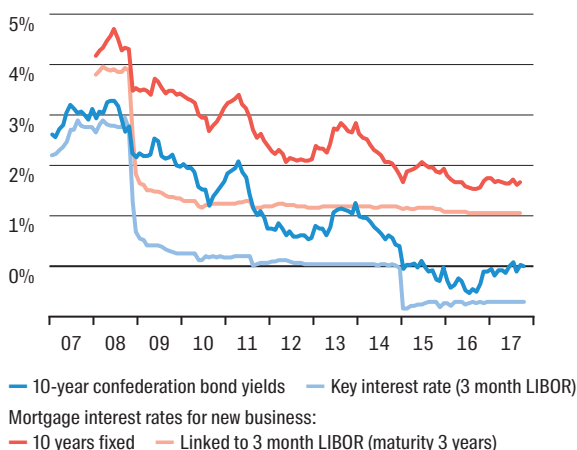


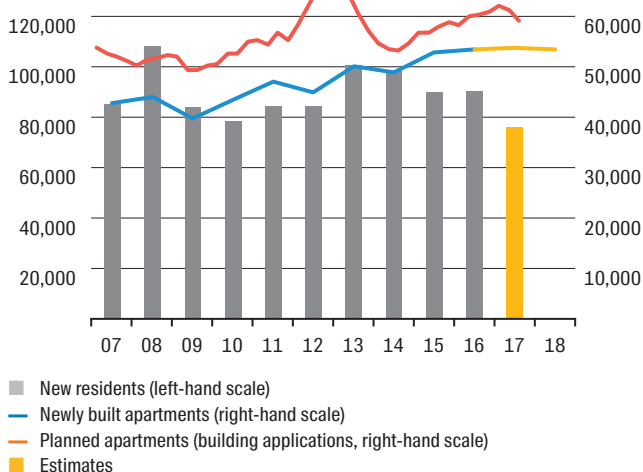
Background

- The situation in the eurozone is improving. GDP grew by 2.3% year-on-year in the second quarter of 2017. This should have a positive impact on the Swiss export industry.
- So far, the rise in both GDP and employment has been only moderate in Switzerland. But the outlook for 2018 looks optimistic, with real economic growth expected to be close to 2%.
- According to the Swiss National Bank, the Swiss franc is still high but no longer «significantly overvalued». Besides, the appreciation of the euro is positive for Swiss companies.
- The unemployment rate is expected to decline to around 3.0% next year. In addition, the upcoming reduction in VAT should boost consumer spending (expected to rise by 1.0-1.5% in 2018).
- Construction of commercial premises should pick up, following a downward trend in recent years. Construction of apartment buildings is at a high level but could drop slightly in 2018.

Confederation bond yields and mortgage rates



Population growth and residential construction activity



Key indicators on the Swiss economy (yellow numbers: forecasts)

	2015	2016	2017	2018
Population				
Persons (millions)	8.33	8.42 ⁽¹⁾	8.5 ⁽²⁾	8.6 ⁽²⁾
Annual change	1.1%	1.1% ⁽¹⁾	0.9% ⁽²⁾	0.9% ⁽²⁾
Economy				
Annual change in real GDP	0.8%	1.3%	0.9% ⁽³⁾	2.0% ⁽³⁾
Annual change in employment	0.9%	0.3%	0.3% ⁽³⁾	0.8% ⁽³⁾
Unemployment rate	3.2%	3.3%	3.2% ⁽³⁾	3.0% ⁽³⁾
Consumer confidence index (Oct. each yr.)	-18	-13	-2	-
Annual average change in real retail turnover	-0.5%	-1.7%	-0.1% ⁽⁴⁾	-
Building construction investment				
Annual change (nominal, new-build & refurb.)	1.5%	-0.4%	0.4% ⁽³⁾	0.2% ⁽³⁾
Money market				
Annual inflation	-1.1%	-0.4%	0.5% ⁽³⁾	0.2% ⁽³⁾
10-year fixed mortgage rate (Sept. each yr.)	1.95%	1.52%	1.66%	-
10-year confederation bonds (Oct. each yr.)	-0.27%	-0.36%	-0.03% ⁽³⁾	-

