

**Press Release**  
for immediate publication

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## **PSP Swiss Property - Positive 2005 half-year results**

**Despite a difficult renting environment for the office real estate market, PSP Swiss Property's operational results are again very positive: net income excluding gains/losses on real estate investments rose by 16.9% from CHF 51.4 million to CHF 60.0 million compared to the previous year's period.**

### **2005 half-year results - Increase in rental income and EBITDA**

Rental income rose by 19.3% from CHF 95.4 million to CHF 113.9 million compared to the first half of 2004. EBITDA excluding gains/losses on real estate investments was up by 15.5% from CHF 81.7 million to CHF 94.4 million. The EBITDA margin was improved to 74.0% (first half of 2004: 71.7%), which is a result of the increased efficiency after the completed integration of REG. In the first half of 2005, net income was CHF 45.1 million. The reported net income for the first half of 2004 amounted to CHF 111.9 million, which was positively affected by several one-off items in the context of the REG acquisition. Net income excluding gains/losses on real estate investments (and excluding one-off items for the first half of 2004) rose by 16.9% from CHF 51.4 million to CHF 60.0 million. Corresponding earnings per share amounted to CHF 1.36 (first half of 2004: CHF 1.38) - the slight decrease was due to the diluting effect (higher average number of outstanding shares) caused by the capital increase of May 2004 in the context of the REG acquisition.

### **Stable real estate portfolio**

During the reporting period, no properties were purchased. Conversely, 30 non-strategic properties were sold for CHF 141.1 million, whereby the average selling price exceeded the last valuation of these properties by 2.9%. The market valuation of the investment properties as of midyear 2005 showed an adjustment of CHF -15.4 million, which is insignificant compared to the size of the portfolio. At midyear 2005, the real estate portfolio amounted to CHF 4.2 billion (end of 2004: CHF 4.3 billion); the vacancy rate was 13.3% (end of 2004: 11.7%). Excluding investments properties being vacant because of renovation works, the vacancy rate was 12.5%.

### **Solid financial structure**

At midyear 2005, equity stood at CHF 2.2 billion (end of 2004: CHF 2.3 billion). The equity ratio was 51.5%. With this strong equity base, the company's financial flexibility for future growth is secure.

### **Positive share price trend**

During the reporting period, the PSP share price rose by 12.6% from CHF 49.40 to CHF 55.60. While the PSP share had been trading at a discount of 4.6% to its net asset value (NAV) at the end of 2004, this had turned into a premium of 9.7% by midyear 2005. Trading volumes and the liquidity of the PSP share also continued their positive trend. The average daily trading volume reached 110 708 shares worth CHF 5.8 million in the first half of 2005 (first half of 2004: 60 074 shares worth CHF 2.7 million). Due to the listing of the PSP share in the SMIM index as of October 2005, the positive trend in the share's trading volume is likely to continue.

### **Subsequent events**

With the purchase of 35% of the share capital of GFG Gesellschaft für Grundeigentum (GFG), Zurich, as announced on 1 July 2005, the first step in the acquisition of a first-class property portfolio (17 commercial properties) worth approximately CHF 230 million was done. The transaction is to be concluded by the end of September 2005 and will integrate GFG into PSP Swiss Property. The purchase of 100% of the shares is paid by approximately 33% in cash and by approximately 67% through a share swap. Provisional calculations come to a fair value of the acquired net assets of approximately CHF 90.7 million. As this amount equals more or less the purchase price, only a minor positive or negative goodwill is expected. At the beginning of July 2005, a CHF 250 million, 2.25%, 7-year bond was issued with a maturity date of 27 July 2012. The proceeds are used to redeem all existing mortgages and for general financing activities.

