

Q2

2012 INTERIM REPORT (SHORT VERSION)

COMPETENCE IN SWISS REAL ESTATE

KEY FIGURES

		1 JAN. TO 31 DEC. 2011	1 APRIL TO 30 JUNE 2011	1 APRIL TO 30 JUNE 2012	1 JAN. TO 30 JUNE 2011	1 JAN. TO 30 JUNE 2012	CHAN- GE IN % ¹
KEY FINANCIAL FIGURES							
	Unit						
Rental income	CHF 1 000	270 675	69 848	68 488	136 880	136 964	0.1
EPRA like-for-like growth	%	2.0	1.6	0.1	2.8	2.1	
Net changes in fair value of real estate investments	CHF 1 000	325 068	152 816	119 309	152 816	119 309	
Income from property sales	CHF 1 000	7 504	4 265	11 463	6 563	11 689	
Total other income	CHF 1 000	10 337	2 683	991	5 745	4 651	
Net income	CHF 1 000	403 994	159 869	139 234	198 242	179 007	- 9.7
Net income excluding gains/losses on real estate investments ²	CHF 1 000	149 020	39 956	46 269	77 259	86 115	11.5
EBITDA excluding gains/losses on real estate investments	CHF 1 000	232 532	61 755	68 230	120 171	128 074	6.6
EBITDA margin	%	81.5	82.1	84.3	82.5	83.5	
Total assets	CHF 1 000	6 050 916			5 791 574	6 174 462	2.0
Shareholders' equity	CHF 1 000	3 268 894			3 023 849	3 473 876	6.3
Equity ratio	%	54.0			52.2	56.3	
Return on equity	%	13.0	21.3	16.3	13.3	10.6	
Interest-bearing debt	CHF 1 000	1 946 894			2 086 071	1 897 792	- 2.5
Interest-bearing debt in % of total assets	%	32.2			36.0	30.7	
PORTFOLIO KEY FIGURES							
Number of properties	Number	168			170	167	
Carrying value properties	CHF 1 000	5 611 591			5 429 183	5 824 151	3.8
Implied yield, gross ³	%	4.9	5.2	4.8	5.1	4.8	
Implied yield, net ³	%	4.2	4.5	4.2	4.4	4.1	
Vacancy rate end of period (CHF) ^{3,4}	%	8.3			8.9	8.5	
Number of sites and development properties	Number	9			8	10	
Carrying value sites and developments properties	CHF 1 000	346 879			265 685	259 610	-25.2
EMPLOYEES							
End of period	Posts	84			81	85	
Full-time equivalents	Posts	77			77	78	
PER SHARE FIGURES							
Earnings per share (EPS) ⁵	CHF	9.40	3.74	3.12	4.64	4.05	- 12.8
EPS excluding gains/losses on real estate investments ⁵	CHF	3.47	0.94	1.04	1.81	1.95	7.7
Distribution per share	CHF	3.00 ⁶	n.a.	n.a.	n.a.	n.a.	
Net asset value per share (NAV) ⁷	CHF	75.28			70.77	76.39	1.5
NAV per share before deferred taxes ⁷	CHF	89.02			83.66	90.19	1.3
Share price end of period	CHF	78.60			79.85	83.65	6.4

1 Change to previous year's period 1 January to 30 June 2011 or carrying value as of 31 December 2011 as applicable.

2 See definition „Net income excluding gains/losses on real estate investments“ on page 4, footnote 2.

3 For properties.

4 Equals the lost rental income in % of the potential rent, as per reporting date.

5 Based on average number of outstanding shares.

6 For the 2011 business year. Cash payment was made on 12 April 2012.

7 Based on number of outstanding shares.

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**This short version is an extract from the 2012 interim report,
which is available under www.psp.info.**

CORPORATE GOVERNANCE

The chapter „Corporate Governance“ from the 2011 annual report was updated as of 30 June 2012 and is available under www.psp.info.

CHARTS/TABLES

Due to roundings, the sum of individual positions may be higher/lower than 100%.

ENGLISH TRANSLATION OF GERMAN ORIGINAL

This is an English translation of the German original (available from investor.relations@psp.info). Only the German original is legally binding.

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Further publications and information are available under www.psp.info.



