PSP Swiss Property Ltd
Kolinplatz 2
CH-6300 Zug

Phone +41 41 728 04 04
Fax +41 41 728 04 09
info@psp.info
www.psp.info

Press Release
for immediate publication

14 November 2008

Quarterly results as per 30 September 2008

PSP Swiss Property – Ongoing strong operating results due to reduced vacancies, higher rental income as well as lower operating expenses. Strong capital base and sound access to debt. Full year's forecast concerning EBITDA (CHF 205 million) and vacancy rate (9%) being confirmed.

For the reporting period January to September 2008, PSP Swiss Property has improved its earnings compared to last year's first nine months: Net income excluding revaluation gains amounted to CHF 94.1 million (previous year's period: CHF 92.3 million). Corresponding earnings per share increased by 5.2% to CHF 2.22. Instrumental for this success was the continued reduction of vacancies down to 10.4% as per end of September 2008; as per end of 2006, the vacancy rate stood at 13.9%.

Real estate portfolio

Since end of June 2008, no investment properties were bought or sold. During the third quarter 2008, the new office building on the Hürlimann site, „DL 4" (Zurich, Brandschenkestrasse 152a) with approximately 2 500 m^2 of usable floor space, was completed and occupied by PSP Swiss Property. As per end of September 2008, the real estate portfolio included 195 prime office and commercial buildings and 7 attractive development sites with a total carrying value of CHF 5.135 billion (end of 2007: CHF 5.001 billion).

During the third quarter 2008, the ongoing site developments progressed as planned. With regard to the Hürlimann site in Zurich, the following can be highlighted: i) Completion and occupation of the new office building "DL 4". ii) 14 free-hold apartments in the „Malzturm" were transferred to the buyers. The transfers of the remaining 6 sold apartments will be finalised by the end of 2008. iii) The building permit for the construction of a modern health spa combined with a 4-star boutique hotel has been granted. Construction work will start early 2009. The health spa will open for business in the autumn 2010, while the hotel is planned to open during spring 2011. The total investment for this project amounts to approximately CHF 55 million (excl. land and infrastructure).

Positive vacancy development

Since mid-year 2008, the vacancy rate has been reduced from 10.6% to 10.4%. Of the 10.4% vacancy rate, 3.2 percentage points are due to ongoing renovation work on various properties. The renovation work will be completed during the fourth quarter 2008 or during 2009.

Positive financial results January to September 2008

Net income excluding gains/losses on real estate investments increased from CHF 92.3 million to CHF 94.1 million. Corresponding earnings per share amounted to CHF 2.22 or 5.2% more than in the previous year’s period (CHF 2.11). Net income including net changes in fair values amounted to CHF 150.2 million (previous year’s period: CHF 179.7 million). During the reporting period revaluation at mid-year again resulted in a positive contribution to net income, which was, however, smaller than in the previous year’s period. There are no external valuations of the properties at the end of March and the end of September. Earnings per share including valuation differences amounted to CHF 3.54 (previous year’s period: CHF 4.11).

Operating income decreased by CHF 27.0 million or 9.1% to CHF 271.3 million. Thereby, the appreciation of the investment properties added CHF 72.4 million or CHF 37.7 million less than in the previous year’s period. Rental income developed significantly and rose by 4.5% from CHF 184.1 million to CHF 192.4 million. This increase was mainly the result of the vacancy reduction.

Operating expenses decreased by CHF 6.5 million or 13.4% to CHF 42.0 million. Thereby, ordinary real estate operating expenses fell by CHF 1.4 million or 11.5% to CHF 10.6 million. The reason for these cost savings were lower operating and ancillary expenses due to lower vacancies. The position “Real estate maintenance and renovation expenses” also declined by CHF 1.1 million or 8.6% to CHF 11.2 million. General and administrative expenses lowered by CHF 3.3 million or 33.4% to CHF 6.6 million.

Positive earnings development and lower expenses resulted in an increase of EBITDA excluding gains/losses on real estate investments by 13.6% to CHF 157.9 million (previous year’s period: CHF 139.0 million). Consequently, the EBITDA margin improved to 79.4% (previous year’s period: 74.8%).

At the end of September 2008, net asset value (NAV) per share amounted to CHF 60.67, i.e. 1.6% more than at the end of 2007 (CHF 59.71). NAV before deferred taxes increased by 2.2% to CHF 70.47 (end of 2007: CHF 68.94). For a complete assessment, the distribution of a nominal value reduction in June 2008 of CHF 2.40 per share must be taken into consideration.

Strong capital structure

With total equity of CHF 2.576 billion – corresponding to an equity ratio of 49.4% (end of 2007: 49.4%) – PSP Swiss Property continues to have an extraordinary strong capital base. The financial situation has further been strengthened by expanding a number of credit agreements with selected banks, despite a difficult market environment. The loan-to-value ratio of 40.9% as per end of September 2008 (end of 2007: 40.7%) was below the industry average.

