

PSP Swiss Property

Leading Swiss Real Estate Company

PSP Swiss Property was established in 1999 and listed on the SIX Swiss Exchange in an initial public offering (IPO) in March 2000. Today PSP Swiss Property has a property portfolio worth approximately 5.7 billion francs, while the Company's market value has passed 3 billion francs.

PSP Swiss Property owns 170 office and commercial properties throughout Switzerland. The properties are mainly in prime locations in Zurich, Geneva, Basel, Bern and Lausanne. In addition, the Company owns attractive development sites in Zurich (Hürlimann, Löwenbräu), Lugano, Bern and Rheinfelden. Since the IPO, the property portfolio's total value has risen from 1.1 to 5.7 billion francs.

Solidly financed and broadly diversified tenant base

With an equity base of more than 3 billion francs and an equity ratio of 52%, PSP Swiss Property has a very sound financial structure. Thanks to the continuity and predictability of its business activities and its good rating (Fitch: A-/stable outlook), the Company has easy access to the capital market. In mid-2011, PSP Swiss Property had unused committed credit lines from various banks in excess of 600 million francs. This offers substantial financial leeway for further growth – albeit not for growth at any price. PSP Swiss Property is in a position to react quickly to attractive purchasing opportunities, but its acquisition strategy remains based on the premise of “generating added value” and not “size at any price”.

The majority of rental income is generated by office leases (66%), followed by retail spaces (15%), parking areas (6%) as well as restaurants and

hotels (4%). The remaining 9% are storage and other spaces. Swisscom is the biggest single tenant, accounting for 9% of the total rental income. All other tenants (Swiss Post, Deutsche Bank, Google and others) account for less than 3% each. PSP Swiss Property's tenant portfolio is thus broadly diversified and well balanced.

Meeting tenants' requirements

For rental success, pro-active property asset management is crucial. Among other factors, successfully renting properties depends on the willingness and capability to respond flexibly to tenants' requirements and to quickly offer tailored solutions. PSP Swiss Property's offices in Geneva, Olten and Zurich ensure a broad regional presence, local know-how as well as the necessary business connections.

It is not by chance that PSP Swiss Property is successful in letting its properties: 90% of the leases which run out in 2011 (a volume of 39 million francs) had already been renewed respectively extended by the end of June. This rental success is due both to the pro-active letting activities and targeted investments to keep the assets in line with the changing requirements of the market.

Prudent and cautious

For years, PSP Swiss Property has pursued a proven, cautious acquisition strategy focusing on profitability in-

stead of size. The management does not feel to be under any investment pressure, as the Company does not continuously receive funds to be invested as in the case of a real estate fund.

PSP Swiss Property's business policy is based on the premise that each acquisition must provide additional value to the shareholders. There is no room for prestige purchases. Moreover, size is neither an end in itself nor a corporate goal. PSP Swiss Property will not risk its reputation and long-term perspective by short-term headline grabbing.

Focus on premium properties

Commercial properties are particularly popular with institutional investors with high investment needs as well as long-term oriented private investors. They have an attractive risk/return profile and high safety levels – especially compared with other investment instruments. Commercial properties in prime locations are much sought after, not least because of their stable value and income, while there is a limited willingness to sell real estate assets. It comes as no surprise, therefore, that the investment market for commercial properties has been relatively illiquid in Switzerland for some time now.

The letting interest for commercial space is particularly pronounced in central locations, especially with regard to high street retail areas. PSP Swiss Property has always focused on this premium segment with first-class properties in prime locations.

Stakeholders and shareholders

It takes a strong economic foundation and a well-defined, consistently implemented strategy to satisfy all stakeholders – staff, tenants, business

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partners and shareholders – of a company. A sustainable and above-average return as well as long-term added value can only be generated, if all these particular interests are taken into consideration. Year after year, PSP Swiss Property has succeeded with such a balanced, long-term orientation.

PSP Swiss Property has always pursued a shareholder-friendly distribution policy. For years the Company has delivered its shareholders a distribution yield of 3 to 5% on the respective year-end share price (in addition to the increase in the share price, which has clearly outperformed the Swiss Performance Index SPI since the IPO; see chart). It is not without good reason that the PSP share is considered as a predictable, stable core investment for the Swiss property market.

