

Q2

2013 INTERIM REPORT (SHORT VERSION)

COMPETENCE IN SWISS REAL ESTATE

KEY FIGURES

		1 JAN. TO 31 DEC. 2012	1 APRIL TO 30 JUNE 2012	1 APRIL TO 30 JUNE 2013	1 JAN. TO 30 JUNE 2012	1 JAN. TO 30 JUNE 2013	CHAN- GE IN % ¹
KEY FINANCIAL FIGURES							
	Unit						
Rental income	CHF 1 000	272 849	68 488	70 095	136 964	138 077	0.8
EPRA like-for-like change	%	1.5	0.1	0.0	2.1	- 0.2	
Net changes in fair value of real estate investments	CHF 1 000	266 851	119 309	80 346	119 309	95 735	
Income from property sales	CHF 1 000	12 924	11 463	1 127	11 689	1 202	
Total other income	CHF 1 000	8 351	991	1 059	4 651	4 487	
Net income	CHF 1 000	368 385	139 182	105 764	178 903	158 731	- 11.3
Net income excluding gains/losses on real estate investments ²	CHF 1 000	161 367	46 217	44 019	86 011	85 210	- 0.9
EBITDA excluding gains/losses on real estate investments	CHF 1 000	238 308	68 163	59 016	127 940	117 890	- 7.9
EBITDA margin	%	81.0	84.2	81.6	83.4	82.0	
Total assets	CHF 1 000	6 356 255			6 176 365	6 504 249	2.3
Shareholders' equity	CHF 1 000	3 691 551			3 467 128	3 728 541	1.0
Equity ratio	%	58.1			56.1	57.3	
Return on equity	%	10.6	16.4	12.4	10.6	8.6	
Interest-bearing debt	CHF 1 000	1 808 286			1 897 792	1 948 383	7.7
Interest-bearing debt in % of total assets	%	28.4			30.7	30.0	
PORTFOLIO KEY FIGURES							
Number of properties	Number	163			167	165	
Carrying value properties	CHF 1 000	5 968 097			5 824 151	6 181 268	3.6
Implied yield, gross ³	%	4.7	4.8	4.6	4.8	4.6	
Implied yield, net ³	%	3.9	4.2	3.9	4.1	3.9	
Vacancy rate end of period (CHF) ^{3, 4}	%	8.0			8.5	9.1	
Number of sites and development properties	Number	9			10	9	
Carrying value sites and developments properties	CHF 1 000	314 430			259 610	247 034	- 21.4
EMPLOYEES							
End of period	Posts	84			85	87	
Full-time equivalents	Posts	78			78	80	
PER SHARE FIGURES							
Earnings per share (EPS) ⁵	CHF	8.21	3.12	2.31	4.04	3.46	- 14.4
EPS excluding gains/losses on real estate investments ⁵	CHF	3.60	1.04	0.96	1.94	1.86	- 4.5
Distribution per share	CHF	3.20 ⁶	n.a.	n.a.	n.a.	n.a.	
Net asset value per share (NAV) ⁷	CHF	80.48			76.24	81.29	1.0
NAV per share before deferred taxes ⁷	CHF	95.00			90.00	96.52	1.6
Share price end of period	CHF	86.55			83.65	81.80	- 5.5

1 Change to previous year's period 1 January to 30 June 2012 or carrying value as of 31 December 2012 as applicable.

2 See definition „Net income excluding gains/losses on real estate investments“ on page 4, footnote 1.

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 2012 business year. Cash payment was made on 16 April 2013.

7 Based on number of outstanding shares, before cash distribution (footnote 6).

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**This short version is an extract from the 2013 interim report,
which 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 2013

Ladies and Gentlemen

Switzerland's economy remains robust. After growing moderately in 2012, all forecasts now expect gross domestic product (GDP) to increase by 1% or more in 2013. While this remains below its long-term average, it is impressive taking the problems in many Eurozone countries into account. Clear indicators of our economy's strength are, for instance, the robustness of various export industries, the low unemployment rate of around 3% and the continuing immigration from Europe. Inflation remains virtually inexistent, some forecasters even predict a below-zero rate. As a result, interest rates are likely to remain at record-low levels. Nevertheless, we monitor the economic environment closely and are prepared for various scenarios – it is not by chance that we continue to steadily hedge our balance sheet against rising interest rates by means of interest rate swaps, even if a significant rise seems improbable from today's perspective.

