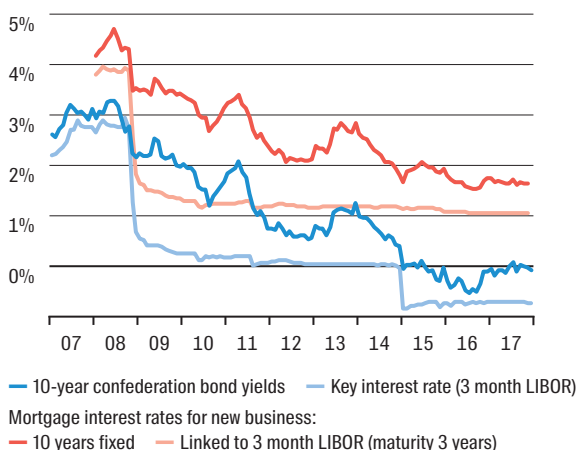


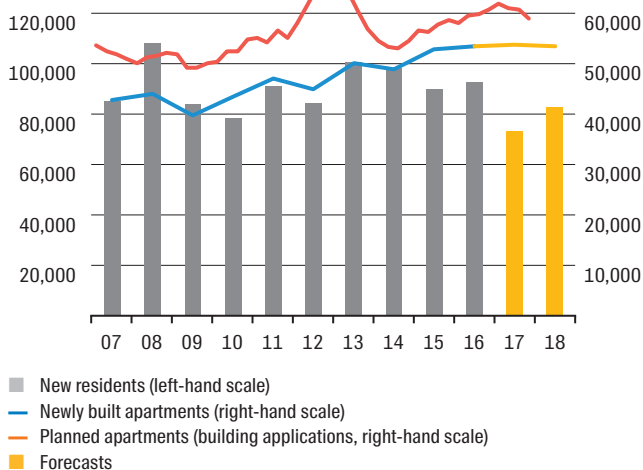
Background

- In view of the mainly positive business environment, the Swiss economy is currently expected to grow by around 2% in 2018. This growth is broad-based, and also encompasses areas of the economy that are susceptible to exchange rate movements.
- The latest appreciation of the euro has improved the outlook not only for the Swiss industrial sector, but also for retailers and tourism.
- The seasonally-adjusted Swiss unemployment rate continues to decline, and is likely to fall below the three-percent mark by the end of 2018. As a parallel development, Wüest Partner expects the employment figure to rise by around 1% in 2018.
- The Swiss population is also likely to increase by just under 1% this year, a somewhat higher growth rate than in 2017.
- Given the positive economic backdrop, a slight rise in interest rates in 2018 cannot be ruled out.

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	8.5 ⁽¹⁾	8.6 ⁽¹⁾
Annual change	1.1%	1.1% ⁽¹⁾	0.9% ⁽¹⁾	1.0% ⁽¹⁾
Economy				
Annual change in real GDP	0.8%	1.3%	1.0% ⁽²⁾	2.3% ⁽²⁾
Annual change in employment	0.9%	0.3%	0.5% ⁽¹⁾	1.0% ⁽¹⁾
Unemployment rate	3.2%	3.3%	3.2% ⁽²⁾	2.9% ⁽²⁾
Consumer confidence index (Oct. each yr.)	-18	-13	-2	-
Annual average change in real retail turnover	-0.5%	-1.7%	-0.3% ⁽³⁾	-
Building construction investment				
Annual change (nominal, new-build & refurb.)	1.5%	-0.4%	0.4%	0.2%
Money market				
Annual inflation	-1.1%	-0.4%	0.5%	0.5% ⁽¹⁾
10-year fixed mortgage rate (Nov. each yr.)	1.84%	1.68%	1.63%	-
10-year confederation bonds (Dec. each yr.)	-0.04%	-0.14%	-0.09%	-

