

**Press Release**

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## **Quarterly results as per 31 March 2011**

### **PSP Swiss Property – Positive earnings development from continuing operations. 2011 forecast confirmed.**

During the reporting period January to March 2011, the net result from continuing operations rose by 3.1% to CHF 38.4 million. At the end of March 2011, NAV per share amounted to CHF 70.03, 1.7% higher than at year-end 2010 (CHF 68.87). NAV per share before deducting deferred tax liabilities grew by 1.5% to CHF 82.10 (end of 2010: CHF 80.86).

#### **Real estate portfolio**

At the end of March 2011, the real estate portfolio included 173 office and commercial properties in top locations. In addition, there were seven sites with attractive development projects. The carrying value of the total portfolio stood at CHF 5.532 billion (end of 2010: CHF 5.518 billion). During the first quarter of 2011, no acquisitions were made; two small, non-strategic properties in Thun and Zurich were sold.

The ongoing site developments progressed as planned.

#### **Vacancy rate**

At the end of March 2011, the vacancy rate stood at 8.8% (end of 2010: 8.5%). 1.3 percentage points of the 8.8% were due to ongoing renovation work on various properties. The properties in Zurich West and Wallisellen (carrying value CHF 0.8 billion) contributed 4.8 percentage points to the overall vacancy rate; these sub-portfolios excluded, the investment portfolio with a carrying value of CHF 4.4 billion contributed only 2.7 percentage points.

Of the lease contracts maturing in 2011 (CHF 39.0 million), 74% had already been renewed respectively extended at slightly better conditions at the end of March 2011.

#### **Quarterly results Q1 2011**

Net income excluding changes in fair value decreased from CHF 41.5 million to CHF 37.3 million. Corresponding earnings per share amounted to CHF 0.87 (Q1 2010: CHF 0.98). The

decrease was due to the termination of income from discontinued operations (CHF 4.9 million in 2010), i.e. to the last earn-out payment in 2010 from the sale of the third party property management business.

Rental income increased by CHF 2.2 million to CHF 67.0 million. This rise resulted from: i) rental income generated by the property Seestrasse 353 in Zürich which was acquired in April 2010, ii) rental income generated by the thermal bath (on the Hürlimann site in Zurich) which was completed in December 2010 and iii) increased rental income as a result of successful new leases, mainly on renovated properties.

With CHF 12.2 million, operating expenses remained relatively stable (Q1 2010: CHF 11.8 million); only real estate maintenance and renovation expenses rose by 21.0% to CHF 3.9 million (Q1 2010: CHF 3.3 million).

Financial expenses increased slightly to CHF 11.8 million (Q1 2010: CHF 11.2 million).

At the end of March 2011, net asset value (NAV) per share was CHF 70.03 (end of 2010: CHF 68.87). NAV per share before deferred taxes amounted to CHF 82.10 (end of 2010: CHF 80.86).

### **Solid capital structure, low interest expenses**

With a loan-to-value of 35.5% (end of 2010: 35.7%), the capital structure remains very solid. The amount of unused credit lines is CHF 730 million. No bank loans will be due until 2013; a CHF 250 million bond and a CHF 40 million private placement will mature in 2012. In the reporting period, the average interest rate was 2.62% (Q1 2010: 2.55% resp. 2.58% for the whole 2010 business year). At the end of March 2011, the average interest rate stood at 2.61% (end of 2010: 2.61%) and the average fixed-interest period was 3.0 years (end of 2010: 3.2 years).

### **Outlook 2011**

PSP Swiss Property remains confident for the 2011 earnings development. The outlook is unchanged from the one communicated at the end of February 2011.

Concerning vacancies, the main goal will be the stabilisation of the vacancy rate. A rate of approximately 9% is expected at the end of 2011.

With regard to the sites, the focus will be on two sites in Zurich, the Hürlimann site (completion of the hotel) and the Löwenbräu site (under construction). The other sites are interesting long-term projects which are partly still in the planning phase.

Based on the assumption of an unchanged property portfolio, an EBITDA excluding gains/losses on real estate investments of approximately CHF 220 million is expected for 2011

(2010: CHF 223.3 million). There are three reasons for the slightly lower EBITDA: i) discontinuance of income from discontinued operations, ii) higher costs for renovations at a number of properties to enhance their attractiveness and iii) lower tax refunds from submitting certain rental contracts to the value added tax (opting in).

