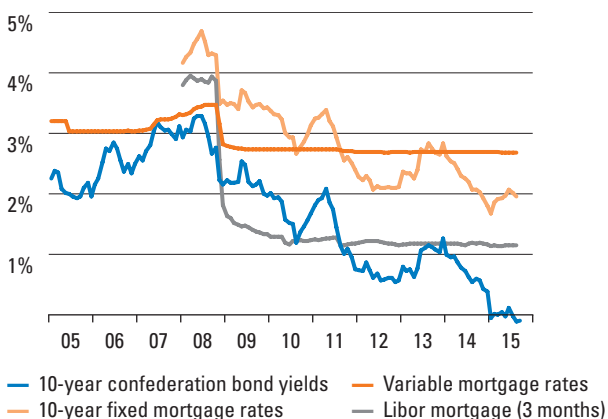


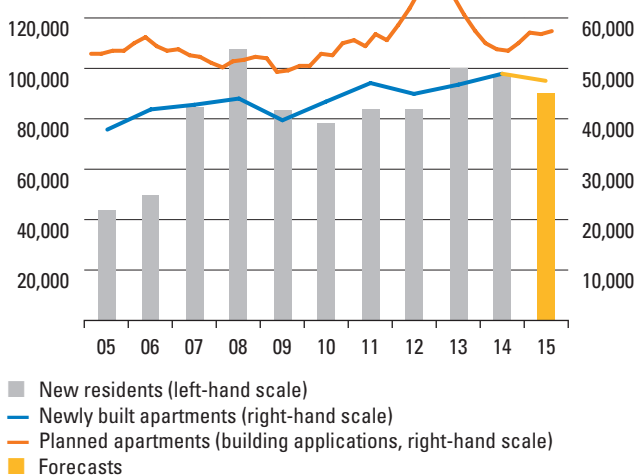
Background

- Although abandoning the minimum exchange rate has shaken the Swiss economy, the situation is stable. Wüest & Partner is expecting economic growth to increase by 1% this year and speed up in 2016. Domestic consumption continues to be a key pillar of the economy.
- Falling employment in certain sectors (such as hospitality) has pushed up the unemployment rate since April. Adjusted for seasonal fluctuations, it stood at 3.4% in September and could climb to 3.6% next year.
- Population growth, purchasing power, low interest rates and the lack of alternative investment options continue to underpin demand for real estate.
- According to the most recent forecasts, construction may well fall by 3.8% in 2015 and 0.4% in 2016.

Confederation bond yields and mortgage rates



Population growth and residential construction activity



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

	2013	2014	2015	2016
Population				
Persons (millions)	8.14	8.24	8.28 ⁽¹⁾	
Annual change	1.3%	1.2%	1.1%	
Economy				
Annual change in real GDP	1.9%	2.0%	0.9% ⁽²⁾	1.5% ⁽²⁾
Annual change in employment	1.0%	1.0%	0.9% ⁽²⁾	0.8% ⁽²⁾
Unemployment rate	3.2%	3.2%	3.3% ⁽²⁾	3.6% ⁽²⁾
Consumer confidence index (July each yr.)	-6	-1	-17	—
Annual change in real retail turnover	1.9%	1.1%	-0.4% ⁽³⁾	—
Building construction investment				
Annual change (nominal)	2.3%	2.7%	-3.8%	-0.4%
Money market				
Annual inflation	-0.2%	-0.1%	-1.1% ⁽²⁾	0.1% ⁽²⁾
10-year fixed mortgage rate (Aug. each yr.)	2.83%	2.07%	1.95	—
10-year confederation bonds (Sep. each yr.)	1.11%	0.59%	0.10%	—

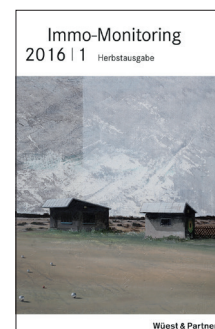
⁽¹⁾ Q2 2015, prov.; ⁽²⁾ SECO forecast, Sep. 2015; ⁽³⁾ until Aug. 2015

Immo-Monitoring

Detailed analyses and forecasts on the Swiss property market can be found in the current Immo-Monitoring (autumn edition 2016¹2).

For more than 20 years, Wüest & Partner has published the Immo-Monitoring in book format. As of autumn 2014, the Immo-Monitoring is also available as an App. In addition to the main autumn and spring releases (book and digital format), an update on key market developments and a special research study will be published each winter and summer. The Immo-Monitoring is available in German and French.

www.wuestundpartner.com/en/publikationen/immo-monitoring



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.