⁽¹⁾ Wüest Partner forecast - ⁽²⁾ SECO forecast December 2017
⁽³⁾ Change between January and November 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 and winter update, 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
- Tourism communities in transition
- 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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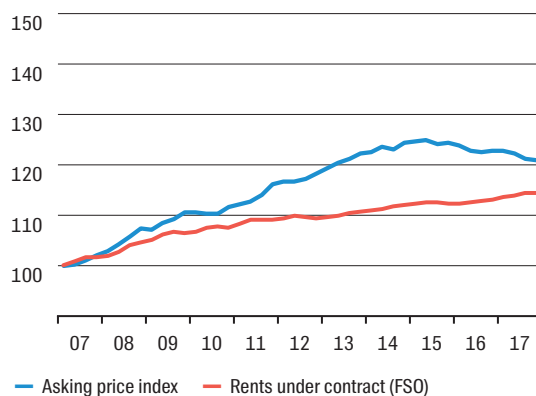
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Residential market

- Since peaking in the second quarter of 2015, advertised rents for apartments have declined by a total of 3.3%. This is attributable to generous supply and a significant rise in vacancy rates.
- Although further declines in asking rents are likely, the downward movement should slow. Wüest Partner is anticipating an average decline of 1% for this year.
- Rents under existing contracts have also fallen: Switzerland's reference interest rate for mortgages has been cut twice since mid-2015, which has resulted in an overall rent reduction entitlement of 5.66%.
- Given the copious supply of rental accommodation, the market remains challenging for both real estate owners and project developers, although there are still significant regional differences.

Development of rents (index 2007 Q1 = 100)

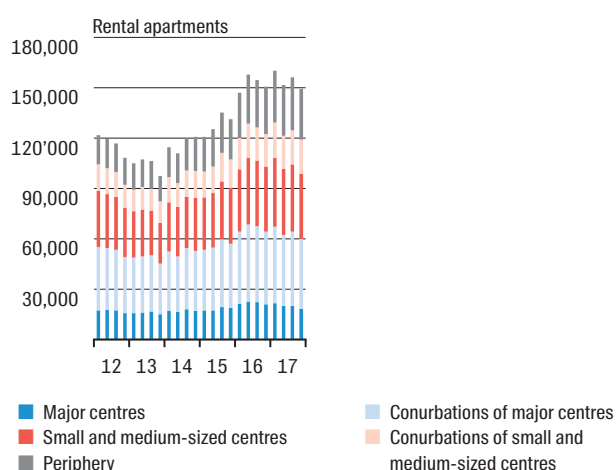


Key indicators for Switzerland

	2015	2016	2017
Rental apartments			
Market value (bn CHF, excl. parking spaces)	—	—	1,089
Planning applications (bn CHF) ⁽¹⁾	12.0	12.3	12.0
Vacancy rate (June of each year)	1.8%	2.0%	2.4%
Supply rate	6.0%	6.7%	6.7%
Asking price index (year-on-year change in rents)	0.0%	-1.3%	-1.5%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q3)	31	36	36

⁽¹⁾ Apartments in multi-family houses.
As at Q4 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, 2016)
Rental apartments								
Zurich	184,700	666.2	0.2%	3.5%	320	620	1.7%	8.6%
Berne	59,900	74.9	0.7%	4.0%	240	420	2.2%	8.3%
Basel	78,400	190.1	0.6%	5.1%	230	380	2.1%	8.5%
Lausanne	61,200	144.8	0.4%	4.0%	280	460	2.4%	8.5%
Geneva	84,100	145.6	0.6%	3.7%	360	650	2.3%	9.1%
Switzerland	2,234,500	11,964.2	2.4%	6.7%	190	—	—	8.2%

As at 2017 Q4 unless otherwise stated

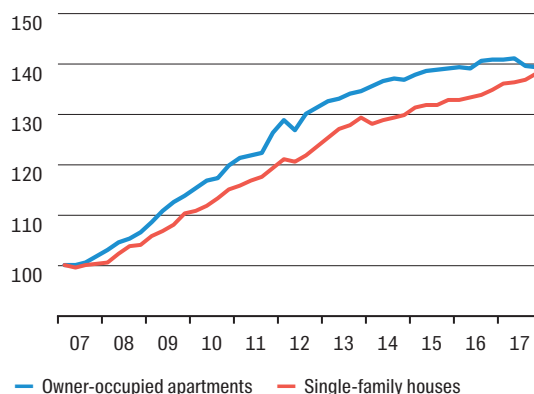
Notes: This market report has been produced by Wüest Partner with due care. It is intended as general guidance only. Reliance should not be placed upon the information, forecasts and opinions set out herein for any purpose whatsoever, and Wüest Partner accepts no liability, whether in negligence or otherwise,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

