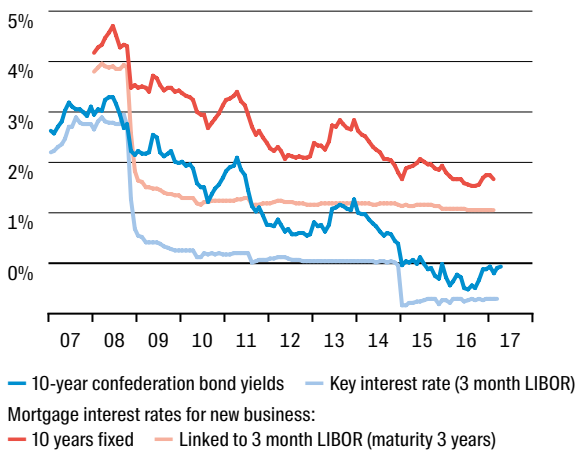


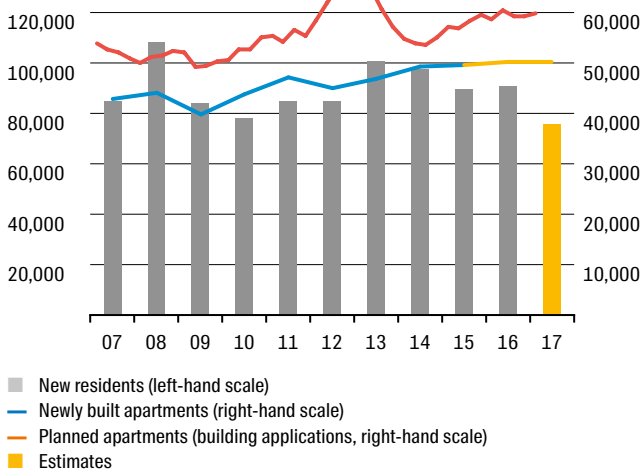
Background

- The international economic environment is improving despite the political uncertainty. In 2016, economic growth was positive in all EU countries for the first time since 2007. At the start of 2017, consumer sentiment in Switzerland is better than in 2016, and growth in the Swiss real GDP should be close to 1.5% this year.
- The impact on the labour market remains low: In the fourth quarter of 2016, the number of jobs (part-time and full-time) was only up by 0.3% compared to the same quarter of 2015. The impetus is coming from sectors which generate only limited demand for traditional commercial floorspace (healthcare, social work, etc.).
- Companies are continuing to push ahead with investment plans this year, so construction activity remains in good shape and should rise by 0.8% year-on-year. This increase primarily relates to commercial property (+1.3%) and the industrial and infrastructure segments (+4.9%).

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%	1.6% ⁽³⁾	1.9% ⁽³⁾
Annual change in employment	0.9%	0.3%	0.4% ⁽³⁾	0.6% ⁽³⁾
Unemployment rate	3.2%	3.3%	3.2% ⁽³⁾	3.1% ⁽³⁾
Consumer confidence index (Jan. each yr.)	-6	-14	-3	-
Annual change in real retail turnover	-0.5%	-1.7%	-	-
Building construction investment				
Annual change (nominal, new-build & refurb.)	-1.0%	-0.4%	-0.2% ⁽³⁾	-
Money market				
Annual inflation	-1.1%	-0.4%	0.5% ⁽³⁾	0.3% ⁽³⁾
10-year fixed mortgage rate (Feb. each yr.)	1.86%	1.71%	1.67%	-
10-year confederation bonds (Mar. each yr.)	±0.0%	-0.4%	-0.1%	-

⁽¹⁾ FSO prov. data - ⁽²⁾ Wüest Partner forecast - ⁽³⁾ SECO forecast March 2017

Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitorings (spring edition 2017 | 2, only in German and French). Discussed topics:



- Residential market outlook
- Commercial market outlook
- Swiss buildings on the way towards achieving key climate objectives
- Current trends in current housing demand
- Interim uses: an instrument to avoid vacancies?
- Direct and indirect real estate investments
- Construction market and components
- Real estate atlas
- Market and regional data