Ecological, social and economic sustainability

PSP Swiss Property strives to keep the Company's so-called "ecological footprint" as small as possible. For PSP Swiss Property, ecological sustainability means taking environmental factors into account at all stages of business activity, from the purchase respectively construction of properties to renovations and improvements to property

management. Sustainability criteria are always taken into account in the evaluation of potential purchases and in the planning of new buildings and conversions. In the management and maintenance of the properties, PSP Swiss Property tries to minimise energy and water consumption as well as CO₂ output. With regard to social sustainability, PSP Swiss Property endeavours to achieve a balance between the demands of the various stakeholders, from staff to tenants to business partners.

Positive perspectives

Switzerland's economy is likely to grow somewhat more moderately in 2011 than in 2010. In addition, new office space will come on the market. Together these two factors will have a dampening effect on the overall market. However, this will mainly be the

case for qualitatively inferior objects in less-than-perfect locations.

In consideration of the quality of the PSP Swiss Property portfolio, this market environment represents only a limited risk for the Company. All in all, from PSP Swiss Property's perspective, Switzerland's structural and economic environment offers excellent opportunities for sustainable growth.

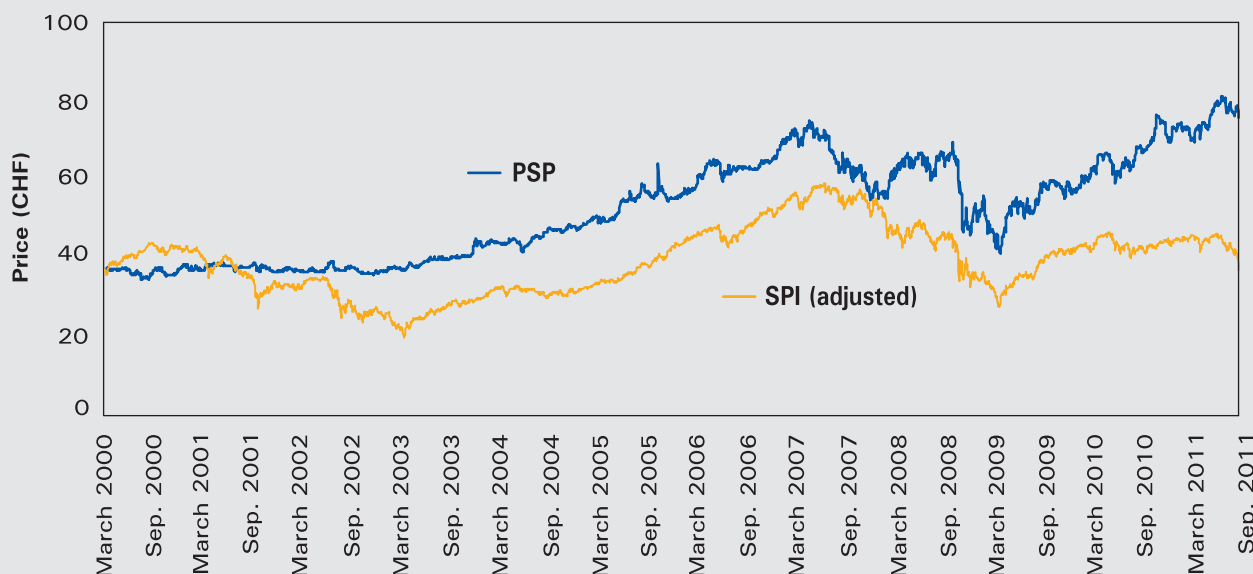
Benefiting from opportunities

Due to its perfect strategic positioning, its broadly diversified, high-class property portfolio and a full "pipeline" of interesting development projects, PSP Swiss Property is well placed for the future. The Company will continue to benefit from the opportunities which will arise on the Swiss real estate market, without taking excessive risks.