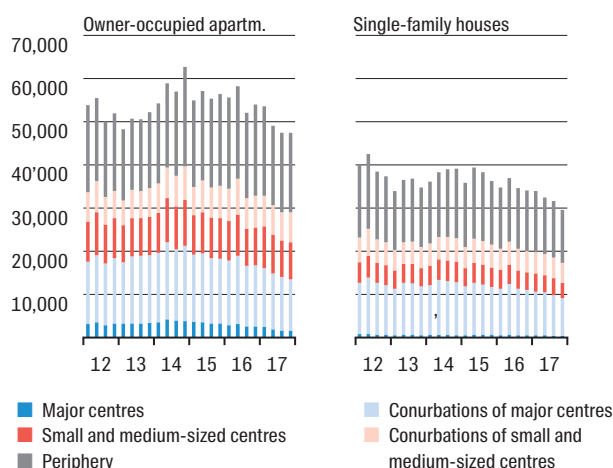
Owner-occupied market

- In 2017, medium-sized owner-occupied apartments in Switzerland changed hands with an average price rise of 3.3%. The strongest growth was seen in the two monitoring regions of Zurich (5.7%) and Lake Geneva (5.5%).
- The supply of owner-occupied homes has declined by more than 12% over the last year. In the fourth quarter of 2017, some 47,400 properties were being advertised across Switzerland. The decline in new-build activity in recent years and persistently strong demand have been major drivers of this development.
- Single-family houses have likewise become more expensive in Switzerland: Average transaction prices for medium-sized properties increased by 4.0% last year. Once again, inexpensive single-family houses saw the largest price gains.
- As the supply of properties for sale has declined further, thus prices could continue to rise this year.

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)	—	—	814
Supply rate	5.7%	5.4%	4.8%
Vacancy rate (June)	0.5%	0.5%	0.5%
Asking price index (year-on-year change)	1.6%	1.2%	-1.0%
Current asking price (CHF/sqm, median)	—	—	6,620
Marketing duration (days, median, Q3)	83	84	75
Single-family houses			
Market value (bn CHF)	—	—	1,087
Supply rate	3.7%	3.5%	3.0%
Vacancy rate (June)	0.7%	0.7%	0.7%
Asking price index (year-on-year change)	2.3%	1.5%	2.6%
Asking price (CHF per 6-6.5 room house, median)	—	—	1,110,000
Marketing duration (days, median, Q3)	77	76	67

As at Q4 unless otherwise stated

Number of properties on offer (per quarter)

Key indicators for the major centres

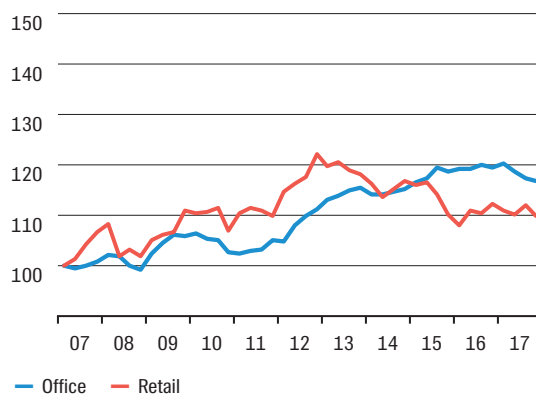
	Properties (2015)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2017)	Supply rate	Asking price ⁽²⁾ (median)	Transaction price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	24,900	35,600	46.5	0.1%	1.3%	11,880	13,510	27,600
Berne	11,700	10,240	11.0	0.0%	0.6%	7,200	8,260	15,600
Basel	14,900	15,430	28.4	0.0%	1.1%	8,640	9,680	15,600
Lausanne	11,200	13,000	40.9	0.3%	2.8%	9,490	11,120	22,700
Geneva	21,300	32,330	28.0	0.4%	3.6%	12,060	14,240	32,000
Switzerland	993,000	813,670	7,898.5	0.5%	4.8%	6,620	7,100	—
Single-family houses								
Zurich	8,900	21,330	8.5	0.1%	0.7%	1,663,080	2,467,000	3,776,000
Berne	3,900	6,180	3.6	0.3%	0.5%	1,167,380	1,631,000	2,451,000
Basel	5,900	11,270	3.6	0.1%	1.2%	1,300,940	1,950,000	2,930,000
Lausanne	2,100	3,430	5.1	0.0%	5.2%	1,325,540	1,651,000	2,568,000
Geneva	800	1,630	5.8	1.4%	12.3%	1,491,830	2,119,000	3,294,000
Switzerland	975,500	1,086,680	5,802.3	0.7%	3.0%	1,110,000	990,000	—