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

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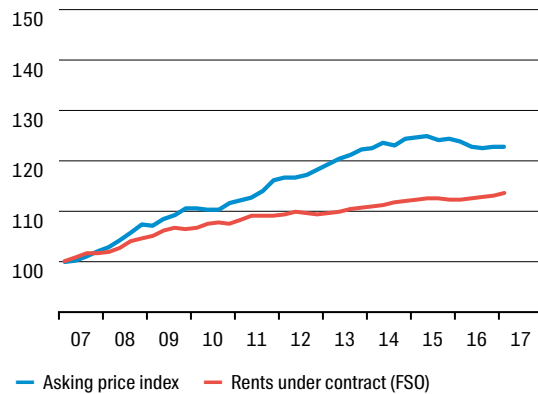
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Residential market

- Rents on the residential market are continuing to fall. Asking prices for rented accommodation declined by 0.7% between the first quarter of 2016 and the first quarter of 2017, and a drop of 0.9% is expected for the entire year of 2017.
- Supply increased by 10% between the first quarter of 2016 and the first quarter of 2017, with strong growth of almost 16% in peripheral areas. Here, the supply rate is now over 9%, whereas it has remained around 4.5% in the major cities since the start of 2016. Owing to the ample supply of property, the average marketing duration in Switzerland has increased by 7 days to 38 days.
- Construction of apartments should stabilise or even fall slightly in 2017 (-0.7% compared with 2016). Even so, construction remains at a high level.
- Rents under existing lease contracts will most likely decline in 2017 owing to a renewed drop in the reference rate.

Development of rents (index 2007 Q1 = 100)

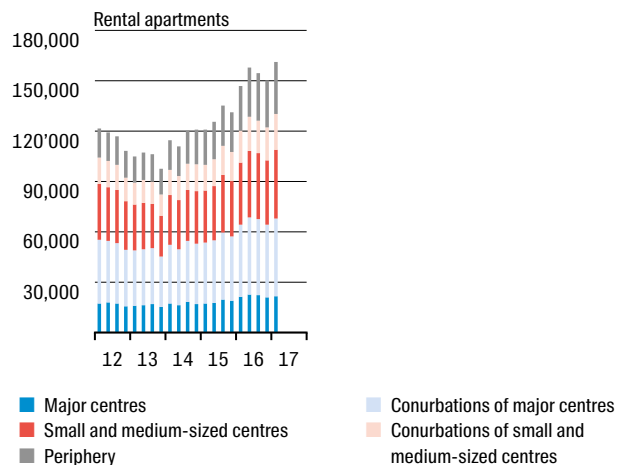


Key indicators for Switzerland

	2015	2016	2017
Rental apartments			
Market value (bn CHF, excl. parking spaces)	—	—	947
Planning applications (bn CHF) ⁽¹⁾	19.3	19.7	20.4
Vacancy rate (June of each year)	1.8%	2.0%	—
Supply rate	5.5%	6.7%	7.3%
Asking price index (year-on-year change in rents)	1.8%	-0.8%	-0.7%
Current asking rent (CHF/sqm per year, median)	—	—	200
Marketing duration (days, median, Q4)	35	38	—

⁽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, 2014)	Planning appl. (m CHF)	Vacancy rate (June 2016)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2016)
Rental apartments								
Zurich	182,300	1,058.8	0.2%	4.1%	320	650	1.8%	8.6%
Berne	59,600	129.1	0.6%	4.6%	230	380	2.3%	8.3%
Basel	77,900	208.7	0.5%	5.2%	230	390	2.3%	8.5%
Lausanne	60,700	248.6	0.3%	5.2%	280	470	2.5%	8.5%
Geneva	83,400	187.0	0.6%	4.6%	360	620	2.4%	9.1%
Switzerland	2,197,700	20,394.6	2.0%	7.3%	200	—	—	8.2%

As at 2017 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.

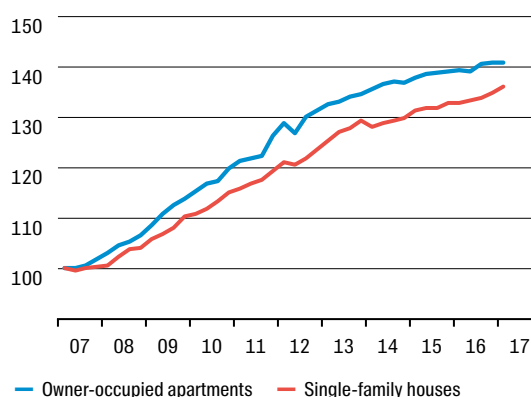
Commercial and residential properties: Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices in 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

