

Swiss Prime Site AG

Froburgstrasse 15

4601 Olten

Telephone 062/213 06 06

Fax 062/213 06 09

Investment Regulations

Scope of validity: Swiss Prime Site AG and its Swiss subsidiaries

Approved by the Board of Directors on 17 August 2009

1. Objective

Swiss Prime Site AG, through its subsidiaries, pursues the objective of realising long-term capital as well as earnings growth for the company and, in turn, its shareholders. It aims to achieve this objective by means of investments in selected commercial, business and residential properties in addition to mixed-use properties located in Switzerland, including active management as well as resale of these real estate holdings.

With the selection of investments, the company strives for an optimal risk/return profile through diversification according to properties, type of utilisation, location, size and basic structure.

The company may also invest external capital in order to optimise earnings, subject to specific restrictions (see section 3).

2. Investments

2.1 Real estate investments

The scope of real estate investments comprises commercial, business and residential properties as well as mixed-use commercial and residential properties located in Switzerland.

The real estate that can be acquired is subject to Article 655, paragraph 2, sections 1, 2 and 4 of the Swiss Civil Code, including properties, independent and permanent rights noted in the land register (e.g. building rights as well as co-ownership interests in property). Real estate that has not yet been developed (e.g. building land with or without projects) must be located within a building zone, in accordance with the Swiss Spatial Planning Act.

In selecting real estate investments, the company focuses primarily on commercial properties with favourable development prospects situated in the larger economic centres in Switzerland. The key criteria in the selection of investments in commercial properties are, among other factors: the quality of location, economic development prospects, proximity to transport links and public transportation, architectural concept and construction standard, leasing rate and leasing opportunities, solvency and composition of tenants, flexibility of building utilisation, future generated returns as well as existing potential for appreciating value and increasing earnings.

A maximum of one-fifth of total investment volume (Swiss Prime Site AG and its Swiss subsidiaries combined) may be invested in residential properties and/or residential mixed-use properties (as measured by the percentage share of fair value of the apartments, excluding apartments constructed according to legislative initiative). The criteria for the selection of residential properties and/or apartments, or mixed-use residential and commercial properties, are attractiveness of the site, proximity to public transportation, prospects for the location due to demographic trends, construction standard, leasing rate and leasing opportunities, tenant structure, future generated returns as well as existing potential for appreciating value and increasing earnings.

Besides existing real estate, the company may also acquire designated properties for the purpose of renovation, within the scope of the Investment Regulations and given the potential for appreciation in value and returns. The company envisions the development and construction of new building projects as well, subject to the prerequisite of forecasts for favourable development opportunities based on detailed analyses of the particular location and project.

Interests in other real estate companies, or companies that are active in real estate-like sectors, may also be acquired.

Investments in other companies are permitted insofar as they are carried out within the scope of acquisition of real estate companies, or companies that are active in real estate-like sectors, and such investments are of subordinate significance in terms of value.

2.2 Restrictions regarding real estate investments

The following list of restrictions in proportional terms – to be complied with in the selection of investments – are based on total investment volumes of Swiss Prime Site AG as well as its Swiss subsidiaries (on a consolidated basis):

- (a) The investments must be diversified across a minimum of ten properties.
- (b) The proportion of residential properties (excluding the share of apartments constructed according to legislative initiative) may not exceed 20% of the total investment volume, as measured by the percentage share of fair value.
- (c) The fair value of any single property basically may not account for more than 20% of the total fair value of real estate holdings, unless

the property is regarded as having special urban and/or regional and/or economic significance.

- (d) The proportion of new building projects basically should not exceed 25% of the total fair value of real estate holdings. However, this limit may be increased to a maximum proportion of 50% in the case of new building projects regarded as having special urban and/or regional and/or economic significance.
- (e) The proportion of undeveloped properties, according to section 2.1, basically should not exceed 5% of the total fair value of real estate holdings.
- (f) The proportion of rental income generated by a single tenant, or legally and/or financially merged tenant group, may not exceed 25% of the total rental income generated by tenants (excluding ancillary costs). Exceptions are possible for tenants or tenant groups that hold at least an “A” credit rating.

