

Press Release
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PSP Swiss Property - Strong increase in earnings and substantial expansion of real estate portfolio in 2004

PSP Swiss Property's net income rose by 207.9% to CHF 183.0 million from CHF 59.4 million in 2003. This result was mainly influenced by the merger with REG Real Estate Group (REG). The Board of Directors will propose to the Annual General Meeting on 8 April 2005 a cash payment based on a nominal value reduction of CHF 1.98 per share (20% more than the previous year's dividend of CHF 1.65).

2004 annual results - Increase in revenue and net income

Due to the larger real estate portfolio, rental income rose by 26.6% compared to the previous year from CHF 163.9 million to CHF 207.5 million. The contribution of the REG properties to rental income was CHF 44.0 million. Income from real estate services rose by 14.3% from CHF 30.6 million to CHF 35.0 million. EBITDA excluding gains/losses on real estate investments and non-recurrent effects rose by 20.2% from CHF 144.8 million to CHF 174.1 million. At 70.8%, the EBITDA margin remained at a high level (2003: 72.8%). Net income excluding gains/losses on real estate investments and non-recurrent effects rose by 21.2% from CHF 93.4 million to CHF 113.2 million. Corresponding earnings per share was, after the expected dilution effect from the May 2004 capital increase, CHF 2.78 (2003: CHF 3.08).

Substantial increase of the real estate portfolio

The REG take-over resulted in a significant expansion of the real estate portfolio. Apart from the REG properties, additional properties worth CHF 211.6 million were purchased. 21 non-strategic objects were sold for CHF 138.1 million. The valuation of the investment properties resulted in a higher valuation by CHF 14.5 million. Overall, the real estate portfolio increased from CHF 2.8 billion to CHF 4.3 billion. At the end of 2004, the vacancy rate was 11.7% (end of 2003: 12.0%).

Solid financial structure

The equity stood at CHF 2.3 billion at the end of 2004, corresponding to an equity ratio of 52.2%. This strong equity ratio is crucial in regard to the company's further growth.

Outlook 2005

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. Apart from the ongoing tasks in reducing vacancies and optimising the existing real estate portfolio, implementing further strategic growth initiatives will be at the top of the agenda in 2005. For the investment portfolio, an average vacancy rate of 10 to 12% is expected. Consolidated EBITDA excluding gains/losses on real estate investments is expected to reach approximately CHF 186 million. From today's perspective, the risk of negative valuation adjustments at the revaluation at the end of 2005 is regarded as low despite the persistently difficult market environment. After the sale of properties for CHF 94 million in January 2005, further properties worth approximately CHF 140 million are earmarked for sale.

Further information

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2004 annual report and presentation

The 2004 annual report and the presentation of the annual results are available on www.psp.info.

Agenda

Annual General Meeting 2005	8 April 2005, Kongresshaus, Zurich
Publication of 2005 interim result	30 August 2005

PSP Swiss Property - leading Swiss real estate Company

PSP Swiss Property owns office and commercial properties with a value of CHF 4.3 billion in prime locations in Switzerland's main cities. Beside its own properties, PSP Swiss Property also manages properties for institutional clients. These managed portfolios have a total aggregate value of approximately CHF 13 billion. In Switzerland PSP Swiss Property is represented in eight locations with approximately 200 employees.

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

Overview of key figures

	Unit	2003	2004	Change in %
Key financial figures				
Rental income	CHF 1 000	163 886	207 467	26.6%
Net changes in fair value of real estate investments	CHF 1 000	-34 718	14 538	
Income from real estate services	CHF 1 000	30 624	35 014	14.3%
EBITDA excl. gains/losses on real estate investments ¹	CHF 1 000	144 811	174 075	20.2%
EBITDA margin	%	72.8	70.8	
Net income	CHF 1 000	59 425	182 961	207.9%
Net income excl. gains/losses on real estate investments ²	CHF 1 000	93 403	113 162	21.2%
Total assets	CHF 1 000	3 012 579	4 380 093	45.4%
Shareholders' equity	CHF 1 000	1 561 112	2 285 236	46.4%
Equity ratio	%	51.8	52.2	
Return on equity	%	3.9	9.0	

Portfolio key figures

Number of investment properties	Number	116	218	
Investment properties (market value IAS 40)	CHF 1 000	2 729 612	3 958 652	45.0%
Implied yield, gross ³	%	5.8	5.6	
Implied yield, net ³	%	5.0	4.8	
Vacancy rate (CHF) ³	%	12.0	11.7	
Number of sites and development properties	Number	1	8	
Sites and development properties (historical cost IAS 16)	CHF 1 000	92 888	298 143	221.0%

Employees

End of period	Posts	174	193	
Equal full-time employees	Posts	158	167	

Per share figures⁴

Earnings per share (EPS) ⁵	CHF	1.96	4.49	129.1%
EPS excl. gains/losses on real estate investments ⁵	CHF	3.08	2.78	-9.7%
Net asset value per share (NAV) ⁶	CHF	51.02	51.80	1.5%
NAV per share before deferred taxes ⁶	CHF	53.62	57.69	7.6%
Dividend / Nominal value reduction per share	CHF	1.65	1.98 ⁷	20.0%
Share price (high/low)	CHF	45.50/37.00	49.40/41.90	
Share price end of period	CHF	43.75	49.40	12.9%

1 I.e. excl. net changes in fair value of own real estate investments and those of associated companies and excl. the realised income on property sales.

For 2004 also excl. the non-recurrent effects of the REG acquisition (release of negative goodwill, formation of restructuring provisions) and the BRE acquisition (depreciation of goodwill) and excl. the non-recurrent effect of the first-time reporting of the pension liabilities according to IAS 19.

2 Analog footnote 1, after taxes.

3 For investment properties.

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

5 Based on average number of outstanding shares.

6 Based on number of outstanding shares, before dividend payment resp. cash payment by nominal value reduction.

7 Proposal to the Annual General Meeting on 8 April 2005.