- Demand for owner-occupied apartments is still high, but available properties often fail to meet potential buyers' expectations in terms of location or value for money. While supply has declined on average, both demand and supply vary considerably by region. The highest supply rates are over 9% in southern Switzerland and Lake Geneva.
- Asking prices for owner-occupied apartments were up by 1.1% in the first quarter of 2017 compared to the previous year. Transaction prices for affordable properties have risen by 3%, while those for expensive properties fell by 11%. That decline has however stabilised during the past quarter. Demand is good and with fewer properties under construction, prices could rise by 0.5% this year.
- Single-family houses are still highly sought-after and few are under construction. The market should therefore continue to develop positively in 2017 (+0.8%). That said, prices for high-end properties are very high and are coming under pressure.

Development of asking prices (index 2007 Q1 = 100)

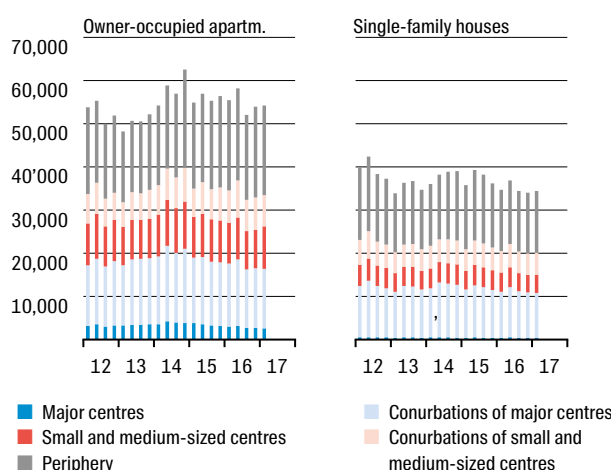


Key indicators for Switzerland

	2015	2016	2017
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	—	—	775
Supply rate	5.6%	5.7%	5.5%
Vacancy rate (June)	0.5%	0.5%	—
Asking price index (year-on-year change)	1.8%	1.0%	1.1%
Current asking price (CHF/sqm, median)	—	—	6,740
Marketing duration (days, median, Q4)	76	72	—
Single-family houses			
Market value (bn CHF)	—	—	1,065
Supply rate	3.7%	3.6%	3.6%
Vacancy rate (June)	0.7%	0.7%	—
Asking price index (year-on-year change)	2.5%	1.3%	2.4%
Asking price (CHF per 6-6.5 room house, median)	—	—	1,150,000
Marketing duration (days, median, Q4)	77	73	—

As at Q1 unless otherwise stated

Number of properties on offer (per quarter)



Key indicators for the major centres

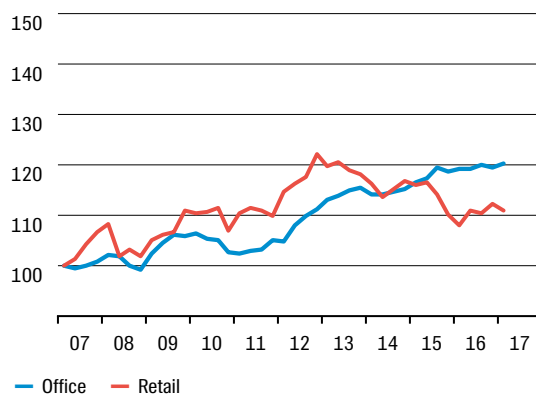
	Properties (2014)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2016)	Supply rate	Asking price ⁽²⁾ (median)	Transaction-price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	24,700	32,780	1,058.8	0.2%	1.4%	11,700	12,650	25,600
Berne	11,700	9,370	129.1	0.0%	1.1%	6,690	7,570	14,100
Basel	14,900	14,880	208.7	0.0%	1.2%	8,270	9,400	15,000
Lausanne	11,100	11,900	248.6	0.1%	5.1%	9,630	10,280	20,800
Geneva	21,200	29,990	187.0	0.2%	5.9%	11,700	13,460	30,100
Switzerland	982,200	775,480	20,394.6	0.5%	5.5%	6,740	6,800	—
Single-family houses								
Zurich	8,800	20,590	11.1	0.2%	0.6%	1,620,850	2,431,000	3,640,000
Berne	3,900	6,060	1.5	0.1%	1.0%	1,052,860	1,623,000	2,386,000
Basel	5,800	10,980	2.4	0.1%	0.7%	1,177,630	1,947,000	2,908,000
Lausanne	2,100	3,150	16.9	0.2%	11.1%	1,257,410	1,543,000	2,384,000
Geneva	800	1,600	1.8	1.3%	10.5%	1,428,460	2,132,000	3,255,000
Switzerland	968,000	1,064,800	6,179.8	0.7%	3.6%	1,150,000	900,000	—

