

**Press Release**

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**Annual results as per 31 December 2009**

**PSP Swiss Property – Record operating results and proposal for a 8% higher cash distribution to the shareholders. Vacancy rate and EBITDA better than targeted. Optimistic outlook for 2010.**

In the reporting year, PSP Swiss Property has improved its results considerably compared to last year: net income excluding changes in fair value increased by 9.6% to CHF 136.5 million (2008: CHF 124.5 million). Corresponding earnings per share excluding changes in fair value increased by 10.9% to CHF 3.26 (2008: CHF 2.94). At year-end 2009, NAV per share amounted to CHF 64.95, 5.0% higher than at year-end 2008 (CHF 61.83). The Board of Directors proposes a cash distribution of CHF 2.70 per share, 8% more than last year. This payment will again be in the form of a nominal value reduction. The overall vacancy rate was reduced to 7.5 % (end of 2008: 8.3%).

**Optimised real estate portfolio**

As at the end of 2009, the real estate portfolio included 179 office and commercial properties in prime locations as well as eight attractive development sites with a total carrying value of CHF 5.216 billion (end of 2008: CHF 5.149 billion). A number of acquisition opportunities were evaluated during the year, but no purchases were made. With a view to continuously optimising the portfolio, nine investment properties have been sold. Net sales revenue totalled CHF 140.6 million, 12.4% above the last estimate of Wüest & Partner.

The revaluation of properties resulted in an appreciation of CHF 112.4 million (2008: CHF 121.5 million). This appreciation was mainly the result of the successful vacancy reduction and new leases at higher rents.

**Successful vacancy reduction**

By year-end 2009, the vacancy rate was 7.5%, a reduction of 0.8% compared to end of 2008. 1.6%-points are related to renovation work on several properties: 0.5%-points refer to Route des Acacias 52 in Carouge which will be fully let after completion of the renovation work (as per

1 July 2010). 0.7%-points refer to the renovation of the property on Aarbergstrasse 94 in Biel, which will be completed in 2010.

### **Record operating results**

Rental income grew by 3.2% to CHF 264.6 million. This increase of CHF 8.2 million was mainly the result of the vacancy reduction in the previous year, higher rents and two special effects which occurred in the first half of 2009 (the release of provisions for contingent losses of CHF 1.3 million which were no longer needed, the partial release of a provision after final negotiations of a previously pending lease contract of CHF 1.1 million). Operating expenses fell by 2.8% to CHF 58.1 million. This decrease was due to slightly lower real estate operating expenses and significant lower general and administrative expenses.

Positive earnings development and an optimised cost structure resulted in an increase of EBITDA excluding gains/losses on real estate investments by 6.1% to CHF 221.1 million (2008: CHF 208.4 million). Consequently, the EBITDA margin rose to 79.5% (2008: 78.1%).

### **Very solid capital structure**

With a loan-to-value of 37.2% (end of 2008: 40.5%), the capital structure remains very solid. Currently, the amount of unused credit lines is CHF 630 million. In 2010, no financing is due and in 2011 only CHF 100 million will mature. In the reporting period, the average interest rate was 2.54% (previous year's period: 2.75%). As at the end of 2009, the average fixed-interest period was 3.0 years (end of 2008: 3.1 years).

### **Proposal for a higher nominal value reduction**

The Board of Directors proposes a cash distribution in form of a nominal value reduction of CHF 2.70 per share (previous year: CHF 2.50 per share) to the Annual General Meeting on 30 March 2010, leading to an increase of 8%. Compared to net income excluding gains/losses on real estate investments (CHF 3.26), this corresponds to a payout ratio of 82.8%; in relation to the 2009 year-end closing price of the PSP-share (CHF 58.50), this corresponds to a payout yield of 4.6%.

### **Addition to the Board of Directors**

The Board of Directors proposes to the Annual General Meeting of 30 March 2010 to elect Mr. Peter Forstmoser as additional member of the Board of Directors for a statutory term of one year. Mr. Forstmoser shall support the Board of Directors in strategic and corporate governance issues.

## **Outlook 2010**

Despite the difficult economic environment, PSP Swiss Property is confident about the medium- and long-term future thanks to its well-established market position, its strong capital base and its high quality property portfolio. In the current year, the evaluation of acquisition opportunities as well as the management of vacancies will be at the top of the agenda. In order to enhance the attractiveness of the investment properties, higher capital expenditures are planned for 2010.