In the first half of 2013, the office property sector remained resilient despite the fact that the supply of available office space continued to grow. Overall, the demand for office space also increased, but only moderately. Countrywide, between these poles of supply and demand, office rents declined slightly on average. Top-quality office buildings in prime locations (city centres or close to commuter-train connections) are as sought after as ever, both as investment properties and for rent. In our main market, Zurich's Central Business District, the supply of office space continued to rise slightly, as expected; at the same time, top rents are stagnating. However, purchase prices for properties in top locations remain at very high levels.

The picture is similar for retail areas: here, the focus increasingly lies on selected shopping areas and city centres. While demand for premises on Zurich's Bahnhofstrasse is as high as ever, pressure on inferior locations is increasing.

In this challenging environment, we had a good start into the new year. In the first half of 2013, we achieved a net income (excluding net changes in fair values)¹ of CHF 85.2 million (first half of 2012: CHF 86.0 million); this corresponds to a minor decrease of 0.9%. The reason for the slight decline was the fact that in the previous year's period income from sold properties (inventories) was significantly higher due to the sale of a part of the Löwenbräu site called „White“; most of the other income and expense components, in particular financial expenses, progressed positively compared to the previous year's period. Net income (excluding net changes in fair values) is the basis for the distributions to shareholders. In April 2013, a dividend payment of CHF 3.20 per share was made from the capital contribution reserves to the shareholders for the 2012 business year. In relation to the year-end share price 2012 of CHF 86.55, this corresponded to a cash yield of 3.7%.

We remain solidly financed and have a strong equity base: as at 30 June 2013, we had unused committed credit lines from various banks totalling CHF 360 million; the ratio of net debt to total assets (loan-to-value) was only 30.0%. In March 2013, the independent rating agency Fitch confirmed PSP Swiss Property Ltd's „A-/stable“ rating.

¹ „Net income excluding gains/losses on real estate investments“ corresponds to the consolidated net income excluding net changes in fair values 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“.

With regard to our new lettings and follow-up rentals, we did well in the first half of 2013. On average we succeeded in negotiating slightly higher rents for new leases as well as lease extensions. A major factor for this positive development was our long-term renovation and property improvement programme with targeted investments in selected properties.

We are confident about the second half of 2013. From today's perspective, we don't expect any major changes in the economy as a whole in Switzerland. Real estate investments are likely to remain popular investment alternatives for many private and institutional investors due to the continuing low-interest-rate environment, modest bond yields and volatile equity markets.

The supply of available office space will continue to grow in the coming two to three years due to new constructions. From the current point of view, it seems unlikely that this additional usable space can be absorbed completely by increased demand. Consequently, vacancies will tend to increase and, depending on the buildings' location and quality, rents will move sideways or decline marginally. Owners of unfavorably located and/or poorly maintained properties will be hardest hit in the struggle for tenants. This may also apply to landlords with centrally located properties which were used by the same tenants for many years but are now being vacated. Often, such premises do not meet the expectations of new tenants – because their layout is too rigid and outdated or because they are in need of radical renovation.

PSP Swiss Property is well positioned, even if the situation on the commercial real estate market should show signs of weakness. Most of our properties are in prime locations in city and other commercial centres. Overcapacities will mainly arise in peripheral regions. Consequently, the additional supply of office space will marginal effect on our vacancy situation, despite the fact that we, too, own office buildings in such places as Zurich North and Zurich West. However, our buildings in Zurich North are new constructions which meet the expectations of particularly discerning tenants.

We continue constantly to invest in our properties for maintenance and renovations in order to keep them attractive and marketable. And we attach great importance to up-to-date infrastructure, ecological sustainability and the possibility for our tenants to tailor room layouts and interior finish to their needs.

In respect of acquisitions, we remain prudent, in our financing policy, we will stay conservative.

Based on the assumption of an unchanged property portfolio, we expect an EBITDA (excluding gains/losses on real estate investments) of approximately CHF 240 million for 2013 (2012: CHF 238.3 million). With regard to the vacancies, we expect a vacancy rate of around 10% at the end of 2013 (end of June 2013: 9.1%).