⁽¹⁾ FSO prov. data - ⁽²⁾ Wüest Partner forecast - ⁽³⁾ SECO forecast September 2017 - ⁽⁴⁾ Change between January and September 2017

Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitorings (autumn edition 2018|1, only in German and French). In addition to current market assessments and comprehensive data, the following topics are discussed:



- Economic background
- Residential and commercial market outlook
- Serviced apartments: boom or hype?
- Property price indices: it's all in the method
- Opportunities arising from added value compensation
- Direct and indirect real estate investments
- Market and regional data

Learn more about the comprehensive publication on the Swiss real estate market. www.wuestpartner.com/publications

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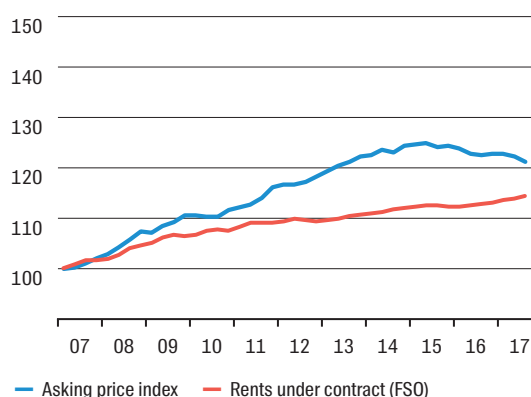
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Residential market

- Vacancies in the rented accommodation sector have reached a record level in Switzerland and are likely to rise further next year.
- In view of this, asking prices for rented accommodation fell by 1.1% between the third quarter of 2016 and the comparable period of 2017.
- Asking rents will probably continue to decline next year. Wüest Partner anticipates that they will drop by 1% in 2018. The biggest reductions are likely to be in southern Switzerland (minus 1.7%) and north-west Switzerland (minus 1.3%).
- 3 to 4.5-room apartments will be worst affected by the downward trend, while small rented apartments (maximum 2.5 rooms) are still highly sought-after, with search subscriptions outnumbering supply by 1.8.
- Rents for some existing leases may have fallen by 2.91% owing to the reduction in the reference interest rate in June 2017.

Development of rents (index 2007 Q1 = 100)

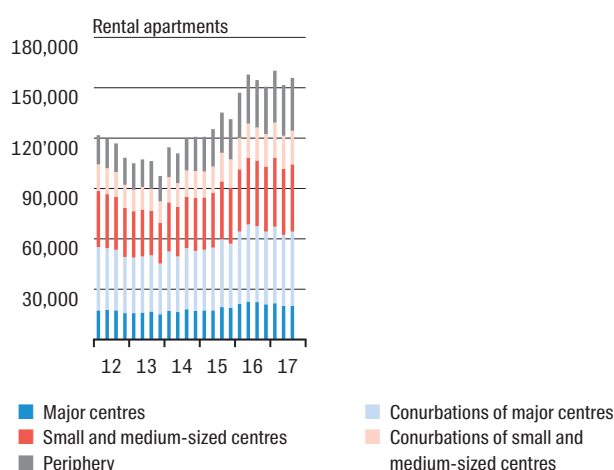


Key indicators for Switzerland

	2015	2016	2017
Rental apartments			
Market value (bn CHF, excl. parking spaces)	—	—	1,023
Planning applications (bn CHF) ⁽¹⁾	12.0	12.2	12.0
Vacancy rate (June of each year)	1.8%	2.0%	2.4%
Supply rate	6.1%	6.9%	7.0%
Asking price index (year-on-year change in rents)	1.0%	-1.3%	-1.1%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q2)	30	31	35

