

## **PSP Swiss Property – Strong increase in earnings and significant expansion of real estate portfolio in the first half of 2004**

**PSP Swiss Property's net income rose from CHF 15.9 million to CHF 111.9 million compared to the first half of 2003. This result was mainly influenced by one-time effects resulting from the merger with REG Real Estate Group (REG). Due to the merger with REG, which is accounted for since 1 April 2004, the real estate portfolio increased from CHF 2.8 billion to CHF 4.1 billion**

### **2004 interim results – increase in earnings and net income**

During the first half of 2004, PSP Swiss Property was also successful from an operative point of view. Rental income rose by 15.2% from CHF 82.8 million to CHF 95.4 million compared to the previous year's period. The contribution of the REG properties to rental income was CHF 13.6 million. Income from real estate services increased by 14.8% from CHF 14.8 million to CHF 17.0 million.

EBITDA excluding a) changes in fair values of the properties as well as the realised income on property sales and b) one-off effects - mainly of the merger with REG (release of the negative goodwill, formation of restructuring provisions) - went up from CHF 78.4 million to CHF 81.7 million. The EBITDA margin stood at 71.7%.

Net income excluding a) and b) rose from CHF 50.8 million to CHF 52.6 million. Influenced by the expected dilution caused by the merger with REG, the corresponding earnings per share amounted to CHF 1.41 (first half year 2003, adjusted for the share split: CHF 1.69).

### **Real estate portfolio – significant expansion**

The merger resulted in a significant expansion of the real estate portfolio. Most of the acquired REG properties worth approximately CHF 1.2 billion are in prime central locations. In terms of value, the investment properties account for about 80% of the acquired portfolio (sites and development properties 20%). The valuation of the investment properties for the first half of 2004 resulted in a marginal correction of CHF -1.9 million, relative to the portfolio size.

### **Strong balance sheet**

PSP Swiss Property's traditionally solid and stable financial structure was further strengthened by the merger with REG. The company's equity stood at CHF 2.2 billion at midyear, corresponding to

an equity ratio of 52.7%. This strong equity ratio is crucial in regard to the company's further growth.

### **Strategy**

PSP Swiss Property is very well positioned in the Swiss real estate market. The merger with REG fits in perfectly with the strategy of sustainable and profitable growth which the company has pursued since its initial public offering in March 2000. PSP Swiss Property's strategic activities remain focused on the continuous expansion of the company's market position as Switzerland's leading real estate company through the purchase of first-class commercial properties with growth potential. As to the development sites which were acquired with the merger, the various projects will be newly assessed and will be realised only if they have an attractive risk-return profile. Properties which do not fit in the core portfolio will be sold over the short or medium term. Currently, properties worth approximately CHF 150 million are earmarked for sale. PSP Swiss Property is convinced that it will be able to continue generating added value for its shareholders.

### **Outlook for second half-year 2004**

Due to its strong position in the market and its promising real estate portfolio, PSP Swiss Property is confident for the future even though the environment for renting commercial real estate will remain difficult in the immediate future.

In the remaining months of the year, the REG integration must be completed; at the same time, efforts to reduce vacancy rates must continue rigorously and the real estate portfolio must be further optimised. For the whole of 2004, PSP Swiss Property expects an average overall vacancy rate of 9 to 11%. With regard to the ongoing project realisations, the main tasks will be the punctual continuation of scheduled building activities and marketing.

For the 2004 financial year PSP Swiss Property expects a consolidated EBITDA (excluding changes in fair value of real estate investments and excluding one-off effects) of approximately CHF 175 million (EBITDA 2003: CHF 144.8 million). From today's perspective, the revaluation of the properties at the end of 2004 is unlikely to show any significant changes due to the market environment.

## **Further information**

### **PSP Swiss Property Ltd**

Luciano Gabriel  
Chief Financial Officer  
Tel. +41 (0)1 625 50 47

Vasco Cecchini  
Investor and Public Relations Officer  
Tel. +41 (0)1 625 57 23

[www.psp.info](http://www.psp.info)

## **2004 interim report**

The 2004 interim report is available also in English on [www.psp.info](http://www.psp.info) (only German www-version: Investor Relations / Reporting / Geschäftsberichte; English www-version to come).

## **Agenda**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Publication 2004 financial figures | 8 March 2005                       |
| Annual General Meeting 2005        | 8 April 2005, Kongresshaus, Zurich |

### **PSP Swiss Property – leading Swiss real estate company**

As Switzerland's leading real estate company, PSP Swiss Property owns office and commercial properties with a market value (IAS 40) of CHF 3.8 billion in prime locations in Switzerland's main cities, particularly Zurich and Geneva. In addition, the company owns sites and development properties worth CHF 0.3 billion (current acquisition cost according to IAS 16). In order to achieve sustainable and stable growth, PSP Swiss Property applies a professional and active real estate asset management. In order to achieve sustainable and stable growth, PSP Swiss Property applies a professional and active real estate asset management. Apart from its own properties, PSP Swiss Property also manages properties for institutional clients. These managed portfolios have a total aggregate value of approximately CHF 12 billion. In Switzerland PSP Swiss Property is represented in eight locations with 198 employees.