Günther Gose

Chairman of the
Board of Directors



Luciano Gabriel

Delegate of the Board of Directors
and Chief Executive Officer

14 August 2013

PSP SWISS PROPERTY (CONSOLIDATED)

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

CONSOLIDATED INCOME STATEMENT

	1 JANUARY TO 30 JUNE 2012 ADJUSTED	1 JANUARY TO 30 JUNE 2013
OPERATING INCOME	(in CHF 1 000)	
Rental income	136 964	138 077
Net changes in fair value of real estate investments	119 309	95 735
Income from property sales (inventories)	56 914	7 772
Expenses from sold properties (inventories)	– 45 214	– 6 570
Income from other property sales	– 11	0
Income from investments in associated companies	72	4
Capitalised own services	1 425	1 196
Other income	3 154	3 287
Total operating income	272 613	239 501
OPERATING EXPENSES		
Real estate operating expenses	– 5 182	– 5 159
Real estate maintenance and renovation expenses	– 7 341	– 7 790
Personnel expenses	– 9 037	– 9 397
Fees to subcontractors	– 28	– 23
General and administrative expenses	– 3 865	– 3 506
Depreciation	– 286	– 285
Total operating expenses	– 25 739	– 26 161
Operating profit before financial expenses	246 874	213 340
Financial income	1 001	616
Financial expenses	– 21 168	– 16 453
Operating profit before taxes	226 707	197 503
Income taxes	– 47 804	– 38 772
Net income attributable to shareholders of PSP Swiss Property Ltd	178 903	158 731
Earnings per share in CHF (basic and diluted)	4.04	3.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1 JANUARY TO 30 JUNE 2012 ADJUSTED	1 JANUARY TO 30 JUNE 2013
	(in CHF 1 000)	
Net income attributable to shareholders of PSP Swiss Property Ltd	178 903	158 731
Items that may be reclassified subsequently to profit or loss:		
■ Movement of interest rate hedging	– 5 827	25 860
■ Income taxes	456	– 2 026
Items that will not be reclassified subsequently to profit or loss:		
■ Movement of financial investments	406	0
■ Movement of staff pension schemes	– 629	1 542
■ Income taxes	107	– 339
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	173 416	183 768

PSP SWISS PROPERTY (CONSOLIDATED)

CONSOLIDATED BALANCE SHEET

ASSETS	(in CHF 1 000)	1 JANUARY 2012 ADJUSTED	31 DECEMBER 2012 ADJUSTED	30 JUNE 2013
Investment properties		5 572 616	5 942 645	6 156 409
Own-used properties		16 180	15 783	15 579
Sites and development properties		180 043	173 243	82 887
Investments in associated companies		9	12	16
Financial investments		7 353	9	9
Accounts receivable		12 245	9 757	9 072
Derivative financial instruments		0	0	2 502
Intangible assets		144	56	12
Furniture, fixtures and equipment		152	288	348
Deferred tax assets		13 386	13 015	11 055
Total non-currents assets		5 802 126	6 154 808	6 277 888
Investment properties for sale		22 795	9 669	9 280
Sites and development properties for sale		166 837	141 188	164 146
Accounts receivable		15 792	8 240	9 144
Deferrals		14 107	8 748	6 662
Cash and cash equivalents		30 994	33 603	37 129
Total current assets		250 525	201 447	226 361
Total assets		6 052 651	6 356 255	6 504 249
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		4 587	4 587	4 587
Capital reserves		1 119 673	1 031 037	884 260
Own shares		- 158 244	0	0
Retained earnings		2 342 580	2 704 821	2 863 551
Fair value reserves		- 45 854	- 48 894	- 23 857
Total shareholders' equity		3 262 741	3 691 551	3 728 541
Debt		985 000	1 160 000	1 330 000
Bonds		647 298	498 360	368 667
Derivative financial instruments		41 815	46 014	23 632
Pension liabilities		11 339	12 927	11 603
Deferred tax liabilities		607 988	678 961	709 618
Total non-current liabilities		2 293 441	2 396 261	2 443 520
Debt		25 000	0	0
Bonds		289 596	149 926	249 716
Derivative financial instruments		4 357	2 061	1 085
Accounts payable		90 561	45 818	45 442
Deferrals		65 613	45 408	35 330
Current tax liabilities		19 816	25 086	530
Provisions		1 526	143	85
Total current liabilities		496 469	268 443	332 188
Total shareholders' equity and liabilities		6 052 651	6 356 255	6 504 249



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Stock exchange, trading symbols

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