⁽¹⁾ Apartments in multi-family houses.
As at Q3 unless otherwise stated

Number of apartments on offer (per quarter)



Key indicators for the major centres

	Apartments (number, 2015)	Planning appl. (m CHF)	Vacancy rate (June 2017)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2016)
Rental apartments								
Zurich	184,700	690.5	0.2%	4.0%	320	640	1.7%	8.6%
Berne	59,900	105.9	0.7%	4.6%	240	440	2.2%	8.3%
Basel	78,400	114.7	0.6%	5.3%	230	370	2.1%	8.5%
Lausanne	61,200	168.7	0.4%	4.2%	280	470	2.4%	8.5%
Geneva	84,100	198.1	0.6%	3.6%	370	670	2.3%	9.1%
Switzerland	2,234,500	11,967.1	2.4%	7.0%	190	—	—	8.2%

As at 2017 Q3 unless otherwise stated

Notes: This market report has been produced by Wüest Partner with due care. It is intended as general guidance only. Reliance should not be placed upon the information, forecasts and opinions set out herein for any purpose whatsoever, and Wüest Partner accepts no liability, whether in negligence or otherwise, arising from such use.

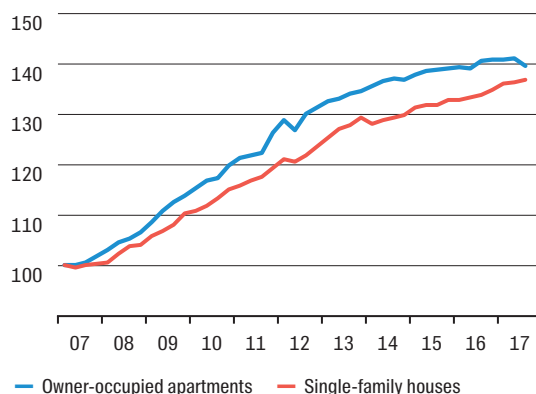
Commercial and residential properties: Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices in CHF for an average/upmarket house. **Owner-occupied apartments:** Asking prices (median), transaction and top prices (average/upmarket property) in CHF per sqm usable area. **All market segments:** The supply rate indicates the number of properties/floorspace on offer as a percentage of total stock. The change in the asking price index shows the development of roughly quality adjusted asking prices and asking rents.

Sources: This market survey is based on a broad Wüest Partner data pool. It also draws on the following public sources: Federal Statistical Office (FSO) as well as cantonal and local statistical offices, Baublatt Info-Dienst, KOF Swiss Economic Institute, State Secretariat for Economic Affairs SECO, Swiss National Bank and MSCI.

Owner-occupied market

- Asking prices for owner-occupied apartments increased by 0.8% between the third quarter of 2016 and the same period of 2017. Demand is still buoyant, however, as evidenced by the stable development of transaction prices.
- The number of building permits for owner-occupied apartments is below the level seen in the last three years, while the number of search subscriptions increased between mid-2016 and mid-2017 (+21.6%). Consequently, supply in this segment is unlikely to grow.
- Prices of owner-occupied apartments should therefore rise further in 2018 (+0.5%). However, declines could be registered in western Switzerland (-0.5%) and southern Switzerland (-0.7%).
- The supply of single-family homes remains low. A shortage of building land as well as planning restrictions limit the construction of new homes. Due to the persistently high demand, Wüest Partner anticipates an average increase of 1.1% in Switzerland in 2018.

