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Press Release
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Half-year results as per 30 June 2008

PSP Swiss Property – Continuing strong operating earnings as a result of the measures introduced last year. Full year's forecast confirmed.

For the reporting period January to June 2008, PSP Swiss Property has improved its earnings compared to last year's first six months: Net income excluding revaluations gains amounted to CHF 60.5 million (first half-year 2007: CHF 58.8 million). Corresponding earnings per share increased by 6.8% to CHF 1.42. Instrumental for this success were the measures introduced early 2007 within the field of property management and letting activities.

Solid real estate portfolio

During the reporting period, one property was purchased in the centre of Aarau for CHF 12.6 million as well as a development project with building permit in Wallisellen for CHF 8.2 million. As per end of June 2008, the real estate portfolio included 194 office and commercial buildings and 7 development sites with a carrying value of CHF 5.120 billion (end of 2007: CHF 5.001 billion).

The revaluation of the investment properties resulted in an appreciation of CHF 72.4 million. A significant part of this appreciation derives from positive income and market rent estimates, particularly in prime locations in Zurich. The portfolio's average weighted discount rate stood unchanged at 5.54%.

Positive vacancy development

As forecasted in spring 2008, the vacancy rate has been reduced from 10.9% in March 2008 to the level at the end of 2007, i.e. 10.6%. This decrease was the result of a number of new leases which could more than compensate newly terminated leases. Most of the new leases will be effective as from the third or fourth quarter 2008 and will allow reaching the vacancy target of 9% by year-end. Of the 10.6% vacancy rate, a total of 3.0 percentage points are due to current renovation work on various properties. Most of the renovation work will be completed in the second half of 2008 respectively in 2009.

Successful progress of development projects

The development projects continued successfully:

i) Hürlimann site, Zurich: After the successful settlement of the building permit procedure, the construction work for a modern thermal health spa in combination with a 4-star boutique hotel shall start during autumn 2008 and respective completion is expected for autumn 2010. The investment sum amounts to approximately CHF 50 million.

ii) Business park, Wallisellen: PSP Swiss Property had the opportunity to buy land with an approved project for the remaining 2 buildings (Richtistrasse 9 and 11) in Wallisellen. The first 3 buildings on Richtistrasse were developed during 2001 to 2003. Construction began in June 2008, and completion of the 2 new buildings is planned for 2010. The investment sum for this project (usable floor space of around 14'000 m^2 and 217 parking spaces) amounts to approximately CHF 76 million (including land). Thus, the business park consisting of 5 modern office buildings will be finalised. Marketing of the commercial space is likely to begin in autumn 2008. The rental market in Wallisellen recovered well since 2006, and there is a sustained demand.

iii) Löwenbräu site, Zurich: The building permit for the project (investment sum of approximately CHF 120 million) was obtained in June 2008. At the moment, there is one appeal against the construction plan. 11 600 m^2 are projected for free-hold apartments and 10 200 m^2 each for offices and art trading floors. The project shall be realised stepwise from 2009 to 2013. The first expansions and conversions are likely to be completed in 2010.

Work on the other sites (in Lugano, Wädenswil, Wabern near Bern and Rheinfelden) progressed as planned.

Positive financial results

Net income excluding gains/losses on real estate investments increased from CHF 58.8 million to CHF 60.5 million. Corresponding earnings per share amounted to CHF 1.42 or 6.8% more than in the first half of 2007 (CHF 1.33). For PSP Swiss Property, net income excluding gains/losses on real estate investments is the basis for cash distribution to shareholders. Net income including net changes in fair values amounted to CHF 116.5 million (first half of 2007: CHF 142.2 million). Corresponding earnings per share were CHF 2.74 (first half of 2007: CHF 3.23).

Mainly as a result of the lowered vacancy rate, rental income increased by CHF 4.5 million to CHF 127.4 million. Operating expenses decreased by 16.9% to CHF 28.6 million (first half of 2007: CHF 34.5 million). Thereby, ordinary real estate operating expenses fell by 25.1% to CHF 7.1 million due to lower operating and ancillary expenses, this as a result of lower vacancies. In addition, general and administrative expenses were lowered by 36.2% to CHF 5.0 million; compared to the previous year's period there were significantly lower external consulting fees related to potential portfolio acquisitions.

Positive earnings development and lower expenses resulted in an increase of EBITDA excluding gains/losses on real estate investments by 12.6% to CHF 102.6 million (first half of 2007: CHF 91.1 million). Consequently, the EBITDA margin improved to 78.6% (first half of 2007: 73.3%).

At mid-year 2008, net asset value (NAV) per share amounted to CHF 60.22, i.e. 0.9% more than at the end of 2007 (CHF 59.71). NAV before deferred taxes increased by 1.6% to CHF 70.01 (end of 2007: CHF 68.94). The nominal value reduction in June 2008 amounted to CHF 2.40 per share.