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.

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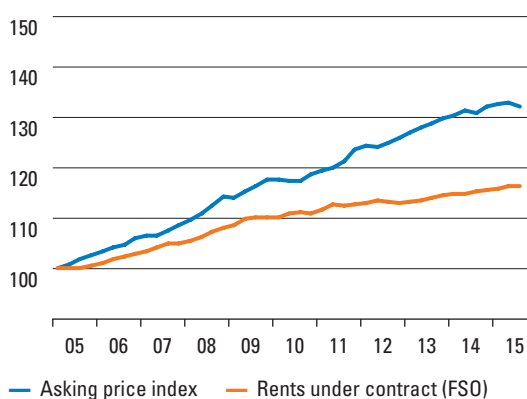
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Residential market

- Key indicators reveal that the surplus demand seen over the past few years is decreasing. The number of advertised rental apartments has increased by 12% between Q3 2014 and Q3 2015.
- Due to increased supply rates, prices have come under pressure. Despite overall growth of 1% for the whole year to date, asking rents have fallen by 0.6% in the last quarter (Q3).
- A further drop of 0.3% is expected for 2016. French-speaking Switzerland and areas outside the major centres in German-speaking Switzerland are most likely to see drops in asking rents. Nevertheless, as underlying conditions remain robust the dip is unlikely to cause any long-term upheaval.
- The number of planning permissions granted for multi-family has fallen, with the downward trend affecting owner-occupied flats more so than rental property.

Development of rents (index 2005 Q1 = 100)

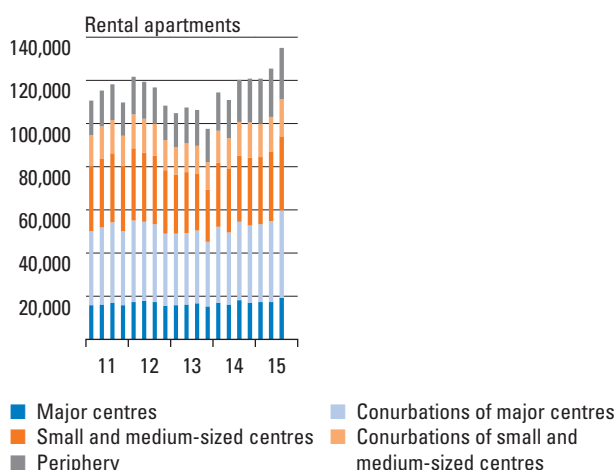


Key indicators for Switzerland

	2013	2014	2015
Rental apartments			
Market value (bn CHF, excl. parking spaces)	740	785	871
Planning applications (bn CHF) ⁽¹⁾	20.1	18.1	19.7
Vacancy rate (June of each year)	1.4%	1.6%	1.8%
Supply rate	5.0%	5.5%	6.2%
Asking price index (year-on-year change)	3.2%	1.6%	1.0%
Current asking rent (CHF/sqm per year, median)			200
Marketing duration (days, median, Q2)	27	29	30

⁽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, 2013)	Planning appl. (m CHF)	Vacancy rate (June 2015)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2014)
Rental apartments								
Zurich	181,300	1,070.7	0.2%	4.0%	310	610	2.1%	6.5%
Berne	59,200	61.1	0.5%	4.1%	230	420	2.5%	5.6%
Basel	77,500	397.4	0.4%	4.5%	230	420	2.5%	5.6%
Lausanne	60,500	185.5	0.1%	4.0%	280	490	2.7%	6.6%
Geneva	83,100	235.2	0.5%	4.5%	360	680	2.6%	5.7%
Switzerland	2,165,700	19,652.1	1.8%	6.2%	200	—	—	6.1%

As at 2015 Q3 unless otherwise stated

Owner-occupied market

- Although the past few years have seen clearer signs of saturation in the market for owner-occupied flats, prices in Switzerland continued to rise slightly in Q3 2015.
- The rise in prices is down to falling supply and demand being stimulated by the persistently low interest rates. The number of owner-occupied flats put up for sale fell by 3.9% year-on-year in Q3 2015, although liquidity remains high (5.6%).
- The price trend continues to weaken in 2016, with an average fall in prices of 0.6% likely in Switzerland.
- The increase in prices for single-family houses is still slowing. However, as supply is low in this segment a slight upward price trend of 0.4% is expected for 2016.
- Supply rates vary between the regions, with 10.2 properties per 1,000 people for sale in French-speaking and Southern Switzerland as against 3.3 in German-speaking areas.