BOARD OF DIRECTORS' STATEMENT ON THE FIRST HALF OF 2012

Ladies and Gentlemen

Despite a slowdown in global economic activity, which also impacted the domestic economy, Switzerland did relatively well in 2011 with GDP growth of 2.1%. Now, however, Europe's engine of growth, Germany, is beginning to stutter and the Eurozone as a whole is on the brink of a recession. Despite the fact that the challenges did not diminish in 2012, the domestic economy continued on a solid path so far – exceeding most forecasts at the beginning of the year. In the medium term, however, an economic slowdown cannot be ruled out – despite sustained domestic demand. Furthermore, the real estate sector, which is relevant for PSP Swiss Property, is only indirectly impacted by the strong franc and remains robust. Unemployment stabilised around 3%, a remarkably low figure by international comparison. There is little change with regard to inflation and interest rates: inflation remains near zero and interest rates are likely to stay at record-low levels. Whatever happens, we will continue to monitor the development of the economy around us closely.

PSP Swiss Property had a successful first half of 2012: net income (excluding net changes in fair values)¹ reached CHF 86.1 million (first half of 2011: CHF 77.3 million); this corresponds to a plus of 11.5%. This increase was mainly due to the sale of the arts space on the Löwenbräu site in Zurich as well as lower financial expenses. Net income (excluding net changes in fair values) is the basis for the distributions to shareholders. In April 2012, a cash payment of CHF 3.00 per share from the capital contribution reserves was made to the shareholders for the 2011 business year. Compared to net income excluding gains/losses on real estate investments, this corresponded to a payout ratio of 86.5%; compared to the year-end share price 2011 of CHF 78.60, it corresponded to a cash yield of 3.8%.

In the first half of 2012, demand for investment properties remained very high, particularly from Swiss institutional investors such as pension funds and insurance companies. Despite continuously rising prices in certain sub-markets, in our view there is no general emerging real estate bubble. Furthermore, not all office and commercial buildings are the same: while, above all, modern commercial buildings, energy-efficient objects as well as centrally located properties keep appreciating in value, there are no speculative price excesses with the goal to realise short-term capital gains. In peripheral locations, prices are moving sideways.

With regard to our new lettings and follow-up rentals, we were able to sign satisfying new tenant agreements. On average we succeeded in negotiating slightly higher rents for new leases as well as lease extensions in the first half of 2012, not least as a result of our long-term renovation and property improvement programme – we constantly invest in specific properties to enhance their attractiveness. This may often mean higher vacancy rates in the short run, but it offers our shareholders added value in the long run.

Significant new office space will come on the market in the foreseeable future, particularly in the Zurich economic area. This will intensify competition and tend to increase vacancy rates. In central locations the rental situation has also become a little more difficult in recent months; however, not due to the brisk construction on the periphery but, rather, as a result of the restructuring processes at various banks,

¹ „Net income excluding gains/losses on real estate investments“ corresponds to the consolidated net income excluding net changes in fair value of the real estate investments, realised income on sales of investment properties and all of the related taxes. Income from the sale of properties which were developed by the Company itself is, however, included in the „net income excluding gains/losses on real estate investments“.

including large banks, which are releasing previously used office space. Consequently, vacancy rates may also rise in central locations in the short term. Nevertheless, we remain confident with regard to our rental activities in the medium term. First, because we constantly optimise and improve our properties to make them as attractive as possible for potential tenants; second, because we have always focused on premium properties in prime locations, which are not directly threatened by newly-built office and commercial properties on the periphery.

With regard to financing, PSP Swiss Property remains in a comfortable position: as at 30 June 2012, we had unused committed credit lines totalling CHF 560 million and a ratio of net debt to total assets (loan-to-value) of 30.7%. And, the Company will continue to benefit from low interest rates in the medium term: 95% of the Company's financial liabilities were hedged by means of interest rate swaps as at midyear 2012. Our solid financing and the strong equity base are reasons for our „A-/stable“ rating by the independent rating agency Fitch.

All in all, we remain guardedly optimistic about the second half of 2012. We keep observing the economic environment – in Switzerland, in Europe and globally – carefully. Even if Switzerland has been able to avoid the bigger problems of many Eurozone countries so far, the turbulences on the financial markets, the issues related to the international sovereign debt problems and the strong franc might adversely affect the country's economy in the future. Therefore, we will stick to our prudent acquisition strategy and our conservative financing policy.

Based on the assumption of an unchanged property portfolio, we improve our EBITDA (excluding gains/losses on real estate investments) forecast from „exceeding CHF 230 million“ to „approximately CHF 235 million“ for 2012 (2011: CHF 232.5 million). With regard to the vacancies, we confirm an expected vacancy rate of approximately 9% at the end of 2012 (end of June 2012: 8.5%).



