

Short Version

**INTERIM
REPORT H1**

2014

Key figures

Key financial figures	Unit	1 January to	1 April to	1 April to	1 January to	1 January to	Change ¹
		31 Dec. 2013	30 June 2013	30 June 2014	30 June 2013	30 June 2014	
Rental income	CHF 1 000	279 143	70 095	68 541	138 077	138 402	0.2 %
EPRA like-for-like change	%	1.7	0.0	- 1.0	- 0.2	0.4	
Net changes in fair value of real estate investments	CHF 1 000	128 144	80 346	9 827	95 735	9 827	
Income from property sales	CHF 1 000	13 048	1 127	4 060	1 202	6 919	
Total other income	CHF 1 000	6 088	1 059	1 053	4 487	3 480	
Net income	CHF 1 000	270 993	105 764	52 073	158 731	95 877	- 39.6 %
Net income excluding gains/losses on real estate investments ²	CHF 1 000	173 643	44 019	43 629	85 210	87 433	2.6 %
Ebitda excluding gains/losses on real estate investments	CHF 1 000	242 480	59 016	59 176	117 890	122 050	3.5 %
Ebitda margin	%	81.3	81.6	82.4	82.0	83.0	
Total assets	CHF 1 000	6 541 812			6 504 249	6 518 630	- 0.4 %
Shareholders' equity	CHF 1 000	3 839 230			3 728 541	3 766 070	- 1.9 %
Equity ratio	%	58.7			57.3	57.8	
Return on equity	%	7.2	12.4	5.5	8.6	5.0	
Interest-bearing debt	CHF 1 000	1 838 784			1 948 383	1 878 391	2.2 %
Interest-bearing debt in % of total assets	%	28.1			30.0	28.8	

Portfolio key figures

Number of properties	Number	161			165	160	
Carrying value properties	CHF 1 000	6 033 930			6 181 268	6 054 849	0.3 %
Implied yield, gross ³	%	4.6	4.6	4.5	4.6	4.5	
Implied yield, net ³	%	3.9	3.9	3.9	3.9	3.9	
Vacancy rate end of period (CHF) ^{3,4}	%	8.0			9.1	9.3	
Number of sites and development properties	Number	10			9	10	
Carrying value sites and development properties	CHF 1 000	431 647			247 034	397 315	- 8.0 %

Employees

End of period	Posts	86			87	89	
Full-time equivalents	Posts	79			80	82	

Per share figures

Earnings per share (EPS) ⁵	CHF	5.91	2.31	1.14	3.46	2.09	- 39.6 %
EPS excluding gains/losses on real estate investments ⁵	CHF	3.79	0.96	0.95	1.86	1.91	2.6 %
Distribution per share	CHF	3.25 ⁶	n.a.	n.a.	n.a.	n.a.	
Net asset value per share (NAV) ⁷	CHF	83.70			81.29	82.11	- 1.9 %
NAV per share before deduction of deferred taxes ⁷	CHF	99.25			96.52	97.76	- 1.5 %
Share price end of period	CHF	75.50			81.80	83.50	10.6 %

1 Change to previous year's period 1 January to 30 June 2013 or carrying value as of 31 December 2013 as applicable.

2 See definition „Net income excluding gains/losses on real estate investments“ on page 6, 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 2013 business year. Cash payment was made on 10 April 2014.

7 Based on number of outstanding shares.

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**This short version is an extract from the interim report 2014,
which is available under www.psp.info.**

Charts/tables

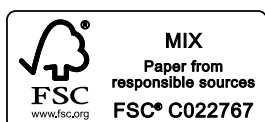
Due to roundings, the sum of individual positions may be higher or lower than 100 %.

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.

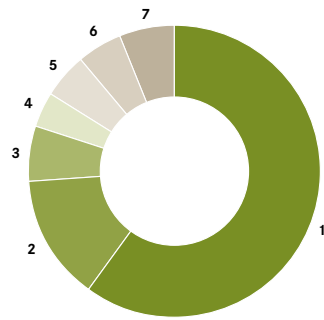
www.psp.info

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



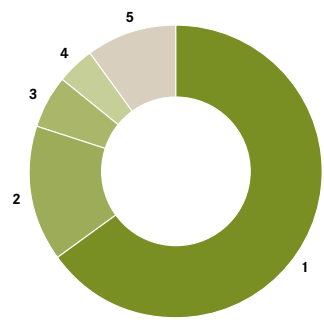
Highlights in brief

Value of portfolio by area



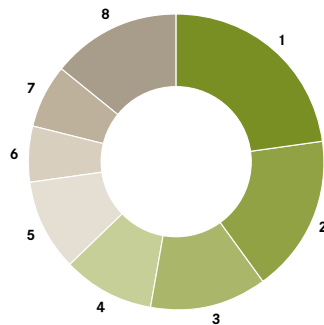
1	Zurich	60%
2	Geneva	14%
3	Basel	6%
4	Bern	4%
5	Lausanne	5%
6	Other locations	5%
7	Sites and development properties	6%