Key indicators for Switzerland

	2013	2014	2015
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	642	681	684
Supply rate	5.3%	5.9%	5.6%
Vacancy rate (June)	0.4%	0.5%	0.5%
Asking price index (year-on-year change)	3.2%	2.3%	1.2%
Current asking price (CHF/sqm, median)			6,580
Marketing duration (days, median, Q2)	66	69	75
Single-family houses			
Market value (bn CHF)	831	853	899
Supply rate	3.9%	4.1%	4.0%
Vacancy rate (June)	0.5%	0.6%	0.7%
Asking price index (year-on-year change)	5.0%	1.2%	2.0%
Asking price (CHF per 6-6.5 room house, median)			1,071,000
Marketing duration (days, median, Q2)	61	63	62

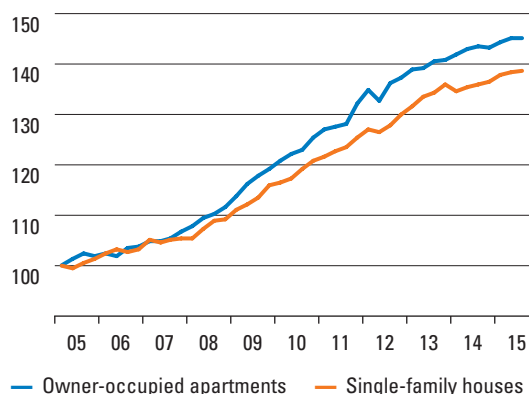
As at Q3 unless otherwise stated

Key indicators for the major centres

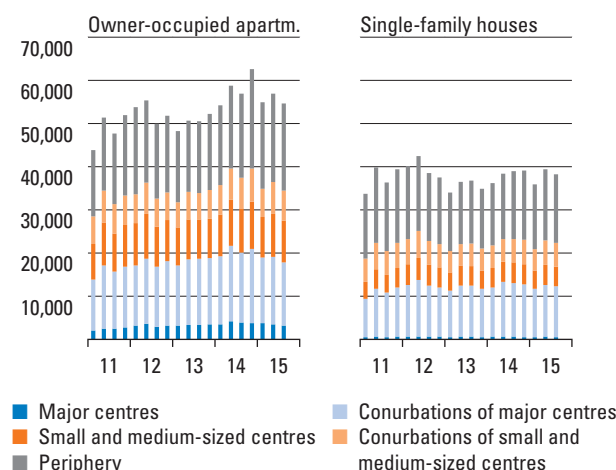
	Properties (number, 2013)	Market value (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2015)	Supply rate	Asking price (median)	Transaction- price*	Top price*
Owner-occupied								
Zurich	24,600	28,640	1,070.7	0.1%	2.7%	11,190	12,180	28,600
Berne	11,600	8,800	61.1	0.0%	1.5%	6,910	7,850	17,000
Basel	14,800	11,550	397.4	0.0%	2.4%	8,050	8,060	16,300
Lausanne	11,100	10,560	185.5	0.3%	8.2%	8,940	9,950	23,300
Geneva	21,200	24,620	235.2	0.4%	5.0%	11,430	12,130	36,700
Switzerland	971,200	683,850	19,652.1	0.5%	5.6%	6,580	6,700	—
Single-family houses								
Zurich	8,800	17,450	14.3	0.2%	0.9%	1,663,080	2,222,000	3,846,000
Berne	3,900	4,670	1.1	0.2%	1.7%	1,042,100	1,348,000	2,292,000
Basel	5,800	7,200	10.6	0.1%	1.5%	1,155,460	1,381,000	2,976,000
Lausanne	2,100	2,860	11.6	0.4%	10.4%	1,222,770	1,507,000	2,615,000
Geneva	800	1,310	7.5	0.3%	10.1%	1,477,630	1,873,000	3,638,000
Switzerland	960,400	898,820	6,128.5	0.7%	4.0%	1,071,000	895,000	—

As at 2015 Q3 unless otherwise stated. — * owner-occupied apartments: price in CHF/sqm; single-family houses: price per house; owner-occupied apartments: Market value excl. parking spaces

Development of asking prices (index 2005 Q1 = 100)



Number of properties on offer (per quarter)