*SWX Swiss Exchange - symbol: PSPN, security number: 1829415*

## Key figures

|   | Unit      | 1 January to<br>30 June 2003 | 1 January to<br>31 Dec. 2003 | 1 January to<br>30 June 2004 | Change in %<br>H1 03 resp.<br>31 Dec. 03 for<br>b/s figures |
|---|-----------|------------------------------|------------------------------|------------------------------|---|
| <b>Key financial figures</b>  |           |                              |                              |                              |   |
| Rental income   | CHF 1 000 | 82 829                       | 163 886                      | 95 400                       | 15.2  |
| Net changes in fair value of real estate investments                    | CHF 1 000 | -45 093                      | -34 718                      | -1 869                       |   |
| Income from real estate services  | CHF 1 000 | 14 795                       | 30 624                       | 16 990                       | 14.8  |
| EBITDA excl. gains/losses on real estate investments <sup>1</sup>       | CHF 1 000 | 78 434                       | 144 811                      | 81 681                       | 4.1   |
| EBITDA margin   | %         | 75.7                         | 72.8                         | 71.7                         |   |
| Net income  | CHF 1 000 | 15 929                       | 59 425                       | 111 945                      | 602.8   |
| Net income excl. gains/losses on real estate investments <sup>1,2</sup> | CHF 1 000 | 50 847                       | 93 403                       | 52 646                       | 3.5   |
| Total assets  | CHF 1 000 | 2 963 165                    | 3 012 579                    | 4 216 358                    | 40.0  |
| Shareholders' equity  | CHF 1 000 | 1 498 860                    | 1 561 112                    | 2 220 751                    | 42.3  |
| Equity ratio  | %         | 50.6                         | 51.8                         | 52.7                         |   |
| Return on equity  | %         | 1.1                          | 3.9                          | 11.9                         |   |
| <b>Portfolio key figures</b>  |           |                              |                              |                              |   |
| Number of investment properties   | Number    | 121                          | 116                          | 203                          |   |
| Investment properties (market value IAS 40)                             | CHF 1 000 | 2 793 904                    | 2 729 612                    | 3 771 264                    | 38.2  |
| Implied yield, gross <sup>3</sup>                                       | %         | 5.9                          | 5.8                          | 5.7                          |   |
| Implied yield, net <sup>3</sup>   | %         | 5.1                          | 5.0                          | 4.8                          |   |
| Vacancy rate (CHF) <sup>3</sup>   | %         | 11.3                         | 12.0                         | 10.6                         |   |
| Number of sites and development properties                              | Number    | 1                            | 1                            | 36                           |   |
| Sites and development properties (historical cost IAS 16)               | CHF 1 000 | 77 941                       | 92 888                       | 286 927                      | 208.9   |
| <b>Employees</b>  |           |                              |                              |                              |   |
| End of period   | Posts     | 182                          | 174                          | 198                          | 13.8  |
| Equal full-time employees   | Posts     | 166                          | 158                          | 181                          | 14.6  |
| <b>Per share figures<sup>4</sup></b>                                    |           |                              |                              |                              |   |
| Earnings per share (EPS) <sup>5</sup>                                   | CHF       | 0.53                         | 1.96                         | 3.00                         | 466.0   |
| EPS excl. gains/losses on real estate investments <sup>1,5</sup>        | CHF       | 1.69                         | 3.08                         | 1.41                         | -16.6   |
| Net asset value per share (NAV) <sup>6</sup>                            | CHF       | 49.59                        | 51.02                        | 50.36                        | -1.3  |
| NAV per share before deferred tax <sup>6</sup>                          | CHF       | 52.01                        | 53.62                        | 55.93                        | 4.3   |
| Share price (high/low)  | CHF       | 41.25/37.00                  | 45.50/37.00                  | 46.00/43.00                  |   |
| Share price end of period   | CHF       | 40.50                        | 43.75                        | 45.50                        | 4.0   |

<sup>1</sup> For the first half of 2004 also excluding the one-off effects of the acquisition (release of negative goodwill, formation of restructuring provisions) and excluding the one-off effect of the first-time reporting of the pension liabilities according to IAS 19.

<sup>2</sup> 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.

<sup>3</sup> For investment properties.

<sup>4</sup> In consideration of the corresponding number of shares, based on the share split at a ratio of 1:4 and on the capital increase (May 2004).

<sup>5</sup> Based on average number of outstanding shares.

<sup>6</sup> Based on number of outstanding shares. For annual figures before dividend payment.