Share buyback programme

On 21 October 2008, a share buyback programme was communicated and two days later a second trading line was opened on the SIX Swiss Exchange. Share buybacks shall only be made – to the Company’s benefit – if the price of the PSP share shows a strong negative spike compared to its net asset value (NAV) which stood at CHF 60.67 at the end of September 2008.

The shares which are repurchased within the framework of the share buyback programme will be proposed to the corresponding Annual General Meetings 2009 to 2011 for cancellation. Since 24 October 2008, a total of 262 000 shares were repurchased, corresponding to 0.56% of the voting rights. Together with the existing 4 448 746 treasury shares held by PSP Swiss Property Ltd, the Company held a total of 4 710 746 treasury shares (10.04% of the voting rights) as at 13 November 2008.

Outlook 2008

PSP Swiss Property reiterates its previously communicated forecast for the 2008 business year as follows. i) EBITDA excluding gains/losses on real estate investments: CHF 205 million (2007: CHF 193.9 million), ii) vacancy rate at year-end: ~ 9% (end of 2007: 10.6%).

Further information

PSP Swiss Property

Giacomo Balzarini, CFO	Vasco Cecchini, IRO
Phone +41 (0)44 625 59 59	Phone +41 (0)44 625 57 23
Mobile +41 (0)79 562 20 72	Mobile +41 (0)79 650 84 32

Quarterly report Q3 2008

The report can be downloaded as PDF from www.psp.info.

Agenda

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
Publication of quarterly results Q3 2009	13 November 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 2.3 billion. The approximately 80 employees are based in Geneva, Lausanne, Olten, Zug and Zurich.

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

Key figures

Key financial figures	Unit	2007	Q3 YTD 2007	Q3 YTD 2008	Change %[1]
Rental income	CHF 1 000	247 354	184 088	192 444	4.5
Net changes in fair value of real estate investments	CHF 1 000	218 543	110 102	72 430	
Income from property sales	CHF 1 000	3 350	2 260	3 645	
Income from investments in associated companies	CHF 1 000	114	114	150	
Other income	CHF 1 000	2 185	1 740	2 638	51.6
Net income from continuing operations	CHF 1 000	284 849	173 357	150 187	-13.4
Net income from discontinued operations[2]	CHF 1 000	6 326	6 326	0	
Total net income	CHF 1 000	291 175	179 683	150 187	-16.4
Total net income excluding gains/losses on real estate investments	CHF 1 000	120 556	92 274	94 129	2.0
EBITDA excluding gains/losses on real estate investments	CHF 1 000	193 942	139 029	157 929	13.6
EBITDA margin	%	75.5	74.8	79.4	
Total assets	CHF 1 000	5 133 838	5 007 923	5 214 765	1.6
Shareholders' equity	CHF 1 000	2 534 754	2 427 121	2 575 565	1.6
Equity ratio	%	49.4	48.5	49.4	
Return on equity	%	11.5	9.6	7.8	
Interest-bearing debt	CHF 1 000	2 087 767	2 102 468	2 133 693	2.2
Interest-bearing debt in % of total assets	%	40.7	42.0	40.9	
Portfolio key figures					
Number of properties	Number	194	197	195	
Carrying value properties	CHF 1 000	4 839 678	4 729 697	4 967 303	2.6
Implied yield, gross[3]	%	5.2	5.3	5.2	
Implied yield, net[3]	%	4.3	4.3	4.4	
Vacancy rate end of period (CHF)[3, 4]	%	10.6	13.6	10.4	
Number of sites and development properties	Number	6	6	7	
Carrying value sites and developments properties	CHF 1 000	161 107	154 056	167 609	4.0
Employees					
End of period	Posts	82	79	81	
Equal full-time emplyoees	Posts	79	74	78	
Per share figures					
Earnings per share (EPS)[5, 6]	CHF	6.71	4.11	3.54	-13.9
EPS excluding gains/losses on real estate investments[5, 6]	CHF	2.78	2.11	2.22	5.2
Nominal value reduction per share	CHF	2.40[7]	n.a.	n.a.	
Net asset value per share (NAV)	CHF	59.71	57.20	60.67	1.6
NAV per share before deferred taxes	CHF	68.94	65.78	70.47	2.2
Share price end of period	CHF	57.20	61.80	64.85	13.4

1 Change to previous year's period 1 Jan. to 30 Sept. or carrying value as of 31 December 2007 as applicable.

2 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).

3 For properties.

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

5 Sum of continuing and discontinued operations.

6 Based on average number of outstanding shares.

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