Rent by use



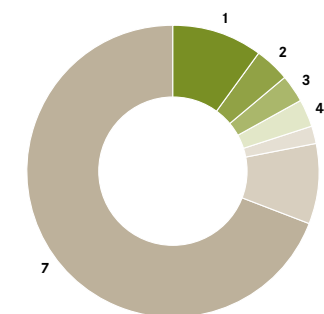
1	Office	65%
2	Retail	15%
3	Parking	6%
4	Gastronomy	4%
5	Other	10%

Rent by type of tenant



1	Retail	23%
2	Services	17%
3	Telecommunication	13%
4	Financial services	10%
5	Technology	10%
6	Government	6%
7	Gastronomy	7%
8	Other	14%

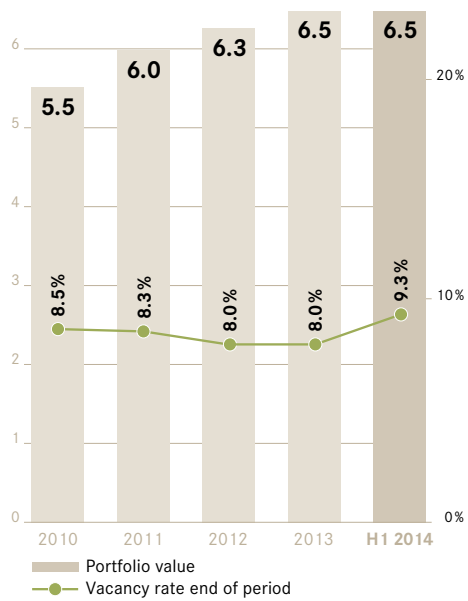
Rent by largest tenants



1	Swisscom	10%
2	Google	4%
3	JT International	3%
4	Schweizer Post	3%
5	Bär & Karrer	2%
6	Next five largest tenants	9%
7	Other	69%

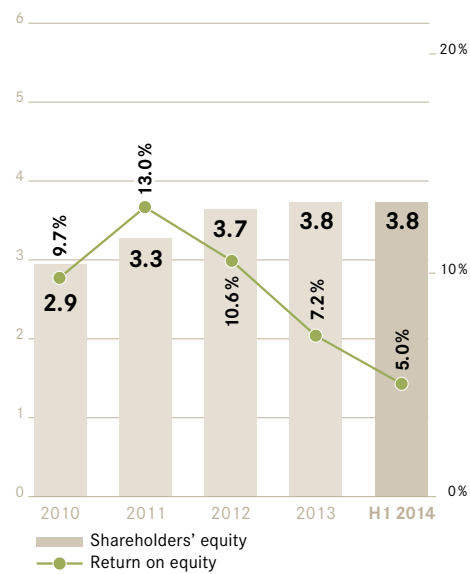
Real estate portfolio

(in CHF billion, vacancy in %)



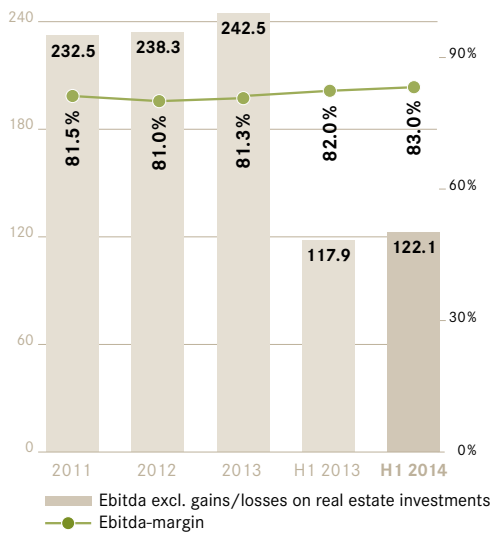
Shareholders' equity

(in CHF billion, return in %)



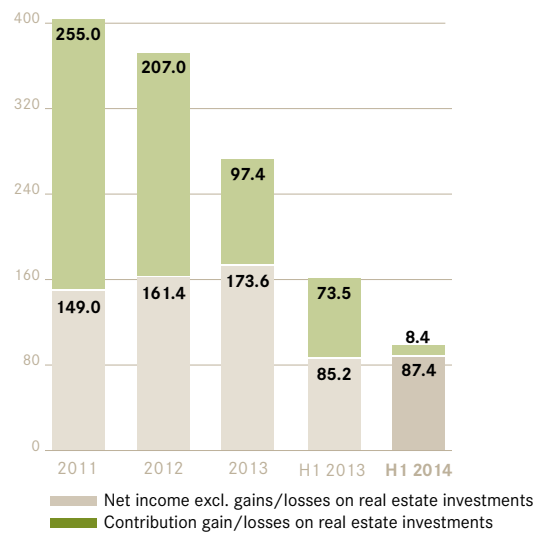
Ebitda

(in CHF million, margin in %)