 As at 2017 Q4 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

- The current economic situation provides grounds for hope that employment growth will accelerate. The market is therefore likely to see increasing demand stimuli in the rental of office space, particularly from the IT sector, corporate services and education/training.
- New-build investment in commercial space can be expected to record a 4.0% year-on-year rise in 2018. In the suburban areas of Switzerland's large and medium-sized centres in particular, new-build supply is exceeding demand, which makes it likely that developers will face absorption difficulties.
- Average rents for office space should nonetheless remain stable. By contrast, the downward pressure on advertised rents for retail premises is persisting. A further decline of 3.1% is expected for 2018, following on from a 2.1% decrease last year.

Development of asking rents (index 2007 Q1 = 100)

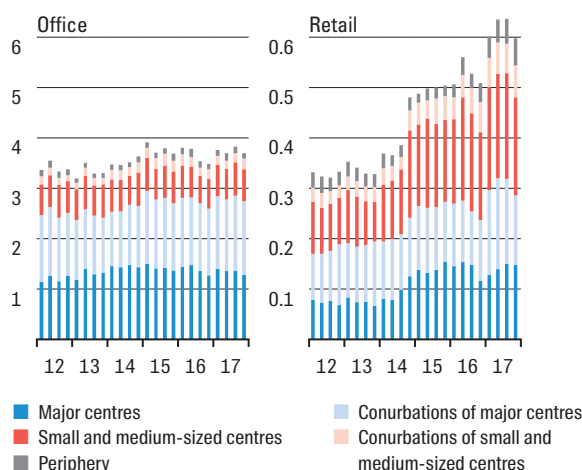


Key indicators for Switzerland

	2015	2016	2017
Office space			
Market value (bn CHF, excl. parking spaces)	—	—	287
Planning applications (bn CHF)	2.1	2.4	2.0
Supply rate	6.8%	6.3%	6.7%
Asking price index (year-on-year change in rents)	2.9%	0.7%	-2.2%
Current asking rent (CHF/sqm and year, median)	—	—	190
Marketing duration (days, median, Q3)	91	91	78
Retail space			
Market value (bn CHF, excl. parking spaces)	—	—	155
Planning applications (bn CHF)	0.2	0.5	0.6
Supply rate	1.5%	1.5%	1.7%
Asking price index (year-on-year change in rents)	-5.6%	1.8%	-2.1%
Current asking rent (CHF/sqm and year, median)	—	—	220

As at Q4 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, 2016)
Office space								
Zurich	9,671,400	14.5	2.3%	6.1%	350	880	2.4%	5.3%
Berne	2,194,100	18.0	4.1%	3.4%	240	420	2.5%	5.3%
Basel	4,523,200	343.8	1.7%	3.4%	240	390	2.7%	6.1%
Lausanne	2,147,300	95.5	2.8%	3.2%	300	520	3.0%	5.2%
Geneva	3,544,500	30.9	3.4%	11.2%	450	920	2.6%	3.0%
Switzerland	55,123,600	2,037.6	—	6.7%	190	—	—	5.0%
Retail space								
Zurich	1,899,200	10.3	0.7%	1.7%	380	9,200	2.5%	5.6%
Berne	989,600	0.0	0.4%	2.2%	290	2,400	2.8%	6.1%
Basel	940,100	0.0	1.7%	1.8%	280	3,700	3.1%	2.1%
Lausanne	483,800	0.0	2.4%	4.2%	280	2,700	3.3%	6.8%
Geneva	653,700	2.0	1.4%	8.5%	440	5,500	2.8%	3.9%
Switzerland	34,443,400	562.4	—	1.7%	220	—	—	4.7%

As at 2017 Q4 unless otherwise stated