As at 2017 Q1 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

- Demand for conventional office premises remains slack. Market equilibrium is supported by a reduction in office construction, which means that supply has not further expanded.
- Asking prices increased by 0.9% between the first quarter of 2016 and the same period of 2017. However, office rents are expected to drop slightly this year (-0.4%). Consequently, marketing incentives are still being offered, especially early break clauses and assistance with office fit-out.
- The situation remains very tough for retail space. A drop in turnover per square metre retail floorspace (more than 20% for clothing and multimedia between 2010 and 2015) is seriously affecting some tenants' ability to pay. Rents for retail space thus look set to drop by around 2.5% in 2017.
- Construction of commercial premises should rise by 1.3% in 2017, thus exacerbating the challenges for the retail and office markets.

Development of asking rents (index 2007 Q1 = 100)

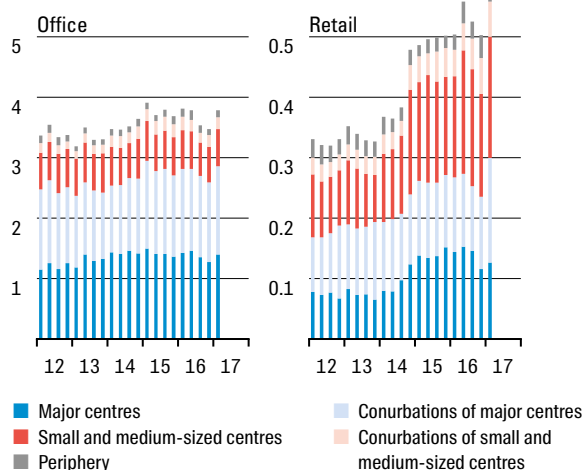


Key indicators for Switzerland

	2015	2016	2017
Office space			
Market value (bn CHF, excl. parking spaces)	—	—	275
Planning applications (bn CHF)	1.7	2.2	2.6
Supply rate	7.2%	7.0%	6.9%
Asking price index (year-on-year change in rents)	2.0%	2.2%	0.9%
Current asking rent (CHF/sqm and year, median)	—	—	210
Marketing duration (days, median, Q4)	84	89	—
Retail space			
Market value (bn CHF, excl. parking spaces)	—	—	155
Planning applications (bn CHF)	0.4	0.3	0.5
Supply rate	1.4%	1.5%	1.8%
Asking price index (year-on-year change in rents)	-0.2%	-6.9%	2.6%
Current asking rent (CHF/sqm and year, median)	—	—	240

As at Q1 unless otherwise stated

Commercial space on offer (million sqm per quarter)



Key indicators for the major centres

	Stock (sqmGFA, 2014)	Planning appl. (m. CHF)	Vacancy rate (June 2016)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2016)
Office space								
Zurich	9,568,700	77.4	2.6%	6.1%	350	850	2.3%	5.3%
Berne	2,180,100	31.1	4.5%	3.4%	250	460	2.5%	5.3%
Basel	4,482,800	816.5	1.6%	3.0%	240	380	2.9%	6.1%
Lausanne	2,130,700	2.4	2.4%	4.9%	300	480	3.1%	5.2%
Geneva	3,510,700	5.1	4.0%	14.3%	480	840	2.6%	3.0%
Switzerland	54,477,900	2,647.3	—	6.9%	210	—	—	5.0%
Retail space								
Zurich	1,889,400	6.1	0.2%	1.6%	380	9,000	2.3%	5.6%
Berne	985,300	0.0	0.4%	1.8%	330	2,600	2.8%	6.1%
Basel	938,500	2.6	1.5%	1.7%	290	3,100	3.1%	2.1%
Lausanne	480,100	9.3	1.7%	3.8%	290	2,600	3.3%	6.8%
Geneva	650,500	5.2	1.2%	6.7%	440	5,300	2.8%	3.9%
Switzerland	34,064,300	466.6	—	1.8%	240	—	—	4.7%

As at 2017 Q1 unless otherwise stated