

Press Release
for immediate publication

29 February 2008

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Annual results as per 31 December 2007

PSP Swiss Property – Outstanding results and proposal for higher payment to the shareholders. Significant reduction of vacancy.

In 2007, PSP Swiss Property has improved its earnings substantially compared to the previous year: net income rose by 29.3% to CHF 291.2 million, earnings per share increased by 35.3% to CHF 6.71. The Board of Directors proposes a cash payment of CHF 2.40 per share, 9.1% more than last year. Again, this payment will be in the form of a nominal value reduction. The vacancy of the property portfolio was lowered to 10.6%, which is a reduction by 3.3 percentage points compared to the end of the previous year.

Real estate portfolio

The revaluation of the investment properties resulted in an appreciation of CHF 218.5 million. A significant part of this appreciation derives from a strong market environment for commercial properties in prime locations, which further improved in the second half of the year and reflects the very high quality of PSP's properties. Furthermore, the successful reduction of vacant space in several properties also contributed to the value appreciation.

During the reporting year, one property was taken over and a new property was completed in the City of Zurich. 12 non-strategic properties were sold for CHF 46.8 million. As at the end of 2007, the carrying value of the 194 properties and 6 sites reached the 5-billion-hurdle and amounted to CHF 5.001 billion (end of 2006: CHF 4.757 billion).

Vacancy and rental situation

The vacancy rate was reduced to 10.6% during the reporting year (from 13.9% as per end of 2006 respectively 14.7% as per mid-2007). Instrumental for this success were the following measures introduced early 2007: i) the sale of the "property management business for third parties", ii) the strengthening of rental activities as well as iii) the use of synergies between the asset management and the property management units. PSP Swiss Property is confident to lower the vacancy going forward.

Solid capital structure

With an equity ratio of 49.4% (end of 2006: 52.1%) and a financial leverage of 40.7% (end of 2006: 38.6%), the capital structure continues to be strong. Average borrowing costs reduced to 2.73% (2006: 2.76%); the average weighted remaining term to maturity of all financial liabilities was 3.7 years (end of 2006: 3.8 years). 83.0% of all financial liabilities had fixed interest rates for over one year (end of 2006: 76.4%). PSP Swiss Property considers its financial situation as solid and comfortable.

Proposal for a nominal value reduction

The Board of Directors proposes a cash payment in the form of a nominal value reduction of CHF 2.40 per share (previous year: nominal value reduction of CHF 2.20 per share) to the Annual General Meeting on 9 April 2008. Compared to net income excluding gains/losses on real estate investments (CHF 2.78), this amount corresponds to a payout ratio of 86.3%; in relation to the 2007 year-end closing price of CHF 57.20 it corresponds to a payout yield of 4.2%.

Proposal for a share buy-back programme

A share buy-back programme will also be proposed to the Annual General Meeting on 9 April 2008. In order to maintain optimal capital management flexibility, up to a maximum amount of 5% of the issued shares (i.e. maximum 2'345'000 shares) shall be bought back via a second trading line on the SWX Swiss Exchange. However, buy-backs will only occur in case of strong share price drops driven by market factors.

Board of Directors

Fritz Jörg will resign from his position as Member of the Board of Directors of PSP Swiss Property by end of February 2008. Nick van Ommen and Martin Wetter will not be available for a re-election at the Annual General Meeting on 9 April 2008.

Given these changes, the Board of Directors will be reduced to 5 Members and as from April 2008 will consist of: Günther Gose (Chairman), Luciano Gabriel (Delegate and CEO), Nathan Hetz (Member), Gino Pfister (Member), Max Zollinger (Member).

Outlook 2008

In consideration of its position as a market leader, the good market environment, its strong equity base and the Company's prime real estate portfolio, PSP Swiss Property is confident about its medium- and long-term prospects. In the current year, the evaluation of acquisition opportunities as well as the further reduction of vacancies will remain at the top of the agenda.

