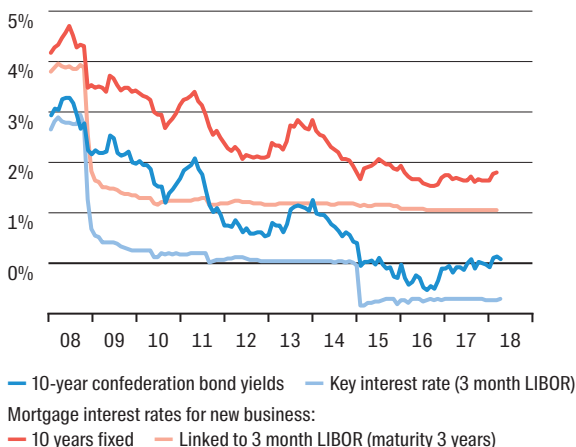


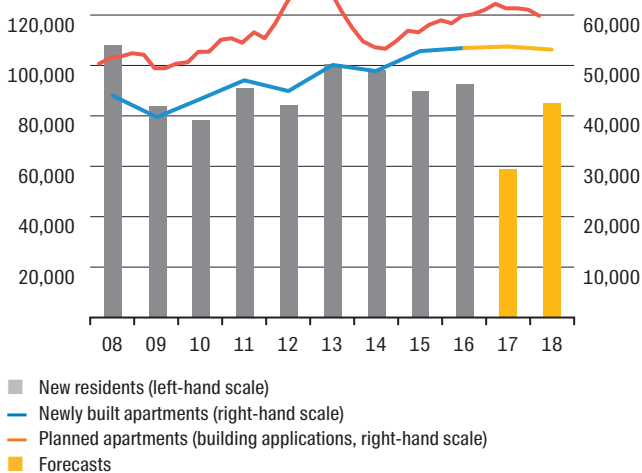
Background

- Swiss economic indicators are currently pointing to relatively strong economic growth. GDP growth for 2018, for example, is expected to come in at over 2 percent this year.
- What's more, this growth is broad-based, as there has been a noticeable improvement in manufacturing sentiment. Alongside the weakening of the Swiss franc, the positive economic situation in key export markets is likely to be a key factor here.
- In all likelihood we will see an acceleration in job creation this year, which could also lead to slightly stronger growth of the Swiss population.
- The Swiss consumer sentiment index, published by SECO, remains well above the long-term average. The current positive economic situation is strengthening demand for both residential and commercial property.

Confederation bond yields and mortgage rates



Population growth and residential construction activity



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

	2016	2017	2018	2019
Population				
Persons (millions)	8.42	8.48 ⁽¹⁾	8.56⁽¹⁾	8.63⁽¹⁾
Annual change	1.1%	0.7% ⁽¹⁾	1.0%⁽¹⁾	0.9%⁽¹⁾
Economy				
Annual change in real GDP	1.4%	1.1%	2.2%⁽¹⁾	2.0%⁽²⁾
Annual change in employment	0.5%	0.8%	1.0%⁽¹⁾	0.9%⁽¹⁾
Unemployment rate	3.3%	3.2%	2.9%⁽²⁾	2.8%⁽²⁾
Consumer confidence index (Jan. each yr.)	-14	-3	5	-
Annual average change in real retail turnover	-1.7%	-0.3%	-	-
Building construction investment				
Annual change (nominal, new-build & refurb.)	-0.8%⁽¹⁾	0.5%⁽¹⁾	0.8%⁽¹⁾	-
Money market				
Annual inflation	-0.4%	0.5%	0.6%⁽¹⁾	0.7%⁽²⁾
10-year fixed mortgage rate (Feb. each yr.)	1.71%	1.67%	1.80%	-
10-year confederation bonds (March each yr.)	-0.39%	-0.10%	-0.05%	-

⁽¹⁾ Wüest Partner forecast - ⁽²⁾ SECO forecast March 2018

Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitoring (spring edition 2018 | 2, 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
- Roofs and facades: High utilisation potential
- Focus on gastronomy
- 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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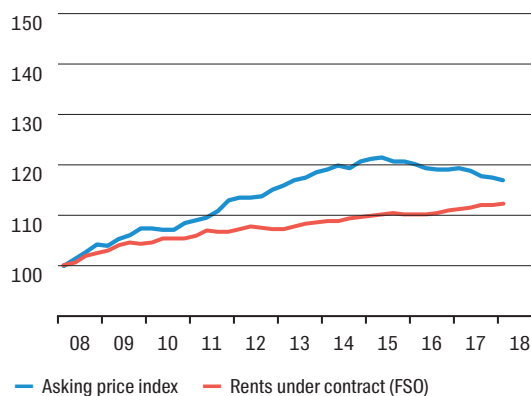
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Residential market