The rental income for 2010 will be negatively impacted by the foregone rental income of the 2009 property sales and the non-repeat of the special effects of the first half-year 2009. In consideration also of the above mentioned increased capital expenditures, we expect an EBITDA excluding gains/losses on real estate investments exceeding CHF 210 million.

With regard to vacancies, we expect a rate of approx. 8% at the end of 2010. The finalisation of the Businesspark Richtistrasse in Wallisellen, expected by mid-year 2010, might contribute additional 1.5%-points of vacancy.

## **Further information**

### **PSP Swiss Property**

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## **2009 Annual Report and presentation**

Both documents can be downloaded as PDF from [www.psp.info](http://www.psp.info).

[http://www.psp.info/en/Investor\\_Relations/Reporting/Reports/Reports\\_2009](http://www.psp.info/en/Investor_Relations/Reporting/Reports/Reports_2009)

[http://www.psp.info/en/Investor\\_Relations/Reporting/Financial\\_Presentations/Presentations\\_2009](http://www.psp.info/en/Investor_Relations/Reporting/Financial_Presentations/Presentations_2009)

## **Agenda**

Annual General Meeting 2010	30 March 2010
Publication of quarterly results Q1 2010	11 May 2010
Publication of 2010 interim results	17 August 2010
Publication of quarterly results Q3 2010	12 November 2010

## **PSP Swiss Property – leading Swiss real estate company**

PSP Swiss Property owns office and commercial properties valued at CHF 5.2 billion in prime locations in Switzerland's main economic areas; its market capitalisation amounts to CHF 2.9 billion. The approximately 80 employees are based in Geneva, Lausanne, Olten, Zug and Zurich.

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

## Key figures

Key financial figures	Unit	2008	2009	Change % <sup>1</sup>
Rental income	CHF 1 000	256 397	264 559	3.2
Net changes in fair value of real estate investments	CHF 1 000	121 464	112 370	
Income from property sales	CHF 1 000	13 860	12 471	
Income from investments in associated companies	CHF 1 000	184	- 13	
Other income	CHF 1 000	3 263	6 541	
Net income from continuing operations	CHF 1 000	224 030	228 076	1.8
Net income from discontinued operations	CHF 1 000	0	3 138	
Total net income	CHF 1 000	224 030	231 214	3.2
Total net income excl. gains/losses on real estate investments <sup>2</sup>	CHF 1 000	124 529	136 495	9.6
EBITDA excl. gains/losses on real estate investments	CHF 1 000	208 422	221 113	6.1
EBITDA margin	%	78.1	79.5	
Total assets	CHF 1 000	5 272 189	5 304 607	0.6
Shareholders' equity	CHF 1 000	2 587 693	2 741 394	5.9
Equity ratio	%	49.1	51.7	
Return on equity	%	8.7	8.7	
Interest-bearing debt	CHF 1 000	2 133 989	1 975 206	- 7.4
Interest-bearing debt in % of total assets	%	40.5	37.2	
<b>Portfolio key figures</b>				
Number of properties	Number	191	179	
Carrying value properties	CHF 1 000	4 983 029	4 997 237	0.3
Implied yield, gross <sup>3</sup>	%	5.2	5.2	
Implied yield, net <sup>3</sup>	%	4.3	4.4	
Vacancy rate end of period (CHF) <sup>3, 4</sup>	%	8.3	7.5	
Number of sites and development properties	Number	7	8	
Carrying value sites and development properties	CHF 1 000	165 643	218 405	31.9
<b>Employees</b>				
End of period	Posts	81	80	
Equal full-time employees	Posts	78	76	
<b>Per share figures</b>				
Earnings per share (EPS) <sup>5, 6</sup>	CHF	5.29	5.53	4.5
EPS excl. gains/losses on real estate investments <sup>5, 6</sup>	CHF	2.94	3.26	10.9
Nominal value reduction per share	CHF	2.50 <sup>7</sup>	2.70 <sup>8</sup>	8.0
Net asset value per share (NAV) <sup>9</sup>	CHF	61.83	64.95	5.0
NAV share before deducting deferred taxes <sup>9</sup>	CHF	72.01	75.79	5.2
Share price end of period	CHF	52.70	58.50	11.0

1 Change to previous year's period 2008 or carrying value as of 31 December 2008 as applicable.

2 "Consolidated annual net income excluding gains/losses on real estate investments" corresponds to the consolidated annual net income excluding net changes in fair values of the real estate investments, realised income on investment property sales 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.

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 2008 business year. Cash payment was made on 19 June 2009.

8 Proposal to the Annual General Meeting on 30 March 2010.

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