

Press Release

for immediate publication

11 November 2011

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Quarterly results as per 30 September 2011

PSP Swiss Property – Very positive quarterly results. 2011 forecast confirmed.

During the first nine months of 2011, net income excluding changes in fair value rose, compared to the previous year's period, by 4.4% to CHF 113.1 million. Taking into consideration the changes in fair value, the result even increased by 57.6% to CHF 234.3 million. At the end of September 2011 (i.e. after the nominal value repayment of CHF 2.80 per share on 23 June 2011), NAV per share amounted to CHF 71.33, 3.6% higher than at year-end 2010 (CHF 68.87). NAV per share before deducting deferred tax liabilities grew by 4.0% to CHF 84.11 (end of 2010: CHF 80.86).

Real estate portfolio

At the end of September 2011, the real estate portfolio included 168 office and commercial properties in top locations. In addition, there were six attractive development sites and two single projects. The carrying value of the total portfolio stood at CHF 5.714 billion (end of 2010: CHF 5.518 billion). During the reporting period, no acquisitions were made; six properties were sold for CHF 55.4 million, 18.0% above the last valuation.

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. Gurten site: of the 101 units, 40 have already been reserved. Construction of the new „Vorderer Sternen“ on Theaterstrasse 22 at the Bellevue in Zurich began in July 2011. The new building offering a restaurant and office space will be built by spring 2013. The investment sum amounts to approximately CHF 12 million. Furthermore, the conversion of the "Kesselhaus" on the Hürlimann site in Zurich started recently; the investment sum for this office building with approximately 700 m² floor space amounts to approximately CHF 5 million.

Vacancy rate

At the end of September 2011, the vacancy rate stood at 8.6% (end of 2010: 8.5%). Of the 8.6%, 1.7 percentage points were due to ongoing renovation work on various properties, whereof 0.5 percentage points are already pre-let. The properties in Zurich West and Wallisellen (carrying value of CHF 0.8 billion) contributed 4.4 percentage points to the overall vacancy rate. The largest part of the portfolio with a carrying value of CHF 4.5 billion (i.e. the total portfolio excluding the objects under renovation and those in Zurich West and Wallisellen) made up 2.5 percentage points only.

Of the lease contracts maturing in 2011 (CHF 39.0 million), 96% had already been renewed respectively extended on average at slightly higher rents at the end of September 2011.

Quarterly results January to September 2011

Compared to the previous year's period, net income excluding changes in fair value increased from CHF 108.4 million to CHF 113.1 million. Earnings per share amounted to CHF 2.64 (previous year's period: CHF 2.56).

Rental income went up by CHF 7.2 million to CHF 203.9 million. This rise resulted from: i) rental income generated by the property on Seestrasse 353 in Zurich acquired in April 2010, ii) rental income generated by the thermal bath on the Hürlimann site in Zurich 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 39.7 million, operating expenses increased slightly (previous year's period: CHF 38.3 million). Financial expenses decreased slightly to CHF 34.7 million (previous year's period: CHF 34.9 million).

At the end of September 2011, net asset value (NAV) per share was CHF 71.33 (end of 2010: CHF 68.87). NAV per share before deferred taxes amounted to CHF 84.11 (end of 2010: CHF 80.86).

Solid capital structure, low interest expenses

With a loan-to-value of 34.6% (end of 2010: 35.7%), the capital structure remains very solid. The amount of unused credit lines is CHF 720 million. No committed bank loans will mature until 2013; a CHF 250 million bond and a CHF 40 million private placement will mature in 2012.

During the reporting period, the average interest rate was 2.56% (previous year's period: 2.58%) and the average interest rate at the end of September 2011 2.8 years (end of 2010: 3.2 years).

Own shares

During the reporting period, a total of 558 020 own shares were sold at an average price of CHF 80.38 per share. Furthermore, a total of 110 000 own shares were sold at an average price of CHF 82.60 each since 1 October 2011. At present, PSP Swiss Property holds 5.39% of the issued shares.

Outlook 2011

PSP Swiss Property remains confident for the 2011 earnings development and confirms the improved forecast made mid-year. Based on the assumption of an unchanged property portfolio, for 2011 an EBITDA (excluding gains/losses on real estate investments) of CHF 225 million is expected (2010: CHF 223.3 million).

As communicated previously, the portfolio vacancy rate at the end of 2011 is expected to be below 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 projects still in the planning phase.

Key financial figures

Key financial figures	Unit	2010	Q1-3 2010	Q1-3 2011	Change % ¹
Rental income	CHF 1 000	262 979	196 627	203 865	3.7
Like-for-like growth	%	1.9	1.7	2.2	
Net changes in fair value of real estate investments	CHF 1 000	180 588	50 384	152 816	
Income from property sales	CHF 1 000	3 467	3 229	8 143	
Income from investments in associated companies	CHF 1 000	- 37	- 29	- 17	
Total other income	CHF 1 000	7 400	5 725	7 825	
Net income from continuing operations	CHF 1 000	275 921	143 734	234 268	63.0
Net income from discontinued operations	CHF 1 000	4 904	4 904	0	
Total net income	CHF 1 000	280 825	148 638	234 268	57.6
Net income excl. gains/losses on real estate investments²	CHF 1 000	139 780	108 374	113 127	4.4
EBITDA excl. gains/losses on real estate investments	CHF 1 000	223 309	171 951	176 892	2.9
EBITDA margin	%	80.3	82.0	81.9	
Total assets	CHF 1 000	5 589 187	5 447 235	5 803 060	3.8
Shareholders' equity	CHF 1 000	2 942 902	2 801 487	3 087 741	4.9
Equity ratio	%	52.7	51.4	53.2	
Return on equity	%	9.7	6.9	10.4	
Interest-bearing debt	CHF 1 000	1 995 248	2 024 846	2 006 482	0.6
Interest-bearing debt in % of total assets	%	35.7	37.2	34.6	

Portfolio key figures

Number of properties	Number	175	178	168	
Carrying value properties	CHF 1 000	5 309 727	5 178 616	5 427 584	2.2
Implied yield, gross ³	%	5.1	5.1	5.0	
Implied yield, net ³	%	4.2	4.4	4.3	
Vacancy rate end of period (CHF) ^{3, 4}	%	8.5	9.0	8.6	
Number of sites and development properties	Number	7	7	8	
Carrying value sites and development properties	CHF 1 000	208 595	190 142	286 221	37.2

Employees

End of period	Posts	82	83	83	
Equal full-time employees	Posts	78	79	77	

Per share figures

Earnings per share (EPS) ^{5, 6}	CHF	6.62	3.52	5.46	55.1
EPS excl. gains/losses on real estate investments^{5, 6}	CHF	3.30	2.56	2.64	3.1
Nominal value reduction per share	CHF	2.80⁷	n.a.	n.a.	
Net asset value per share (NAV)⁸	CHF	68.87	65.60	71.33	3.6
NAV per share before deferred taxes⁸	CHF	80.86	76.80	84.11	4.0
Share price end of period	CHF	75.00	72.65	81.70	8.9

- 1 Change to previous year's period 1 January to 30 September 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.

Further information

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Quarterly report Q3 2011 and presentation

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

http://www.psp.info/en/Investor_Relations/Reporting/Reports/Reports_2011

http://www.psp.info/en/Investor_Relations/Reporting/Financial_Presentations/Presentations_2011

Agenda

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 2012 half-year 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 3.7 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).

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