- The number of advertised rental apartments remains at a high level: Across Switzerland as a whole, more than 161,000 properties were being advertised in the first quarter of 2018. The supply rate is now 7.2%, well above the average of the last 10 years (5.6%).
- The supply of rental apartments is particularly generous in small and medium-sized centres, in the surrounding conurbations, and in the more peripheral municipalities.
- In view of the continued strength of new-build activity, the supply of rental apartments ready for occupation can be expected to increase further in many areas of Switzerland.
- As the additional residential space will only be partially absorbed due to currently stagnating population growth, rental prices could remain under pressure: For the current year, asking rents are expected to decline by 1.2% at the national level.

Development of rents (index 2008 Q1 = 100)

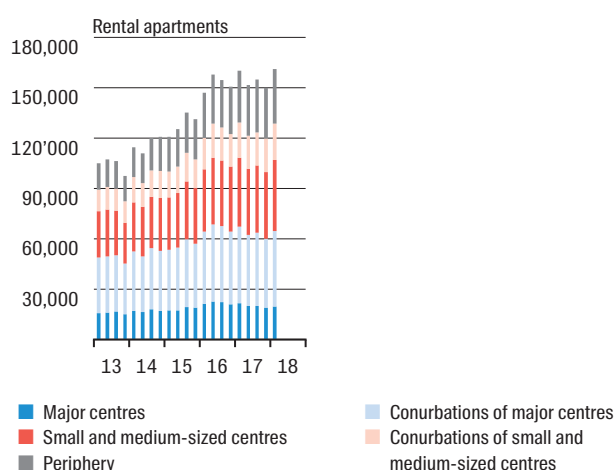


Key indicators for Switzerland

	2016	2017	2018
Rental apartments			
Market value (bn CHF, excl. parking spaces)	—	—	1,052
Planning applications (bn CHF) ⁽¹⁾	12.1	12.1	12.1
Vacancy rate (June of each year)	2.0%	2.4%	—
Supply rate	6.6%	7.2%	7.2%
Asking price index (year-on-year change in rents)	-0.8%	-0.7%	-2.0%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q4)	31	36	36

⁽¹⁾ Apartments in multi-family houses.
As at Q1 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 (2017 Q4)	Prime yield (2017 Q4)	Total return (MSCI, 2017)
Rental apartments								
Zurich	184,700	729.3	0.2%	3.9%	320	620	1.7%	7.0%
Berne	59,900	19.6	0.7%	4.6%	240	420	2.2%	5.7%
Basel	78,400	277.1	0.6%	5.1%	230	380	2.1%	6.9%
Lausanne	61,200	165.8	0.4%	4.7%	280	460	2.4%	7.5%
Geneva	84,100	205.4	0.6%	3.3%	360	650	2.3%	8.1%
Switzerland	2,234,500	12,147.0	2.4%	7.2%	190	—	—	6.8%

As at 2018 Q1 unless otherwise stated

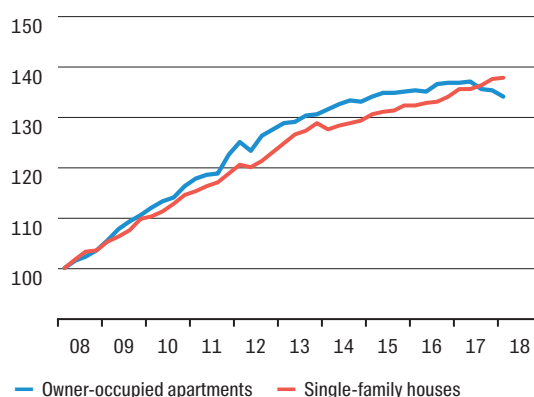
Notes: This market report has been produced by Wüest Partner with due care. It is intended as general guidance only. Reliance should not be placed upon the information, forecasts and opinions set out herein for any purpose whatsoever, and Wüest Partner accepts no liability, whether in negligence or otherwise,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