These Investment Regulations basically must be complied with at all times. In the event of any violations of, or deviations from, these restrictions due to acquisitions or divestitures – or extraordinary changes in market conditions – the measures required to restore the situation in compliance with the Investment Regulations must be implemented as soon as possible under the prevailing circumstances. If such a situation occurs, the company shall notify the public with regard to the measures undertaken and the deadline by which compliance with the effective policies would be restored. The company shall inform the public regarding the success of such measures taken, no later than the expiry of the relevant designated deadline.

In addition to these investment restrictions specified in the Investment Regulations, the investment restrictions stipulated under the Swiss Federal Law on the Acquisition of Real Estate by Persons Abroad (i.e. Lex Koller, BewG), as well as the standard applicable practice of the relevant regulatory authorities, must also be complied with at all times. Due to these restrictions, the company and its subsidiaries may only invest in mixed-use properties – i.e. properties with commercial and residential floor space – and residential properties to a limited extent.

2.3. Financial investments

Except for investments in real estate companies, capital not invested in real estate holdings may be invested in Swiss francs and euros. Investments in first-class, stock exchange-listed stocks, bonds with a minimum

rating of "A" from a leading rating agency, as well as money market paper are permitted.

Investments in options, futures and similar instruments (derivatives) of other companies are only permitted for the purpose of hedging currency and interest rate risks.

Granting of mortgage-secured loans is permitted, if required, under the prerequisite that the mortgaged real estate is located in Switzerland. In this regard, section 4 also applies to the valuation of mortgaged real estate. The maximum loan per property amounts to 70%.

3. Financing

For the purpose of optimising earnings, a maximum external financing rate of up to 65% of total real estate holdings is allowed. Properties may be pledged as collateral for securing the relevant credits.

The external financing rate is computed based on the interest-bearing external capital, as measured by the fair value of the real estate portfolio.

4. Valuation

Independent, experienced valuation experts are assigned the task of deriving the valuations of properties designated for acquisition and divestment. In addition, an annual valuation is carried out on the fair value of the entire portfolio in terms of risk factors and market conditions, and the corresponding results are published in the company's Annual and Interim Reports.

The valuation is carried out based on the discounted cash flow method (DCF method), which derives the sum of all net earnings, subtracts the expenses and costs, and then discounts the resulting net cash flow with a risk-adjusted discount rate. The annual revaluation takes into account the situation regarding the earnings and expenses relating to the properties, and any significant changes in the valuation are recorded. The discount rates are adjusted to the current market conditions based on changes in ownership and market trends. Qualitative changes in the buildings or locations are taken into consideration and documented in the revaluation as well.

In addition to the annual valuation, a simplified review of the estimated value of the properties is carried out by valuation experts on a semi-annual basis, with a subsequent so-called impairment test conducted by the auditing firm.

5. Compliance with the Investment Regulations

Compliance with the Investment Regulations in each investment decision is subject to review by the Investment Committee and Management Board as well as periodically by the Board of Directors.

6. Changes to the Investment Regulations

The Investment Regulations are subject to change or amendment by the Board of Directors of Swiss Prime Site AG within the scope of the corporate objective specified in the company statutes. Investors must be notified of any changes at least one month prior to their effective date by means of release in the publication media.

The new investment regulations are to be complied with within two years subsequent to the effective date of such changes.

7. Swiss Prime Site AG subsidiaries in Switzerland

These Investment Regulations are valid for Swiss Prime Site AG, as well as for its subsidiaries with headquarters in Switzerland, and have been approved by the respective board of directors of these companies.

8. Entry into force

These revised Investment Regulations were approved by the Board of Directors at the meeting of 17 August 2009 and go into effect following expiry of the deadline according to section 6.

Olten, 17 August 2009

Swiss Prime Site AG

Hans Peter Wehrli
Chairman of the Board of
Directors

Thomas Wetzel
Vice-Chairman of the Board of
Directors

NB: Only the original German version of the Investment Regulations is valid.