

Press Release

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Annual results as per 31 December 2011

PSP Swiss Property – Record results and proposal for a higher distribution to the shareholders. EBITDA and vacancy rate better than expected. Optimistic outlook for 2012.

In 2011, PSP Swiss Property has once again improved its results considerably compared to last year: net income excluding changes in fair value rose by 6.6% to CHF 149.0 million; including changes in fair value, net income increased even by 46.4% to CHF 404.0 million. Corresponding earnings per share amounted to CHF 3.47 (2010: CHF 3.30); the one including changes in fair value rose to CHF 9.40 (2010: CHF 6.62). At year-end 2011, NAV per share amounted to CHF 75.28 (end of 2010: CHF 68.87). NAV before deferred taxes was CHF 89.02 (end of 2010: CHF 80.86). The Board of Directors proposes a cash distribution of CHF 3.00 per share out of the capital contribution reserves. This corresponds to an increase of 7.1% compared to the payment of CHF 2.80 per share (nominal value reduction) in the previous year.

Real estate portfolio

As at the end of 2011, the real estate portfolio included 168 office and commercial properties in prime locations as well as seven attractive development sites and two development projects; the carrying value of the total portfolio amounted to CHF 5.958 billion (end of 2010: CHF 5.518 billion). During the reporting period, no properties were bought, however six small assets from the investment portfolio were sold as part of our continuous optimisation process for a total consideration of CHF 55.4 million, resp. 16.7% above the last valuation (IFRS: 8.4%).

The revaluation of the portfolio resulted in an appreciation of CHF 325.1 million (2010: CHF 180.6 million). This appreciation was mainly due to changes in the discount rates, successful closing of new leases and lease extensions at higher rents.

Work on the development sites progressed as planned. Particularly worth mentioning is the construction start on the Gurten site in Wabern near Bern, where 48 out of 101 units were already reserved as per year-end 2011. Construction of the new „Vorderer Sternen“ at Bellevue

Theaterstrasse 22 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. On 1 March 2012, the Boutique Hotel “B2” opens on the Hürlimann site in Zurich.

Vacancy rate

At the end of 2011, the vacancy rate stood at 8.3 % (end of 2010: 8.5 %). The slight decrease was mainly due to successful partial lettings in the two new buildings in Wallisellen (Richtistrasse 9 and 11), which were completed in 2010. 1.6 percentage points of the 8.3 % were due to ongoing renovation work on various properties. Thereof, 0.9 percentage points related to the property on Aarbergstrasse 94 in Biel. 0.6 percentage points came from the property on Laupenstrasse 18/18a in Bern. The properties in Zurich West and Wallisellen (carrying value CHF 0.8 billion) contributed 4.1 percentage points to the overall vacancy rate. The remaining properties with a carrying value of CHF 4.7 billion (i.e. the total investment portfolio excluding the objects under renovation as well as those in Zurich West and Wallisellen) made up 2.6 percentage points.

Annual results 2011

Net income excluding changes in fair value rose from CHF 139.8 million to CHF 149.0 million; earnings per share amounted to CHF 3.47 (2010: CHF 3.30). Net income including changes in fair value amounted to CHF 404.0 million (2010: CHF 280.8 million); per share CHF 9.40 (2010: CHF 6.62).

The rise in net income excluding gains/losses on real estate investments by CHF 9.2 million resulted mainly from the following factors: i) CHF 7.7 million higher rental income (2010: CHF 263.0 million), ii) CHF 2.5 million higher income from the sale of freehold apartments (2010: CHF 0.8 million), iii) CHF 2.0 million higher other income (2010: CHF 5.2 million), iv) CHF 2.8 million lower maintenance and renovation expenses (2010: CHF 19.3 million) and v) CHF 2.0 million lower financial expenses (2010: CHF 46.3 million). It should also be mentioned in this context that in the previous year there was an additional income of CHF 4.9 million from discontinued operations, which no longer applied in the reporting year.

EBITDA excluding changes in fair value increased by 4.1% to CHF 232.5 million (2010: CHF 223.3 million). The EBITDA margin improved to 81.5% (2010: 80.3%).

Strong capital structure, decreasing interest expenses

With a loan-to-value of 32.2% (end of 2010: 35.7%), the capital structure remains very solid. During the reporting period, interest rate hedging transactions were concluded, which will allow PSP Swiss Property to continue benefiting from the historically low interest rate levels in the medium term. Bonds totalling CHF 290 million will mature in 2012, but no bank loans will be due.

As per 31 December 2011, the average interest rate was 2.49% (end of 2010: 2.61%), while the average fixed-interest period was 2.9 years (end of 2010: 3.2 years).

PSP Swiss Property has unused credit lines of CHF 780 million. This substantial amount provides the Company a high flexibility.

Proposals to the Annual General Meeting on 3 April 2012

For the business year 2011, the Board of Directors will propose a distribution out of the capital contribution reserves of CHF 3.00 per share (2010: nominal value reduction of CHF 2.80 per share). In relation to net income excluding gains/losses on real estate investments, this amount corresponds to a payout ratio of 86.5 %; in relation to the current share price, it corresponds to a yield of 3.9%.

Furthermore, all Board Members are available for re-election of another one-year term.