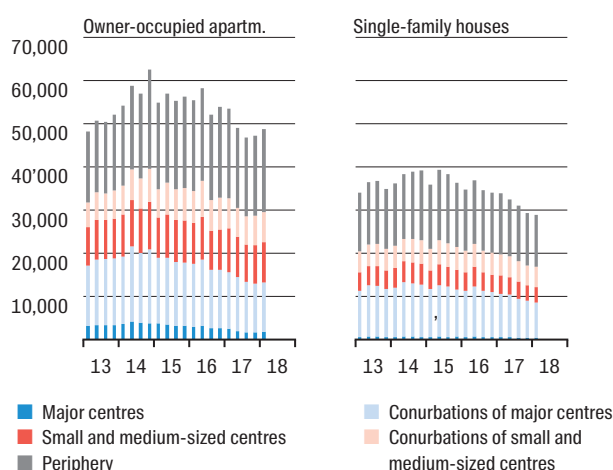
Owner-occupied market

- In the first quarter of 2018, the average prices of advertised owner-occupied apartments were some 2.0% below the prior-year quarter. This reflects both the shift in supply to lower-price regions as well as supplier-side price concessions. As a parallel development, transaction prices for medium-sized owner-occupied apartments have risen by 3.5%, which suggests that demand remains strong.
- In the medium-sized single-family housing segment, both asking prices and actual transaction prices have once again risen sharply (+1.6% and +2.7% respectively, year-on-year).
- Due to the rise in capital market yields, the cost of financing home ownership has been trending upwards. Thus the stimulating impact of low interest rates on demand looks set to wane somewhat. Interest nonetheless remains strong. For 2018 we are anticipating price rises for both owner-occupied apartments (+0.1%) and single-family houses (+1.4%).

Development of asking prices (index 2008 Q1 = 100)

Key indicators for Switzerland

	2016	2017	2018
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	—	—	816
Supply rate	5.6%	5.4%	4.9%
Vacancy rate (June)	0.5%	0.5%	—
Asking price index (year-on-year change)	1.0%	1.1%	-2.0%
Current asking price (CHF/sqm, median)	—	—	6,710
Marketing duration (days, median, Q4)	83	84	75
Single-family houses			
Market value (bn CHF)	—	—	1,088
Supply rate	3.6%	3.5%	3.0%
Vacancy rate (June)	0.7%	0.7%	—
Asking price index (year-on-year change)	1.3%	2.4%	1.6%
Asking price (CHF per 6-6.5 room house, median)	—	—	1,190,000
Marketing duration (days, median, Q4)	77	76	67

As at Q1 unless otherwise stated

Number of properties on offer (per quarter)

Key indicators for the major centres

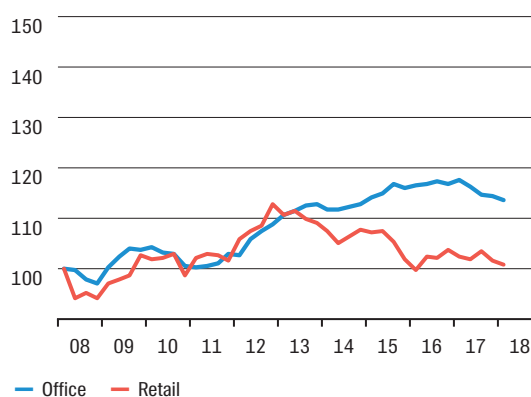
	Properties (2015)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2017)	Supply rate	Asking price ⁽²⁾ (median)	Transaction price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	24,900	36,180	35.5	0.1%	1.6%	12,070	13,690	28,100
Berne	11,700	10,470	26.3	0.0%	0.9%	7,170	8,420	16,000
Basel	14,900	15,490	32.2	0.0%	1.4%	8,450	9,690	15,700
Lausanne	11,200	13,040	27.1	0.3%	2.8%	9,560	11,120	22,800
Geneva	21,300	32,680	4.4	0.4%	3.4%	12,220	14,350	32,400
Switzerland	993,000	815,710	7,757.4	0.5%	4.9%	6,710	7,200	—
Single-family houses								
Zurich	8,900	21,080	5.3	0.1%	0.8%	1,684,520	2,438,000	3,731,000
Berne	3,900	6,250	4.6	0.3%	0.9%	1,176,290	1,646,000	2,471,000
Basel	5,900	11,470	3.6	0.1%	1.5%	1,335,010	1,981,000	2,971,000
Lausanne	2,100	3,450	2.8	0.0%	5.3%	1,315,640	1,664,000	2,588,000
Geneva	800	1,600	4.0	1.4%	14.0%	1,539,300	2,082,000	3,235,000
Switzerland	975,500	1,087,640	5,642.9	0.7%	3.0%	1,190,000	1,000,000	—