Based on an unchanged property portfolio, an EBITDA excluding gains/losses on real estate investments of approximately CHF 205 million (2007: CHF 193.9 million) is expected for 2008. By the end of 2008, the vacancy rate is expected to fall to approximately 9%.

Further information

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2007 Annual Report and presentation

Both documents can be downloaded as PDF from www.psp.info.

New Internet presence

The homepage www.psp.info was redesigned and is online since this morning.

Agenda

Annual General Meeting 2008	9 April 2008
Publication of quarterly results Q1 2008	15 May 2008
Publication of six-month interim results 2008	19 August 2008
Publication of quarterly results Q3 2008	14 November 2008

PSP Swiss Property – leading Swiss real estate Company

PSP Swiss Property owns office and commercial properties valued at CHF 5.0 billion in prime locations in Switzerland's main economic areas; its market capitalisation amounts to CHF 3.0 billion. The approximately 80 employees are based in Geneva, Lausanne, Olten, Wallisellen, Zug and Zurich.

Since March 2000, PSP Swiss Property is listed on the SWX Swiss Exchange (symbol: PSPN, security number: 1829415, ISIN CH0018294154).

Key figures

Key financial figures	Unit	2006	2007	Change % ¹
Rental income ²	CHF 1 000	240 125	247 354	3.0
Net changes in fair value of real estate investments	CHF 1 000	126 114	218 543	
Income from property sales	CHF 1 000	6 929	3 350	
Income from investments in associated companies	CHF 1 000	1 742	114	
Real estate management services ²	CHF 1 000	0	0	
Other income ²	CHF 1 000	15 969	2 185	-86.3
Income from continuing operations	CHF 1 000	221 843	284 849	28.4
Income from discontinued operations ²	CHF 1 000	3 435	6 326	84.2
Total net income	CHF 1 000	225 278	291 175	29.3
Total net income excl. gains/losses on real estate investments	CHF 1 000	128 300	120 556	-6.0
EBITDA excl. gains/losses on real estate investments ²	CHF 1 000	200 103	193 942	-3.1
EBITDA margin ²	%	77.8	75.5	
Total assets	CHF 1 000	4 891 176	5 133 838	5.0
Shareholders' equity	CHF 1 000	2 547 047	2 534 784	-0.5
Equity ratio	%	52.1	49.4	
Return on equity	%	9.1	11.5	
Interest-bearing debt	CHF 1 000	1 887 770	2 087 767	10.6
Interest-bearing debt in % of total assets	%	38.6	40.7	

Portfolio key figures

Properties	Number	204	194	
Carrying value properties	CHF 1 000	4 513 781	4 839 678	7.2
Implied yield, gross ³	%	5.3	5.2	
Implied yield, net ³	%	4.4	4.3	
Vacancy rate end of period (CHF) ³	%	13.9	10.6	
Sites and development properties	Number	6	6	
Carrying value sites and development properties	CHF 1 000	243 386	161 107	-33.8

Employees

End of period ²	Posts	88	82	
Equal full-time employees ²	Posts	84	79	

Per share figures

Earnings per share (EPS) ^{4, 5}	CHF	4.96	6.71	35.3
EPS excl. gains/losses on real estate investments ^{4, 5}	CHF	2.82	2.78	-1.4
Nominal value reduction per share	CHF	2.20	2.40 ⁶	9.1
Net asset value per share (NAV) ⁷	CHF	56.25	59.71	6.2
NAV share before deferred taxes ⁷	CHF	63.53	68.94	8.5
Share price end of period	CHF	70.00	57.20	-18.3

1 Change to previous year's period 2006 or carrying value as of 31 December 2006 as applicable.

2 As of 1 July 2007, the "property management for third parties" business unit has been sold. The unit is treated in accordance with IFRS 5 (Discontinued Operations); where necessary, the 2006 financial year was adjusted accordingly.

3 For properties.

4 Sum of continuing and discontinued operations.

5 Based on average number of outstanding shares.

6 Proposal to the Annual General Meeting on 9 April 2008.

7 Based on number of outstanding shares, before cash payment by nominal value reduction.