Strong capital structure

With total equity of CHF 2.557 billion – corresponding to an equity ratio of 48.9% (end of 2007: 49.4%) – PSP Swiss Property continues to have a very sound capital structure. Interest-bearing debt increased by CHF 80.6 million or 3.9% to CHF 2.168 billion, corresponding to 41.5% of total assets (end of 2007: 40.7%). Due to the high proportion of interest rate hedges, average borrowing costs only rose by 0.04 percentage points to 2.77% in the first half of 2008 compared to 2007. The average weighted remaining term to maturity of all financial liabilities was 3.3 years (end of 2007: 3.7 years). 77.6% of all financial liabilities had fixed interest rates with maturities over more than 1 year (end of 2007: 83.0%).

The company's excellent position enabled to conclude a syndicated loan at attractive conditions with a number Swiss Cantonal banks in the first half of 2008. At mid-year 2008, PSP Swiss Property had unused credit lines of CHF 395 million.

Outlook 2008

The forecast communicated during the publication of the 2007 annual figures (29 February 2008) is being confirmed. i) Based on an unchanged property portfolio, an EBITDA excluding gains/losses on real estate investments of CHF 205 million (2007: CHF 193.9 million) is expected. ii) At year end, a vacancy rate of approximately 9% is expected.

Further information

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2008 Interim report and presentation

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

Agenda

Publication of quarterly results Q3 2008	14 November 2008
Publication of annual results 2008	27 February 2009
Annual General Meeting 2009	2 April 2009
Publication of quarterly results Q1 2009	15 May 2009
Publication of half-year results 2009	18 August 2009

PSP Swiss Property – leading Swiss real estate company

PSP Swiss Property owns office and commercial properties valued at CHF 5.1 billion in prime locations in Switzerland's main economic areas; its market capitalisation amounts to CHF 3.1 billion. The approximately 80 employees are based in Geneva, Lausanne, Olten, 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	2007	H1 2007	H1 2008	Change %[1]
Rental income	CHF 1 000	247 354	122 905	127 435	3.7
Net changes in fair value of real estate investments	CHF 1 000	218 543	105 344	72 430	
Income from property sales	CHF 1 000	3 350	2 061	862	
Income from investments in associated companies	CHF 1 000	114	114	163	
Other income	CHF 1 000	2 185	1 248	2 047	64.0
Net income from continuing operations	CHF 1 000	284 849	141 828[2]	116 514	-17.8
Net income from discontinued operations[3]	CHF 1 000	6 326	389[2]	0	
Total net income	CHF 1 000	291 175	142 218	116 514	-18.1
Total net income excluding gains/losses on real estate investments	CHF 1 000	120 556	58 768	60 456	2.9
EBITDA excluding gains/losses on real estate investments	CHF 1 000	193 942	91 079	102 568	12.6
EBITDA margin	%	75.5	73.3	78.6	
Total assets	CHF 1 000	5 133 838	5 015 088	5 228 846	1.9
Shareholders' equity	CHF 1 000	2 534 754	2 410 923	2 556 628	0.9
Equity ratio	%	49.4	48.1	48.9	
Return on equity	%	11.5	11.5	9.2	
Interest-bearing debt	CHF 1 000	2 087 767	2 117 108	2 168 385	3.9
Interest-bearing debt in % of total assets	%	40.7	42.2	41.5	
Portfolio key figures					
Number of properties	Number	194	200	194	
Carrying value properties	CHF 1 000	4 839 678	4 717 578	4 940 891	2.1
Implied yield, gross[4]	%	5.2	5.3	5.2	
Implied yield, net[4]	%	4.3	4.3	4.4	
Vacancy rate end of period (CHF)[4, 5]	%	10.6	14.7	10.6	
Number of sites and development properties	Number	6	6	7	
Carrying value sites and developments properties	CHF 1 000	161 107	148 590	179 494	11.4
Employees					
End of period	Posts	82	82	82	
Equal full-time emplyoees	Posts	79	78	78	
Per share figures					
Earnings per share (EPS)[6, 7]	CHF	6.71	3.23	2.74	-15.2
EPS excluding gains/losses on real estate investments[6, 7]	CHF	2.78	1.33	1.42	6.8
Nominal value reduction per share	CHF	2.40[8]	n.a.	n.a.	
Net asset value per share (NAV)	CHF	59.71	56.58	60.22	0.9
NAV per share before deferred taxes	CHF	68.94	65.03	70.01	1.6
Share price end of period	CHF	57.20	68.60	60.70	6.1

1 Change to first half-year 2007 or carrying value as of 31 December 2007 as applicable.

2 Restated (for details see 2008 interim report, financial statements, page 24).

3 As of 1 July 2007, the "property management for third parties" business was sold. This unit was treated in accordance with IFRS 5 (Discontinued Operations).

4 For properties.

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

6 Sum of continuing and discontinued operations.

7 Based on average number of outstanding shares.

8 For the 2007 business year. Cash payment was made on 25 June 2008.