 As at 2018 Q1 unless otherwise stated. — ⁽¹⁾ 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

- Given the promising prospects for the Swiss economy, the outlook for commercial property markets has likewise improved slightly. Demand for office space, retail property and light industrial space is likely to benefit from additional stimuli.
- That said, the marketing of office space is posing quite a challenge, as the supply of properties for rent remains considerable. With an overall volume of 3.7 million square meters, no less than 7% or so of all office space in Switzerland is currently on the market. Advertised rental prices registered a fall of 2% in 2017, and they are likely to decline slightly once again this year (-0.5%).
- Retail markets are struggling in the face of the online shopping phenomenon, which is weighing on floorspace demand from the traditional retail segment. Wüest Partner is anticipating a decline in asking rents of 2.5% for 2018.

Development of asking rents (index 2008 Q1 = 100)

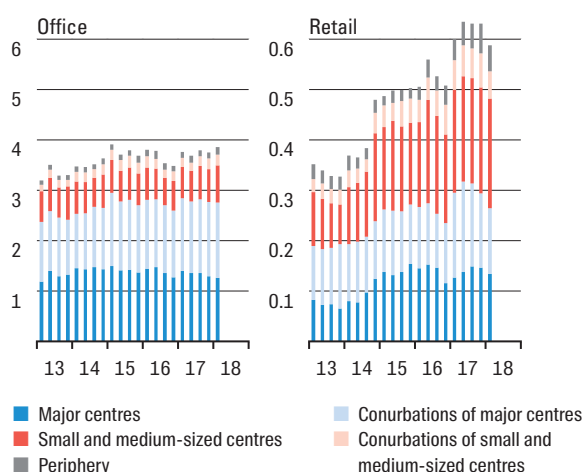


Key indicators for Switzerland

	2016	2017	2018
Office space			
Market value (bn CHF, excl. parking spaces)	—	—	284
Planning applications (bn CHF)	2.2	2.7	1.9
Supply rate	6.9%	6.8%	7.0%
Asking price index (year-on-year change in rents)	2.2%	0.9%	-3.3%
Current asking rent (CHF/sqm and year, median)	—	—	180
Marketing duration (days, median, Q4)	91	91	78
Retail space			
Market value (bn CHF, excl. parking spaces)	—	—	154
Planning applications (bn CHF)	0.3	0.5	0.6
Supply rate	1.5%	1.7%	1.7%
Asking price index (year-on-year change in rents)	-6.9%	2.6%	-1.4%
Current asking rent (CHF/sqm and year, median)	—	—	220

As at Q1 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 (2017 Q4)	Prime yield (2017 Q4)	Total return (MSCI, 2017)
Office space								
Zurich	9,671,400	64.4	2.3%	6.2%	350	880	2.4%	5.9%
Berne	2,194,100	11.5	4.1%	3.6%	240	420	2.5%	5.5%
Basel	4,523,200	56.2	1.7%	3.3%	240	390	2.7%	6.6%
Lausanne	2,147,300	15.3	2.8%	3.5%	280	520	3.0%	5.1%
Geneva	3,544,500	61.9	3.4%	10.3%	430	920	2.6%	4.6%
Switzerland	55,123,600	1,890.1	—	7.0%	190	—	—	5.7%
Retail space								
Zurich	1,899,200	36.6	0.7%	1.7%	360	9,200	2.5%	5.2%
Berne	989,600	0.0	0.4%	1.3%	280	2,400	2.8%	6.6%
Basel	940,100	0.0	1.7%	2.0%	270	3,700	3.1%	-1.9%
Lausanne	483,800	4.9	2.4%	4.3%	270	2,700	3.3%	5.0%
Geneva	653,700	22.8	1.4%	7.5%	440	5,500	2.8%	5.8%
Switzerland	34,443,400	571.2	—	1.7%	220	—	—	4.3%

As at 2018 Q1 unless otherwise stated