Subsequent events

On 3 January 2012, the property on Seftigenstrasse 259 in Wabern was sold. According to IFRS, the income was recognised as profit from net changes in fair value of real estate investments as per 31 December 2011, as the sale had been contractually agreed at that time.

On 27 January 2012, the purchase of a building lease to construct a health spa, which already has a building permit, on the grounds of the Lido Locarno, was notarised. PSP Swiss Property will invest approximately CHF 26 million in this project. Construction of the spa, which has already been leased, will probably last until mid-2013.

A total of 107 000 own shares were sold at an average price of CHF 78.22 each since 1 January 2012.

Outlook 2012

PSP Swiss Property is confident about the medium- and long-term future due to its strong market position, its solid capital base and the high quality of its property portfolio.

All in all, the Company is guardedly optimistic about 2012. PSP Swiss Property has been

observing the economic environment – in Switzerland, in Europe and globally – very carefully not only since the subprime and financial crisis of 2007. Even if Switzerland has been able to avoid the bigger problems of many Eurozone countries so far, the issues related to the international sovereign debt problems associated with the strong franc could affect the country's economy in the future. Therefore, the Company will stick to its prudent acquisition strategy and our conservative financing policy.

In the current year, the further sites and projects developments, investments in the portfolio as well as targeted letting activities are at the top of the agenda. With a view to optimising the portfolio, significant investments are again planned in 2012 in individual properties to enhance their attractiveness.

Based on the assumption of an unchanged property portfolio, an EBITDA excluding gains/losses on real estate investments of above CHF 230 million is expected for 2012 (2011: CHF 232.5 million).

With regard to vacancies in our investment portfolio, a stabilisation of the vacancy rate is targeted; thereby, a rate of approximately 9% at the end of 2012 is expected (end of 2011: 8.3%).

Key figures

Key financial figures	Unit	2010	2011	Δ in % ¹
Rental income	CHF 1 000	262 979	270 675	2.9
EPRA like-for-like rental growth	%	2.6	2.0	
Net changes in fair value of real estate investments	CHF 1 000	180 588	325 068	
Income from property sales	CHF 1 000	3 467	7 504	
Income from investments in associated companies	CHF 1 000	- 37	68	
Total other income	CHF 1 000	7 400	10 268	
Net income from continuing operations	CHF 1 000	275 921	403 994	46.4
Net income from discontinued operations	CHF 1 000	4 904	0	
Total net income	CHF 1 000	280 825	403 994	43.9
Total net income excl. gains/losses on real estate investments²	CHF 1 000	139 780	149 020	6.6
EBITDA excl. gains/losses on real estate investments	CHF 1 000	223 309	232.532	4.1
EBITDA margin	%	80.3	81.5	
Total assets	CHF 1 000	5 589 187	6 050 916	8.3
Shareholders' equity	CHF 1 000	2 942 902	3 268 894	11.1
Equity ratio	%	52.7	54.0	
Return on equity	%	9.7	13.0	
Interest-bearing debt	CHF 1 000	1 995 248	1 946 894	- 2.4
Interest-bearing debt in % of total assets	%	35.7	32.2	
Portfolio key figures				
Number of properties	Number	175	168	
Carrying value properties	CHF 1 000	5 309 727	5 611 591	5.7
Implied yield, gross ³	%	5.1	4.9	
Implied yield, net ³	%	4.2	4.2	
Vacancy rate end of period (CHF) ^{3, 4}	%	8.5	8.3	
Number of sites and development properties	Number	7	9	
Carrying value sites and development properties	CHF 1 000	208 595	346 879	66.3
Employees				
End of period	Posts	82	84	
Equal full-time employees	Posts	78	77	
Per share figures				
Earnings per share (EPS) ^{5, 6}	CHF	6.62	9.40	42.0
EPS excl. gains/losses on real estate investments^{5, 6}	CHF	3.30	3.47	5.2
Distribution per share	CHF	2.80	3.00⁷	7.1
Net asset value per share (NAV)⁸	CHF	68.87	75.28	9.3
NAV share before deducting deferred taxes⁸	CHF	80.86	89.02	10.1
Share price end of period	CHF	75.00	78.60	4.8

1 Change to previous year's period 2010 or carrying value as of 31 December 2010 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 Proposal to the Annual General Meeting on 3 April 2012.

8 Based on number of outstanding shares.

Further information

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2011 Annual report 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

Annual General Meeting of 3 April 2012

The Annual General Meeting takes place on 3 April 2012 at Kongresshaus Zurich. The invitation will be sent to the shareholders entitled to vote and will be published in the Swiss Official Gazette of Commerce as well as – in a short version – in various Swiss newspapers. The share register will be administrated until 29 March 2012; it will be closed from 30 March until 3 April 2012 inclusive. In so far the General Meeting approves the proposed cash distribution out of the capital contribution reserves, the payment date for the cash distribution is presumably on 12 April 2012, ex-date on 5 April 2012.

Agenda

Annual General Meeting 2012	3 April 2012, Kongresshaus Zurich
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 around CHF 6 billion in prime locations in Switzerland's main economic areas; its market capitalisation amounts to CHF 3.5 billion. The 84 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).

None of the information in this press release constitutes an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. None of the securities of the Company referred to in this press release have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the applicable securities laws of any state or other jurisdiction of the United States.