

**Press Release**

for immediate publication

16 August 2011

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

## **Half-year results as per 30 June 2011**

### **PSP Swiss Property – Very positive half-year results. Improved 2011 forecast.**

During the first half-year 2011, net income rose, compared to the previous year's period, by 75.6% to CHF 198.2 million; net income excluding changes in fair value increased by 3.2% to CHF 77.3 million. At the end of June 2011 (i.e. after the nominal value repayment of CHF 2.80 per share on 23 June 2011), NAV per share amounted to CHF 70.77, 2.8% higher than at year-end 2010 (CHF 68.87). NAV per share before deducting deferred tax liabilities grew by 3.5% to CHF 83.66 (end of 2010: CHF 80.86).

#### **Real estate portfolio**

At the end of June 2011, the real estate portfolio included 170 office and commercial properties in top locations. In addition, there were eight sites with attractive development projects. The carrying value of the total portfolio stood at CHF 5.695 billion (end of 2010: CHF 5.518 billion). During the first six months of 2011, no acquisitions were made; four properties were sold for CHF 42.7 million, 20.5% above the last valuation.

The revaluation of the properties done by the external valuer resulted in an appreciation of CHF 152.8 million. The main drivers of this appreciation were: i) lower average weighted discount rate by 8 basis points, ii) new leases at higher rents and iii) slightly higher market rents for retail surfaces, mainly in the center of Zurich. At the end of June 2011, the portfolio's average weighted nominal discount rate was 5.36% (end of 2010: 5.44%).

Work on the development sites progressed as planned. Particularly worth mentioning are the construction start on the Gurten site in Wabern near Bern and the submission of the renewed building application for the "Paradiso" site in Lugano.

#### **Vacancy rate**

At the end of June 2011, the vacancy rate stood at 8.9% (end of 2010: 8.5%). 1.8 percentage points of the 8.9% were due to ongoing renovation work on various properties. The properties in

Zurich West and Wallisellen (carrying value CHF 0.8 billion) contributed 4.5 percentage points to the overall vacancy rate; excluding these sub-portfolios, the investment portfolio with a carrying value of CHF 4.5 billion made up 2.6 percentage points only.

Of the lease contracts maturing in 2011 (CHF 39.0 million), 90% had already been renewed respectively extended on average at slightly better conditions at the end of June 2011.

### **Half-year results 2011**

Compared to the previous year's period, net income excluding changes in fair value increased from CHF 74.9 million to CHF 77.3 million. Corresponding earnings per share amounted to CHF 1.81 (H1 2010: CHF 1.77).

Rental income went up by CHF 6.6 million to CHF 136.9 million. This rise resulted from: i) rental income generated by the property on Seestrasse 353 in Zürich acquired in April 2010, ii) rental income generated by the thermal bath on the Hürlimann site in Zürich completed in December 2010 and iii) additional rental income as a result of successful new leases as well as extraordinary income in the second quarter of 2011.

With CHF 25.8 million, operating expenses increased slightly (H1 2010: CHF 24.7 million). Financial expenses decreased slightly to CHF 23.1 million (H1 2010: CHF 23.5 million).

At the end of June 2011, net asset value (NAV) per share was CHF 70.77 (end of 2010: CHF 68.87). NAV per share before deferred taxes amounted to CHF 83.66 (end of 2010: CHF 80.86).

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

With a loan-to-value of 36.0% (end of 2010: 35.7%), the capital structure remains very solid. The amount of unused credit lines is CHF 640 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 2.61% (H1 2010: 2.58%). At the end of June 2011, the average interest rate stood at 2.53% (end of 2010: 2.61%) and the average fixed-interest period was 2.7 years (end of 2010: 3.2 years).

### **Outlook 2011**

PSP Swiss Property remains confident for the 2011 earnings development. Based on the assumption of an unchanged property portfolio, the forecast for EBITDA excluding gains/losses on real estate investments has been increased from "approximately CHF 220 million" to "CHF 225 million" (2010: CHF 223.3 million). The reasons for this increase are extraordinary rental income of CHF 2.2 million in the second quarter of 2011 as well as higher than expected other income resulting from VAT recovery due to the opting in of several properties.