Günther Gose

Chairman of the
Board of Directors



Luciano Gabriel

Delegate of the Board of Directors
and Chief Executive Officer

16 August 2012

PSP SWISS PROPERTY (CONSOLIDATED)

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (JANUARY TO JUNE)

CONSOLIDATED INCOME STATEMENT

OPERATING INCOME	(in CHF 1 000)	1 JANUARY TO 30 JUNE 2011	1 JANUARY TO 30 JUNE 2012
Rental income		136 880	136 964
Net changes in fair value of real estate investments		152 816	119 309
Income from property sales (inventories)		9 926	56 914
Expenses from sold properties (inventories)		- 7 797	- 45 214
Income from other property sales		4 434	- 11
Income from investments in associated companies		- 10	72
Capitalised own services		1 440	1 425
Other income		4 315	3 154
Total operating income		302 004	272 613
OPERATING EXPENSES			
Real estate operating expenses		- 5 362	- 5 182
Real estate maintenance and renovation expenses		- 8 110	- 7 341
Personnel expenses		- 8 887	- 8 903
Fees to subcontractors		- 40	- 28
General and administrative expenses		- 3 038	- 3 865
Depreciation		- 327	- 286
Total operating expenses		- 25 764	- 25 605
Operating profit before financial expenses		276 240	247 008
Financial income		1 141	1 001
Financial expenses		- 24 264	- 21 168
Operating profit before taxes		253 117	226 841
Income Taxes		- 54 876	- 47 834
Net income attributable to shareholders of PSP Swiss Property Ltd		198 242	179 007
Earnings per share in CHF (basic and diluted)		4.64	4.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in CHF 1 000)	1 JANUARY TO 30 JUNE 2011	1 JANUARY TO 30 JUNE 2012
Net income attributable to shareholders of PSP Swiss Property Ltd	198 242	179 007
Movement of interest rate hedging	3 047	- 5 827
Movement of financial investments	250	406
Income taxes	- 258	425
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	201 281	174 012

PSP SWISS PROPERTY (CONSOLIDATED)

CONSOLIDATED BALANCE SHEET

ASSETS	(in CHF 1 000)	1 JANUARY 2011	31 DECEMBER 2011	30 JUNE 2012
Investment properties		5 230 904	5 572 616	5 788 240
Own-used properties		16 492	16 180	15 977
Sites and development properties		125 485	180 043	128 824
Investments in associated companies		21	9	22
Financial investments		7 270	7 353	9
Accounts receivable		15 370	12 245	11 192
Derivative financial instruments		254	0	0
Intangible assets		257	144	100
Furniture, fixtures and equipment		240	152	323
Deferred tax assets		13 106	11 650	11 201
Total non-currents assets		5 409 400	5 800 391	5 955 888
Investment properties for sale		62 330	22 795	19 934
Sites and development properties for sale		83 109	166 837	130 785
Accounts receivable		11 896	15 792	15 858
Derivative financial instruments		0	0	88
Deferrals		9 673	14 107	19 517
Cash and cash equivalents		12 778	30 994	32 392
Total current assets		179 786	250 525	218 574
Total assets		5 589 187	6 050 916	6 174 462
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		133 017	4 587	4 587
Capital reserves		1 099 981	1 119 673	1 023 001
Own shares		- 202 995	- 158 244	- 25 195
Retained earnings		1 941 032	2 342 580	2 516 581
Fair value reserves		- 28 133	- 39 702	- 45 098
Total shareholders' equity		2 942 902	3 268 894	3 473 876
Debt		1 010 000	985 000	1 000 000
Bonds		935 248	647 298	497 998
Derivative financial instruments		28 683	41 815	50 073
Pension liabilities		3 508	3 451	3 471
Deferred tax liabilities		525 430	607 988	638 953
Total non-current liabilities		2 502 868	2 285 553	2 190 494
Debt		50 000	25 000	0
Bonds		0	289 596	399 794
Derivative financial instruments		5 878	4 357	1 783
Accounts payable		22 521	90 561	50 392
Deferrals		49 374	65 613	42 257
Current tax liabilities		15 373	19 816	14 323
Provisions		271	1 526	1 543
Total current liabilities		143 417	496 469	510 092
Total shareholders' equity and liabilities		5 589 187	6 050 916	6 174 462



MAIN COMPANY ADDRESSES

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INVESTOR RELATIONS

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Stock exchange, trading symbols

SIX Swiss Exchange: Symbol PSPN, Security number 1829415, ISIN CH0018294154
Reuters: PSPZn.S
Bloomberg: PSPN SW