

Position as Switzerland's leading property company significantly strengthened

PSP Swiss Property Group reports outstanding results for the first half-year 2001

Zurich, 21 August, 2001. The success of PSP Swiss Property Group experienced in the business year 2000 could also be maintained throughout the first half of 2001. By consistently implementing its focussed growth strategy, PSP Swiss Property Group has enlarged its property portfolio by 21 properties, or a total sum invested of CHF 516.9 million, to a total of 123 properties. After allowing for market value adjustments of CHF 98.2 million as at 30 June 2001, the market value of the portfolio had risen by CHF 615.2 million, or 41%, to CHF 2,144.7 million by mid-2001, in comparison with the end of 2000. The operating profit before increase in fair market value of the properties and before taxes rose by 11.7% to CHF 29.3 million, compared to CHF 26.2 million in the first half of last year. The net income increased by 98%, from CHF 50.2 million to CHF 99.4 million.

The consolidated operating income (excl. increase in fair market value of the properties) amounted to CHF 71.4 million in the first half-year 2001, which represents an increase of 33.8%, compared to the same period of last year. The operating expenses of CHF 42.1 million increased by 55.1%, in comparison to the past year. Furthermore, an increase of the operating profit before taxes of 105.7%, up to CHF 127.5 million (incl. an increase in fair market value of CHF 98.2 million), was reached, also compared to the first half-year of 2000.

For the first half-year 2001, the earnings per share amounted to CHF 17.00, and the net asset value per share increased by 13.7% up to CHF 181.36, from CHF 159.56 in comparison to the corresponding period of the previous year.

In cooperation with Lehman Brothers Real Estate Partners, PSP Swiss Property Group has successfully bid in an auction for a commercial properties portfolio of Swisscom in a total value of CHF 1.28 billion. Along with this transaction, WTF Holdings (Switzerland) Ltd has been formed, of which PSP Swiss Property Ltd holds 20%.

Within the scope of an international placement 1,733,320 new registered shares from the authorised share capital as well as 70,444 treasury shares at a price of CHF 152 were successfully issued, respectively sold in July 2001 – after the exercise of the over-allotment option - through a broad distribution mainly with institutional investors. Thereafter the share capital amounts to CHF 765 million, divided into 7,650,000 registered shares with a nominal value of CHF 100 per share. Through this capital market transaction the shareholder structure has become more international and the free float has increased to 69%. The in-flow of capital, amounting to some CHF 247 million, enables PSP Swiss Property Group to carry on its successful growth strategy.

Outlook 2001

The market conditions still are very attractive to expand the own property portfolio selectively, either by purchasing of portfolios or individual properties. Sales of properties with a combined value of some CHF 150 million, which do not fit into the core strategy, will be started in the second half of the year. For the current financial year, the operating profit should continue to grow as a result of the current business activity, whereby the investments made during the first six months of the year will impact on rental income and income from management services. Furthermore, the proportionate earnings from the 20% holding in WTF will also enter into the financial result at the end of 2001.

The most important key financial figures are enclosed to the press release.

PSP Swiss Property Group – Leading Swiss Real Estate Company

PSP Swiss Property Group is the leading property company in Switzerland, with a portfolio of CHF 2.1 billion at best locations in Swiss economic centres. The company manages its own portfolio as well as properties owned by third parties valued at more than CHF 10 billion. In Switzerland, PSP Swiss Property Group is represented at eight locations with approximately 180 employees. It is the objective of PSP Swiss Property Group to achieve above-average increases in profits and in value for both, its own as well as its managed third-party portfolios.

(SWX Swiss Exchange - Symbol: PSPN, Valor: 1042810)

Further Information

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Agenda

Publishing of 2001 financial figures
5 March 2002

Annual General Meeting 2002
4 April 2002, Kongresshaus Zurich

The Interim Report 2001 is available under the internet address www.psp-swissproperty.ch (Investor Relations / News and figures / Financial reports) as of today, 10 a.m. It may be downloaded or ordered at Investor Relations.

Overview of Consolidated Key Financial Figures

PSP Swiss Property Group	1 January to 30 June 2000	1 January to 30 June 2001
Key financial figures (in CHF 1 000)		
Rental income	39 045	54 541
Income from management services	14 334	16 838
EBITDA before net change in fair value of real estate investments	31 982	44 797
Operating profit before net change in fair value of real estate investments	26 194	29 261
Net change in fair value of real estate investments	35 789	98 232
Net income	50 175	99 358
Cash flow from operating activities	44 136	39 871
Total assets	1 343 660	2 179 504
Real estate investments	1 322 501	2 114 746
Shareholders' equity	944 056	1 073 063
Shareholder's equity in % of total assets	70.0%	49.0%
Return on equity ¹⁾	11.5%	19.2%
Key operating figures		
Number of properties	94	123
Annualised implied yield, gross	6.1%	6.3%
Annualised implied yield, net	5.1%	5.2%
Vacancy rate	2.9%	4.0%
Employees	168	174
Ratios per registered share²⁾ (in CHF)		
Earnings per registered share (weighted)	8.93	17.00
Earnings per registered share before net change in fair value of real estate investments (weighted)	3.96	4.28
Cash flow from operating activities per registered share (weighted)	7.85	6.82
Net asset value per registered share (excl. goodwill)	159.56	181.36
Net asset value per registered share before deferred tax (excl. goodwill)	160.86	189.20
Share price (high/low)	153.00/144.00	157.25/148.00

¹⁾ Annualised net income in proportion to weighted shareholders' equity

²⁾ Outstanding registered shares with a nominal value of CHF 100 per share: 5 916 680