The expected overall vacancy rate at the end of 2011 has been improved to “below 9%”, from “around 9%”.

With regard to the sites, the focus will be on two sites in Zurich, the Hürlimann site (hotel completion as well as conversion of the “Kesselhaus” as final stages) and the Löwenbräu site, as well as the Gurten site in Wabern near Bern, where construction started recently. The other sites are interesting long-term projects which are partly still in the planning phase.

#### **Further information**

##### **PSP Swiss Property**

Giacomo Balzarini, CFO  
Phone +41 (0)44 625 59 59  
Mobile +41 (0)79 562 20 72

Vasco Cecchini, CCO  
Phone +41 (0)44 625 57 23  
Mobile +41 (0)79 650 84 32

#### **Half-year report 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 quarterly results Q3 2011	11 November 2011
Publication of 2011 annual results	28 February 2012
Annual General Meeting 2012	3 April 2012
Publication of quarterly results Q1 2012	11 May 2012
Publication of half-year 2012 results	17 August 2012
Publication of quarterly results Q3 2012	13 November 2012

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

PSP Swiss Property owns office and commercial properties valued at CHF 5.7 billion in prime locations in Switzerland's main economic areas; its market capitalisation amounts to CHF 3.2 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	H1 2010	H1 2011	Change % <sup>1</sup>
Rental income;	CHF 1 000	262 979	130 300	136 880	5.0
Like-for-like growth	%	1.9	1.2	2.7	
Net changes in fair value of real estate investments	CHF 1 000	180 588	47 552	152 816	
Income from property sales	CHF 1 000	3 467	2 433	6 563	
Income from investments in associated companies	CHF 1 000	- 37	- 17	- 10	
Total other income	CHF 1 000	7 400	5 236	5 755	
Net income from continuing operations	CHF 1 000	275 921	108 021	198 242	83.5
Net income from discontinued operations	CHF 1 000	4 904	4 904	0	
Total net income	CHF 1 000	280 825	112 925	198 242	75.6
<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>74 865</b>	<b>77 259</b>	<b>3.2</b>
<b>EBITDA excl. gains/losses on real estate investments</b>	<b>CHF 1 000</b>	<b>223 309</b>	<b>117 729</b>	<b>120 171</b>	<b>2.1</b>
EBITDA margin	%	80.3	82.9	82.5	
Total assets	CHF 1 000	5 589 187	5 409 242	5 791 574	3.6
Shareholders' equity	CHF 1 000	2 942 902	2 731 769	3 023 849	2.8
Equity ratio	%	52.7	50.5	52.2	
Return on equity	%	9.7	8.3	13.3	
Interest-bearing debt	CHF 1 000	1 995 248	2 069 444	2 086 071	0.0
Interest-bearing debt in % of total assets	%	35.7	38.3	36.0	

### Portfolio key figures

Number of properties	Number	175	177	170	
Carrying value properties	CHF 1 000	5 309 727	5 091 802	5 429 183	2.2
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	8.2	8.9	
Number of sites and development properties	Number	7	8	8	
Carrying value sites and development properties	CHF 1 000	208 595	243 187	265 685	27.4

### Employees

End of period	Posts	82	79	81	
Equal full-time employees	Posts	78	75	77	

### Per share figures

Earnings per share (EPS) <sup>5, 6</sup>	CHF	6.62	2.68	4.64	73.1
EPS excl. gains/losses on real estate investments <sup>5, 6</sup>	CHF	3.30	1.77	1.81	2.3
Nominal value reduction per share	CHF	2.80 <sup>7</sup>	n.a.	n.a.	
Net asset value per share (NAV) <sup>8</sup>	CHF	68.87	64.72	70.77	2.8
NAV share before deducting deferred taxes <sup>8</sup>	CHF	80.86	75.95	83.66	3.5
Share price end of period	CHF	75.00	64.65	79.85	6.5

1 Change to previous year's period 1 January to 30 June 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 was made on 23 June 2011.

8 Based on number of outstanding shares.