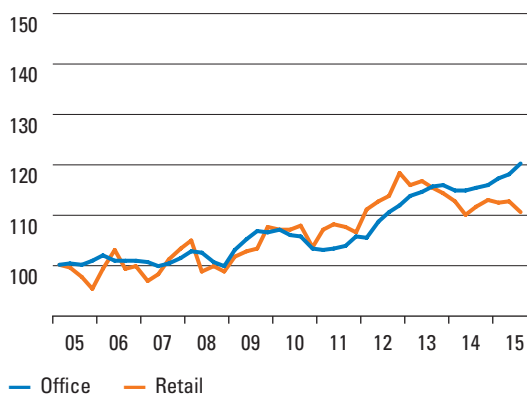


■ Major centres
■ Small and medium-sized centres
■ Conurbations of major centres
■ Conurbations of small and medium-sized centres

Commercial market

- The drop in the volume of new commercial floorspace pushed down supply in the office market in Q3. So the gap between supply and demand look set to stop widening.
- Despite weak surplus demand, the marketing duration for office space remained stable (75 days on average). This is mainly due to the mobility of existing tenants.
- Whilst there is momentum in the healthcare and welfare sectors, office prices remain under pressure, with a drop of 2.4% expected in 2016.
- Due to sluggish retail turnover and the increasing importance of online sales, the environment for the Swiss retail property market remains challenging.
- Wüest & Partner expects advertised retail rents to drop by 3.2% on average next year.

Development of asking rents (index 2005 Q1 = 100)

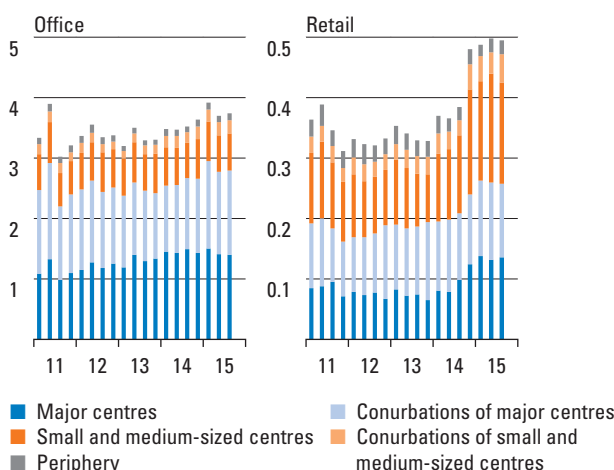


Key indicators for Switzerland

	2013	2014	2015
Office space			
Market value (bn CHF, excl. parking spaces)	234	245	258
Planning applications (bn CHF)	2.0	1.9	2.0
Supply rate	6.2%	6.6%	7.0%
Asking price index (year-on-year change)	4.7%	-0.3%	4.2%
Current asking rent (CHF/sqm and year, median)			200
Marketing duration (days, median, Q2)	87	82	75
Retail space			
Market value (bn CHF, excl. parking spaces)	156	149	144
Planning applications (bn CHF)	0.4	0.3	0.4
Supply rate	1.0%	1.1%	1.5%
Asking price index (year-on-year change)	1.3%	-3.2%	-1.0%
Current asking rent (CHF/sqm and year, median)			230

As at Q3 unless otherwise stated

Commercial space on offer (million sqm per quarter)



Key indicators for the major centres

	Stock (sqm GFA, 2013)	Planning appl. (m CHF)	Vacancy rate (June 2015)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2014)
Office space								
Zurich	9,444,800	146.9	2.9%	6.9%	350	900	2.3%	3.7%
Berne	2,148,200	0.2	4.1%	4.1%	240	460	3.1%	5.9%
Basel	4,441,100	89.4	1.8%	3.0%	250	350	3.3%	5.0%
Lausanne	2,115,100	16.7	1.8%	5.9%	320	470	3.3%	4.9%
Geneva	3,478,300	4.0	4.1%	11.4%	500	950	2.7%	3.2%
Switzerland	53,733,400	1,971.8	—	7.0%	200	—	—	4.2%
Retail space								
Zurich	1,875,500	8.5	0.4%	1.9%	370	9,700	2.3%	5.7%
Berne	981,900	47.6	0.4%	1.3%	350	3,200	3.0%	5.3%
Basel	936,200	0.0	2.5%	2.8%	280	3,300	3.3%	3.1%
Lausanne	475,000	0.0	2.0%	4.0%	310	3,300	3.4%	6.0%
Geneva	647,300	7.0	1.2%	6.5%	430	6,300	2.7%	5.4%
Switzerland	33,717,400	366.6	—	1.5%	230	—	—	5.3%

As at 2015 Q3 unless otherwise stated