### **Outlook second half of 2005**

Due to its strong market position and its promising real estate portfolio, PSP Swiss Property is confident for the future even though the environment for renting commercial real estate is likely to remain difficult in the immediate future. Apart from the ongoing tasks in reducing vacancies and optimising the existing real estate portfolio, in particular implementing further strategic growth initiatives will be at the top of the agenda. Consolidated EBITDA excluding gains/losses on real estate investments is expected to reach CHF 186 million in the 2005 fiscal year (2004: CHF 174.1 million). From today's perspective, the risk of negative valuation adjustments at the revaluation of the properties at the end of 2005 is regarded as low. Overall, the vacancy rate for

the investment portfolio as a whole is expected to reach 10 to 12%.

**Further information**

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**2005 Interim Report and presentation**

Both documents are available on [www.psp.info](http://www.psp.info).

**Agenda**

Publication 2005 financial figures

3 March 2006

Annual General Meeting 2006

7 April 2006, Kongresshaus, Zurich

**PSP Swiss Property - leading Swiss real estate Company**

PSP Swiss Property owns office and commercial properties with a value of CHF 4.2 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 12 billion. In Switzerland PSP Swiss Property is represented in six locations with approximately 180 employees.

SWX Swiss Exchange - symbol: PSPN, security number: 1829415, ISIN CH0018294154

## Key figures

	Unit	H1 2004	2004	H1 2005	Diff. to H1 04 (period) resp. Dec. 04 (balance sheet) in %
<b>Key financial figures</b>					
Rental income	CHF 1 000	95 400	207 467	113 854	19.3%
Net changes in fair value of real estate investments	CHF 1 000	-1 869	14 538	-15 407	
Real estate management services	CHF 1 000	11 687	24 185	9 746	-16.6%
EBITDA excl. gains/losses on real estate investments <sup>1</sup>	CHF 1 000	81 681	174 075	94 359	15.5%
EBITDA margin	%	71.7	70.8	74.0	
Net income	CHF 1 000	111 945	182 961	45 071	-59.7%
Net income excl. gains/losses on real estate investments <sup>2</sup>	CHF 1 000	51 379	113 162	60 045	16.9%
Total assets	CHF 1 000	4 216 358	4 380 093	4 340 517	-0.9%
Shareholders' equity	CHF 1 000	2 220 751	2 285 236	2 235 498	-2.2%
Equity ratio	%	52.7	52.2	51.5	
Return on equity	%	11.9	9.0	4.0	
<b>Portfolio key figures</b>					
Number of investment properties	Number	203	218	191	
Investment properties (market value IAS 40)	CHF 1 000	3 771 264	3 958 652	3 911 964	-1.2%
Implied yield, gross <sup>3</sup>	%	5.7	5.6	5.3	
Implied yield, net <sup>3</sup>	%	4.8	4.8	4.5	
Vacancy rate (CHF) <sup>3</sup>	%	10.6	11.7	13.3	
Number of sites and development properties	Number	36	8	8	
Sites and development properties (historical cost IAS 16/IAS 2)	CHF 1 000	286 927	298 143	240 907	-19.2%
<b>Employees</b>					
End of period	Posts	198	193	184	
Equall full-time employees	Posts	181	167	160	
<b>Per share figures</b>					
Earnings per share (EPS) <sup>4</sup>	CHF	3.00	4.49	1.02	-65.9%
EPS excl. gains/losses on real estate investments <sup>4</sup>	CHF	1.38	2.78	1.36	-1.1%
Net asset value per share (NAV) <sup>5</sup>	CHF	50.36	51.80	50.67	-2.2%
NAV per share before deferred taxes <sup>5</sup>	CHF	55.93	57.69	56.06	-2.8%
Share price high	CHF	46.00	49.40	57.75	
Share price low	CHF	43.00	41.90	49.05	
Share price end of period	CHF	45.50	49.40	55.60	12.6%

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 as of 1 April 2004 (release of negative goodwill, formation of restructuring provisions) and the BRE acquisition as of 1 July 2004 (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, net of taxes.

3 For investment properties.

4 Based on average number of outstanding shares.

5 Based on number of outstanding shares.