Development of asking prices (index 2007 Q1 = 100)

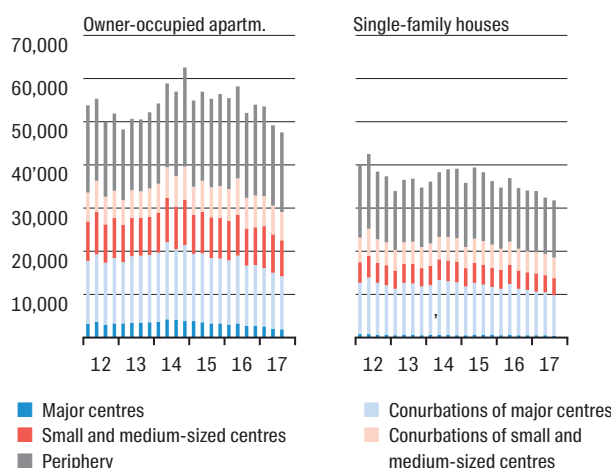


Key indicators for Switzerland

	2015	2016	2017
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	—	—	787
Supply rate	5.6%	5.2%	4.8%
Vacancy rate (June)	0.5%	0.5%	0.5%
Asking price index (year-on-year change)	1.2%	1.4%	-0.8%
Current asking price (CHF/sqm, median)	—	—	6,710
Marketing duration (days, median, Q2)	76	71	70
Single-family houses			
Market value (bn CHF)	—	—	1,074
Supply rate	4.0%	3.5%	3.3%
Vacancy rate (June)	0.7%	0.7%	0.7%
Asking price index (year-on-year change)	2.0%	1.4%	2.4%
Asking price (CHF per 6-6.5 room house, median)	—	—	1,155,000
Marketing duration (days, median, Q2)	63	65	61

As at Q3 unless otherwise stated

Number of properties on offer (per quarter)



Key indicators for the major centres

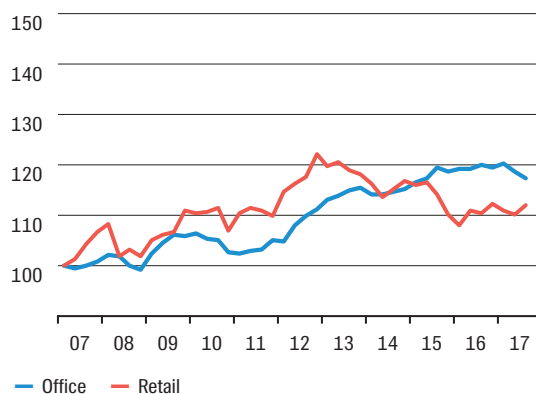
	Properties (2015)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2017)	Supply rate	Asking price ⁽²⁾ (median)	Transaction price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	24,900	33,460	59.2	0.1%	1.4%	11,730	12,990	26,400
Berne	11,700	9,540	12.3	0%	0.7%	7,050	7,780	14,500
Basel	14,900	14,940	2.8	0%	1.1%	8,620	9,530	15,200
Lausanne	11,200	12,280	32.9	0.3%	3.0%	9,590	10,720	21,700
Geneva	21,300	30,300	27.5	0.4%	4.0%	11,890	13,740	30,800
Switzerland	993,000	786,740	7,840.5	0.5%	4.8%	6,710	6,800	—
Single-family houses								
Zurich	8,900	21,110	11.1	0.1%	0.8%	1,693,490	2,442,000	3,741,000
Berne	3,900	6,080	3.2	0.3%	0.6%	1,130,520	1,601,000	2,406,000
Basel	5,900	11,040	3.6	0.1%	1.1%	1,264,420	1,916,000	2,884,000
Lausanne	2,100	3,330	8.0	0.0%	7.8%	1,350,420	1,600,000	2,486,000
Geneva	800	1,590	5.8	1.4%	9.1%	1,444,650	2,081,000	3,245,000
Switzerland	975,500	1,074,120	5,749.5	0.7%	3.3%	1,155,000	900,000	—

As at 2017 Q3 unless otherwise stated. — ⁽¹⁾ Not comparable with previous year, s figure due to methodical adjustments; owner-occupied apartments: Market value excl. parking spaces. — ⁽²⁾ owner-occupied apartments: price in CHF/sqm; single-family houses: price in CHF per house.