Net income components

(in CHF million)



Board of Directors' statement

Ladies and Gentlemen

Switzerland's economy remains in good shape. While the country's gross domestic product rose around 2% in 2013, most forecasters predict that GDP growth will be in the same range in 2014. Growth will be driven by domestic consumption on the one hand and by foreign demand and a corresponding surge in exports on the other hand.

With regard to inflation and interest rates, there are no signs for a rise in the foreseeable future. Due to the still unresolved public debt issues in the Eurozone, the European Central Bank is expected to maintain its expansive monetary stance. By maintaining its minimum euro exchange rate policy, Switzerland's National Bank is also likely to adhere to its monetary policy. We protect ourselves against the imponderabilities of future interest rate trends by means of interest rate swaps (staggered over time) as well as issuing new bonds.

As a result, the environment for the Swiss real estate market remains positive overall, despite regulatory uncertainties and the adoption of the immigration initiative. With its resounding rejection of the 1:12 initiative (which would have capped the highest salary within a company to twelve times the lowest salary) and the minimum-wage initiative, Swiss voters clearly stated their positive attitude towards flexible labour markets and an open-market economy.

The increase in available space and additional vacancies in the commercial properties sectors will continue to dampen rental prices for a number of years. In Zurich and Geneva in particular, available office space expanded significantly in the first half of 2014. Nevertheless, if economic growth forecasts prove to be correct, rising demand will absorb the additional space sooner or later. In one of our main markets, Zurich's Central Business District (CBD), top rents declined slightly. However, first signs of stabilising vacancies can be detected – an indication that the relocation of jobs out of the city centre may be coming to an end.

Overall, the market for retail space was robust in the first half of 2014. Rents remained more or less unchanged at high levels. Potential rental increases remain limited to well frequented top locations.

Our activities with regard to new lettings and follow-up rentals were satisfactory. On average we succeeded in negotiating slightly higher rents for new leases as well as lease extensions in the first half of 2014. A major factor for this positive development is our long-term renovation and property improvement programme.

In the first half of 2014, we achieved a net income (excluding net changes in fair values)¹ of CHF 87.4 million (first half of 2013: CHF 85.2 million). Net income (excluding net changes in fair values) is the basis for the distribution to shareholders. On 10 April 2014, a cash payment of CHF 3.25 per outstanding share was made from the capital contribution reserves (totalling CHF 149.1 million).

PSP Swiss Property is solidly financed and has a strong equity base: as at the end of June 2014, we had unused committed credit lines from various banks totalling CHF 580 million; the ratio of net debt to total assets (loan-to-value) was a low 28.8%. The independent rating agency Fitch confirmed PSP Swiss Property Ltd's „A-/stable“ rating in March 2014.

In this challenging environment, we strive to keep our portfolio as attractive and marketable as possible. Consequently, our focus remains on the renovation and improvement of selected properties. At the same time, we attach great importance to up-to-date infrastructure and ecological sustainability. This way, we continuously increase our property portfolio's quality and value.

We are confident about the second half of 2014 – with our proven, transparent business policy and a clear focus on high-class Swiss commercial properties.

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“.

Based on the assumption of an unchanged property portfolio, we expect an Ebitda (excluding gains/losses on real estate investments) of approximately CHF 235 million for 2014, which is above the previous forecast of CHF 230 million (2013: CHF 242.5 million). The decrease compared to last year is mostly due to a decline in rental income and lower income from the sale of condominiums. With regard to the vacancies, we still expect a vacancy rate of around 11% at the end of 2014 (end of June 2014: 9.3%). The main reasons for this increase are two larger vacancies, which will arise during the fourth quarter 2014 at one property in Zurich (CBD) and one property in Zurich West.



