

Media release

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Reprimand against PAX-Anlage AG by the SWX Swiss Exchange

The SWX Swiss Exchange has imposed a fine on PAX-Anlage AG, Basel, for violation of provisions of the Swiss GAAP FER financial reporting standards and the Additional Rules for the Listing of Real Estate Companies in its semi-annual report 2006. The deficiencies ascertained by the SWX pertain to the illicit offsetting of positive and negative valuation differences on investment properties and the incomplete publication of information pursuant to the Additional Rules.

The semi-annual report 2006 of PAX-Anlage AG was not prepared in full accordance with the provisions of Swiss GAAP FER and the Additional Rules for the Listing of Real Estate Companies.

The company measures its investment properties according to Swiss GAAP FER 18 "Tangible fixed assets" at fair value. Under Swiss GAAP FER 18/13, in measuring properties at fair value the individual valuation principle must be observed in which the positive and negative valuation differences of individual properties must not be offset one against the other. In the context of its semi-annual report 2006, PAX-Anlage AG carried out a group valuation of its investment properties and failed to adjust the fair value of individual investment properties in spite of significant changes. The company thus committed a clear violation of Swiss GAAP FER 18/13 and withheld important information on the valuation of individual investment properties from investors.

The Additional Rules require real estate companies to provide additional information on their real estate portfolio and financing in their annual and semi-annual reports. The partial absence of this information in the semi-annual report 2006 made it difficult for investors to judge the true and fair view of the financial situation, the cash flows and the results of operations of PAX-Anlage AG. In the meantime, the company has published the missing information on its website.

PAX-Anlage AG has already been sanctioned for violating provisions of the Listing Rules in 2006 by means of a reprimand. In view of the circumstances, the SWX has imposed a fine in the amount of CHF 15,000 on PAX-Anlage AG in connection with this matter.

Periodic reporting in compliance with applicable financial reporting provisions forms an integral part of the information that contributes to transparent trading in accordance with the provisions of the Stock Exchange Act and the Listing Rules. One of the tasks of the SWX is to enforce the transparency provisions that apply to issuers.

For information on accounting standards, please visit

http://www.swx.com/admission/being_public/accounting_en.html

Previous sanctions imposed by the SWX for irregularities in the area of financial reporting are available at: http://www.swx.com/admission/being_public/sanctions/accounting_en.html

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SWX Swiss Exchange

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