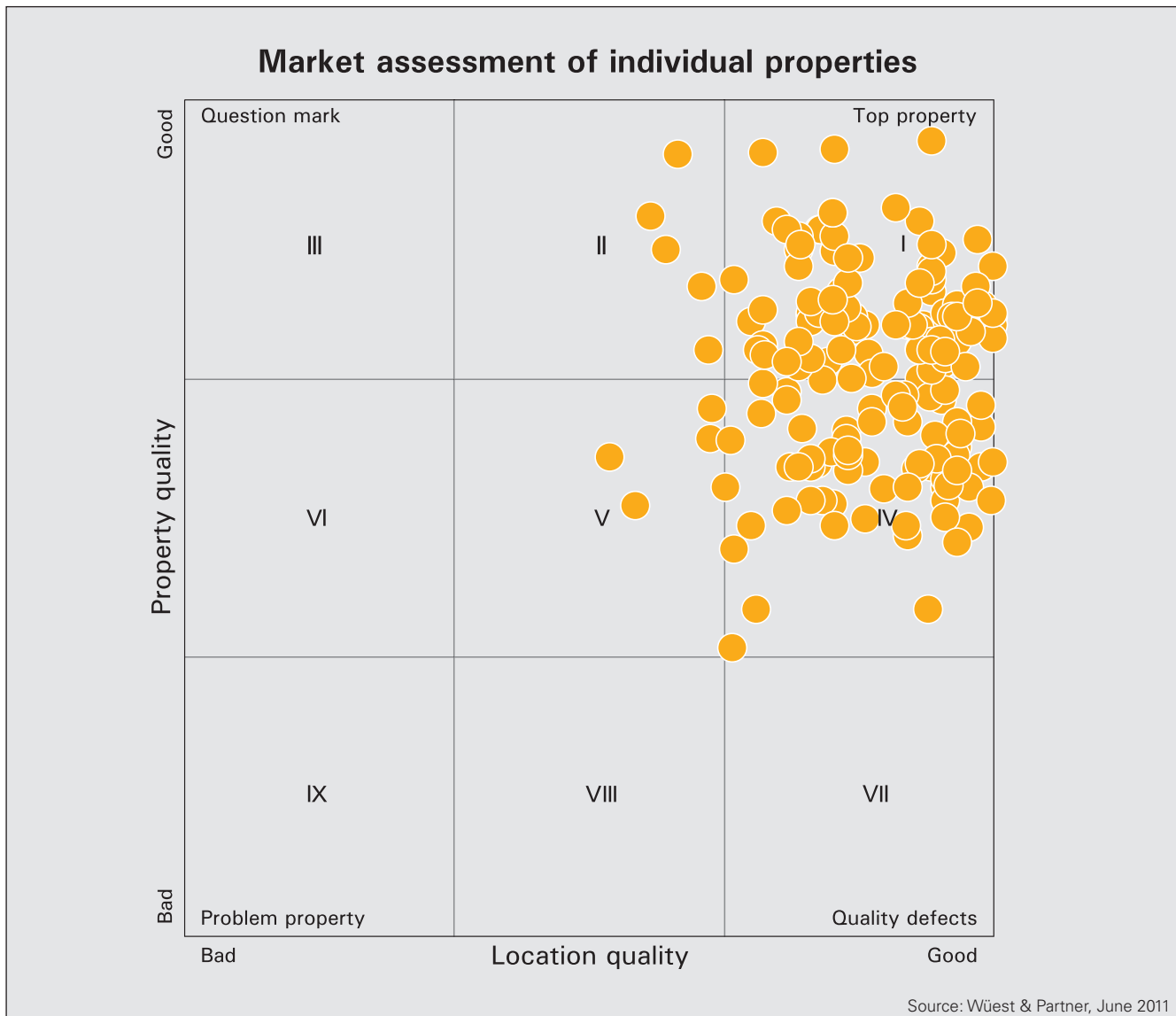
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PSP vs. Swiss Performance Index SPI

Cumulative performance 7 March 2000 (PSP IPO) to 4 August 2011: PSP: 102.9% / SPI: -0.8%



A Chart is Worth a Thousand Words



The Portfolio Grid

The three most important success factors in the real estate business are location, location and location. But three other factors are just as important: quality, quality and quality.

Location and quality of properties in a real estate portfolio can be illustrated by means of a so-called portfolio grid. Location quality is shown on the horizontal axis, while the vertical axis reflects the individual properties' building quality.

The chart offers a powerful first impression of a property portfolio's overall quality.

In more concrete terms, the above chart shows PSP Swiss Property's portfolio grid. Each dot represents one PSP Swiss Property building.

The concentration of dots in the top right corner of the chart is particularly striking – precisely where top quality meets top location.

On the other side, the bottom left corner is blank: There are no problem-ridden or poorly located properties.

The chart speaks for itself – and the quality of the PSP Swiss Property portfolio.