

Press Release

PSP Swiss Property with growing results from ongoing business activities in 2003

Zug, 5 April 2004 – During the reporting period, PSP Swiss Property has managed to increase net income excluding value adjustments of the real estate portfolio and excluding income from property sales (“gains/losses on real estate investments”) by CHF 13.9 million or 17.5% to CHF 93.4 million. EBITDA excluding gains/losses on real estate investments rose by CHF 17.2 million or 13.5% to CHF 144.8 million. Earnings per share (excluding gains/losses on real estate investments) increased by 17.3% to CHF 12.33 (2002: CHF 10.51). Based on these good results, the Board of Directors will propose a dividend of CHF 6.60 per share (previous year CHF 6.00) to the Annual General Meeting. At the end of 2003, net asset value per share was CHF 207.04 (end of 2002: CHF 202.34).

Increased rental income

During the reporting period, rental income rose by 13.4% to CHF 163.9 million. This increase was mainly due to the portfolio expansion in 2002. In 2003, no properties were bought. Income from real estate services fell by 9.0% to CHF 30.6 million. The decrease was the result of lower fees from construction services (in 2002, PSP Swiss Property reduced its construction services activities to fiduciary mandates) and lower trading activities.

Real estate portfolio

Acquisitions of single objects or portfolios were less important in 2003. In the context of the portfolio optimisation, nine properties were sold for a total of CHF 91.1 million. At the end of 2003, the portfolio with a value of CHF 2 822.5 million consisted of 117 commercial properties, including one object under construction in Geneva (finished and transferred to the tenant in February 2004). Mainly due to the more difficult market environment for commercial properties in general, the external portfolio valuation resulted in a reduction of the market value of the portfolio by CHF 34.7 million. At the end of 2003, the vacancy rate stood at 12.0% (end of 2002: 5.6%). The new buildings SWING 2 and 5 (annual gross potential income of CHF 6.6 million), which have not yet been let, contributed with 3.7 percentage points to the total vacancy rate. At Bernerstrasse Süd 167/169 in Zurich (annual gross potential income of CHF 3.0 million), the lease

contract which expired in March 2003 could not be renewed. This property contributed with 1.6 percentage points to the total vacancy rate. The remaining increase by 1.1 percentage points was caused by the contract terminations of smaller areas and some bankruptcies.

Increase of dividend

Based on the good results in the 2003 financial year, the Board of Directors will propose a 10% dividend increase, i.e. a dividend of CHF 6.60 per share (previous year CHF 6.00) to the Annual General Meeting on 10 May 2004.

2004 outlook

With the continuously weak economy, the Swiss market for commercial properties is likely to remain subdued in 2004. Reducing the vacancies is likely to take some time, particularly in properties with extensive areas like Bernerstrasse Süd 167/169 in Zurich and SWING 2 and 5 in Wallisellen. For 2004, PSP Swiss Property expects an overall average vacancy rate of between 10 and 11% for its real estate portfolio. Ignoring the planned merger with REG Real Estate Group, consolidated EBITDA excluding gains/losses on real estate investments of approximately CHF 144 million is expected. From today's perspective, the valuation of the properties at the end of 2004 is unlikely to result in significant changes. For further portfolio optimisation, 12 properties worth approximately CHF 130 million are earmarked to be sold.

Further information

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Agenda

Annual General Meeting 2004
10 May 2004, Kongresshaus Zurich

PSP Swiss Property – Leading Swiss Real Estate Company

As leading Swiss real estate company, PSP Swiss Property owns office and commercial properties valued at CHF 2.8 billion at prime locations in Swiss economic centres, mainly in Zurich and Geneva. In addition to the own properties, PSP Swiss Property manages also portfolios owned by institutional clients. The aggregate value of the managed properties amounts to some CHF 12 billion. In Switzerland, PSP Swiss Property is represented in eight locations with 174 employees.

SWX Swiss Exchange - Symbol: PSPN, Security number: 1042810

2003 Annual Report

The 2003 annual report is available as of today on www.psp.info (Investor Relations / Publications / Financial Reports).

Overview of Consolidated Key Financial Figures

PSP Swiss Property Group	2002	2003	Change	Change in %
Financial Figures (in CHF 1 000)				
Rental income	144 476	163 886	19 410	13.4%
Net changes in fair value of real estate investments	81 146	-34 718		
Income from property sales	4 855	533		
Income from investments in associated companies	4 513	-1 383		
Income from real estate services	33 642	30 624	-3 018	-9.0%
Total operating income	268 632	158 944	-109 688	-40.8%
Total operating expenses	-48 266	-55 197	-6 931	14.4%
Operating income before financial expenses	220 366	103 746	-116 620	-52.9%
Net financial expenses	-33 066	-34 592	-1 526	4.6%
Operating income before taxes	187 300	69 154	-118 146	-63.1%
Taxes	-34 787	-9 729	25 058	-72.0%
Net income	152 513	59 425	-93 088	-61.0%
Net income excl. gains/losses on real estate inv.¹	79 463	93 403	13 940	17.5%
EBITDA excl. gains/losses on real estate inv.	127 625	144 811	17 186	13.5%
Cash flow from operating activities	128 636	69 144	-59 492	-46.2%
Total assets	3 035 599	3 012 579	-23 020	-0.8%
Real estate investments	2 894 962	2 822 500	-72 462	-2.5%
Shareholders' equity	1 524 995	1 561 112	36 117	2.4%
Shareholders' equity in % of total assets	50.2%	51.8%		
Return on equity ²	10.4%	3.9%		
Operating figures				
Number of properties	125	117		
Implied yield, gross	6.3%	5.8%		
Implied yield, net	5.5%	5.0%		
Vacancy rate (CHF)	5.6%	12.0%		
Employees	179	174		
Per share figures (in CHF)				
Earnings per share ³	20.18	7.85	-12.33	-61.1%
EPS excl. gains/losses on real estate investments ^{1,3}	10.51	12.33	1.82	17.3%
Cash flow from operating activities per share ³	17.02	9.13	-7.89	-46.4%
Net asset value per share ⁴	202.34	204.07	1.73	0.9%
NAV per share before deferred tax ⁴	213.50	214.48	0.98	0.5%
Dividend per share	6.00	6.60 ⁵	0.60	10.0%
Share price (high/low)	159.50/144.50	182.00/148.00		
Share price end of period	149.50	175.00	25.50	17.1%

¹ Net income before net changes in fair value of own real estate investments and those of associated companies, before the realised income on property sales and before all the related taxes.

² Net income in proportion to weighted shareholders' equity.

³ Based on weighted average number of shares.

⁴ Based on outstanding number of shares, before dividend payment.

⁵ Proposal to the Annual General Meeting on 10 May 2004.