### **Further information**

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### **Quarterly report Q1 2011 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\\_2011](http://www.psp.info/en/Investor_Relations/Reporting/Reports/Reports_2011)

[http://www.psp.info/en/Investor\\_Relations/Reporting/Financial\\_Presentations/Presentations\\_2011](http://www.psp.info/en/Investor_Relations/Reporting/Financial_Presentations/Presentations_2011)

### **Agenda**

Publication of 2011 interim results

16 August 2011

Publication of quarterly results Q3 2011

11 November 2011

Publication of 2011 annual results

28 February 2012

Annual General Meeting 2012

3 April 2012

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

PSP Swiss Property owns office and commercial properties valued at CHF 5.5 billion in prime locations in Switzerland's main economic areas; its market capitalisation amounts to CHF 3.6 billion. The approximately 80 employees are based in Geneva, 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 financial figures

Key financial figures	Unit	2010	Q1 2010	Q1 2011	Change % <sup>1</sup>
Rental income;	CHF 1 000	262 979	64 813	67 032	3.4
Like-for-like growth	%	1.9	1.0	1.4	
Net changes in fair value of real estate investments	CHF 1 000	180 588	0	0	
Income from property sales	CHF 1 000	3 467	964	2 298	
Income from investments in associated companies	CHF 1 000	- 37	- 4	0	
Total other income	CHF 1 000	7 400	4 296	3 062	
Net income from continuing operations	CHF 1 000	275 921	37 216	38 373	3.1
Net income from discontinued operations	CHF 1 000	4 904	4 904	0	
Total net income	CHF 1 000	280 825	42 120	38 373	-8.9
<b>Total net income excl. gains/losses on real estate investments<sup>2</sup></b>	<b>CHF 1 000</b>	<b>139 780</b>	<b>41 453</b>	<b>37 303</b>	<b>-10.0</b>
<b>EBITDA excl. gains/losses on real estate investments</b>	<b>CHF 1 000</b>	<b>223 309</b>	<b>63 869</b>	<b>58 417</b>	<b>-8.5</b>
EBITDA margin	%	80.3	84.6	82.9	
Total assets	CHF 1 000	5 589 187	5 315 299	5 625 162	0.6
Shareholders' equity	CHF 1 000	2 942 902	2 784 104	2 992 376	1.7
Equity ratio	%	52.7	52.4	53.2	
Return on equity	%	9.7	6.1	5.2	
Interest-bearing debt	CHF 1 000	1 995 248	1 945 518	1 995 659	0.0
Interest-bearing debt in % of total assets	%	35.7	36.6	35.5	

### Portfolio key figures

Number of properties	Number	175	177	173	
Carrying value properties	CHF 1 000	5 309 727	4 997 211	5 303 519	-0.1
Implied yield, gross <sup>3</sup>	%	5.1	5.2	5.1	
Implied yield, net <sup>3</sup>	%	4.2	4.5	4.4	
Vacancy rate end of period (CHF) <sup>3, 4</sup>	%	8.5	7.7	8.8	
Number of sites and development properties	Number	7	8	7	
Carrying value sites and development properties	CHF 1 000	208 595	231 724	228 358	9.5

### Employees

End of period	Posts	82	81	83	
Equal full-time employees	Posts	78	77	78	

### Per share figures

Earnings per share (EPS) <sup>5, 6</sup>	CHF	6.62	1.00	0.90	-10.0
EPS excl. gains/losses on real estate investments <sup>5, 6</sup>	CHF	3.30	0.98	0.87	-11.2
Nominal value reduction per share	CHF	2.80 <sup>8</sup>	n.a.	n.a.	
Net asset value per share (NAV) <sup>9</sup>	CHF	68.87	65.96	70.03	1.7
NAV share before deducting deferred taxes <sup>9</sup>	CHF	80.86	76.88	82.10	1.5
Share price end of period	CHF	75.00	67.70	75.65	0.9

1 Change to previous year's period 1 January to 31 March 2010 or carrying value as of 31 December 2010 as applicable.

2 "Consolidated 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 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 2010 business year. Cash payment planned for end of June 2011.

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