Günther Gose

Chairman of the
Board of Directors

18 August 2014



Luciano Gabriel

Delegate of the Board of Directors
and Chief Executive Officer

PSP Swiss Property

Consolidated statement of profit or loss and Consolidated statement of comprehensive income (January to June)

Consolidated statement of profit and loss

Operating income	(in CHF 1 000)	1 January to 30 June 2013	1 January to 30 June 2014
Rental income		138 077	138 402
Net changes in fair value of real estate investments		95 735	9 827
Income from property sales (inventories)		7 772	80 078
Expenses from sold properties (inventories)		- 6 570	- 75 185
Income from other property sales		0	2 026
Income from investments in associated companies		4	6
Capitalised own services		1 196	1 324
Other income		3 287	2 149
Total operating income		239 501	158 627
Operating expenses			
Real estate operating expenses		- 5 159	- 5 863
Real estate maintenance and renovation expenses		- 7 790	- 6 438
Personnel expenses		- 9 397	- 9 367
Fees to subcontractors		- 23	- 24
General and administrative expenses		- 3 506	- 3 244
Impairment charge properties		0	- 338
Depreciation		- 285	- 227
Total operating expenses		- 26 161	- 25 501
Operating profit before financial expenses		213 340	133 126
Financial income		616	839
Financial expenses		- 16 453	- 16 788
Operating profit before taxes		197 503	117 177
Income taxes		- 38 772	- 21 299
Net income attributable to shareholders of PSP Swiss Property Ltd		158 731	95 877
Earnings per share in CHF (basic and diluted)		3.46	2.09

Consolidated statement of comprehensive income

Net income attributable to shareholders of PSP Swiss Property Ltd	(in CHF 1 000)	1 January to 30 June 2013	1 January to 30 June 2014
Net income attributable to shareholders of PSP Swiss Property Ltd		158 731	95 877
Items that may be reclassified subsequently to profit or loss:			
■ Changes in interest rate hedging		25 860	- 18 890
■ Income taxes		- 2 026	1 480
Items that will not be reclassified subsequently to profit or loss:			
■ Changes in staff pension schemes		1 542	- 3 278
■ Income taxes		- 339	721
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd		183 768	75 910

PSP Swiss Property

Consolidated statement of financial position

Assets	(in CHF 1 000)	1 January 2013	31 December 2013	30 June 2014
Investment properties		5 942 645	6 006 810	6 030 360
Own-used properties		15 783	15 376	15 172
Sites and development properties		173 243	307 932	332 368
Investments in associated companies		12	17	23
Financial investments		9	9	9
Accounts receivable		9 757	8 114	6 801
Derivative financial instruments		0	799	0
Intangible assets		56	0	0
Tangible assets		288	323	300
Deferred tax assets		13 015	12 122	15 680
Total non-currents assets		6 154 808	6 351 502	6 400 713
Investment properties for sale		9 669	11 744	9 317
Sites and development properties for sale		141 188	123 714	64 947
Accounts receivable		8 240	15 163	13 652
Deferrals		8 748	2 274	2 021
Cash and cash equivalents		33 603	37 414	27 979
Total current assets		201 447	190 309	117 917
Total assets		6 356 255	6 541 812	6 518 630
Shareholders' equity and liabilities				
Share capital		4 587	4 587	4 587
Capital reserves		1 031 037	884 264	735 193
Retained earnings		2 704 821	2 975 814	3 071 691
Fair value reserves		- 48 894	- 25 434	- 45 401
Total shareholders' equity		3 691 551	3 839 230	3 766 070
Debt		1 160 000	1 220 000	1 310 000
Bonds		498 360	368 879	568 391
Derivative financial instruments		46 014	22 019	39 999
Pension liabilities		12 927	12 559	16 004
Deferred tax liabilities		678 961	725 171	733 805
Total non-current liabilities		2 396 261	2 348 628	2 668 200
Bonds		149 926	249 905	0
Derivative financial instruments		2 061	2 180	2 291
Accounts payable		45 818	38 030	26 300
Deferrals		45 408	52 411	52 361
Current tax liabilities		25 086	11 343	3 324
Provisions		143	85	85
Total current liabilities		268 443	353 954	84 361
Total shareholders' equity and liabilities		6 356 255	6 541 812	6 518 630

Zug, 18 August 2014, on behalf of the Board of Directors: Günther Gose, Chairman, and Luciano Gabriel, Delegate and Chief Executive Officer.

Contacts and important dates

Main company addresses

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Agenda

Publication of quarterly results Q3 2014
14 November 2014

Publication of 2014 results
27 February 2015

Annual General Meeting 2015
1 April 2015, Kongresshaus, Zurich

Publication of quarterly results Q1 2015
12 May 2015

Executive Board of PSP Swiss Property

Luciano Gabriel

Chief Executive Officer

Giacomo Balzarini

Chief Financial Officer

Ludwig Reinsperger

Chief Investment Officer

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Customer care

Efficient, competent and local

Front units (property management)

Thanks to its broad regional presence, PSP Swiss Property has detailed knowledge of the local real estate markets. The well developed branch network allows efficient management of all properties.

Geneva

Management: Roland Zbinden

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Management: Thomas Bracher

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Stock exchange, trading symbols

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