	0	0
Dietikon, Bodacher	0	0	0	0	0	0	0	0.0	0	0
Dietikon, Bodacher/Im Maienweg	0	0	0	0	0	0	0	0.0	0	0
Dietikon, Bodacher/Ziegelägerten	0	0	0	0	0	0	0	0.0	0	0
Geneva Airport, Route de Pré-Bois	0	0	0	0	0	0	0	0.0	0	0
Geneva Airport, Route de Pré-Bois 10/ underground car park	0	0	0	0	0	0	0	0.0	1	409
Losone, Via Locarno/ Via Truscio, sold										
Niederwangen b. Bern, Riedmoosstrasse 10	0	0	0	0	0	0	0	0.0	0	0
Oberbüren, Buchental/parking	0	0	0	0	0	0	0	0.0	0	0
Plan-les-Ouates, Chemin des Aulx	0	0	0	0	0	0	0	0.0	0	0
Spreitenbach, Joosäcker 7	0	0	0	0	0	0	0	0.0	0	0
Wangen b. Olten, Rickenbacherfeld	0	0	0	0	0	0	0	0.0	0	0
Total III	0	0	0	0	0	0	0	0.0	1	409
Properties under construction and development sites										
Berne, Wankdorfallee 4/ headquarter Post/Majowa	0	0	0	0	0	0	0	0.0	0	0
Opfikon, Müllackerstrasse/ Bubenholz	0	0	0	0	0	0	0	0.0	0	0
Zurich, Flurstrasse 55/Flurpark *	0	0	0	0	0	0	0	0.0	0	0
Zurich, Hagenholzstrasse 60/ SkyKey	0	0	0	0	0	0	0	0.0	0	0
Zurich, Hardstrasse 219/ Maaghof North and East	0	0	0	0	0	0	0	0.0	0	0
Zurich, Naphtastrasse 10/ Maaghof North and East **	0	0	0	0	0	0	0	0.0	0	0
Zurich, Turbinenstrasse 21/ Maaghof North and East **	0	0	0	0	0	0	0	0.0	0	0
Total IV	0	0	0	0	0	0	0	0.0	0	0
Overall total	67	59	64	49	21	260	18 381	1.2	6 495	1 525 493

* 2013 reclassified from existing properties to properties under construction due to total modification

** condominiums designated for sale



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