Commercial market

- Although the situation eased for some investors in 2017, office market conditions remain difficult: asking prices fell in the third quarter of 2017 compared with a year earlier.
- There is still a lot of supply of office premises in Switzerland, with available floorspace having risen to nearly 3.9 million m2 in the third quarter of 2017. Moreover, construction of offices is rising.
- Consequently, Wüest Partner expects rents for office space to decline by 0.3% next year.
- Although retail turnover is suffering greatly from online retailing, a ray of hope comes from consumer spending, which is expected to rise. Furthermore, cross-border shopping should start to decline following the appreciation of the euro.
- The number of construction permits for retail premises has increased in the past six months, indicating future over-supply.
- Wüest Partner anticipates that rents will drop by 3.1% in 2018.

Development of asking rents (index 2007 Q1 = 100)

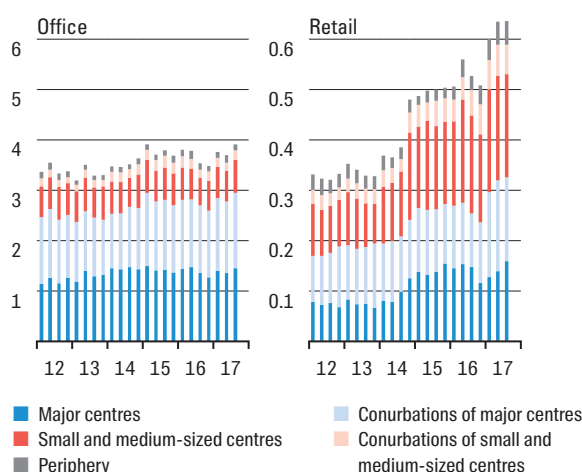


Key indicators for Switzerland

	2015	2016	2017
Office space			
Market value (bn CHF, excl. parking spaces)	—	—	285
Planning applications (bn CHF)	2.0	2.1	2.5
Supply rate	7.0%	6.4%	7.1%
Asking price index (year-on-year change in rents)	4.2%	0.4%	-2.2%
Current asking rent (CHF/sqm and year, median)	—	—	190
Marketing duration (days, median, Q2)	76	84	78
Retail space			
Market value (bn CHF, excl. parking spaces)	—	—	160
Planning applications (bn CHF)	0.3	0.4	0.5
Supply rate	1.5%	1.5%	1.8%
Asking price index (year-on-year change in rents)	-1.0%	-3.1%	1.2%
Current asking rent (CHF/sqm and year, median)	—	—	210

As at Q3 unless otherwise stated

Commercial space on offer (million sqm per quarter)



Key indicators for the major centres

	Stock (sqmGFA, 2015)	Planning appl. (m CHF)	Vacancy rate (June 2017)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2016)
Office space								
Zurich	9,671,400	49.3	2.3%	6.8%	350	880	2.3%	5.3%
Berne	2,194,100	41.1	4.1%	3.8%	240	420	2.4%	5.3%
Basel	4,523,200	893.5	1.7%	3.8%	250	380	2.6%	6.1%
Lausanne	2,147,300	97.4	2.8%	2.7%	290	500	3.0%	5.2%
Geneva	3,544,500	32.7	3.4%	13.6%	470	900	2.5%	3.0%
Switzerland	55,123,600	2,526.9	—	7.1%	190	—	—	5.0%
Retail space								
Zurich	1,899,200	16.4	0.7%	1.8%	400	9,000	2.4%	5.6%
Berne	989,600	0.0	0.4%	1.9%	300	2,400	2.8%	6.1%
Basel	940,100	0.0	1.7%	2.2%	290	3,500	3.1%	2.1%
Lausanne	483,800	1.0	2.4%	4.0%	290	2,700	3.3%	6.8%
Geneva	653,700	2.0	1.4%	10.1%	430	5,200	2.7%	3.9%
Switzerland	34,443,400	513.7	—	1.8%	210	—	—	4.7%

As at 2017 Q3 unless otherwise stated